

I. Geopolitics: The rise of China

1. Global forces

There are at least four forces/events that, in the last decades, have been shaping the future. They are listed next in terms of the time involved in their development.

- **The fall of the Soviet Union.** This left the US without a global challenger to its hegemony.
- **Globalization.** In part facilitated by (1), global networks of almost everything have been created or expanded: goods, money, people, information, communication.
- **The rise of China.** China's rise shows that development is a coevolutionary process between state and markets in which each interacts and adapts to the other. Neither growth nor good governance comes first. Markets may/should start operating with weak institutions but, in exchange, adaptability, flexibility, improvisation and experimentation have to be accepted, promoted and rewarded.
- **A global demographic shift.** Over the last five decades most countries have experienced a baby boom followed by a baby bust. The result is that, for the first time, the average age of population has been rising. There is no past experience of a society consisting of an aging population.

Yotopoulos, Pan A.; Donato Romano; eds. (2007): *The asymmetries of globalization*, Routledge, London and New York (especially chapter 10: "What have we learned about globalization?").

2. Why China failed before the Deng Xiaoping era (Joe Studwell, 2013)

"... for a long time China was constrained because the Communist Party of China (CPC) was captive to the two great socialist fallacies that undid socialist modernisation programmes in other communist states. The first of these was that agriculture could only be efficient at scale, leading to the collectivisation of farming in the mid 1950s (...) However, agriculture is not like manufacturing, where scale is essential to low unit costs and to the technological learning process that enables firms to produce more sophisticated products. In agriculture, the product never changes – rice is rice and corn is corn."

"The second great communist fallacy (...) was that manufacturing could be developed without trade –through a policy of self-sufficiency, or autarky. In essence, this boils down to a country's people staying home and trying to figure out technological problems on their own (...) The legacy of autarky in China was, by the 1980s, all kinds of passable but hopelessly inefficient industrial processes (...). Through autarky, China failed to develop a single industrial product with which it could compete internationally."

"In the era of Deng Xiaoping, China broke out from the two great socialist fallacies. First, household farming was restored. Then (...) China opened up to trade and, gradually, to foreign investment, allowing it both to absorb international technology and to begin to benchmark its own products in world markets (...) China – unlike south-east Asian states– has been paranoid about the advice it has been offered, and has prospered by virtue of its paranoia. Since 1978, China has posted an impressive developmental record, and has become the second east Asian state after Japan both to fascinate and unnerve western Europe and north America. The country has delivered a near 10 per cent average growth rate for three decades."

"In qualitative terms, China has not matched Taiwan in agricultural performance. It has not matched Korea for the speed and depth of its industrial upgrading. And it has not matched Japan in reinventing the nature of many industrial processes. But because China is so big and so populous – and, more darkly, because it is not an ally of the West – since 1978 it has managed to shake the world (...) Thus far, China's financial system management has worked well in giving government the discretion to run effective developmental policy. However, as north-east Asia's experience has shown, manipulation and repression of a financial system to developmental ends offers only a limited window of opportunity before financial and corporate entrepreneurs, and ordinary citizens, find ways to evade the controls."

"Overall, China's government has lined up most of the ducks necessary to enable rapid economic development. However, there is little to suggest that China offers qualitative improvements to policies which have been used before (...) Contemporary chatter about the rise of a 'Beijing consensus' on development policy is a perversion of historical facts. The true break-out example in successful Asian development was Meiji Japan, and China is simply a follower in that tradition. China's development is exceptional not because of the tried and tested land reform, infant industry and financial repression policies that made it possible, but because of its scale."

3. On China's continued rise (Joe Studwell, 2013)

"Is China's continued rise inevitable and without limits? Not at all. Many people believe that the scale of the country and its domestic market guarantee success. But the size of China also makes it a difficult place for central government to run effective industrial policy and to curtail waste. China has yet to create truly world-beating firms, and history suggests that a state's size is no great advantage in this respect. Many of the world's most successful firms were created in rather small countries in Europe. Most big states –Brazil, India, Indonesia, Russia– are relative economic failures (even if the United States is not). This is because it is the quality of governance and policy-making that determine a country's prospects. China will be no exception."

"China is already exiting the most favourable demographic period for economic development, when workers are abundant and retirees few (...) Apart from the demographic shift, the other easy prediction to make about China is that its very slow pace of institutional development will create ever more friction in society and, eventually, produce a significant economic cost (...) As well as a country of technological capacity, China needs to become a country of institutional systems. It is only a combination of the two that can take the country to the front rank of nations (...) Thus far, institutional deficiency has not been a significant drag on China's economic growth. But it will catch up with it eventually (...) On its present trajectory, China is set to be a middle-income per capita, but profoundly institutionally retarded state."

Studwell, Joe (2013): *How Asia works. Success and failure in the world's most dynamic region*, Grove Press, New York.

4. A paradox of dominance?

If the global contest for dominance is a zero-sum game, then the resources used by the rising powers are no longer available to the lead states to maintain or expand their dominance. In fact, the economic system created by the dominant powers is used by the challengers to rise: when the profit opportunities become scarce in the lead economies, it becomes an attractive option to invest abroad and that helps less developed economies to develop and close the gap with the richer economies. As it is cheaper to produce in poorer economies, these economies could develop easier and faster by selling their production in the leading economies. Hence, the initial leadership of some economies is accompanied by convergence of the rest of economies.

"The paradox of power for the USA is therefore that the very economic system that has propelled it on to the world stage also contains within it the potential seeds of its own destruction." Glenn (2016, p. 2)

5. Rise and fall of great powers

The rise and fall of great powers appears to be a stylized fact of international relations. It is a process in which the status quo represented by the dominance of some power is challenged by the emergence of a new power. Is it now the turn for the US to fall and for China to rise? Will the system become bipolar? Basic explanations for the fall are: (i) internal instability; (ii) external over-extension. The basic explanation for the rise is emulation: the states lagging behind the leading powers learn from them how to catch up. In the process of developing and accumulating power, the lead states that first go through this process may attempt several strategies of which some may prove unsuccessful. The less developed or weaker states do not have to replicate failures, since they may just adopt the successful strategies. The laggards do not need to go through all the stages that the leaders initially followed and that allows the laggards to catch up faster and at smaller cost than the vanguard states.

John Glenn (2016): *China's challenge to US supremacy. Economic superpower versus rising star*

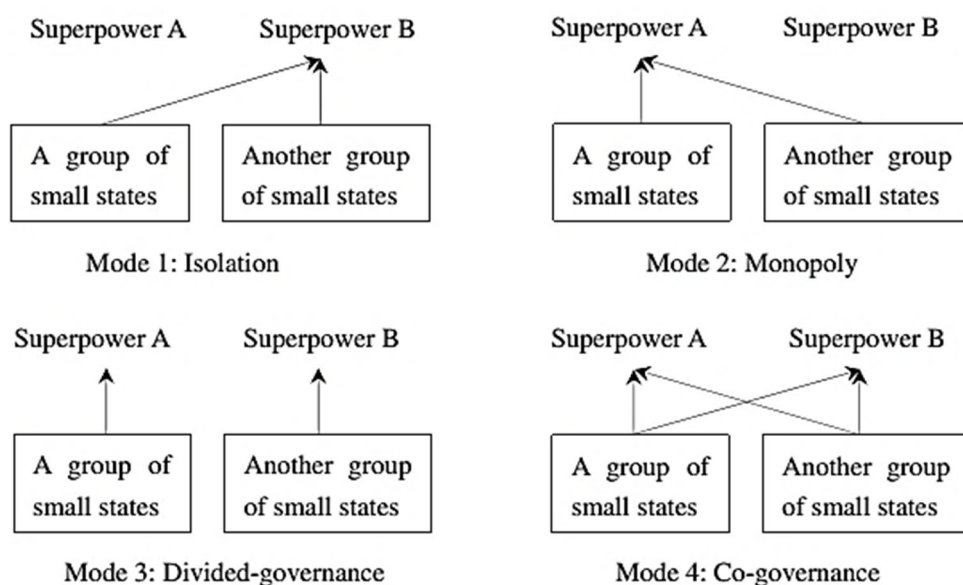
6. The Thucydides trap

"What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta." (*History of the Peloponnesian War*, Thucydides)

(Graham Allison, 2017). "It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable." When a rising power threatens to displace a ruling power, armed conflict becomes the most likely outcome. Now China and the United States appear to have fallen into the trap.

7. Sino-US interaction: Thucydides trap, Churchill trap or co-ruling?

“The ‘Thucydides trap’ is in a large part an induction of historical experiences on great power politics. In the contemporary era, however, there is small risk of all-out war between a rising power and a hegemonic power. By contrast, the ‘Churchill trap’, whereby the superpowers fall into a long-term confrontation reminiscent of that between the US and the Soviet Union during the Cold War, presents a genuine risk and one that should be taken far more seriously (...) there is a third type of great power relationship between the two poles, which I call ‘co-ruling’, whereby rather than being geographically demarcated according to their respective ‘spheres of influence’, the two superpowers jointly lead all or most of the small and medium-sized countries in the system.”



Yang Yuan (2018): “Escape both the ‘Thucydides Trap’ and the ‘Churchill Trap’: Finding a third type of great power relations under the bipolar system”, Chinese Journal of International Politics, 1-43.

8. Renminbi internationalization

A goal of the Chinese government is the internationalization of the renminbi. Reliance on the dollar exposes the Chinese government to possibly erratic fluctuations of the US policy and to the risk of capital losses associated with the accumulation of dollars (or dollar-denominated assets) as foreign reserves.

- Renminbi internationalization, which started around 2010, is part of a larger goal of Chinese internal economic rebalancing: from investment and exports to domestic consumption and from manufacturing to services, financial services included.
- Renminbi internationalization attempts to make the renminbi a leading international reserve currency and to transform Shanghai into a first-class global financial centre.
- The US dollar is an example of a currency achieving rapidly the status of a first-class international and reserve currency: in 1914 it was not used internationally and by 1924 it became the dominant international currency. Eichengreen (2013) regards the position of the renminbi in 2009 as similar to the dollar’s in 1913.
- Global economic convergence will contribute to make the US dollar a less satisfactory international reserve currency: under convergence, the US economy will represent a smaller share of the world economy and that will reduce the US economy’s capacity to provide enough safe and liquid assets to meet the world’s growing demands.

Eichengreen, Barry (2013): “Renminbi internationalization: Tempest in a teapot?”, Asian Development Review 30(1), 148-164.

9. China’s rise to tech superpower: new world’s technological leader?

“China’s Silicon Valley has evolved over the past two decades to be a potentially dominant worldwide tech leader in the near future. From copiers to originators, Chinese tech titans are showing the way forward with leading-edge advances that rival the West.”

“WeChat is just one of many Chinese innovations that is revolutionizing the future with advances that are still rare in the West. China’s e-commerce startup Pinduoduo makes online shopping on your mobile for bargains truly social and fun. China’s 15-second video streaming app TikTok amuses tweens and can make online

performers into rich celebrities—it's what comes after YouTube and Instagram. The world's most valuable artificial intelligence startup SenseTime uses facial recognition on city streets for public security checks. China's electric carmaker NIO stands a chance in its home market of beating Tesla."

"China is creating a tech universe that is a counterweight to the long dominance of the United States. In many sectors—mobile payments, e-commerce, electric vehicles, and livestreaming—the Chinese are far ahead."

"China has a history of copying Western technology ideas. No more. China beat the United States in landing the first spacecraft on the moon's far side. A Chinese scientist claims his research led to the world's first gene-edited babies. The entire bus fleet in Shanghai and China's southern tech hub Shenzhen is electric."

"China is on a tech upgrade that will challenge the West for leadership of the global economy for the coming decades just as America dominated the industrial and information revolution in the past century. A shake-out will occur if Silicon Valley doesn't recognize and respond to these leading signs of a massive power shift. While the United States is king of the tech hill, other Silicon Valleys have sprung up in Tel Aviv, London, Bangalore, and elsewhere—but most powerfully in China."

"China's tech titans Baidu, Alibaba, and Tencent (the BAT) own search, e-commerce, and social networking in China and are forging ahead into innovating frontier technologies that will reshape financial, retail, transportation, and mobile communication sectors globally."

"In the ebb and flow of history, economic powers shift from one country to the next. I believe we are now at this juncture with the United States and China. Game-changing technologies are being invented in China at a rapid clip, and they're going global. The future of tomorrow is being driven by new economy breakthroughs, largely in high tech, which is transforming our world. China has the advantage to lead because of its large online markets and a young, tech-savvy population eager to experiment with new devices."

"Yes, there are many gaps and social ills, but China is making progress fast. I never could have imagined even just 10 years ago how advanced it would become, how giant Baidu, Alibaba, and Tencent would grow across broad sweeps of the economy. Now a new group of technologically advanced Chinese companies led by serial entrepreneurs are coming up, with their own breakthroughs."

Fannin, Rebecca A. (2019): *Tech titans of China. How China's tech sector is challenging the world by innovating faster, working harder, and going global*, Nicholas Brealey, Boston.

10. The rise of China

At present, China's economic and political ascent is one the most significant events. After four decades of continued growth, China's share in world GDP is around 17%. Is this event signalling a displacement towards Asia of the center of gravity of the world economy? How will China behave as a major power? What changes in the global economy will China favour?

- **The Belt and Road Initiative.** This initiative (proposed in 2013 by President Xi Jinping) constitutes the most ambitious foreign policy project by China. Its ultimate goal is to integrate, by means of large-scale infrastructure projects and related investments, all the Eurasian countries, connecting Central Asia, South Asia, South East Asia, Middle East, East Africa and Europe. The initiative appears to signal China's attempt to become a Eurasian great power (the greatest?). The initiative has two components: the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Both aim at increasing the economic integration of the countries connecting East Asia with Western Europe.

11. A paradox of global leadership?

"The emergency state that Franklin Roosevelt created to fight and win that war lived on past the defeat of Germany and Japan and became a defining feature of the postwar peace. America entered the era of the permanent emergency state, an era that has outlasted the cold war by a generation and that distorts American political and economic life to this day."

"Since the 1940s the traditional tenets of American democracy—limited military intervention abroad, checks and balances at home, executive accountability to Congress and the electorate—have ceded place to (...) the steady expansion of an unaccountable, presidentially directed national security establishment (...) This self-perpetuating security establishment, created in the name of protecting American liberties from Fascist and

Communist threats, has cultivated its own ideology of official secrecy to shroud its actions from appropriate scrutiny and democratic debate. It has won public acceptance of its expanding powers through selective intelligence disclosures calculated to manipulate our consent by stoking our fears.”

“The emergency state as we know it today—with its presidential encroachments on congressional and judicial powers, its institutionalization of government secrecy, and its politically lubricated links between military spending, export balances, and domestic employment—got its real start around 1940 (...) Roosevelt’s emergency state wasn’t dismantled in 1945, after Japan’s surrender ended World War II. It wasn’t dismantled in 1953, when the big-government Democrats lost the White House to the (traditionally) small-government Republicans. It wasn’t dismantled in the 1970s after Vietnam, Watergate, and a weakening dollar should have warned us that the postwar security state model was unsustainable. It wasn’t dismantled in 1991 when the cold war ended.”

“Americans, having lived through the successive crises of the Great Depression, World War II, and the cold war, have become so used to living in a permanent state of emergency that the normal workings of American democracy have faded to a distant memory.”

“... for seven decades we have been yielding our most basic liberties to a secretive, unaccountable emergency state—a vast but increasingly misdirected complex of national security institutions, reflexes, and beliefs that so define our present world that we forget that there was ever a different America.”

“In pursuit of a guaranteed security that not even the richest and most militarily powerful country in human history can realistically hope to attain, we have been allowing our national institutions to be transformed for the purposes of endless war and empire, gravely endangering the future of our democracy.”

“Many of the most serious problems facing America’s economy today result from a series of choices postwar administrations have made about international economic policy based primarily on America’s foreign policy goals and ambitions and not necessarily on the domestic prosperity and needs of America’s people (...) America has been borrowing to consume in increasing doses for four decades. Were it not for the deference our creditors long paid to America’s geopolitical power, the size of our consumer market, and the dollar’s role as an international reserve currency, we would have been forced to adjust to changing international economic realities long ago.”

Unger, David C. (2012): *The emergency state. America’s pursuit of absolute security at all costs*, Penguin Press, New York.

12. A paradox of absolute security?

“Insisting on absolute security has brought only absolute insecurity, as minor and manageable annoyances are redefined as potentially mortal threats that must be preventively eliminated. Generations of simplistic political sloganeering have confounded Americans’ ability to make the most crucial distinctions among the potential threats confronting our country.”

“We blind ourselves to the lessons of the irregular wars that have bloodied us in Vietnam, Iraq, and Afghanistan, imagining that they are somehow exceptions and that our military failures on these typical modern battlefields should not challenge our notions of unchallengeable American military power.”

“America has wasted hundreds of billions of dollars over the past twenty years on redundant nuclear weapons, ineffective missile defenses, and costly fleets of aerial combat fighters, as if our main security threat still came from a rival high-tech global superpower. Instead, we should have been urgently reassessing the dangers and opportunities created by the radically different international realities of globalized trade and travel, porous international borders, and Middle East conflicts that long ago ceased to be proxy battles between Washington and Moscow. Al Qaeda has no intercontinental ballistic missiles, jet fighters, military alliances of satellite nations, or KGB-like international espionage networks. It has no fixed address against which traditional deterrence or retaliation can be targeted.”

Unger, David C. (2012): *The emergency state. America’s pursuit of absolute security at all costs*, Penguin Press, New York.

13. Global war on terrorism

“... the Global War on Terrorism —like every major conflict since the turn of the twentieth century— is a war for resources. Access and control of the Middle East have long been a coveted prize. Terrorism has nothing to do with it. Closely related to this theme is the fact that the religion of Islam is not an inherently violent religion. Islamic extremists constitute a miniscule percentage of the total Muslim population, and they interpret Islam’s sacred writings in a way that justifies violence. Such behavior is not a strictly Muslim phenomenon, nor is it a strictly modern one (...) However, this is not the message that the average consumer of the news receives. The media not only promotes nearly every act of violence as terrorism; it also automatically assumes that the perpetrator was an Islamic extremist (neither of which is always true). (...) I call this the media-terrorism industrial complex. The media distorts the facts and makes the threat of Islamic extremism appear to be much more serious than it actually is (...) Foreign-born terrorists have killed only one American per year since 9/11 —certainly nowhere near the top of the list of the most deadly threats to humanity. Still the threat of terrorism (and particularly Islamic terrorism) continues to be greatly exaggerated by both the media and the politicians who use fearmongering as a political tool.”

“Despite the amount of violence taking place in Muslim countries, it is extremely difficult to demonstrate a positive correlation between the religion of Islam and violence. Those who attempt to correlate the two base their argument on the fact that a significant amount of violence today involves Islamic extremists. But (...) much of this violence takes place in the context of civil war and has been initiated by Western armies on behalf of corporate interests and the quest for oil. Many of the so-called Islamic terrorists in Iraq, Afghanistan, Libya, Syria, Yemen, and other countries are simply trying to defend their country against a foreign invader/occupier. If Americans acted the same way under similar circumstances, they would be considered freedom fighters and celebrated as heroes.”

“Any act of violence can now be labeled terrorism if one so wishes. And of course every state and nonstate actor on the planet labels its enemies as ‘terrorists’ but claims that its own violence is legitimate and necessary— and therefore justified. In truth much of the violence that’s now being touted as terrorism is not terrorism at all. It’s just politically beneficial for someone to label it as such. This is particularly true of Islamic extremism (...) What defines terrorism is not the type of violence employed but the strategic objective behind the violence.”

“Terrorism is the use of violence to coerce political concessions. One could add that it can be committed by anyone (both states and nonstate actors), as well as perpetrated against any actor with the ability to grant political concessions.”

“Consider Nelson Mandela, Menachem Begin, Yasser Arafat, and Sean McBride. Each one was previously denounced as a terrorist. But now they’re all celebrated as Nobel Peace Prize winners.”

Maszka, John (2018): *Washington’s dark secret. The real truth about terrorism and Islamic extremism*, Potomac Books, Lincoln, Nebraska.

14. Basic conceptions of global order (Andrew Hurrell, James Mayall)

- Minimalist. Global order relies on power and, occasionally, on convergence of interests.
- Pluralist. Global order is sustained by negotiated rules and common understandings that ultimately regulate the use of violence to resolve conflicts. In a narrower interpretation of the pluralist conception, the global order just involves a society of sovereign states, which accept principles of territorial integrity and non-interference.
- Solidarist (or cosmopolitan). Global order involves both states and non-state actors and requires a consensus (among them) on basic principles regarding global governance and on procedures to implement the principles. In a narrower interpretation of the solidarist conception, global order is predicated rather on a society of peoples than a society of states, whose activity may be subordinated to comply with humanitarian demands by the international community.

Foot, Rosemary; Andrew Walter (2011): *China, the United States, and global order*, Cambridge University Press, New York.

15. Basic issues in the current global order (Rosemary Foot and Andrew Walter, 2011)

- Use of force. The UN Charter provides norms to constrain the use of force. Article 2(4) makes an appeal to UN members to ‘refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state,’ though Article 51 acknowledges a state’s ‘inherent right of individual or collective self- defence if an armed attack occurs against a Member of the United Nations.’ The Charter also attributes the Security Council the function of maintaining international peace and security.

“While there have been many instances, especially during the Cold War, when US military actions gained the support of its major allies, America has been less successful in generating support in the post-Cold War era for its arguments in favour of a role for the preventive use of force.”

- Macroeconomic policy surveillance. The International Monetary Fund has assumed the general surveillance function of the global economy, to in particular promote the stability of the international monetary system.

“Neither China nor the United States has been unambiguously committed to the international surveillance framework, but paradoxically it has become increasingly central to their bilateral relationship over the past decade. In marked contrast to China, the United States has been by some distance the most important norm and rule maker in this area of global ordering. But its position towards the surveillance framework has always been ambivalent, seeing its norms and rules as constraining the macroeconomic policies of other countries rather than itself.”

- Non-proliferation of nuclear weapons. “The NNPN [Nuclear Non-Proliferation Norm] framework has been an emblematic part of global order in the period since 1945, and the challenge to its current status raises the spectre that we are on the verge of an era where several new states, and possibly non-state groupings, acquire such weaponry (...) The non-proliferation norm is under challenge, but for the time being it appears to have sufficient legitimacy and to be sufficiently embedded to retain some level of constraint over these two states and many other members of global society.”
- Climate change (global norm of climate protection). “...the course of this global norm and its movement from creation to elaboration has been fraught with difficulty. While it is the case that we have a global norm on climate protection, it is far too optimistic to claim that it has been consolidated or has enough stability and legitimacy to ensure eventual success.”
- Financial regulation. “The dilemmas posed by the emergence of cross-border capital flows and global financial firms since the 1960s are emblematic of the difficulties posed in a hybrid global order that had been predicated on national financial regulation and supervision. Financial globalization has been associated with periodic crises of growing frequency and with important cross-border dimensions, prompting efforts to coordinate regulatory approaches. The major developed countries dominated these efforts (...) By some measures, China’s attitudes towards the core norms and associated rules and principles of the Basel framework have been remarkably convergent, whereas the United States has sometimes found it difficult to achieve full behavioural consistency even in areas where its influence on the global framework has been close to decisive (...) The 2008-09 crisis was a major blow to the credibility and legitimacy of the Basel framework and to the US approach to financial regulation (...) Paradoxically, China emerged as a defender of the Basel framework and insisted that it is on track for implementation in spite of its own desperate efforts to maintain growth through an unprecedented expansion of bank lending.”

Foot, Rosemary; Andrew Walter (2011): *China, the United States, and global order*, Cambridge University Press, New York.

16. The American liberal order

Amitav Acharya (followed by Joseph S. Nye) claims that the liberal order: (i) “should be seen as an international order, but not the world order, of the post-World War II period”; (ii) “was largely limited to a group of like-minded states centered on the Atlantic littoral” and “did not include many large countries such as China, India, and the Soviet bloc states”; (iii) “was not so benign for many outside of it, especially in the developing world”; and (iv) that its hegemony is past.

“Until now, it was generally assumed that the main challenge to that order would come from external factors, especially from the rising powers led by China. Now, the liberal order is imploding as well. Trump's victory, and Brexit, suggest that the challenge to the liberal international order is from within (...) A key argument of this

edition is that the decline of the AWO [American World Order] cannot be reversed by Trump, no matter what course he takes as US President (...) If Trump faithfully carries out his 'America-first' policies to their logical conclusion (which is by no means certain), and weakens the US alliances and global institutions that have been foundational to the liberal order, it could well accelerate the end of that order. The nature of his policy platform is such that its success could come only at the expense of the liberal order (...) The decline of the American World Order is rooted in multiple long-term structural factors that simply cannot be reversed either through American isolationism or American internationalism."

"... despite the Trump interlude (...) the era of liberal hegemony is past. The emerging world is not defined by the hegemony of any single nation or idea. This does not necessarily mean the United States is in decline. This is still arguable. But it is no longer in a position to create the rules and dominate the institutions of global governance and world order in the manner it has done for much of the post-World War II period. And any elements of the old liberal order that survive would have to accommodate new actors and approaches which do not play to America's commands and preferences. They would have to compete or enmesh with other ideas in a world of growing complexity and interconnectedness: a multiplex world (...) While the liberal order is imploding in the West, China and India are likely to pursue globalization, albeit in a way different from the earlier Western-led globalization. China in particular is taking on a more assertive role in reshaping globalization and global governance."

"While there are signs of growing conflict and violence in the world, these are not necessarily due to the decline of the American World Order (...) A multiplex world will not be free from conflicts and disorder. But absolute peace is illusory. The goal should be to achieve relative stability, preventing major power wars and genocide and managing regional conflicts to minimize human suffering. (...) A multiplex world presents both challenges and opportunities for global and regional cooperation. This would require the Western nations to shed their free-riding on the US and accept shared leadership with the rising and regional powers. It would require greater partnership between global and regional bodies, public, private and civil-society groups. This is a G-Plus World and requires a reformed system of global governance that accords genuine recognition to the voices and aspirations of the Rest. America and its Western allies must give up exclusive privileges in return for their trust and cooperation in order to make the system work."

Acharya, Amitav (2018): *The end of American world order, second edition, Polity, Cambridge, UK.*

17. The threat of nuclear annihilation

"The global population doesn't realize just how little time exists for our leaders to make a decision about whether or not to use nuclear weapons even today (...) This creates a psychiatric issue: the real problem—the real pathology—in nuclear war planning is nuclear psychosis. In truth, the world is being run by many people who are either sociopaths—brilliant, charming, erudite, with no moral conscience—or others I would label as schizophrenics who suffer from a split between reality and perception of reality. These men have wired the world up like a ticking time bomb ready to explode at any minute. We are faced, therefore, with a fundamentally medical issue. Cyberwarfare has made the situation worse." (Introduction)

Caldicott, Helen; ed. (2017): *Sleepwalking to Armageddon. The thread of nuclear annihilation, The New Press, New York.*

18. STUPID

"Nearly 13.8 billion years after our Big Bang, about five hundred years after inventing the printing press, we humans decided to build a contraption called the Spectacular Thermonuclear Unpredictable Population Incineration Device, abbreviated STUPID. It's arguably the most costly device ever built on this beautiful spinning ball in space that we inhabit, but the cost hasn't prevented many people from saying that building and maintaining it was a good idea. This may seem odd, given that essentially nobody on our ball wants STUPID to ever get used (...) My own guess is that the most likely way we'll get a nuclear war going is by accident."

Tegmark, Max (2017): "Nuclear weapons and artificial intelligence," chapter 6 in Caldicott, Helen; ed. (2017): *Sleepwalking to Armageddon: The thread of nuclear annihilation, The New Press, New York.*

19. Battle over cyberspace

“Just as historians consider 1947 as the year that two clear sides in the Cold War emerged, we will look back at the year that stretches roughly from June 2012 to June 2013 as Year Zero in the battle over cyberspace (...) During the Cold War, only a few countries had the economic and technological capacity to build nuclear bombs. Even today, only nine countries possess them (...) But almost any country as well as skilled hacking groups can launch a digital assault (...) There may be strong incentives to attack first in a crisis: cyber weapons are “one and done,” used once and then they are gone. Once your adversaries see what you can do, they will patch their defenses, or could attack you, making your cyber weapon obsolete before you ever use it. This pressure not to sit on a weapon heightens strategic instability (...) The global and interconnected nature of the Internet also means that cyberattacks have the potential to produce unpredicted and inadvertent problems far beyond damage to the intended target (...) The most difficult problem is that you may not actually know who is attacking you or what the assailant is planning (...) With the shift away from purely military targets, the battle over cyberspace is remaking the division between the public and the private, between what we expect the government to do and what remains the responsibility of companies, public organizations, and individuals.”

“This failure to achieve basic security is in part due to a focus on highly destructive but low-probability outcomes. Politicians and policymakers worry about a ‘cyber Pearl Harbor’ rather than allocating funds to a little-known government agency to upgrade archaic systems. As security analyst Adam Elkus put it, ‘Fantasizing about super-hackers and visions of cyber-doom are more fun than the boring but necessary drudgery, for example, of modernizing a decrepit and decaying federal information technology base’ (...) “The new technologies coming to market are amazing (...) but at the end of the day, it still comes down to social awareness and education’.”

“The hacked world order is defined by the empowerment of individuals and groups as well as by new expressions of geopolitics. New vulnerabilities arise, but the great powers have the technology, talent, and capital to create novel forms of influence and coercion. The conflict over cyberspace is the strategic imperative of the future, and everyone is struggling to understand what is at stake, who the critical actors are, and how cyber power works. The United States cannot afford to stumble forward blindly; the window of opportunity is closing as others define and pursue their interests in cyberspace. While the United States will continue to strive for an open, secure, and global cyberspace, it must also prepare for the more likely future of a fractured Internet.”

Segal, Adam (2016): *The hacked world order. How nations fight, trade, maneuver, and manipulate in the digital age*, PublicAffairs, New York.

20. The global impact of the American Revolution

“... a local protest over taxes in a remote corner of North America would end on the streets of Dublin, the mountains of Peru, the beaches of Australia, and the jungles of India. In the increasingly interconnected world of the eighteenth century, an American spark would ignite an unexpected flame that would consume the globe, leaving in its wake a new world and an altered balance of power. The birth of a new nation in the west would sow the seeds of collapse for millennia-old civilizations in India, Australia, Africa, China, and the Middle East, and help speed the rise of the great powers of the nineteenth and twentieth centuries: America, Russia, and Great Britain. The American Revolution was a war within, between, and over empires, and when the smoke cleared, new empires would emerge and old empires would be forced to fundamentally change or face a steep decline.”

“Advocates of revolution in America and in Europe had hoped that the uprising in the colonies would create a global movement, a revolution without borders. But if revolutionary fervor did indeed become international, the true consequences of the revolution without borders, its remaking of institutions and reshaping of lives across the world, were not what anyone expected. A revolution in favor of liberty in one corner of the map initiated a reactionary revolution in the wider world, inflicting new suffering and new restraints on people for whom freedom and independence were not available. In the empires of France, Spain, and Britain, the hard lessons learned from the American Revolution were rigorously applied, inaugurating an authoritarian counter-revolution that stabilized and expanded Britain’s empire while fatally weakening France and Spain (...) While the British Empire was internally stabilized, the American War destabilized Britain’s primary rivals in Europe, Asia, and the Americas.”

Lockwood, Matthew (2019): *To begin the world over again. How the American Revolution devastated the globe*, Yale University Press, New Haven and London.

21. Troubles of an economic superpower: threat to global stability? (Stephen Slavin, 2017)

Slaving (2017) contends that the following are the top eight fundamental problems of the US economy.

- “Our inefficient transportation system: because we go almost everywhere by car, Americans spend twice as much on transportation as the citizens of most other rich nations.
- Our failing schools: just half of our eighteen-year-olds can function at an eighth-grade level.
- Our sick healthcare system: healthcare costs nearly twice as much per capita in the United States than it does in most other economically advanced nations.
- The military-industrial complex: we account for nearly 40 percent of the world's military spending.
- The criminal justice establishment: we have, by far, the highest incarceration rate among economically advanced nations.
- Our bloated financial sector: this sector is diverting increasing amounts of savings from productive investments into speculative activities.
- Our huge and growing make-work sector: more than fifteen million Americans hold jobs that do not produce any useful goods or services.
- Our shrinking manufacturing base: much of what had once been “Made in the USA” is now made in Japan, China, South Korea, Mexico, and other nations.”

These are accompanied by six additional problems.

- “There is a great shortage of decent jobs.
- The average hourly wage rate (adjusted for inflation) for nonsupervisory workers has not increased since 1973.
- Our income distribution is becoming increasingly unequal.
- Our growing permanent underclass perpetuates itself from one generation to the next.
- Our huge federal budget deficits are unsustainable.
- Because we are running large trade deficits, we must borrow more than \$1 billion a day from foreigners.”

“Sixty years ago the United States was almost self-sufficient: we produced what we consumed and ran a trade surplus with the rest of the world. Today our nation consumes more than it produces, spends more than it earns, and needs to borrow large amounts of money from foreigners to finance its huge trade deficits. (...) Our two most recent former Federal Reserve chairmen, Alan Greenspan and Ben Bernanke, have both observed that our current economic course is unsustainable. Perhaps they were thinking of Stein's Law, which was invoked by Herbert Stein, who had served as President Nixon's chief economic advisor: ‘If something cannot go on forever, it will stop.’”

“To sum up our basic economic problem in just a few words: we are not making efficient use of our labor force. Many of our best and our brightest—especially those with excellent academic credentials—are underemployed. Many of our semi-skilled and unskilled workers are underemployed or unemployed. And finally, at least a quarter of our labor force is engaged in basically unproductive work—that is work that produces no useful goods or services.”

Slavin, Stephen L. (2017): *The great American economy. How inefficiency broke it and what we can do to fix it*, Prometheus Books, Amherst, New York.

22. The transition from British to American hegemony

“Hegemony is the ability to set the rules of international involvement, and to create order among states by enforcing those rules. Most replacements of hegemonic powers in the international order occur by violence—nearly all, in fact. Dominant states hold their position by force for as long as possible, and are eventually defeated by challengers in the form of a fresh rising power or a collection of lesser powers working together. The exception to that pattern—and there is only one—is the transition that occurred from the midnineteenth century to the early twentieth as dominance in the international order shifted from Great Britain to the United States (...) The transition from Britain to America was peaceful because at that crucial time, America became an

empire and Britain became a democracy. As a result, both states came to view themselves as akin to each other and different from others."

"Britain made a fundamental choice that its interests were so closely aligned with America's that it could encourage an activist American foreign policy— that, in effect, American power could be harnessed to British interests. Their power relative to each other became less important than their cumulative power relative to other states (...) A more democratic Britain and a more internationally engaged America felt similar to each other and different from other states (...) Yet once America became the hegemon, it was no longer willing to accept the rules of order that Great Britain had established (...) Once in power, America changed the rules, and should expect that other rising powers will do the same in the time of their hegemony (...) The cooperation between Britain and the United States taught America how to be a hegemon (...) For future hegemonic transitions to be peaceful, the hegemon being displaced would need to have a strong belief that the rising power shared both its interests and its values. Such similarity might allow the rising power's effort to be considered additive to the hegemon's rather than a challenge."

Schake, Kori (2017): *Safe passage: The transition from British to American hegemony*, Harvard University Press, Cambridge, Massachusetts.

23. G-Zero

"G-Zero—\JEE-ZEER-oh\- n *A world order in which no single country or durable alliance of countries can meet the challenges of global leadership.*"

"For the first time in seven decades, we live in a world without global leadership (...) In a world where so many challenges transcend borders—from the stability of the global economy and climate change to cyberattacks, terrorism, and the security of food and water—the need for international cooperation has never been greater. Cooperation demands leadership. Leaders have the leverage to coordinate multinational responses to transnational problems. They have the wealth and power to persuade governments to take actions they wouldn't otherwise pursue. They pick up the checks that others can't afford and provide services no one else will pay for. On issue after issue, they set the international agenda. These are responsibilities that America is increasingly unwilling, and incapable, of assuming. At the same time, the rising powers aren't yet ready to take up the slack (...) Nor are we likely to see leadership from global institutions (...) If not the West, the rest, or the institutions where they come together, who will lead? The answer is no one—neither the once-dominant G7 nor the unworkable G20. We have entered the G-Zero."

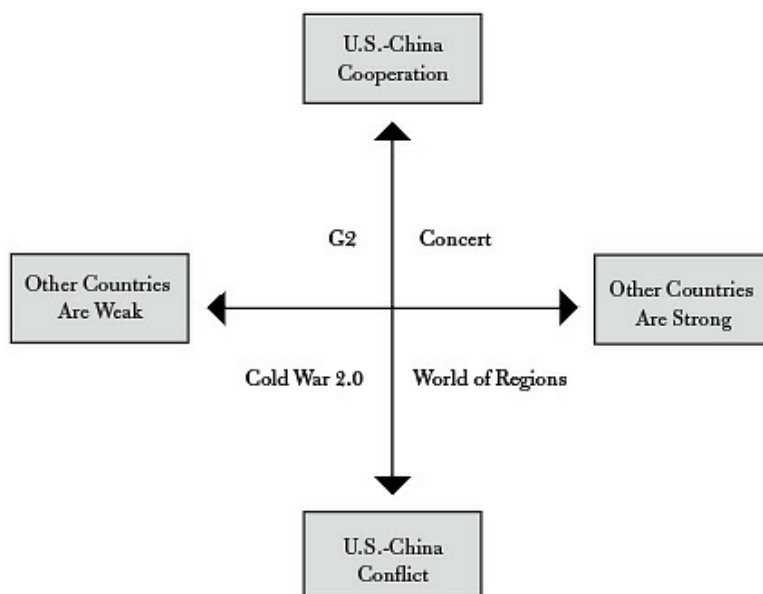
"This book details a world in tumultuous transition, one that is especially vulnerable to crises that appear suddenly and from unexpected directions. Nature still hates a vacuum, and the G-Zero won't last forever. But over the next decade and perhaps longer, a world without leaders will undermine our ability to keep the peace, to expand opportunity, to reverse the impact of climate change, and to feed growing populations. The effects will be felt in every region of the world—and even in cyberspace."

Bremmer, Ian (2012): *Every nation for itself. Winners and losers in a G-zero world*, Portfolio/Penguin, New York.

24. Winners and losers in G-Zero (Ian Bremmer, 2012)

"Who wins and who loses in this exceptionally fluid international environment? A winner is made more prosperous and secure by a world without leadership, and has more options and greater influence than it had before. Winners have choices. A loser is one made less prosperous, secure, and influential because it has fewer political and commercial avenues to explore."

- **Winners.** 'Pivot states' (Brazil, Turkey, Africa a pivot continent, Indonesia, Vietnam, Singapore, Mongolia, Canada); 'rogues with powerful



friends' (North Korea, Iran, Myanmar); some companies and multinationals (adapters, protectors and cheaters); and investors picking the winners.

- **Losers.** Referees' ("the institutions built to serve those who once dominated the international system but that can't be reformed quickly enough to remain effective", like NATO and "NGOs that monitor emerging states' compliance with Western standards"); exposed states' ("those most deeply dependent on U.S. strength and Washington's willingness to use it to protect its allies": Japan, Taiwan, Israel); shadow states' ("those that would love to have the freedom of pivot states but remain frozen in the shadow of a single power": Mexico, Ukraine); rogues without friends' (Cuba, Lybia); and dinosaurs' (companies "that cannot or will not adapt to a new environment").

25. Ian Bremmer's (2012) four geopolitical scenarios

- **Concert.** "Imagine a world in which Washington and Beijing alone cannot dominate, where it's unavoidably obvious that international problems can be solved only with the engagement of other powerful countries. This is a world like the one we already live in—with one crucial difference. In this scenario, a sense of emergency ensures that established and emerging powers work together, compromise, and share the risks and burdens of leadership. It's a G20 that *actually works*. This scenario implies a kind of 'concert of nations,' an international structure similar to the so-called Concert of Europe (...) designed to restore order and keep the peace in Europe following the upheaval of the French Revolution and the carnage of the Napoleonic Wars."
- **Cold War 2.0.** "If China and the United States are headed for more direct forms of conflict, and if they have far more economic, political, and military power than any other country or bloc of countries in the post-G-Zero order, then we are more likely to see a scenario we might call Cold War 2.0. This is not a war likely to be waged with fighter jets launched from aircraft carriers. The new weapons of war will probably be economic: market access, investment rules, and currency values. We could also see a series of cyberattacks and counterstrikes."

26. Global power elites and the transnational capitalist class (Peter Phillips, 2018)

"[In 1956, C. Wright] Mills described the power elite as those 'who decide whatever is decided' of major consequence. Sixty-two years later, power elites have globalized and built institutions that facilitate the preservation and protection of capital investments everywhere in the world."

"The Global Power Elite function as a nongovernmental network of similarly educated wealthy people with common interests of managing, facilitating, and protecting concentrated global wealth and insuring the continued growth of capital. Global Power Elites influence and use international institutions controlled by governmental authorities—namely, the World Bank, International Monetary Fund (IMF), NATO, World Trade Organization (WTO), G7, G20, and many others. These world governmental institutions receive instructions and recommendations for policy determinations from networks of nongovernmental Global Power Elite organizations and associations."

"We name some 389 individuals in this book as the core of the policy planning nongovernmental networks that manage, facilitate, and protect the continued concentration of global capital. The Global Power Elites are the activist core of the Transnational Capitalist Class—1 percent of the world's wealthy people—who serve the uniting function of providing ideological justifications for their shared interests and establishing the parameters of needed actions for implementation by transnational governmental organizations."

"This concentration of protected wealth leads to a crisis of humanity, whereby poverty, war, starvation, mass alienation, media propaganda, and environmental devastation are reaching a species-level threat. We realize that humankind is in danger of possible extinction and recognize that the Global Power Elites are probably the only ones capable of correcting this condition without major civil unrest, war, and chaos. This book is an effort to bring awareness of the importance of systemic change and redistribution of wealth, to readers as well as to the Global Power Elites themselves, in the hope that they can begin the process of saving humanity."

Phillips, Peter (2018): *Giants. The global power elite*, Seven Stories Press, New York.

- 'The preferred targets of dominant and rising powers are declining great powers and weaker third parties. They also prey on great powers who are perceived as temporarily weak, preferably in alliance with other great powers.' 'If great and rising powers do not generally attack one another, their obvious targets are weaker third parties. Wars against them represent a cheap and seemingly low-risk means of demonstrating military prowess and of gaining additional territory and their resources. Once great but now seriously declining powers are also attractive targets for rising powers as defeating them has been considered more honorable and impressive than victories over much weaker third parties.'
- 'So-called hegemonic wars (i.e. those involving most, if not all, of the great powers) are almost all accidental and the result of unintended escalation.' Hegemonic wars is not the means by which dominant powers or challengers to dominant powers try to attain hegemony. They instead attach weaker states and declining great powers expecting the conflict to remain localized and limited. It is when other states come to the aid of the attacked parties that the conflict could escalate into a hegemonic war.
- 'Unintended escalation and miscalculation of the balance of power have deeper causes than incomplete information.' War is not the consequence of lack of information. Even in the presence of full information, there are strong motives to go to war, like standing, anger and honour. Honour seeking leaders, or leaders lacking standing, are less sensitive to risks (and to warnings of risks): their evaluation of a situation is not limited by rational (non-emotional) considerations.
- 'Weak and declining powers not infrequently initiate wars against great powers.' 'They act primarily for reasons of revenge. They are particularly sensitive to their honor and standing as they have once been great powers. They are readily angered by predatory attacks on them, especially those that result in loss of territory and standing, and seek revenge. They almost inevitably lose these wars.'

Lebow, Richard Ned (2010): *Why nations fight. Past and future motives for war*, Cambridge University Press, UK.

30. US hegemony

There are two sides on the debate on the future of US hegemony.

- The declinists (Ian Bremmer, Niall Ferguson, Fareed Zakaria, Friedman and Mandelbaum (2012), Panitch and Gindin (2012). The declinists hold that US power is in relative or absolute decline. Possible explanations are foreign competitors and the characteristics of the global capitalist system.
- The anti-declinists (Eric Helleiner, Vermeiren (2014), Prasad (2014). The anti-declinists contend that the US presumed decline has been exaggerated: it is a country that still remains politically stable, economically prosperous and militarily dominant.

Brandon Tozzo contends that the main threat to the US hegemony comes from its political system. One of the consequences of the Great Recession has been to extend conflict and political polarization to previously non-politicized issues or to issues over which there existed cross-party consensus: "the crisis has shown the American political system is becoming increasingly unwilling due to politics". What endangers US hegemony and global stability is the US itself.

Tozzo, Brandon (2018): *American hegemony after the Great Recession. A transformation in world order*.

31. What transforms rich countries into global powers?

Is the country not turning domestic wealth into international political influence an anomaly? There are two basic theories of foreign policy explaining expansionism.

- Classical realism (Robert Gilpin, Paul Kennedy, Glenn Snyder, Bruce Bueno de Mesquita, Aaron Friedberg, Hans Morgenthau, Edward Hallett Carr): national power is the most important factor shaping a state's foreign policy. All states have the same goals (essentially, control: territory, first; actions by other states, second; global economy, last), the difference being that richer countries have more means and opportunities (capabilities) to achieve the goals. A variant (state-centred realism) contends that it is not national power that matters to achieve influence but state power, that is, the fraction of national power that governments can actually use and hence determines which goals policy-makers can really fulfil.

- Defensive realism (John Herz, Stephen Walt, Stephen Van Evera, Jack Snyder) claims that, rather than influence, states seek security. As a result, states expand their interests abroad when threatened (for instance, in times of insecurity or in response to some real or perceived foreign aggression). States do not expand when they can but when they must: a threatening environment is needed to create the incentive to expand.

32. A paradox of the US hegemony?

The US seems to be undergoing an ‘existential crisis’ (Brandon Tozzo), that threatens its hegemonic stability, despite the fact that it has come out of the Great Recession apparently with fewer problems (social, political, demographic, economic, institutional) than other global powers, like China or the European Union. The election of Trump can be seen as a sign of that crisis. It also has sent the message that his ideology may have enough supporters to gain power in other countries.

33. A paradox of dominance?

If the global contest for dominance is a zero-sum game, then the resources used by the rising powers are no longer available to the lead states to maintain or expand their dominance. In fact, the economic system created by the dominant powers is used by the challengers to rise: when the profit opportunities become scarce in the lead economies, it becomes an attractive option to invest abroad and that helps less developed economies to develop and close the gap with the richer economies. As it is cheaper to produce in poorer economies, these economies could develop easier and faster by selling their production in the leading economies. Hence, the initial leadership of some economies is accompanied by convergence of the rest of economies.

“The paradox of power for the USA is therefore that the very economic system that has propelled it on to the world stage also contains within it the potential seeds of its own destruction.” Glenn (2016, p. 2)

Glenn, John G. (2016): *China’s challenge to US supremacy: Economic superpower versus rising star*, Palgrave Macmillan, London.

34. The decline of the US vs the rise of the rest

“There have been three tectonic power shifts over the last five hundred years, fundamental changes in the distribution of power that have reshaped international life—its politics, economics, and culture. The first was the rise of the Western world, a process that began in the fifteenth century and accelerated dramatically in the late eighteenth century. It produced modernity as we know it: science and technology, commerce and capitalism, the agricultural and industrial revolutions. It also produced the prolonged political dominance of the nations of the West. The second shift, which took place in the closing years of the nineteenth century, was the rise of the United States. Soon after it industrialized, the United States became the most powerful nation since imperial Rome, and the only one that was stronger than any likely combination of other nations. For most of the last century, the United States has dominated global economics, politics, science, and culture. For the last twenty years, that dominance has been unrivaled, a phenomenon unprecedented in modern history. We are now living through the third great power shift of the modern era. It could be called ‘the rise of the rest’.”

Zakaria, Fareed (2011): *The post-American world. Release 2.0*, W. W. Norton, New York.

35. The rise and fall of great powers appears to be a stylized fact of international relations

It is a process in which the status quo represented by the dominance of some power is challenged by the emergence of a new power. Basic explanations for the fall are: (i) internal instability; (ii) external over-extension. The basic explanation for the rise is emulation: the states lagging behind the leading powers learn from them how to catch up. In the process of developing and accumulating power, the lead states that first go through this process may attempt several strategies of which some may prove unsuccessful. The less developed or weaker states do not have to replicate failures, since they may just adopt the successful strategies. The laggards do not need to go through all the stages that the leaders initially followed and that allows the laggards to catch up faster and at smaller cost than the vanguard states.

36. Global power structures

Unipolarity (William Wohlforth) is a structure in which one state's capabilities are too great to be counterbalanced. Bipolarity: two states are substantially more powerful than all others, with capabilities not so concentrated to create a global empire. Multipolarity is a structure comprising three or more significantly powerful states.

"The coming world will be both multipolar and politically diverse; it will consist of major powers that embrace distinct conceptions of what constitutes a legitimate and just order." Kupchan (2012, p. x)

Kupchan, Charles A. (2012): *No one's world. The West, the Rising Rest, and the coming global turn*, Oxford University Press, New York.

37. Three theories/paradigms/traditions in international relations (Walt, 1998, p. 38)

COMPETING PARADIGMS	Power	Trade	Ideas
	REALISM	LIBERALISM	CONSTRUCTIVISM
Main Theoretical Proposition	Self-interested states compete constantly for power or security	Concern for power overridden by economic/political considerations (desire for prosperity, commitment to liberal values)	State behavior shaped by elite beliefs, collective norms, and social identities
Main Units of Analysis	States	States	Individuals (especially elites)
Main Instruments	Economic and especially military power	Varies (international institutions, economic exchange, promotion of democracy)	Ideas and discourse
Modern Theorists	Hans Morgenthau, Kenneth Waltz	Michael Doyle, Robert Keohane	Alexander Wendt, John Ruggie
Representative Modern Works	Waltz, <i>Theory of International Politics</i> Mearsheimer, "Back to the Future: Instability in Europe after the Cold War" (<i>International Security</i> , 1990)	Keohane, <i>After Hegemony</i> Fukuyama, "The End of History?" (<i>National Interest</i> , 1989)	Wendt, "Anarchy Is What States Make of It" (<i>International Organization</i> , 1992); Koslowski & Kratochwil, "Understanding Changes in International Politics" (<i>International Organization</i> , 1994)
Post-Cold War Prediction	Resurgence of overt great power competition	Increased cooperation as liberal values, free markets, and international institutions spread	Agnostic because it cannot predict the content of ideas
Main Limitation	Does not account for international change	Tends to ignore the role of power	Better at describing the past than anticipating the future

Walt, Stephen M. (1998): "One world, many theories", *Foreign Policy* 110, 29-46.

38. Hegemony vs war

In the realist view, great powers are constantly concerned with the distribution of power, trying to change it in their favour. The pursuit of international primacy (hegemony) by any state serves three goals: ensure security, promote their own interests, shape the international environment to their advantage. The importance of primacy is that it allows a state to achieving its goals without recourse to war (since, in this view, states are always willing to use force to increase their power if they think the price to be paid is acceptable).

39. US vs China (Glenn, 2016, p. 219)

“Three main paths from these scenarios would then open up: one leading to conflict—most likely through regional disputes rather than full confrontation (given that both are nuclear weapon states); another leading to the development of two separate and antagonistic systems; and a final path that promises a peaceful transition to a Chinese-led world order.”

40. How different is the new order going to be? (Kupchan, 2012, p. 7)

“The preservation of the Western order requires that the advance of modernization in the developing world produces a homogenous community of nations along Western lines. The problem is that the defining attributes of the West—liberal democracy, industrial capitalism, and secular nationalism—are not being replicated as developing regions modernize. To be sure, capitalism has demonstrated its universal draw. But most rising powers—China, India, Turkey, and Brazil among them—are not tracking the developmental path followed by the West. They have different cultural and socioeconomic foundations, which give rise to their own domestic orders and ideological orientations. Accordingly, emerging powers will want to revise, not consolidate, the international order erected during the West’s watch.”

41. Is the future multipolar?

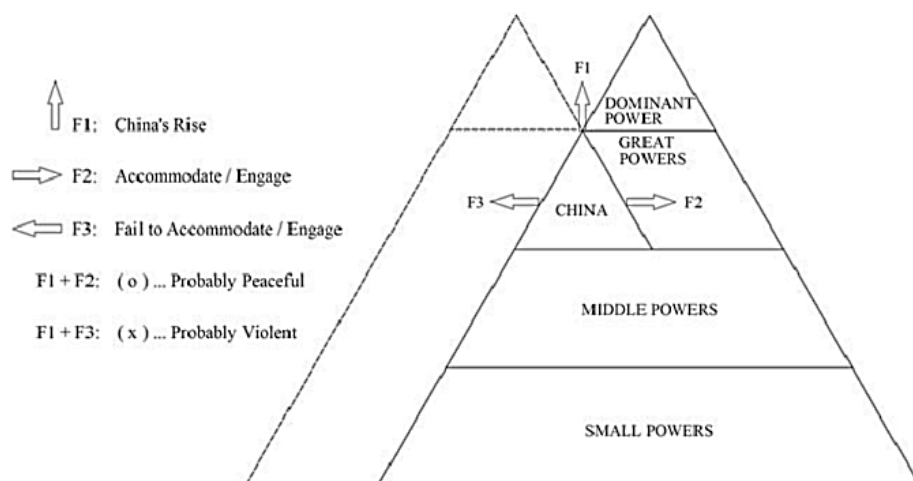
“At its peak, U.S. dominance spread to effectively all areas, shaping the global power balance. It was the largest production power, trade power, technological power, financial power, and military power, as well as, of course, the most influential player in global politics. In the new brave world of the early twenty-first century a single nation—be it America, China, or anyone else—is no longer capable of being a champion in all these areas across the board. The world is becoming more and more multipolar and, consequently, increasingly difficult to lead.” Tselichtchev (2012, p. 207)

Tselichtchev, Ivan (2012): *China versus the West. Global power shift of the 21st century*, John Wiley & Sons, Singapore.

42. Power transition theory (A.F.K. Organski)

It is a theory (alternative to the balance of power and collective security theories) that has been used to describe, analyze and predict the power interactions between a dominant but relatively declining power (the US) and a rising challenger (China). The theory represents the international system as a power hierarchy with

- a dominant state at the top of the hierarchical structure controlling most of the power resources;
- the other great powers below the dominant power: states with the potential to become rivals to the dominant power;
- the middle powers, states that are relatively powerful at a regional level; and
- small powers and ‘colonies’ at the bottom of the hierarchy.

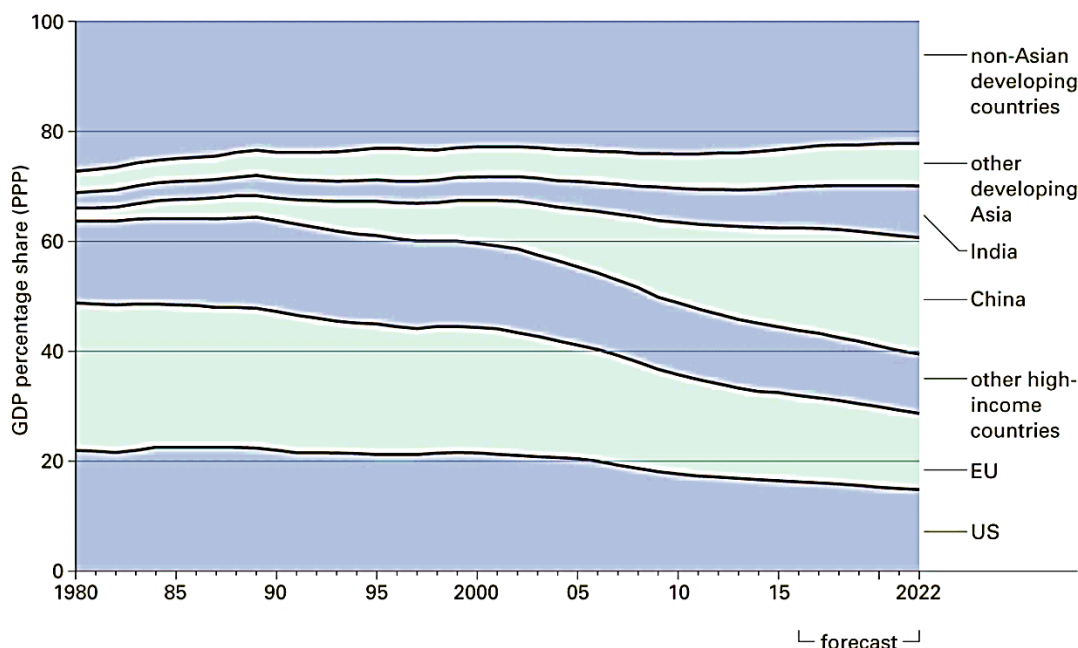
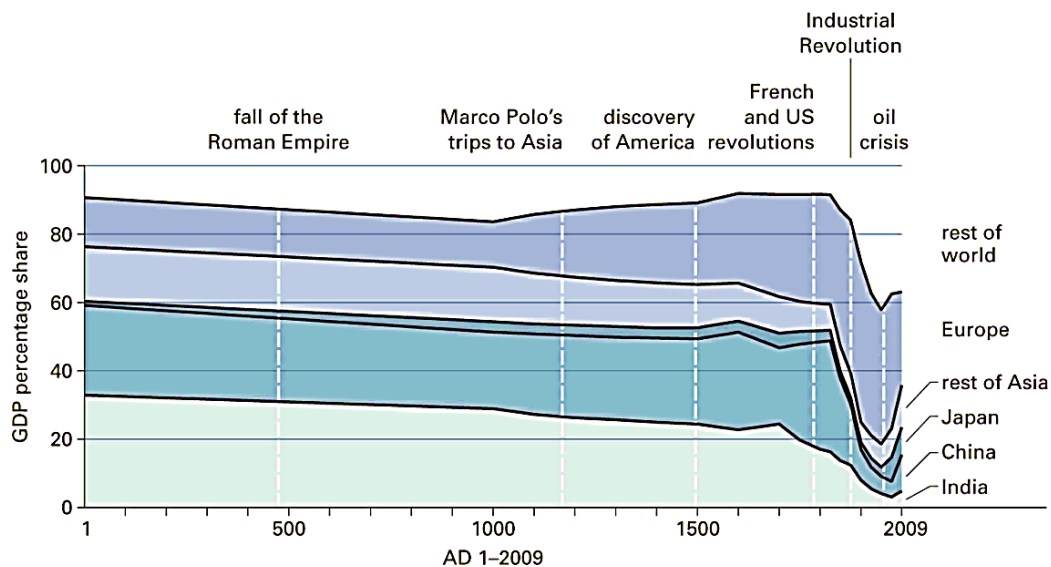


Violent conflict, or even war, is most likely to arise when some great power becomes increasingly powerful and dissatisfied with the existing hierarchy or the alliance with the dominant power (Kui (2017, p. 39)) challenges the status quo to change the rules or the hierarchy to the challenger’s advantage. The chances of a power transition war increase with three factors: (i) the power potential of the emerging power; (ii) the speed with which the emerging power rises; and (iii) the flexibility with which the dominant power can meet the challenge of the rising power.

Kai, Jin (2017): *Rising China in a changing world. Power transitions and global leadership*, Palgrave Macmillan, Singapore.

43. Central dilemma of international relations

E. H. Carr identified the ‘problem of peaceful change’ as the central dilemma of international relations.



Mahbubani, Kishore (2018): *The new Asian hemisphere. The irresistible shift of global power to the East*, PublicAffairs, New York.

44. Xi Jinping

“Xi Jinping is the resolution of an enigma. China is going back to what it used to be in its imperial heyday: a great power reaching out for world domination. It is doing this by staking its hopes on a thinker who supported the idea of internal control as a source of expansion abroad (...) Xi Jinping’s secret is to expand as a great power in the world but return to the wellspring of national power. If he wins, a completely new system of global power and relevance will arise. The resulting form of capitalism will face growing economic, political and military conflict. Historical needs for fierce global rivalry around premises for the accumulation of capital are ultimately a first-class breeding ground for capital accumulation. The more energetically capitalism assimilates the means of production and labour forces of countries and societies that are not completely capitalist (these days, through post-colonial politics), the more capital reproduction works within capitalist countries to remove a growing percentage of purchasing power from non-capitalist strata of the country of origin and from the working class.”

Sapelli, Giulio (2019): *Beyond capitalism. Machines, work and property*, Palgrave Macmillan.

45. Balance of power vs hegemony

“Recent work demonstrates that the European state system—which, since the Middle Ages, saw the recurrent formation of balances of power—constitutes a historical exception rather than the rule among anarchic international systems. In this study, I set out to explain why Europe avoided hegemony. I argue that the character of state-society relations at the time of intensified geopolitical competition leads to different systemwide

outcomes with respect to balancing and hegemony. Where multiple privileged groups already exist, rulers must negotiate with a range of societal actors to extract revenue and resources for warfare. This further entrenches institutional constraints on rulers and the privileges enjoyed by societal groups, which in turn make it difficult for rulers to convert conquest into further expansion. In the absence of preexisting multiple privileged groups, however, geopolitical competition instead further weakens the ability of societal actors to check their rulers. This dynamic creates a return-to-scale logic that facilitates systemwide conquest. My argument accounts for the diverging trajectories of, on the one hand, medieval and early modern Europe and, on the other hand, ancient China—where the state of Qin eliminated its rivals and established universal domination.”

Møller, Jørgen (2014): “Why Europe avoided hegemony: A historical perspective on the balance of power”, *International Studies Quarterly* 58(4), 660-670.

46. Geopolitical rise of China

“This essay proposes a new theoretical framework for analyzing the rise of China and its impact on Asian security order. While the rise of China is reshaping Asia’s military balance, the region has also witnessed equally important and longer-term changes, especially economic interdependence, multilateral institutions and domestic politics. The implications of these changes are not fully accounted for by the different types of security orders proposed by analysts to describe the implications of China’s rise, such as anarchy, hierarchy, hegemony, concert, and community. This essay presents an alternative conceptualization of Asian security order, termed consociational security order (CSO) that draws from different theoretical lenses: defensive realism, institutionalism, and especially consociational theory in comparative politics. Specifying the conditions that make a CSO stable or unstable, the essay then examines the extent to which these conditions can be found in Asia today. Aside from offering a distinctive framework for analyzing China’s rise, the CSO framework also offers an analytic device for policymakers and analysts in judging trends and directions in Asian security.”

47. Scenarios for Asia’s future

Anarchy: “Asia’s future could be Europe’s past, specifically German expansion and great power competition leading to world wars. Asia is ‘ripe for rivalry’ because it lacks Europe’s conflict-mitigating forces of economic interdependence, multilateral institutions and shared democracy.” Hegemony: “China would impose a ‘Monroe doctrine’ over Asia, excluding the United States”. Hierarchy: “A benign Chinese dominance as prevailed under its tributary system. When China was prosperous and powerful, Asia was stable and peaceful.” Concert/condominium: “A managed balance of power system, either a multilateral concert of major powers, or a Sino-US duopoly (condominium); one such scenario posits China and the United States dominating the Asian heartland and maritime spheres, respectively.” Community: “East Asia moving from a region of nations to a bona fide regional community where collective efforts are made for peace, prosperity and progress.”

Acharya, Amitav (2014): “Power shift or paradigm shift? China's rise and Asia's emerging security order”, *International Studies Quarterly* 58(1), 158-173.

48. Fundamental political dilemma (Barry Weingast)

“A government strong enough to protect property rights and enforce contracts is also strong enough to confiscate the wealth of its citizens.”

Weingast, Barry R. (1995): “The economic role of political institutions: Market-preserving federalism and economic development”, *Journal of Law, Economics & Organization* 11(1), 1-31.

Hanson, Jonathan K. (2014): “Forging then taming Leviathan: State capacity, constraints on rulers, and development”, *International Studies Quarterly* Volume 58(2), 380-392.

49. Joining treaties

“The United States often leads in the creation of treaties, but it sometimes never joins those treaties or does so only after considerable delay. This presents an interesting puzzle. Most international relations theory expects states to join treaties as long as the benefits outweigh the costs. Domestic theories modify this with the constraints of institutional veto players. Yet, sometimes neither of these arguments explains the delay or absence

of US participation. We supplement these explanations with an opportunity cost theory. We argue that the advice and consent process sometimes slows or stalls because it imposes costs in terms of legislative time and political capital. These costs alter the calculus of key players and may obstruct the process. Statistical analysis supports the argument.”

Kelley, Judith G.; Pevehouse, Jon C.W. (2015): “An opportunity cost theory of US treaty behavior”, *International Studies Quarterly* 59(3), 531-543.

50. EU crisis: a constitutional culture trilemma

“There are three paths to constitutionalism in the modern world. Under the first, revolutionary outsiders use the constitution to commit their new regime to the principles proclaimed during their previous struggle. India, South Africa, Italy and France have followed this path. Under the second, establishment insiders use the constitution to make strategic concessions to disrupt revolutionary movements before they can gain power. Britain provides paradigmatic examples. Under the third, ordinary citizens remain passive while political and social elites construct a new constitution. Spain, Japan and Germany provide variations on this theme. Different paths generate different legitimation problems, but the EU confronts a special difficulty. Since its members emerge out of three divergent pathways, they disagree about the nature of the union’s constitutional problem, not merely its solution. Thus the EU confronts a cultural, not merely an economic, crisis.”

Ackerman, Bruce (2015): “Three paths to constitutionalism – and the crisis of the European Union”, *British Journal of Political Science* 45(4), 705-714.

51. Cooperation vs non-cooperation

“Some scholars known as offensive realists claim that in the uncertainty of world politics, trust and cooperation between states is extremely unlikely. Others, such as defensive realists, claim that rational states are capable of finding ways to counteract the complications created by misperceptions and distrust, and to reduce uncertainty to levels where it no longer inhibits cooperation. In this paper, we construct a formal model to show how in some situations cooperation between states is indeed very unlikely: even in the presence of minor misperceptions, states fail to cooperate. We then ask whether diplomacy (modeled as cheap talk) is able to remedy the failure. We show that in many situations, allowing the countries to communicate prior to taking their actions does *not* enable them to cooperate.”

Acharya, Avidit; Kristopher W. Ramsay (2013): “The calculus of the security dilemma”, *Quarterly Journal of Political Science* 8, 183-203.

52. Global governance vs states

“A central point of disagreement animates global governance research. Some scholars see changing forms of global governance as eroding the power of the state. Others reject this claim, arguing that relative state power remains the most important factor in international affairs. I contend that analytical misconception confounds and misleads this debate. Both sides insist on modeling the state as a unitary actor; further, both neglect the temporal dynamics of international regime formation. I build an analytical framework that focuses on political processes that unfold over time and opens up the unitary state. Probing three decades of innovation in global finance, trade, and environmental governance, I find no evidence of a zero-sum relationship. In fact, experimental forms of transnational governance often empower governmental actors and state agencies. However, I also conclude that relative organizational power grounded in historical processes of regime formation matters more than relative state power in shaping global regulatory change.”

Seddon, Jack (2017): “History matters: How international regimes become entrenched—and why we suffer for it”, *International Studies Quarterly* 61 (2), 455-470.

		Type of Authority	
		Political (State-based)	Technocratic (Independent regulators)
Institutional Character	Bureaucratic	A POLITICAL IO e.g., UN Security Council, EU Council, UN Environment Program, World Trade Organization, International Monetary Fund, World Bank	C TECHNOCRATIC IO e.g., International Telecommunication Union, World Health Organization, European Central Bank, European Supervisory Authorities
	Networked	B POLITICAL NETWORK e.g., G-20, Financial Stability Board, Euro Group, Financial Action Task Force	D TECHNOCRATIC NETWORK e.g., International Organization of Securities Commissions, Basel Committee, European Committee for Standardization

Figure 1. Types of supranational regulatory bodies

53. Life cycle of international organizations

“International-relations scholars tend to focus on the formation, design, and effects of international organizations (IOs). However, the vitality of IOs varies tremendously. I argue that IOs end up in one of three situations. They could die off altogether, though this happens infrequently. More commonly, many IOs become ‘zombies.’ They continue to operate, but without any progress toward their mandates. A third category includes IOs that are alive and functioning. I develop a theory to explain an organization’s vitality, hinging on the quality of the bureaucracy. In an environment where IOs with similar goals, and with many overlapping members, compete for bureaucrats, the ability of the secretariats to attract talented staff and to enact policy autonomously are associated with whether organizations truly stay active, simply endure, or die off.”

Gray, Julia (2018): “Life, death, or zombie? The vitality of international organizations”, *International Studies Quarterly* 62(1), 1-13.

54. Core, periphery, semi-periphery

“World-systems theorists hold that the division of labor in the capitalist world economy divides production into core-like products and periphery-like products, and states into statuses of core, periphery, and semi-periphery. The core specializes in the production of the most advanced goods, which involves the use of the most sophisticated technologies and highly mechanized methods of production (capital-intensive production). The core states are the most economically and politically dominant, militarily powerful, and administratively well organized in the world-system. At the other extreme, the periphery specializes in the production and export of raw materials and labor-intensive goods. The peripheral states are militarily and organizationally weak. Between these two extremes are those states in the semiperiphery. They have some economic activities similar to those of the core (core-like production) and some more typical of the periphery (periphery-like production). Some world-systems theorists suggest that the semi-peripheral states play a critical role as ‘buffer zones’ or ‘intermediaries’ between the core and the periphery. World-systems theorists view the nature of the economic relationship between core and periphery in some aspects similarly to dependency theory; that is, the trading relationship is fundamentally exploitative.”

55. Dollar as the core of the International Monetary System

“The US emerged from the two world wars to become the economically and politically dominant core state. The US specialized in the production of the most advanced goods, which involves the use of the most sophisticated technologies and capital-intensive production. The postwar international monetary order, the dual-peg exchange rates or the gold exchange standard, placed the dollar as the single core currency of the international monetary system (...) Nevertheless, after the late 1960s the US no longer held a significant economic advantage over its major allies in the sphere of world production (...) After 1971, the Bretton Woods system was de facto replaced by a regime of freely floating fiat currencies that remains in place to the present day (...) The principal benefits the US enjoyed from the dollar’s status as the dominant international currency were: the ability to run balance-of-payment deficits that others could not, the willingness of foreign official institutions to purchase and hold US government bonds, and the related and crucial discretion of the Federal Reserve to implement expansionary monetary policy to stimulate a recessionary economy or inflate away debts (...) In this sense, the manufacturing disadvantages and the trade deficits of the US in the global economy were offset by the exorbitant privilege of the dollar in the post-Bretton Woods monetary order, which perpetuated the US’s position as the core of the world economy (...) The dollar’s core status in the international monetary system is the centerpiece of the US’s core status in the international system.”

56. US-China symbiotic and asymmetric economic relations

“... the US and China have formed a symbiotic relationship because of the dollar’s core status in the international monetary system and China’s excessive manufacturing capacity and dependence on foreign markets (...) China in the twenty-first century has been committed to export-oriented growth based on maintaining a low exchange rate (...) The result was the continuous expansion of China’s foreign exchange reserves. China used part of these foreign reserves to purchase US Treasury bonds in order to finance American balance-of-payment deficits. On the one hand, China repressed its own domestic consumption and exported large quantities of inexpensive goods,

which helped reduce US inflation and stimulate US consumption. On the other hand, China's massive purchase of US Treasury bonds helped lower their yields and bring down US interest rates, as another effort to secure the continuous increase of US demand for China's exports (...) It is estimated that about two-thirds of China's reserves are held in the form of dollar debt (...) The US and China have formed a symbiotic relationship in the capitalist world economy since the 1990s: the US consumes China's cheap exports, paying China in dollars, and China holds US dollars and bonds, in fact lending money to the US."

"China, as a semi-periphery, is more vulnerable in the symbiotic relationship of its own making (...) Were China to dump its dollar reserves and destabilize the world economy, it would definitely hurt itself as well as the US. China would not only lose much the value of its reserves with the falling dollar, but would also jeopardize Americans' ability and willingness to continue to import Chinese goods, which would probably give rise to job loss and social instability in China. On the other hand, China's vulnerability can be seen in the enormous difficulties faced by its manufacturing exports after the global financial crisis (...) Therefore, it is more proper to describe the US-China economic relationship as symbiotic but asymmetric."

57. Old and new Triffin dilemmas

"Many economists and government officials have concluded that the unipolar, dollar-based monetary system is seriously flawed. Belgian-American economist Robert Triffin pointed out in the 1960s that an international monetary system based on the currency of one country cannot sustainably deliver both liquidity and confidence. More specifically, the continuous growth of the world economy demands a steady stream of dollars, which requires the US to run balance-of-payments deficits. However, excessive US deficits erode people's confidence in the dollar's value (convertible into gold at a fixed price). This inherent conflict between the dollar's role as the world's reserve currency and the declining confidence in the dollar in the postwar international monetary system is called the Triffin dilemma. Though the Triffin dilemma was directed against the Bretton Woods monetary system, it remains valid for today's international monetary system. The modern version posits that the massive amount of dollars created by the US authorities to satisfy world demand is inconsistent with people's confidence in the dollar's value (convertible into a fixed basket of US goods and services). Here arises the question of why the dollar remains the preeminent currency in the international monetary system despite the relative American economic decline and the obvious flaw of dollar hegemony. Eichengreen provides a simple but compelling answer: "The dollar's dominance was supported by a lack of alternatives."

58. Towards a multipolar currency system?

"Despite the rapid development of RMB internationalization, it is also worth noting that for the time being the inconvertibility of the RMB, as well as China's capital account control, both impose severe restrictions on the RMB's role as an international reserve currency. Therefore, the internationalization of the RMB is not expected to dethrone the dollar as the key international reserve currency in the foreseeable future (...) The growing roles of the euro and the RMB in the global economy indicate that the unipolar, dollar-based monetary system is evolving into a multipolar currency system that will exercise better discipline over the fiat currencies in the international monetary order."

59. China's global role

"... the Chinese leadership is thinking beyond the current world system to craft a post-Western world order in an incremental manner. With regard to the three competing hypotheses—the convergence hypothesis, the status quo hypothesis, and the challenge hypothesis—this paper lends no direct support to any of them (...) It is not in China's interest to take extreme measures to destabilize or overthrow the existing world order; thus the radical challenge hypothesis is rejected. Moreover, the US-China economic relationship is asymmetric, which underlies the structural crisis of the world economy. It is argued that BW2 [the revived Bretton Woods system] is not sustainable in the long term; thus, the status quo hypothesis is also rejected. After the global economic crisis, the China leadership demonstrated its concerns with the existing international order, particularly the obvious flaw of a unipolar dollar-based monetary system. In this sense, the convergence hypothesis seems implausible. By anticipating the scenario that China could eventually shift to a more sustainable development model and push the internationalization of the RMB to reform the current international monetary system, one might conclude that China's policy response is more inclined to the challenge hypothesis. Even so, it is still more proper to

describe China as a ‘dissatisfied responsible great power.’ China’s incremental reforms in both domestic and international domains after the global crisis reveal that China as a rising power is no longer a rule-taker, accepting the status quo with regard to the current arrangement of international monetary order. Rather, China is better viewed as some combination of a rule-maker (promoting global reforms of existing arrangements) and a rule-breaker (in that it is creating its own arrangements).”

Wang, Zhaohui (2017): “The economic rise of China: Rule-taker, rule-maker, or rule-breaker?”, *Asian Survey* 57(4), 595-617.

60. Kant’s liberal argument for international peace and prosperity

“The key to the liberal argument is the claim that by establishing domestic liberty, political participation, and market exchange one can have the international payoff of peace as well (...) Kant described a decentralized, self-enforcing peace achieved without the world government that the global governance claim posits as necessary (...) Kant’s argument was (...) presented in three necessary conditions (...) First, states should adopt a liberal constitutional, representative, republican form of government which would constrain the state such that the sovereign would, on average, usually follow the interest of most of the people, or the majority. Second, the citizens of this liberal, constitutional, representative republic must affirm a commitment to human rights, one holding that all human beings are morally equal. Then states that represent liberal democratic majorities in their own countries will regard with respect other states that also represent free and equal citizens (...) Third, given trust, states then lower the barriers that would have been raised to protect the state from invasion or exploitation in the competition of the balance of power. Trade, tourism and other forms of transnational contact grow which lead to prosperity, reinforcing mutual understanding with many opportunities for profitable exchange, and producing contacts that offset in their multiplicity the occasional sources of conflict.”

61. Challenges of globalization to the liberal peace

“The first challenge of global interdependence is to the sustainability of the liberal peace. Can it operate in a much more intensive environment of social and economic exchange? And the second is to the legitimacy of the liberal democratic system. Can the people truly govern themselves when much of their social and economic interaction is with other societies outside their borders and outside the reach of their representative government? (...) The new market interdependence poses three challenges to the liberal scheme of global democratic peace.

Commodification (...) globally regulated norms of non-discrimination—however efficient and fair from a global point of view—are eroding democratic, or at least national, accountability.

Inequality. The second challenge to democratization concerns both intra-national and international equality. Globalization allows for those who are most efficient to earn the most. That is what markets usually do. And as the barriers fall to global sales, production, and investment, inequality also tends to rise.

Security. The third challenge is security. Kantian liberalism produces security and peace (among the liberal republics). But globalization challenges the stability of liberal geopolitics in two ways. On the one hand, what Americans call globalization is what many others call Americanization. That is, the US leading role within the world economy, which to Americans appears as an economic issue of dollars and cents, is to other countries a power issue, one fraught with control and guns. The other hand is that global rules for trade and investment have allowed China to benefit from its high savings rate and labour productivity, becoming one of the fastest growing economies in the world (...) From a geopolitical point of view, China’s growth entails a massive shift of world political power eastward. That makes the statesmen of the US and Europe nervous, especially if, referring again to the Kantian liberal argument, China has not democratized.”

62. Responses to the challenges

“There have been a variety of responses of widely varying purpose and consequence. The key question that faces us today is whether and how the liberal equilibrium can be renovated, reincorporating a combined prospect of peace, prosperity and self-government.

Protectionism. Polanyi called this the ‘Crustacean’ strategy—one that reinforced the hard shell of the nation state. It focuses on each nation protecting itself from globalization.”

“National champions (...) If protectionism is a ‘crustacean’ strategy, we can extend Polanyi’s aquatic metaphor, bringing into view ‘sea slug’ strategies. The sea slug, a voracious and non-discriminating eater, consumes anything that is smaller than itself. This is the strategy of *national champions*. The nation state supports its own firms in order to compete to win more global sales and seeks to lure foreign firms, increasing shares of inward FDI for the national economy (...) To the extent that states try to foster national champions or subsidize inward FDI to attract capital and jobs, they produce similar behaviour by other countries. This may benefit international consumers. It may also lead to a ‘race to the bottom’ with fewer and fewer environmental and labour standards, or increased international conflicts, as short-term prosperity is again pitted against long-run democratic autonomy.”

“Democratic solidarity (...) Here statesmen seek to extend the liberal *political* peace into an economic arrangement. Forget about the rest of the world, let us build a stronger WTO for the democracies, a democratic WTO.”

“Disaggregated cooperation (...) Proponents urge us to break down the problem. Let’s let the multinational corporations (MNCs) deal with other MNCs and markets solve as many of the problems as they can. State bureaucracies will scramble to keep up, doing less than may be ideal but enough to avoid catastrophe. Genetically engineered food may be sold with less controversy if the United States labels organic food and then lets consumers buy it or not as they wish. US organic food exports, having been certified, could be sold in Europe. Consumers, not governments, will decide; hopefully, depoliticizing the issue. Furthermore, courts will deal with courts, bureaucrats with bureaucrats, experts with experts. Take it out of politics and solve the problems pragmatically. Unfortunately, there are some problems that just are not pragmatic.”

“Global democratization (...) For some it is now time for a global parliament or civic assembly, structured on the model of the European parliament in Strasbourg (...) Realistically, however, no strong version of global democracy is viable at the present time. We will not soon see global legislation deciding new regulatory standards for the global economy. Why not? Because global democracy is not about being willing to win democratically, it is about being willing to lose democratically. None of the popular advocates of increased democratization (...) are willing to lose an issue and accept it because it went through a democratic process (...) Our primitive political global condition is reflected in disputes about the very meaning of global democracy. Is the world more democratic when the majority of nations decide, when the most populous nations decide, when only democratic nations participate, or when the majority of the world’s people decide? Unfortunately, there is as yet no agreed meaning of ‘global democratization’.”

Doyle, Michael W. (2000): “A more perfect union? The liberal peace and the challenge of globalization”, *Review of International Studies* 26, 81-94.

63. Is China ready to become a global hegemon?

“The preceding chapters have also substantiated the proposition that the leaders of the People’s Republic, just like their imperial predecessors, were highly preoccupied, if not obsessed, with centrifugal forces against central control (...) One most notable anomaly in China today is that regions and local units with greater responsibilities and needs tend to have weaker financial and material power. On average, poor, western, and inland regions had much smaller budgetary bases and received far fewer foreign direct investment projects.”

“The queer paradox here is that the swift success of Beijing’s tax-sharing reforms led to the provinces’ excessive milking of subprovincial governments, which in turn resulted in heavy arbitrary levies on the peasants and the misappropriation of farmland without proper compensation. Subsequently, peasant outbursts were translated into an increased frequency of collective protests all over the country, highlighting a growing interconnectedness between central-local dynamics and state-society relations.”

“The growing difficulties with local governance, the rise of subnational actors in many key domains, and the subsequent manifestation of centrifugal tendencies push us back to the (...) question (...): Despite its continental size and multiple ethnicities, why has China consistently held on to the unitary system? (...) Irrespective of so many theories on ‘bubble/crash/disintegration/collapse,’ China is likely to become stronger than before, both economically and militarily. The fact of the matter is that many of the

problems that China now faces were also found in the United States and many other countries during their ascent toward the status of great powers.”

“The People’s Republic today is no longer a totalitarian system in the sense that it stopped indoctrinating the people’s thinking. Yet, China still is an authoritarian regime in the sense that it seeks to monitor, police, and regulate the populace’s behavior. In the mid to long run, however, Communist or socialist ingredients that remain today will become increasingly diluted, gradually giving way to a neo-traditional return of many familiar problems of local governance.”

“It is this author’s assessment that, down the road, the People’s Republic’s future challenge of local governance will not be so different in nature from the difficulties that traditional China repeatedly faced for so long. In the longer run, therefore, the emerging Chinese empire is likely to have centrifugal forces that are strong enough to stand up against the center, which will in turn resort to many of the traditional means of local control in addition to modern, innovative ones.”

Chōng, Chae-ho (2016): *Centrifugal empire. Central-local relations in China*, Columbia University Press.

64. China’s new development stage

“China is about to enter a new development stage and has just entered the ‘13th Five-Year Plan’ period. The 13th Five-Year Plan is the final five-year plan following the creation of an all-round moderately prosperous society, and is the first five-year plan to be formulated following China’s economic development toward a new status quo. It is also the first plan formulated in the context of furthering China’s reform, implementing the rule of law and strengthening the discipline of the Communist Party of China (...) The 13th Five-Year Plan period represents the clinching of the final victory in the decisive push to build an all-round moderately prosperous society, and the 13th Five-Year Plan was formulated to achieve this goal (...) The 5th Plenary Session of the 18th CPC Central Committee first presented ‘five new major development’ ideas: innovative development, coordinated development, green development, opening-up development and sharing development.”

Angang Hu; Xiao Tang; Yilong Yan (2018): *Xi Jinping’s new development philosophy*, Springer.

65. The question of world order

“To the question of what in his presidency had made him most proud, Truman replied, ‘That we totally defeated our enemies and then brought them back to the community of nations. I would like to think that only America would have done this.’ (...) All of Truman’s successors have followed some version of this narrative (...) And for most of this period, the community of nations that they aimed to uphold reflected an American consensus—an inexorably expanding cooperative order of states observing common rules and norms, embracing liberal economic systems, forswearing territorial conquest, respecting national sovereignty, and adopting participatory and democratic systems of governance.”

“Yet today this ‘rules-based’ system faces challenges. The frequent exhortations for countries to ‘do their fair share,’ play by ‘twenty-first-century rules,’ or be ‘responsible stakeholders’ in a common system reflect the fact that there is no shared definition of the system or understanding of what a ‘fair’ contribution would be. Outside the Western world, regions that have played a minimal role in these rules’ original formulation question their validity in their present form and have made clear that they would work to modify them. Thus while ‘the international community’ is invoked perhaps more insistently now than in any other era, it presents no clear or agreed set of goals, methods, or limits.”

“Chaos threatens side by side with unprecedented interdependence: in the spread of weapons of mass destruction, the disintegration of states, the impact of environmental depredations, the persistence of genocidal practices, and the spread of new technologies threatening to drive conflict beyond human control or comprehension. New methods of accessing and communicating information unite regions as never before and project events globally (...) Are we facing a period in which forces beyond the restraints of any order determine the future?”

“No truly global ‘world order’ has ever existed. What passes for order in our time was devised in Western Europe nearly four centuries ago, at a peace conference in the German region of Westphalia, conducted without the involvement or even the awareness of most other continents or civilizations (...) At the opposite end of the

Eurasian landmass from Europe, China was the center of its own hierarchical and theoretically universal concept of order. This system had operated for millennia (...) basing itself not on the sovereign equality of states but on the presumed boundlessness of the Emperor's reach. In this concept, sovereignty in the European sense did not exist, because the Emperor held sway over 'All Under Heaven.' (...) In much of the region between Europe and China, Islam's different universal concept of world order held sway, with its own vision of a single divinely sanctioned governance uniting and pacifying the world."

"Meanwhile, across the Atlantic the foundations of a distinct vision of world order were being laid in the 'New World.' (...) In the American view of world order, peace and balance would occur naturally (...) The task of foreign policy was thus not so much the pursuit of a specifically American interest as the cultivation of shared principles. In time, the United States would become the indispensable defender of the order Europe designed. Yet even as the United States lent its weight to the effort, an ambivalence endured—for the American vision rested not on an embrace of the European balance-of-power system but on the achievement of peace through the spread of democratic principles. Of all these concepts of order, Westphalian principles are, at this writing, the sole generally recognized basis of what exists of a world order."

"The contemporary, now global Westphalian system—what colloquially is called the world community—has striven to curtail the anarchical nature of the world with an extensive network of international legal and organizational structures designed to foster open trade and a stable international financial system, establish accepted principles of resolving international disputes, and set limits on the conduct of wars when they do occur. This system of states now encompasses every culture and region. Its institutions have provided the neutral framework for the interactions of diverse societies—to a large extent independent of their respective values. Yet Westphalian principles are being challenged on all sides, sometimes in the name of world order itself."

"World order describes the concept held by a region or civilization about the nature of just arrangements and the distribution of power thought to be applicable to the entire world. An international order is the practical application of these concepts to a substantial part of the globe—large enough to affect the global balance of power. Regional orders involve the same principles applied to a defined geographic area. Any one of these systems of order bases itself on two components: a set of commonly accepted rules that define the limits of permissible action and a balance of power that enforces restraint where rules break down, preventing one political unit from subjugating all others (...) In building a world order, a key question inevitably concerns the substance of its unifying principles—in which resides a cardinal distinction between Western and non-Western approaches to order."

"Every international order must sooner or later face the impact of two tendencies challenging its cohesion: either a redefinition of legitimacy or a significant shift in the balance of power (...) To strike a balance between the two aspects of order—power and legitimacy—is the essence of statesmanship. Calculations of power without a moral dimension will turn every disagreement into a test of strength; ambition will know no resting place; countries will be propelled into unsustainable tours de force of elusive calculations regarding the shifting configuration of power. Moral proscriptions without concern for equilibrium (...) tend toward either crusades or an impotent policy tempting challenges; either extreme risks endangering the coherence of the international order itself."

"... the structure of the twenty-first-century world order has been revealed as lacking in four important dimensions. First, the nature of the state itself—the basic formal unit of international life—has been subjected to a multitude of pressures: attacked and dismantled by design, in some regions corroded from neglect, often submerged by the sheer rush of events. Europe has set out to transcend the state and to craft a foreign policy based principally on soft power and humanitarian values. But it is doubtful that claims to legitimacy separated from any concept of strategy can sustain a world order (...) And in several parts of the world we have witnessed, since the end of the Cold War, the phenomenon of 'failed states,' of 'ungoverned spaces,' or of states that hardly merit the term."

"Second, the political and the economic organizations of the world are at variance with each other. The international economic system has become global, while the political structure of the world has remained based on the nation-state (...) Economic globalization, in its essence, ignores national frontiers. International policy emphasizes the importance of frontiers even as it seeks to reconcile conflicting national aims."

"Third is the absence of an effective mechanism for the great powers to consult and possibly cooperate on the most consequential issues. This may seem an odd criticism in light of the plethora of multilateral forums that

exist (...) The United States is a key participant in all of these forums. Yet the nature and frequency of these meetings work against elaboration of long-range strategy.”

“Throughout, American leadership has been indispensable, even when it has been exercised ambivalently. It has sought a balance between stability and advocacy of universal principles not always reconcilable with principles of sovereign noninterference or other nations’ historical experience. The quest for that balance, between the uniqueness of the American experience and the idealistic confidence in its universality, between the poles of overconfidence and introspection, is inherently unending.”

“A reconstruction of the international system is the ultimate challenge to statesmanship in our time (...) A purposeful American role will be philosophically and geopolitically imperative for the challenges of our period. Yet world order cannot be achieved by any one country acting alone. To achieve a genuine world order, its components, while maintaining their own values, need to acquire a second culture that is global, structural, and juridical—a concept of order that transcends the perspective and ideals of any one region or nation. (...) Is it possible to translate divergent cultures into a common system?”

Henry A. Kissinger (2014): *World order. Reflections on the character of nations and the course of history*, Penguin.

66. “The decline of the West is the inevitable outcome of the law of diminishing returns”

“I believe that the supporters of open borders have turned the West, its territories and its nations, into a Ponzi scheme. The scheme requires a continuous flow of goods and people from elsewhere in the world, the sources, to Western nations, the sinks. In so doing, the West has absorbed the brightest minds it could not produce itself. It has employed a foreign-born labor force to fuel its low-cost industries because white women, keen on luxury lifestyles, have failed to produce the babies needed to populate the underclasses. And let’s not ignore the vast resources procured through a colonial legacy of theft and oppression, both in the past and in the present. In short, immigration to the West is a scam. With the use of mass media and its 24-hour cycles of deception, Western civilization has convinced the whole world that ‘life is better’ there.”

“The truth is that black immigration has more to do with robbing Africa of its potent labor force than with building open societies. Black blood is the new oil. By robbing Africa of its economically viable men and by putting their labor to work, Europe’s elites hope to stay wealthy, while simultaneously assuring Africa will stay poor.”

“Western demand for consumer products employs hundreds of millions if not billions of people worldwide. The point is that human population growth -mothers deciding to have children- is based on exaggerated estimates. In reality, a stagnating or even dropping demand for consumer products in the western world will have a ripple effect across the global economic supply chain. Ultimately the least productive people, manual laborers in Third World countries, will be hit with hunger and extreme poverty. It requires dedicated global leadership to slow down economic growth and prepare for a world without growth for growth’s sake, towards a world of quality over quantity, and happiness over money.”

“For decades, even the best government forecasters have repeatedly overestimated our chances of economic recovery. This naive optimism has fooled the world into adopting a wait-and-see attitude, forestalling the psychological preparation to combat a recession spiraling out of control. As one German historian put it, ‘Optimism is cowardice.’ (...) Is the threat of a human population collapse real? (...) I argue that our expanding population, like Ponzi schemes and stock market bubbles, has formed a human bubble ready to burst.”

“You can’t fight the enemy who has you by the balls. Saudi Arabia controls so much of the oil that fuels both the US economy and the US military that post-9/11. Washington had no choice but to slip into vassalage to the House of Saud. Since 2001, the US army has effectively been fighting Saudi Arabia’s regional wars. All the Saudis need to do is provide the fuel for US weapons and troops, while conveniently hiding behind ‘American imperialism’ and blaming any social unrest on Western actions.

Nonetheless, it is undeniable that the United States has actively supported Saudi Arabia in exporting its fascist, Wahabbist brand of Islam throughout the Muslim world. In doing so, US leadership supported ‘regime change’ that replaced secular, democratic or otherwise pro-Western leaders with Islamist puppets. Indeed, seen in this light, George W. Bush, Barack H. Obama, and Hillary R. Clinton have together created ISIS—because ISIS is Saudi Arabia. As with every civilizational fault line, in this case between Europe and the Arab world, there is a grey

zone where both civilizations meet, trade and live relatively peacefully. Specifically, this grey zone once consisted of Turkey, Syria, Egypt, and Libya. But not anymore.

First, coming out of the war in Afghanistan, the US military began targeting Iraq (...) Hussein, however, no matter how evil a man he was, was also a Ba'athist and the leader of a secular movement that strove for an Arab enlightenment. As a result of the US-led regime change that disrupted Iraq's social order, various warring Muslim factions today control the region. Above all, these factions are Islamist, anti-enlightenment and tied to Saudi Arabia's fascist brand of Islam.

Next, the so-called Arab Spring which led to major unrest in the entire Arab world culminated in the toppling of democratically elected, secular Egyptian President Hosni Mubarak. He was a vassal of the West and a dictator to his people, but his reign defended Egypt against the fascist, Saudi-backed Muslim Brotherhood. After Mubarak's fall, that's exactly who took over when the Muslim Brotherhood's own Mohamed Morsi briefly seized power.

The same thing again happened in 2011 when the United States violently ended Muammar Gaddafi's regime. Like Hussein and Mubarak, Gaddafi was a vassal and a delusional despot, but he also defended his people's Northern-African Shi'ite roots, a Persian brand of Islam, against that of fascist Saudis. In doing so, Libya too acted as a sort of buffer zone, the grey zone between liberal Europe and a more fundamentalist Islam."

"Around the same time, Syria imploded. Once again a secular, democratic, pro-Western leader Bashar al-Assad was dumped in favor of a Saudi-backed ISIS and the Muslim Brotherhood. Today, Syria is a source of refugees pouring into Europe.

Finally, Turkey. The United States' support of Turkey's Islamist President Erdoğan tops it off by letting him erode the Turkish secular democracy once founded by Kemal Atatürk—the last and only democracy in a majority Muslim nation. While Erdoğan blames the Gülenist movement for staging the recent coup, it is much more likely Erdoğan staged it himself in order to cleanse Turkey of its remaining secular, democratic elements."

"In short, all US-led efforts in the Middle East have ultimately surrendered Europe's regional security, leaving it highly vulnerable to a Turkish-led, Saudi-backed Islamic invasion. Europe either prepares to go to war or prepares to submit to 'regime change'."

"Indeed, the European Union was never founded to serve and protect Europeans. Similar to the United Nations, the European Union functions as yet another vehicle to attempt to put a small clique of superrich in charge of the whole world."

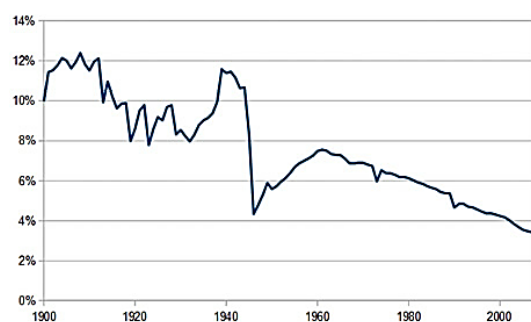
"Globalism is just the modern equivalent of an ancient crime, namely to submit a people to collectivist rule under a despotic ruler. Early examples include Gilgamesh of Uruk and King Hammurabi of Babylon. Today's despots have invented a new vocabulary to fool the people into submission. They call it a 'global open society', a society no one can escape from short of flying to the moon. 'Equality' denies your freedom to be unequal. 'Progress' means your progressive slavery. When globalists speak of 'diversity', they mean the complete homogenization of mankind (...) In a pluralist world, man can cooperate with all others against nature, but at the same time, man does not have to be like all others. True diversity trumps universalism. By contrast, in a universalist world, bureaucrats rule all and will send those who defy the Truth to the Gulag (...) Globalists want to efface, not preserve, all differences between people. In their line of thinking, they follow the principle of 'from many to one' or *E Pluribus Unum*, the slogan so beloved by Americans. It is a globalist's creed, anti-diversity and anti-human."

"Thieving kleptocrats backing globalist and nationalist regimes both aim to exploit the common people. Globalists are just better at it."

"The Netherlands (...) has long fallen to globalist kleptocrats who rob the people blind. Backed by EU bureaucrats, the owners of The Netherlands Inc. have reduced the Dutch people to 'cash cows' in the parlance of a product lifecycle. Multinational corporations such as Unilever, Shell, and Philips are effectively running The Netherlands, having planted one of their own—Mark Rutte, a brainless, soulless

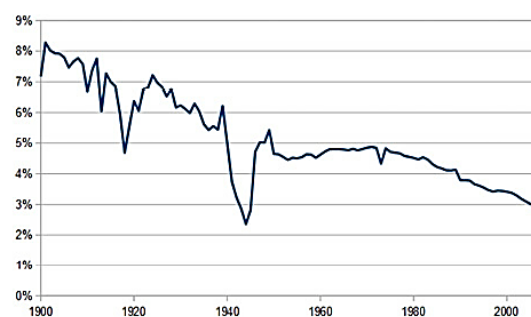
German Share of World GDP (1900-2008)

Data Source: University of Groningen



French Share of World GDP (1900-2008)

Data Source: University of Groningen



former Unilever bureaucrat—as the nation’s Prime Minister. At best, Rutte is a serf of international capital. This man has a greater concern for Coca Cola’s stock price than for the survival of the Dutch people. Nations and their peoples, apparently, have become expendable assets. Even the socialist leaders of The Netherlands play foul.”

“The Netherlands is not and never has been a true democracy. Modern democracy, the kind exported to Europe and the rest of the world by the United States of America, appears to have been the greatest scam in the history of humankind. This brand of democracy served U.S. kleptocrats well (...) Western peoples exist to be milked and taxed until a new, more profitable people comes along to replace them.”

“More recently, though, the tide has started to turn. China’s Xi Jinping declared himself ‘president for life’ (...) Xi’s move proves the world has had enough of American dictates. The prestige that U.S. democracy once exerted, the kind U.S. kleptocrats used to hide behind, has worn off. Increasingly, the ugly faces pulling the strings have emerged from behind the smoke screens. That’s Donald Trump’s legacy. A media showman, he gamed the system and checkmated the cabal. Swiss research group proved much of Western media is controlled by a very small group of hardly 5,000 members, namely the Council on Foreign Relations (CFR), who make up a large share of the owners and directors of the U.S. media empire.”

“All nationalist regimes are kleptocratic, but all globalist regimes are kleptocratic, too. Progressive liberalism is not the answer, it is part of the problem. To truly free ourselves from the thieves that govern us, we must return to the traditional values of a personal God (not the Church), a self-sustaining, autonomous family and the love for our kin. Only autarkic, autonomous societies can provide an answer to the evils of global capitalism disguised as ‘progress’.”

“For centuries, national governments, or nation-states, have pursued a business model of taxing their citizens’ productivity in exchange for the oft false promise of old age and security. Traditionally, such rent-seeking schemes benefit an inner circle of ruling families and their wealthy lifestyles, the nobility, and royalty. But today, nation-states and their ruling elites find themselves in direct competition with multinational (and transnational) corporations. In order to increase profits, powerful multinationals not only seek to evade taxation from national governments but also aim to expand their ‘market share’ by taxing and governing citizens themselves.

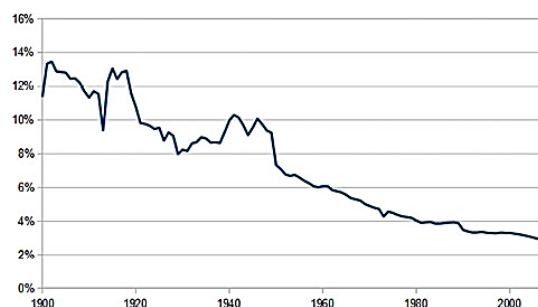
Multinationals want to govern their own affairs. With over-reaching transnational ‘partnerships’ such as TPP and TTIP in place, we are witnessing the advent of a global neo-feudalism that will trap the lives of the 99%.

Some multinationals already wield the necessary financial power to compete with smaller nations. For example, Samsung Electronics spent about \$14 billion on advertising and marketing in 2013 — more than Iceland’s gross domestic product (GDP). Yet to their frustration, national and international laws still bind global firms to local taxation. Thus, if a collective of powerful multinationals acted together in a successful push to deconstruct national government, and in the process create a so-called borderless world, such corporations could effectively replace the nation-state with a privately-owned corporate-state.”

“The East India Company was its own economy, while its private shareholders crowned themselves king. Today, we can observe a similar tug of war between ambitious multinationals and their traditional home-states. For example, in 2014, ING Bank co-authored a piece of Dutch legislation that awarded banks a fiscal benefit when issuing risky bonds.”

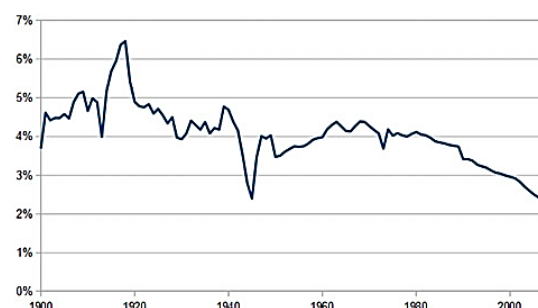
British Share of World GDP (1900-2008)

Data Source: University of Groningen



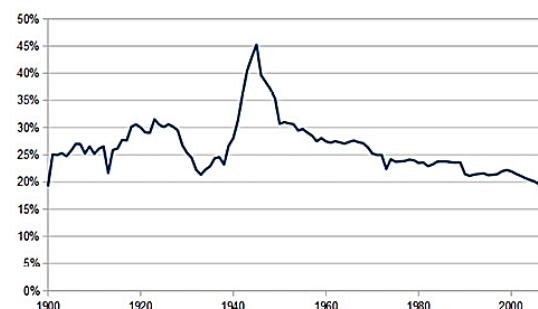
Italian Share of World GDP (1900-2008)

Data Source: University of Groningen



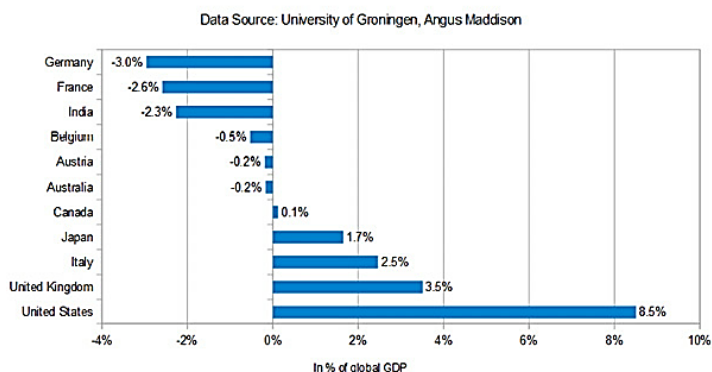
U.S. Share of World GDP (1900-2008)

Data Source: University of Groningen

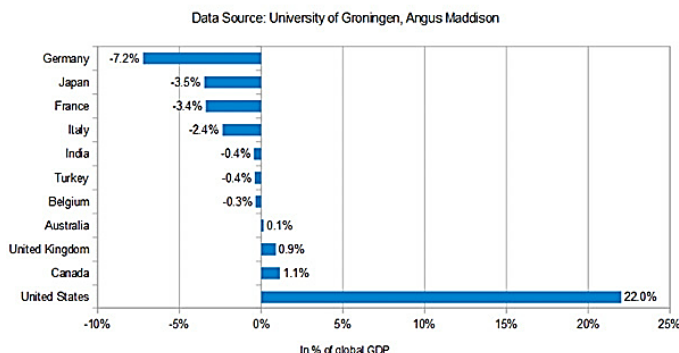


“A key development driving the transition from public states to privately-owned corporate-states has been the historically recent rise of mega-cities. With over half of the world’s populations living in cities—in Europe nearly three-quarters— national governments have largely driven their political responsibilities in the hands of commercial enterprise. The privatization of housing, sanitation, transportation and even prisons and pensions has shifted the center of political gravity away from political representation to multinational bureaucracy.”

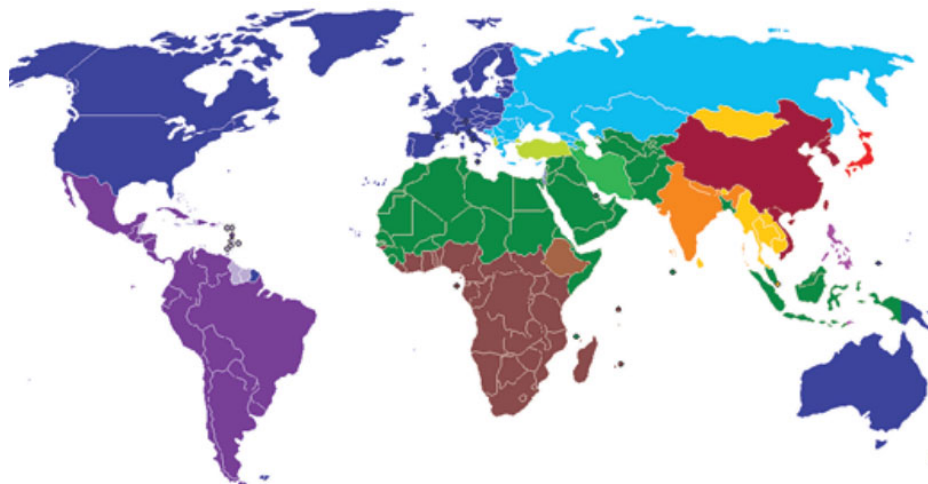
Gains and Losses in Global GDP Share - WWI (1914-1918)



Gains and Losses in Global GDP Share - WWII (1939-1945)



“Since 1900, Germany has lost around two-thirds of its share of the global economy, down from nearly 12% at its peak to below 4% today (...) German economic influence in the world isn’t just waning, it’s dying. One doesn’t need to wonder why Germany decided to open its borders to millions of cheap labor immigrants (...) Like Germany, France has also lost over half of its global economic influence since 1900 (...) In 1900, the British economy was as powerful as that of Germany (12% of the global economy), despite having had a smaller population (...) Why are European G7-economies failing to maintain their global relevance? (...) According to ecologist Paul Colinvaux, author of *The Fates of Nations*, richer nations always resort to war against poorer nations whose continuously rising populations pose an economic threat. He writes, ‘Aggressive war is caused by the continued growth of population in a relatively rich society.’ In our time, that rich society is the globalized world, and the growing Third World populations certainly threaten to crush the richer West.”



Western (blue), Latin American (purple), Orthodox (cyan), Islamic (green), African (brown), Hindu (orange), Buddhist (yellow), Sinic (red-brown), Japanese (red)

“War can be profitable, but only if you win by remaining relatively unharmed (...) Both world wars funded the rise of the U.S. Military-Industrial-Complex that would police the world for decades to come. The incredible economic benefits to be gained from winning world wars make it a very attractive proposition to try and challenge world order. On a disturbing note, I don’t think the potential of nuclear war will deter challengers.”

Samuel Huntington’s civilizations:

Mathijs Koenraadt (2018): *If not now, when? Writings in defense of Europe*, Morningtime.

67. International trade and diplomacy

“International trade is no longer just about buyers and sellers, shipping and marketing, firms and distributors. Nor is it only about customs officials and border inspections, tariffs and quotas, export subsidies and import licences. Over the past three millennia, international trade has moved from being a series of infrequent journeys to meet unknown peoples, to exchange the familiar for the exotic for the benefit of rulers and elites, to being today a primary driver of global economic growth. International trade as a percentage of world economic output has increased from around two percent in the early nineteenth century to nearly 35 percent in the year 2000.

Trade today is an inescapable, indispensable component of a global economy that enables the world's billions to work, earn a living, and consume and invest the fruits of their labours. Without international trade, there can be no global economic prosperity. The dramatic increase in trade relative to overall global economic activity is a metaphor for the increasing necessity for people across the world to engage with one another: to deal with each other's differences and to do business with one another. Alongside this great rise in international trade has been a parallel increase in another fundamental and essential human activity: diplomacy."

"... trade has not only been a primary object of diplomatic representation and communication. In an important sense, trade itself is a key form of diplomacy. Trade, broadly understood as the exchange of goods, services, capital, and labour, by its nature reconstitutes, redefines, and changes the subjectivities and the identities of the polities that engage in it."

"Rorden Wilkinson argues from a normative perspective that the purpose of international trade should be to promote economic development of the less developed parts of the world and to lessen inequality. In his book *What's Wrong With the WTO and How to Fix It*, Wilkinson contends that the international trading system and the institutions established to facilitate it should be reformed in such a way as to place international trade in service of these normative objectives. Wilkinson poses the challenge of trade reform fundamentally as a task of global governance."

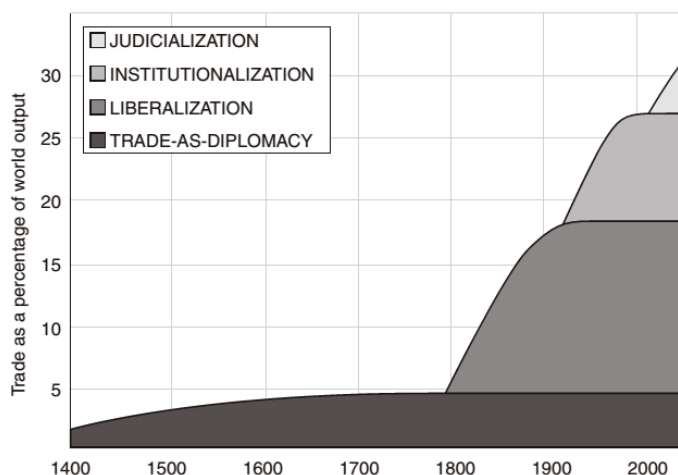
"The three transformations in trade diplomacy effectively divide trade diplomacy into four historical phases: trade-as-diplomacy; liberalization; institutionalization; and judicialization."

"The availability of different means and reasons for trade diplomacy did not mean older approaches and processes uniformly came to be perceived as inferior and were superseded by newer, better methods and justifications. A shifting jumble of approaches to and rationales for trade diplomacy characterizes contemporary international politics. Today, the highly judicialized WTO Dispute Settlement Mechanism has become a primary site for trade diplomacy, even as multilateral and regional trade liberalization negotiations continue at the WTO and in regional bodies like ASEAN, NAFTA, MERCOSUR and SADC. Likewise, bilateral and regional trade treaties are still signed occasionally, as the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) negotiations under way in 2015 attested."

Pigman, Geoffrey Allen (2016): Trade diplomacy transformed. Why trade matters for global prosperity, Palgrave Macmillan.

Table 1 Three Transformations in Trade Diplomacy

TRADE DIPLOMACY TRANSFORMATIONS	Initial system: trade-as-diplomacy	First transformation: liberalization	Second transformation: institutionalization	Third transformation: judicialization
Method	Trader-diplomats, state mercantilism	Bilateral trade liberalization treaties	Establishment of multilateral, regional, plurilateral trade organizations	Stepped up trade dispute settlement mechanisms
Intent/objective	Use trade as instrument of state power	Lower tariffs and other trade barriers, promote peace	Establish multilateral trade rules, lock in gains, expand participation	Resolve trade disputes more effectively
Results/advantages/strengths	Global diplomacy, modern state power	Increased trade, political stability through more commerce	Broadened participation, expanded remit, multilateral liberalization	Rules enforced, mediation of differences becomes obligatory
Weaknesses/limitations	Limited economic growth from trade	Instability when treaties expire, vulnerability to tariff increases	Weak dispute settlement, diverging interests, differential PTA liberalization	Judicial procedure substitutes for diplomatic negotiation



68. Dark side of global transparency

"In November 2002, Severe Acute Respiratory Syndrome (SARS) broke out in the Guangdong Province of China (...) The Chinese government initially ignored the disease. However (...) news spread quickly via mobile phone

text messages, E-mail, and Internet chat rooms (...) With the news so widely known, Chinese authorities were forced to acknowledge and respond to the outbreak.”

“... on May 9, 2005, *Newsweek* magazine published a two-sentence article reporting that an American interrogator at the U.S. Guantanamo Bay prison in Cuba had flushed the Koran of a Muslim detainee down a toilet (...) The governments of Egypt, Saudi Arabia, Bangladesh, and Malaysia issued critical public statements and mass protests followed in Pakistan, Gaza, and Indonesia. Protests in Afghanistan spread to several towns and turned violent (...) Though there are numerous credible reports of other cases of Koran desecration, the *Newsweek* story appears to be false.”

“These events show two faces of rising global transparency, the increasing availability of information around the world. The first depicts the conventional view: authoritarian governments losing control over information thanks to technology, the media, and international organizations. The second shows the darker side of global transparency, in which some of the same forces spread hatred, conflict, and lies. This darker side of transparency is less noted but, unfortunately, it will be at least as influential in the coming decades. Global transparency will indeed bring many benefits, but predictions that it will lead inevitably to peace, understanding, and democracy, are wrong.”

“Optimists predict that greater transparency will reduce the incidence of conflicts caused by misunderstandings. It can facilitate international agreements and deter cheating (...) Yet greater transparency is not an unmitigated good (...) More information about other societies may reveal conflicting values and interests as well as shared ones. More information about the military capabilities of other states may show vulnerability and encourage aggression by the strong against the weak. Greater transparency can highlight hostility and fuel vicious cycles of belligerent words and deeds. It can highlight widespread prejudice and hatred, encourage the victimization of out-groups and by showing broad acceptance of such behavior without repercussions, legitimize it. Greater transparency can undermine efforts at conflict resolution and, when conflicts do break out, it can discourage intervention by third parties. Transparency sometimes can make conflicts worse. Greater transparency will not necessarily promote democracy and good governance.”

“Five factors in particular have led to the rise of global transparency: the spread of democratic governments, the rise of the global media, the spread of nongovernmental organizations, the proliferation of international regimes requiring governments to disclose information, and the widespread availability of information technologies.”

Kristin M. Lord (2006): The perils and promise of global transparency. Why the information revolution may not lead to security, democracy, or peace, SUNY Press.

69. Convergence and divergence: the ‘big reversal’

“In recent years (...) there has been much commentary about the shifting balance of economic power in the global system from the advanced countries on both sides of the North Atlantic to the rising powers of East Asia centered around China in the Asia-Pacific region. This shift reflects one dramatic result of economic globalization that has allowed certain countries, in particular the new industrializing economies of East Asia, to enter into a process of convergence and catch-up with the advanced countries of North America and Western Europe (...) This pattern of globalization confirms one strong view about globalization advanced by leading economic academics, such as Robert Lucas, that points to an inevitable and gradual process of economic convergence in response to the integrating forces of trade, finance, and technological change. However, economic and financial globalization has also produced a broader pattern of economic divergence, which differs from the convergence scenario above, when one considers the performance of national economies across all the regions of the globe (...) Understanding the factors that can account for these patterns of economic convergence and divergence within the global economy is one of the major challenges of economics, and social science more generally.”

“Since 1950 these two regions have followed very different economic trajectories. At the beginning of the period, Latin America was the most important region in the developing world in terms of per capita income and the size of its manufacturing sector, while East Asia was relatively undeveloped. By the end of the past century, however, the relative positions of East Asia and Latin America (...) had been reversed (...) This big reversal in the economic fortunes of the two regions is one of the most dramatic examples of ‘catching-up’ and ‘falling behind’ during the second half of the twentieth century. Most of this reversal occurred after 1975, when Latin America went into a

period of relative stagnation, while East Asia entered a period of sustained, rapid growth. In the case of Latin America, this outcome has been particularly troubling in view of the substantial economic reforms that have been implemented in the region since the mid-1980s, largely consistent with the precepts of the so-called Washington Consensus. That framework, which was defined at the end of the 1980s, attempted to codify the lessons of economic policy among successful developing countries, in terms of advocating a less interventionist stance on the part of government policy while giving greater weight to the role of market forces and global integration in guiding economic activity.”

“Over the broad sweep of history, globalization has been driven by recurring waves of technological revolutions, which have facilitated international trade and investment and promoted a more interdependent international economic system (...) Over the past 30 years or so, a rising share of international trade and investment has been dominated by the activities of large multinational or transnational corporations, which at the turn of the past century accounted directly for around one-third of global trade in the form of intra-firm trade, and roughly two-thirds of global trade in transactions with other entities.”

“Most of the expansion in economic and financial globalization has been managed through large private financial and nonfinancial multinational corporations operating among the advanced countries. However, since the mid-1980s, a growing share of global financial flows have been directed to low- and middle-income countries, driven largely by an increase in foreign direct investment, which in many cases has been linked to the development of export trade capacity in the recipient countries. In the light of these developments, the achievement of successful economic development by low-income countries in the twenty-first century depends to a large extent on the degree to which a country is able to take advantage of these forces of globalization through an appropriate set of policies focused on its internal and external development.”

“Sustained, high rates of economic growth have typically been experienced by countries that have been successful in achieving a dynamic structural transformation of their economies through a process of industrialization, in which manufacturing production is shifted over time toward more diversified and sophisticated goods that are competitive in export markets. This pattern of structural change, which is critical to the experience of economic development, is largely ignored in the standard neoclassical model of economic growth (...) The growth of manufacturing and its links to exports of increasing diversity and sophistication has been identified in much recent writing as a particular hallmark of successful development.”

“This process of structural transformation in the advanced and leading emerging market economies has been driven predominantly by private entrepreneurship and innovation, but governments have been required to play a key role in overcoming key market failures in the development process, for example, related to the promotion of information flows, the coordination of complementary inputs and investment, the provision of adequate infrastructure and finance, and the promotion of externalities and technological spillovers (...) One can observe sharp differences in the process of structural change between the East Asia and Latin American regions that are closely associated with the pattern of their divergent economic development.”

“In terms of economic policy choices, East Asia has been far more successful than Latin America in dealing with two fundamental constraints on economic development, namely, fiscal solvency and external sustainability. Sharp differences can be seen not only in the effectiveness of macroeconomic policy management in the two regions, but also in the degree to which the two regions have achieved integration into the global economy. East Asia has benefited greatly from the surge of globalization during the final decades of the twentieth century, (...) whereas Latin America has not. These differences have been reinforced by the strength of regional trade and investment links within East Asia, and their relative absence in Latin America.”

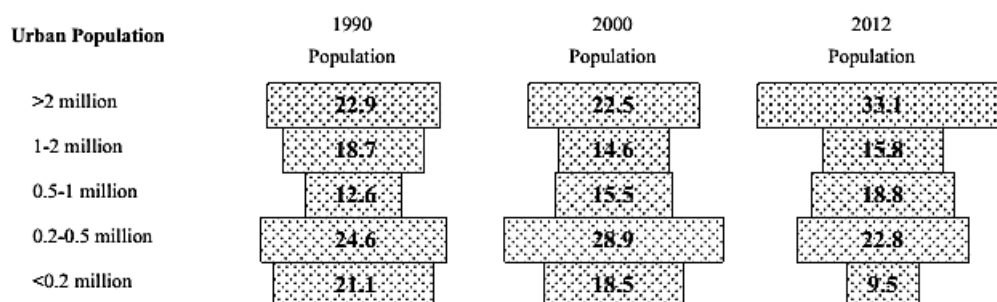
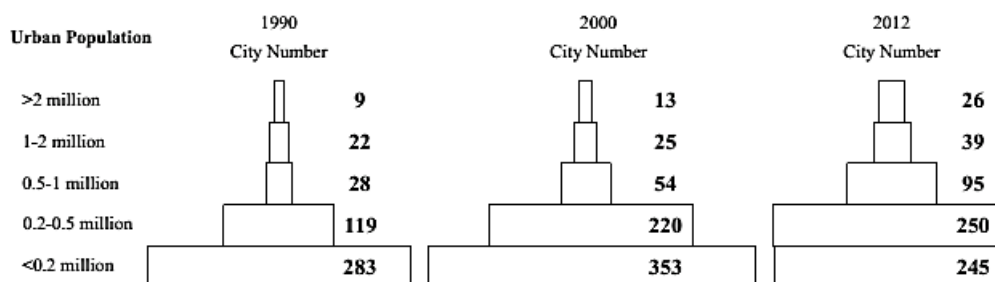
“The differences in economic policy management (...) can be associated (...) with differences in the strength of institutions in the two regions and, in particular, the role of government and political leadership (...). Both regions initially followed a strong state-led development path, but ‘developmental states’ in East Asia were more effective than their counterparts in Latin America in terms of policy consistency and coherence and the effectiveness of the government bureaucracy in implementing policy programs. Governments in East Asia were also more effective in terms of promoting an environment conducive to long-term investment and industrialization.”

“The role of political economy factors, as reflected in differences in state–society relationships in the two regions, is critically important to an understanding of economic policy choices and the role of the government. The persistence, until recently, of macroeconomic instability in Latin America can be linked to distributional conflicts rooted in problems of economic and social inequality and the populist or patron–clientilistic orientation of political parties associated with that inequality. The relative autonomy of the state in East Asia vis-à-vis business and labor, especially in comparison with Latin America, is also important in determining the success of developmental states in the former region and the prevalence of rent seeking in the latter. In addition, political economy and cultural factors are important in understanding why authoritarian regimes, while present in both regions, tended to be more ‘developmental’ in East Asia than in Latin America, in terms of their promotion of public goods, gains in social welfare, and rapid growth in per capita real income.”

Anthony Elson (2013): *Globalization and development. Why East Asia surged ahead and Latin America fell behind*, Palgrave Macmillan.

70. Urban China

Spatial pattern of urban agglomerations of China in 2015



Houkai Wei (2019): *Urbanization in China. The path to harmony and prosperity*, Springer.

71. Why China finances foreign economies when domestic needs are not met?

“One of the most profound transformations of global finance in our time is China’s rise. What truly epitomizes the country’s surge in preeminence is the globalization of Chinese energy finance, for it is in this sector that China has outshined all other players (...) Why has China become the largest global finance of energy through its two policy banks—China Development Bank (CDB) and China Export and Import Bank (CHEXIM)?”

“In a short span of time, China has emerged to become a leading force in development finance worldwide at the beginning in the twenty-first century. It first surpassed the United States as a global development finance provider in 2009 and has maintained this lead since 2011.”

“Why China has become the largest global financier of energy? This is especially perplexing given that China’s per capita income is below world average, poverty remains a prominent issue, and a large part of its economy is struggling to gain access to financing at home. Indeed, despite China’s emergence as the world’s second largest economy, China remains a middle-income country, with GDP ranked 70th in the world in terms of GDP per capita.”

“There thus arises the puzzle of why China provides foreign countries with financial backing for energy projects abroad when the needs for financing in China are enormous and insufficiently met.”

“... the globalization of Chinese ODF for energy by CDB and CHEXIM is part of the Chinese state’s integrated and pragmatic approach to its modernization drive at home. This approach recognizes that modernizing China hinges on the country’s access to resources, especially energy, markets, and technology abroad in a way that allows it reduce its exposure to foreign exchange risks and denominate its claims on the rest of the world in its own currency. In other words, China finances foreign governments and entities for energy primarily to promote its development agenda and advance its quest for modernization at home, which, in turn, also enhances the legitimacy of the ruling regime in China.”

Bo Kong (2019): *Modernization through globalization. Why China finances foreign energy projects worldwide*, Palgrave Macmillan.

72. Who rules the world?

“Support for democracy is the province of ideologists and propagandists. In the real world, elite dislike of democracy is the norm. The evidence is overwhelming that democracy is supported only insofar as it contributes to social and economic objectives, a conclusion reluctantly conceded by the more serious scholarship.”

“Today is not the first occasion when Egypt and the United States are facing similar problems and moving in opposite directions. That was also true in the early nineteenth century. Economic historians have argued that Egypt was well placed to undertake rapid economic development at the same time that the United States was in this period (...) One fundamental difference between the two nations was that the United States had gained independence and was therefore free to ignore the prescriptions of economic theory, delivered at the time by Adam Smith in terms rather like those preached to developing societies today. Smith urged the liberated colonies to produce primary products for export and to import superior British manufactured goods, and certainly not to attempt to monopolize crucial goods, particularly cotton. Any other path, Smith warned, ‘would retard instead of accelerating the further increase in the value of their annual produce, and would obstruct instead of promoting the progress of their country towards real wealth and greatness.’

Having gained their independence, the colonies simply dismissed his advice and followed England’s own course of independent state-guided development, with high tariffs to protect industry from British exports (first textiles, later steel and others), and adopted numerous other devices to accelerate industrial development (...) For Egypt, a comparable course was barred by British power. Lord Palmerston declared that “no ideas of fairness [toward Egypt] ought to stand in the way of such great and paramount interests” of Britain as preserving its economic and political hegemony (...) After World War II, when the United States displaced Britain as global hegemon, Washington adopted the same stand, making it clear that the United States would provide no aid to Egypt unless it adhered to the standard rules for the weak—which the United States continued to violate, imposing high tariffs to bar Egyptian cotton and causing a debilitating dollar shortage, as per the usual interpretation of market principles (...) In Adam Smith’s defense, it should be added that he recognized what would happen if Britain followed the rules of sound economics, now called ‘neoliberalism.’ He warned that if British manufacturers,

merchants, and investors turned abroad, they might profit but England would suffer. But he felt that they would be guided by a home bias, so that as if by an ‘invisible hand’ England would be spared the ravages of economic rationality. The passage is hard to miss. It is the one occurrence of the famous phrase ‘invisible hand’ in *The Wealth of Nations*.”

“[American] decline has in fact been underway since the high point of U.S. power shortly after World War II, and the remarkable rhetoric of the decade of triumphalism after the Soviet Union imploded was mostly self-delusion. Furthermore, the commonly drawn corollary—that power will shift to China and India—is highly dubious. They are poor countries with severe internal problems. The world is surely becoming more diverse, but despite America’s decline, in the foreseeable future there is no competitor for global hegemonic power.”

“While the United States remains the most powerful state in the world, nevertheless, global power is continuing to diversify, and the United States is increasingly unable to impose its will. But decline has many dimensions and complexities. The domestic society is also in decline in significant ways, and what is decline for some may be unimaginable wealth and privilege for others. For the plutonomy—more narrowly, a tiny fraction of it at the upper extreme—privilege and wealth abound, while for the great majority prospects are often gloomy, and many even face problems of survival in a country with unparalleled advantages.”

“When we ask ‘Who rules the world?’ we commonly adopt the standard convention that the actors in world affairs are states, primarily the great powers, and we consider their decisions and the relations among them. That is not wrong. But we would do well to keep in mind that this level of abstraction can also be highly misleading.

States of course have complex internal structures, and the choices and decisions of the political leadership are heavily influenced by internal concentrations of power, while the general population is often marginalized. That is true even for the more democratic societies, and obviously for others. We cannot gain a realistic understanding of who rules the world while ignoring the ‘masters of mankind,’ as Adam Smith called them: in his day, the merchants and manufacturers of England; in ours, multinational conglomerates, huge financial institutions, retail empires, and the like. Still following Smith, it is also wise to attend to the ‘vile maxim’ to which the ‘masters of mankind’ are dedicated: ‘All for ourselves and nothing for other people’ (...) In the contemporary global order, the institutions of the masters hold enormous power, not only in the international arena but also within their home states, on which they rely to protect their power and to provide economic support by a wide variety of means.”

“A common feature of successful insurgencies (...) is that once popular support dissolves after victory, the leadership suppresses the ‘dirty and nasty people’ who actually won the war with guerrilla tactics and terror, for fear that they might challenge class privilege. The elites’ contempt for ‘the lower class of these people’ has taken various forms throughout the years. In recent times one expression of this contempt is the call for passivity and obedience (“moderation in democracy”) by liberal internationalists reacting to the dangerous democratizing effects of the popular movements of the 1960s. Sometimes states do choose to follow public opinion, eliciting much fury in centers of power. One dramatic case was in 2003, when the Bush administration called on Turkey to join its invasion of Iraq. Ninety-five percent of Turks opposed that course of action and, to the amazement and horror of Washington, the Turkish government adhered to their views. Turkey was bitterly condemned for this departure from responsible behavior.”

“The challenges faced by Western power at the outset of 2016 are usefully summarized within the conventional framework by Gideon Rachman, chief foreign-affairs columnist for the London Financial Times. He begins by reviewing the Western picture of world order: ‘Ever since the end of the Cold War, the overwhelming power of the U.S. military has been the central fact of international politics.’ This is particularly crucial in three regions: East Asia, where ‘the U.S. Navy has become used to treating the Pacific as an ‘American lake’; Europe, where NATO—meaning the United States (...)—‘guarantees the territorial integrity of its member states’; and the Middle East, where giant U.S. naval and air bases ‘exist to reassure friends and to intimidate rivals.’

The problem of world order today, Rachman continues, is that ‘these security orders are now under challenge in all three regions’ because of Russian intervention in Ukraine and Syria, and because of China turning its nearby seas from an American lake to ‘clearly contested water.’ The fundamental question of international relations, then, is whether the United States should ‘accept that other major powers should have some kind of zone of influence in their neighborhoods.’”

“Returning to the opening question, ‘Who rules the world?’ we might also want to pose another question: ‘What principles and values rule the world?’ That question should be foremost in the minds of the citizens of the rich

and powerful states, who enjoy an unusual legacy of freedom, privilege, and opportunity thanks to the struggles of those who came before them, and who now face fateful choices as to how to respond to challenges of great human import.”

Chomsky, Noam (2016): *Who rules the world?*, Metropolitan Books, NY.

73. The insecurity dilemma

“Forty years ago, John Herz (1959) formulated the idea of the ‘security dilemma,’ a concept later picked up and further developed by Robert Jervis (1978). Both argued that many of the ostensibly defensive actions taken by states to make themselves more secure—development of new military technologies, accumulation of weapons, mobilization of troops—had the effect of making neighboring states less secure. There was no way of knowing whether the intentions behind military deployments were defensive or offensive; hence, it was better to be safe and assume the worst. The result was, in many instances, an arms spiral, as each side tried to match the acquisitions of its neighbor.”

Ronnie D. Lipschutz (2000): *After authority. War, peace, and global politics in the 21st century*, SUNY Press.

74. World disorder and elite dominance

“Democracy imposed by force will never be a real democracy but a *fake* democracy to be wielded by financial capital and big corporations.”

“Indeed, the purpose of conservatives and the ‘hawks’ of the Democratic Party, including President Obama, who got himself elected in a dove’s dress, was to actually break up Russia, starting with its Muslim periphery. This had been the old strategy of the geopolitical scholar Zbigniew Brzezinski, former adviser to President Jimmy Carter, who believed Islamic fundamentalism was an important ideological weapon not only to prevent communist influence from spreading in the Middle East, Africa, and the Indian Ocean but also to incite the Asian republics of the Soviet Union to revolt against the government in Moscow (...) Moscow had long realized the threat (...) The neocons and liberal hawks in Washington who had been so keen ‘to break the back of the Russian government’ had to ‘face the consequences’ (...). The Russian military intervention in Syria subverted the oblique game being played by the always disingenuous President Obama. It changed the balance of power in Syria and throughout the Middle East, with Russia reemerging as a superpower in the international scenario vis-à-vis the United States and the European Union and in close political and economic alliance with China.”

“Saudi Arabia is the most corrupt and despotic country in the Middle East (...) and this is the country that has allied itself with the United States, enjoying more than four decades of support for its pernicious policy to destroy all secular, although sometimes dictatorial, regimes in the region.”

“At the heart of this phenomenon lie the distortion, manufacture, and falsification of facts—corrupting words like democracy—and the omission of news in order to manipulate public opinion and produce strategic effects. News agencies today, therefore, almost always operate and reflect the psychology of the corporate, economic, and political interests of advertisers and governments, the dominant position of the major industrial powers, influencing the press of other countries who buy their services.”

“The US Republic and Its Transformation into an Oligarchic Tyranny. The political phenomenon of the twentieth century called Nazi-Fascism could and can occur in modern states when and where the oligarchy and financial capital are no longer capable of maintaining balance in society through the normal means of repression, disguised in the classical forms of democratic legality. Depending on the specific conditions of time and place, Nazi-Fascism will assume different characteristics and colors, but its essence will remain: a peculiar type of regime that places itself above society, sustained by a system of acts of force, with the atrophy of civil liberties and the institutionalization of the counterrevolution through a perpetual domestic and international war. The goal is to establish and/or maintain a world order subordinate to its national principles and interests, and favorable to its security and national prosperity.”

“The Soviet Union’s collapse between 1989 and 1991 didn’t herald the triumph of either the United States or democracy (...) Political scientists Martin Gilens (...) and Benjamin I. Page (...) concluded that there was no democracy in America, but ‘economic elite domination,’ since ‘the majority does not rule—at least not in the causal sense of actually determining policy outcomes.’ Political decisions were taken by ‘powerful business

organizations and a small number of affluent Americans.’ Despite the regular elections in the United States, freedom of speech, and several other rights, there was little doubt the economic elites held disproportionate sway in Washington. The people’s preferences seemed to have ‘only a minuscule, near-zero, statistically nonsignificant impact upon public policy,’ Martin Gilens and Benjamin I. Page stressed. To put it more clearly, formally, the democratic regime continued to operate, but the interests of financial capital concentrated in Wall Street, entangled with the interests of the oil and gas corporations and the war industry and its production chain, were mostly conditioning political decisions in Washington. These interests were expressed not only through the lobbying industry but also through contributions to the campaigns for elected office. And once in office, elected officials were necessarily beholden to the interests of their benefactors.”

“The military-industrial complex captured and held hostage all administrations, whether Republican or Democratic. And military expenditures continued to grow to support the war industry and its productive chain, generating the need for permanent war as well as real or perceived threats to the national security of the United States in order to consume the produced armaments and reproduce capital. No administration could really roll back the war industry without profound political implications (...) This was especially the case for capital-intensive weapon manufacturers, whose interest consisted in experimenting these weapons in real wars so that the Pentagon could empty its stockpiles, promote armaments, sell them to other countries, and place new orders, generating huge commissions and dividends. This is one of the reasons why the United States still had around 800 military installations around the world in 2013.”

“The Democracy of Chaos. In many respects, President Obama’s foreign policy was disastrous. The NATO bombings he authorized devastated Libya, one of the richest nations in Africa. The fall of Gaddafi’s regime hurled the country into economic and political chaos and transformed into a stateless territory (...) Where was democracy in Libya? Maybe in the desert sands. The coup in Ukraine, coordinated by Assistant Secretary of State Victoria Nuland and the American ambassador in Kiev, Geoffrey R. Pyatt, resulted in yet another fiasco: President Putin reincorporated Crimea into Russia (...) Ukraine was bankrupt (...) And instability lingered (...) In the Middle East (...) it was clear that actually defeating ISIS or implementing any democracy in Syria wasn’t the Leitmotiv of American intervention. Instead, the United States wanted the victory of ‘moderate’ jihadists (as if such a thing existed) and institute a regime willing to close the naval base in Tartus—a similar reason as for the coup in Ukraine, targeting the Sevastopol base. Ultimately, this would block Russia’s access to the Mediterranean and the warm waters of the Atlantic.”

“In the Great Game (Bolshaya Igra), the Russian Empire (Rossiyskaya Imperiya) had fought for control of Eurasia with the British Empire. Now the game was repeating itself with the participation of the United States, but on an even grander scale (...) President Obama, playing under win-win terms to impose a ‘benevolent global hegemony,’ the Pax Americana, had only obtained fiascos, such as the putsch in Ukraine and the proxy wars in Libya, Syria, and elsewhere. President Putin, meanwhile, was playing on multidimensional, zero-sum terms, seeking a multipolar world, ordered on the prevalence of the principle of national sovereignty. He was winning all his moves and had not yet entered his end game.”

Luiz Alberto Moniz Bandeira (2019): *The world disorder. US hegemony, proxy wars, terrorism and humanitarian catastrophes*, Springer.

75. The rise of the international economy

“The rise of the international economy as the major influence on the future of nations and their governments and on the daily lives of people everywhere has four main causes. The first is the sharp decline in the importance of large-scale war (...) The conquest of territory and the defense of borders have ceased to be the chief concern of governments almost everywhere and have been replaced by the promotion of economic growth. This is the second reason for the shift in the hierarchy of issues in international affairs (...) Third, prosperity is widely understood as requiring a free-market economy. This was not always so. In the second half of the twentieth century many countries organized economic life in ways that minimized the role of the market, and therefore of globalization (...) By the end of the century, however, communism had collapsed and import-substitution had been discredited. The countries that had practiced them almost all embraced free markets. Once free markets are the rule, immersion in global trade and investment follows naturally: where markets are concerned, bigger is better. In the twenty-first century, international economic integration became truly global in scope. The fourth cause of the rise of the international economy to a position of supreme importance in world affairs has been the

advance of technology. Beginning with the steamboat, the railroad, and the telegraph in the nineteenth century, continuing with the automobile, the airplane, and the telephone in the twentieth, and including the cheap satellite communication, cell phones, and Internet of the present day, innovations in transportation and communication have bound free-market economies, and the people living and working within them, ever more tightly together.”

“The heart of politics is power; the aim of economics is wealth. Power is inherently limited. The quest for power is therefore competitive. It is a ‘zero-sum game:’ one player’s gain necessarily imposes a loss on another. Wealth, by contrast, is limitless, which makes economics a ‘positive-sum game’ in which everyone involved can gain simultaneously. This key difference means that political activity is by definition contentious and competitive, whereas in economics, while competition is essential, cooperation is the rule. Further, while the main institution of politics, government, is hierarchical, centralized, and can involve coercion, the comparable institution for economics, the free market, is far more egalitarian, decentralized, and voluntary. The government, to cite a final important difference, serves as the vehicle for collective decisions and collective action; the market is the forum par excellence for individual initiative.”

“Economic activity does not occur in a vacuum. It requires a stable political framework, one that protects it against disruptive intrusions from the outside—war being the most disruptive of all—and assures that the buying, selling, and investing at the heart of economic life can proceed dependably. In the first era of globalization, from the middle of the nineteenth century to the outset of World War I, Great Britain did more than any other country to protect global commerce (...) In globalization’s second era, from the end of World War II to the end of the Cold War, the United States succeeded Britain as the guarantor of the global marketplace; and that American role carried over into the third and current era. But the tranquility necessary for cross-border trade, investment, and immigration is not guaranteed to continue, nor are the economic services, which also support cross-border economic activity, that the United States has furnished to other countries.”

“While markets are increasingly global in scope, the authority of governments remains confined within national borders. This mismatch between politics and economics means that people and firms operating in global markets have less assurance of reliable protection than is ideal; and this mismatch will affect the workings of the global economy.”

“When global markets do function smoothly, a different political issue arises. Cross-border flows of merchandise, of capital, and of human beings cause economic, political, and even cultural disruption to the societies that receive them: while economics is more benign than war and politics, it is not entirely benign. The disruptions invariably generate political backlash, as the injured or threatened parties respond angrily and fight back, seeking to restrict whatever cross-border flows injure or threaten them. As a result, the global economy, when it is working successfully—indeed, because it is working successfully—cannot help but provoke opposition to its workings, which in turn produces political conflicts. Conflicts over trade, investment, and immigration arose in the nineteenth and twentieth centuries and continue in the twenty-first.”

“... of the three components of global economic activity—goods, money, and people—money is the most dangerous (...) It is no accident that the three great crises of the two decades following the end of the Cold War—the East Asian and euro crises and the near-meltdown of the American financial system in late 2008—all had their roots in international finance. Financial systems are inherently fragile; the increasingly international scope of financial markets makes them even more vulnerable. Their instability has an economic and ultimately a psychological basis, but it is politics that determines just how vulnerable to financial upheavals the international economy is and how quickly and effectively financial crises are brought under control when they do erupt.”

“One major source of growth is adding more resources. (The other is making more effective use of existing resources: that is, increasing productivity.) A key economic resource is labor. National economies tend to grow when their populations grow. Similarly, the global economy has grown when national economies that had previously existed outside it became part of it. In globalization’s first era Japan, Germany, and the United States joined Great Britain and western Europe; after 1945 southern Europe and a number of countries in East Asia became part of the integrated international economic order. More countries brought more workers, more consumers, more specialized production, more products, and lower prices to the global market. They brought, in short, economic growth. Today, the most important new members of the global economic order are often called “emerging markets.” The most prominent of these are Brazil, Russia, India, and China—known collectively as the BRICs. The global economy’s performance will depend heavily on the growth that each of the BRICs is able to achieve (...) In all four BRICs, a particular feature of the country’s political history is crucial for its future growth:

Brazil's political tradition known as populism; the impact of Russia's energy reserves on its political life; India's democracy; and China's autocratic political system. Each feature has contributed to the country's economic success in the past, but each has now become an obstacle to its continued success. All four countries must overcome their respective obstacles in order to maximize their rates of economic growth and thus their contributions to the global economy."

"The global economy will therefore be decisively affected in the years ahead by the answers to four questions:

- Will the world be stable and peaceful enough to permit trade, investment, and immigration on a large scale?
- How strong will the unavoidable political backlash against these cross-border flows be, and what will be the consequences of that backlash?
- How frequent and how severe will global financial crises, of the kind that swept East Asia in the late 1990s, the United States in 2008, and Europe in 2010, turn out to be?
- Finally, how effectively will Brazil, Russia, India, and China cope with the political obstacles to future economic growth that each confronts?

The most important question for the twenty-first century (...) is whether the peoples and governments of the world will sustain a high level of cross-border economic activity in the years ahead. The answer is yes."

"It is politics, and specifically the outcomes of political conflicts, that set off economic tremors: so it is domestic politics that will determine the future of the world's economy."

"The inherent tendency of free markets to expand their reach will ensure that at least some of that potential is fulfilled. The technological and economic momentum of globalization will remain powerful in the twenty-first century, as it was for most of the nineteenth and twentieth. Political momentum will continue as well, for two reasons. First, the expansion of cross-border trade, investment, and immigration will continue to be associated, on the whole, with economic growth, and most people and most governments will continue to put economic growth at the top of their personal and national agendas. Second, there is no attractive alternative to free markets at home or global integration abroad. The other two approaches to economic organization most frequently adopted in the last century—central planning and import-substitution—which do not lend themselves to full participation in the globalized international economy, failed to produce growth as effectively as globalization does. Nothing else is currently available."

Mandelbaum, Michael (2014): *The road to global prosperity*, Simon & Schuster.

76. Rise and fall of the South

"... we have an imperialism of free trade which kicks away the (developmental) ladder from late developers. Indeed, the liberal internationalist analysis of US hegemony can in part be regarded as a project designed to show how an open door policy works in the interest of the USA."

"... the rising South discourse of recent years is now likely to give way to a discourse which focuses on a growing slowdown or even crisis in much of the Global South. This shift towards an emerging markets crisis can be considered a third stage of the financial crisis, following the subprime and Eurozone crisis of 2008 and 2010. The first saw capital inflows and cheap credit fuelling a subprime boom which, when accompanied by the securitisation of financial products, eventually turned to bust. Much the same occurred following cheap capital flows from the core of the Eurozone to its periphery. The third stage saw cheap money leave the North for the South, but this too is now coming to an end. Those who argued that the crisis represented a crisis only for the West underestimated both the conditions which gave rise to the boom before 2008 and the short-term reasons for the recovery of much of the South from 2010 onwards. In particular, the post-crisis rise of the South is now unravelling as China's export-led model and investment boom have slowed, capital inflows to the South are increasingly becoming outflows, and commodity prices are stagnating or falling sharply. Added to that are downgrades in growth forecasts (...), growing emerging market debt (...), the fact that in some cases debt is denominated in US dollars (...), rising current account and budget deficits among some countries (...), then we can indeed identify a shift from boom to bust."

"... the rise of the South did not reflect an international transformation in which they were no longer dependent on or subordinate to the global North. And this 'rise' has now given way to a 'fall' in which their continued subordination will leave many countries—and peoples—deeply exposed, in and through the uneven and

combined development of the international order. This is perhaps best represented—symbolically at least—by the fate of the Goldman Sachs BRIC fund (...). In 2007 a BRIC investment fund was established. In 2015 the fund was closed following an 88 % loss in assets since its peak in 2010 (...). For the investment fund that coined the term, the BRIC era is over. Much the same can be said about the supposed rise of the South."

Ray Kiely (2016): *The rise and fall of emerging powers: Globalisation, US power and the Global North-South Divide*, Palgrave Macmillan.

77. The demographic dividend in China

The demographic dividend refers to the (potential) gain in economic growth (a potential that can be capitalized and mobilized) that stems from a particular age structure of the population; specifically, from having the working age population growing at a higher rate than the dependent (old) population (the young joining the workforce exceed the old that retire and abandon the workforce).

- The demographic dividend concept views population growth optimistically. The dividend may have a positive effect on economic growth (i) by rising the number of workers relative to the number of dependent persons and (ii) by increasing the savings that accumulate into human capital and stimulate technological innovation. The first factor adds to economic growth through a larger supply of labour; the second, through the potential to increase productivity (industrial investment). In both cases, adequate policies are necessary to realize the dividend: a functional labour market and measures to encourage savings, the formation of human capital and rewards technological innovation. Without proper policy measures, the demographic dividend may turn into a demographic burden.
- When the working age population shifts from expansion to contraction and the dependence ratio from falling to rising, the demographic dividend ends (so the dividend is an exhausted source driving economic growth).
- A decline in the ratio between the working age population and the total population signals the start of the demographic burden, which causes a downward effect on economic growth because an increasing population depends on the income generated by a decreasing share of the working age population.
- China's reform and opening up has at least reached the 40 years mark in 2018. During this period, domestic economic development and participation in economic globalization have occurred simultaneously. China has participated in economic globalization through expansion of imports and exports, attraction of foreign investment, overseas investment, participation in global governance and, in the last years, the "Belt and Road Initiative." The development process has benefited from abundant labour force and the human capital previously accumulated (during the planned economy period).
- Two current hot questions. (1) Is China's economic growth losing the growth momentum from its demographic dividend? (Hence, the whole dividend has already been translated into a competitive advantage in manufacturing.) (2) Has China's economic development reached its Lewis turning point (the labour supply ceases in practice to be unlimited)?

Fang Cai (2010): "Demographic transition, demographic dividend, and Lewis turning point in China", *China Economic Journal* 3(2), 107-119.

Fang Cai (2018): "Perceiving truth and ceasing doubts: What can we learn from 40 years of China's reform and opening up?", *China & World Economy* 26(2), 1-22.

Nicole van der Gaag; Joop de Beer (2014): "From demographic dividend to demographic burden: The impact of population ageing on economic growth in Europe", *Tijdschrift voor Economische en Sociale Geografie* 1-16.

Ajit Kumar Singh (2016): "India's demographic dividend: A sceptical look", *Indian Journal of Human Development* 10(1), 10-26.

78. Chinese view of the two global imbalances

The world economy appears to suffer from two associated imbalances, the global current account imbalance (countries with big foreign deficits and with big foreign surpluses) and the power imbalance embedded in the international monetary and financial system (which can be ascribed to the dollar international hegemony and the Western dominance of international monetary and financial institutions such as the IMF and the World Bank: abuse of the dollar dominance and biased IMF surveillance).

- Western analysts seem to attribute to China the major responsibility for the global economic rebalancing, as China's economy (over-dependent on exports, credit expansion and incentives to foreign investment) should itself be rebalanced (from investment to consumption) and deleveraged, and the renminbi allowed to appreciate as much as necessary. It has been suggested that China's economy is subject to a trilemma between rebalancing, deleveraging and growth sustainability.
- Chinese analysts recognize China's part in the problem but rather support the strengthening of multilateral collaboration forums (G20) and mechanisms for international cooperation. They also admit the Western dominance of the international economic system and their call is for its pragmatic reform taking into account the global economic interdependence created by economic globalization.

Yong Wang (2012): "Seeking a balanced approach on the global economic rebalancing: China's answers to international policy cooperation", *Oxford Review of Economic Policy* 28(3), 569-586.

79. EU immigration policy: the tension between security and development considerations

During the 2000s, the EU immigration (and asylum) policy appears to have shifted towards its externalization to non-EU member states (such as Turkey and Morocco). This strategy of external governance seems to have been reinforced by the Arab Spring and the Syrian civil war, as they have created for the EU the biggest migrant and refugee crisis since World War II. Migration flows are viewed under a two-fold perspective: as an internal security challenge to be addressed by cooperating with third countries to influence their migration policies; and as tool for national and regional economic growth and development. The tension between these two perceptions creates contradictions and inefficiencies in the EU immigration policy. By externalizing its immigration policy, is the EU sharing or shifting burdens?

Ayselin Gözde Yıldız (2016): *The European Union's immigration policy. Managing migration in Turkey and Morocco*, Palgrave Macmillan, London.

Andrew Geddes; Peter Scholten (2016): *The politics of migration and immigration in Europe*, SAGE, London.

80. US vs China: The Economist, May 11th 2019

"America is putting up barriers to reduce the threat from China. It may have the opposite effect (...)

In part, the West's newfound desire to distance itself from China reflects an erosion of the old and complacent belief that free societies have such an edge when it comes

to innovation and creativity that they will invariably stay ahead of autocracies. As China catches up, the West is turning defensive."



“China still wants to avoid a full-fledged trade war. Should America raise tariffs, China’s initial preference will be to continue with limited retaliation, says Wang Yong, director of the Centre for International Political Economy at Peking University. The American economy would, he thinks, suffer enough damage for Mr Trump to change course. If not, China’s fight-back could get much nastier.”

“... the tariffs have clearly caused disruption and higher prices for American importers, while Chinese exporters and their suppliers have lost business. The value of affected imports crashed just after they came into effect (see chart) (...) China lost market share for those products hit by tariffs of 25% last July (...) So far, then, tariffs on China seem to have disrupted business and geopolitics more than they have harmed the economy at large. But further escalation would bring rising costs. Mr Trump’s threats are for a tariff of 10% on \$200bn of Chinese imports to rise to 25% on May 10th, and for a 25% tariff on a further \$325bn-worth ‘shortly’ thereafter.



American businesses would find the former tough to handle, and consumers would struggle to escape the latter. So far, consumer goods have been only about a fifth of the imports from China covered by tariffs. Escalation would add items such as toys and clothes. Economists at the New York Federal Reserve reckon that the effect of tariffs on core inflation (excluding food and energy) would rise from 0.1 percentage points to 0.4 percentage points. The Chinese would surely retaliate, raising the costs. According to the IMF, tariffs of 25% on all trade between America and China would knock 0.3-0.6% off America’s GDP, and 0.5-1.5% off China’s. Financial markets would reel. Economists at Morgan Stanley, an investment bank, put the downside risk for the value of equities in Asia and emerging markets at 8-12%.”

“The worst deal ever negotiated,’ was President Donald Trump’s view of Barack Obama’s signature diplomatic achievement: a deal that placed strict limits on Iran’s nuclear programme in return for sanctions relief. The agreement, signed in 2015 by Iran and six world powers, clumsily named the Joint Comprehensive Plan of Action, made it much harder for Iran to build an atom bomb, at least for a while. But it has been on life support ever since Mr Trump declared a year ago that he was withdrawing from it. On May 8th Hassan Rouhani, Iran’s president, pushed it closer to death. Mr Rouhani said that Iran would stop complying with parts of the deal and warned that more breaches might follow (...) A race between American sanctions on the one hand, and a gradual Iranian nuclear build-up on the other, would take the world back to the febrile years before the nuclear deal, when American or Israeli air strikes sometimes appeared imminent. But the situation may be more dangerous today. Iranian-backed forces have grown stronger in Lebanon, Syria, Iraq and Yemen. More importantly, American hostility to Iran has grown.”

81. China, growth and pollution

“... the changes under Deng Xiaoping were astounding, and by comparison to life under Mao, Chinese society under the reforms was markedly better as people's standard of living began to improve and their intense fear to abate. Economic freedoms far outpaced political ones. In the countryside, the people’s communes were disbanded and de facto private plots created. Systems of leasing land allowed specialized production and unleashed enterprise and innovation. In the cities, the “iron rice bowl,” which guaranteed basic food and shelter for everyone in Chinese society no matter what the contribution of their labor, was “smashed.” Efficiency became the order of the day as enterprises had to show they could be profitable or they were closed down. Large state-owned enterprises such as the big iron and steel mills were often exceptions, but even they were expected to create sideline businesses to stay afloat. Individual entrepreneurs began to flourish, especially among the children of high-ranking officials who often had access to commodities that were supposed to be under state control. A gray area, neither socialist nor capitalist, became a significant part of the economy. Success in life depended on connections and access to people who could help you “go through the back door” to obtain regulated or scarce goods and special permissions. Even during the “golden decade” of increased personal freedoms from 1979 to 1989, educated Chinese spoke of a “crisis of confidence” in the Party and socialism, and

some members of the central government tried to reform the political system to keep up with economic reforms. Impatient with the slow pace of change, students and intellectuals in Beijing and other cities famously demonstrated beginning in April 1989, taking over Tiananmen Square for days. It was too much, too fast. Reformist leader and Party Secretary-General Zhao Ziyang begged the students to go home, foreseeing the massacre which arrived on June 4, killing hundreds if not thousands and setting back the reform effort (...) In the aftermath, disillusioned with the state, many bright young people turned away from politics and focused on getting ahead economically. Business and computer schools flourished, and China came into its own as the world's manufacturing hub. Getting richer, in any way possible, became a shared national passion. Apparently, the Party would be allowed to stay in power as long as the people's living standards continued to rise. The dark side of this economic activity was, of course, resource depletion and industrial pollution (...) the environmental problems of the post-Mao years have only become worse, with globalized free-market capitalism an equal if not greater driver of environmental degradation than the Stalinist-style state. Perhaps the root problem is not the economic system at all (...) Political repression, rapid change, and the state's willingness to reorder society for its own purposes have remained constant themes which put nature under assault. But (...) there are signs that an environmental movement is now emerging to help protect endangered species and clean up the pollution created by socialist and capitalist cultures alike."

"China's huge environmental challenges are significant for us all. The choices the Chinese Communist Party, national government, and Chinese people are making influence not only the health and well-being of China but the very future of the planet. Environmental issues do not stop at state borders. China's air and water pollution, dam construction, and resource consumption have a profound impact around the world. What China does affects global climate change, ozone depletion, biodiversity loss, desertification, acid rain, commodity prices, fisheries, wildlife migrations, and a host of other environmental challenges. China's expanding economy, consumption of energy, and scarcity of arable land generate environmental problems in other countries (...) China's problems are interconnected with those of the rest of the planet."

"China has become a major player in the international competition for resources, speeding up deforestation and land degradation around the globe. However, the huge size of China's environmental footprint is created, in part, by the export of the developed world's consumption costs: The raw materials that China extracts, not only at home but also overseas, often end up as products in stores in the developed world. The environmental degradation caused by China's resource extraction often takes place in distant countries, many in the developing world."

Shapiro, Judith (2016): *China's environmental challenges*, 2nd edition, Polity, Cambridge, UK.

"Economics may propose but politics dispose."—Martin Wolf

**"When goods don't cross borders, soldiers will." —Attributed to Frédéric Bastiat
in John Tamny (2015): *Popular economics***

**"People only accept change when they are faced with necessity,
and only recognize necessity when a crisis is upon them." —Jean Monnet**

82. US engagement with China

"Ever since President Richard Nixon's opening to China in 1971, U.S. policy toward the People's Republic has largely been governed by those seeking 'constructive engagement' with China to aid its rise. This policy has remained in effect, with only marginal changes, for decades, across eight U.S. presidential administrations (...) We believed that American aid to a fragile China whose leaders thought like us would help China become a democratic and peaceful power without ambitions of regional or even global dominance. We underestimated the influence of China's hawks. Every one of the assumptions behind that belief was wrong—dangerously so."

"FALSE ASSUMPTION #1: ENGAGEMENT BRINGS COMPLETE COOPERATION

For four decades now, my colleagues and I believed that 'engagement' with the Chinese would induce China to cooperate with the West on a wide range of policy problems. It hasn't. Trade and technology were supposed to

lead to a convergence of Chinese and Western views on questions of regional and global order. They haven't. In short, China has failed to meet nearly all of our rosy expectations."

"FALSE ASSUMPTION #2: CHINA IS ON THE ROAD TO DEMOCRACY

China has certainly changed in the past thirty years, but its political system has not evolved in the ways that we advocates of engagement had hoped and predicted."

"FALSE ASSUMPTION #3: CHINA, THE FRAGILE FLOWER

(...) Many expressed the worrisome view that if the United States pressed China too hard to have elections, to free dissidents, to extend the rule of law, and to treat ethnic minorities fairly, then this pressure would lead to the collapse of the Chinese state—causing chaos throughout Asia. For decades, we have seen such arguments in op-ed pieces, news stories, and books that have dominated our national discourse about China. Yet the hard fact is that China's already robust GDP is predicted to continue to grow by at least 7 or 8 percent, thereby surpassing that of the United States (...) While we worried about China's woes, its economy more than doubled."

"FALSE ASSUMPTION #4: CHINA WANTS TO BE—AND IS—JUST LIKE US

In our hubris, Americans love to believe that the aspiration of every other country is to be just like the United States. In recent years, this has governed our approach to Iraq and Afghanistan. We cling to the same mentality with China (...) The Chinese value highly the importance of deception stratagems. They are proud of their cultural uniqueness."

"FALSE ASSUMPTION #5: CHINA'S HANDS ARE WEAK

(...) The Chinese government had long portrayed itself as a backward nation in need of assistance for its 'peaceful rise.' The Chinese have denied any desire to exercise global leadership—or to clash with the United States. Indeed, written into the Constitution of the People's Republic of China is language that prohibits the nation from becoming a hegemon. Chinese leaders routinely reassure other nations that 'China will never become a hegemon.' In other words, China will be the most powerful nation, but not dominate anyone or try to change anything (...) There are moderates and hard-liners in China, doves and hawks, who are locked in a fierce debate over the shape of China's future within the halls of government in Beijing and in frequent conferences. But increasingly, the more hard-line and nationalist worldview is winning out and indeed has far more influence in the inner circle of China's new president, Xi Jinping."

"What is indisputable, even for those who continue to advocate for closer ties between the United States and China, is that not only has China's rise happened right under our noses, but also the United States, and the West more broadly, have helped the Chinese accomplish their goals from the beginning."

"The strength of the Hundred-Year Marathon, however, is that it operates through stealth. To borrow from the movie *Fight Club*, the first rule of the Marathon is that you do not talk about the Marathon. Indeed, there is almost certainly no single master plan locked away in a vault in Beijing that outlines the Marathon in detail. The Marathon is so well known to China's leaders that there is no need to risk exposure by writing it down. But the Chinese are beginning to talk about the notion more openly."

"When the U.S. economy was battered during the global financial crisis of 2008, the Chinese believed America's long-anticipated and unrecoverable decline was beginning. I was told—by the same people who had long assured me of China's interest in only a modest leadership role within an emerging multipolar world—that the Communist Party is realizing its long-term goal of restoring China to its 'proper' place in the world. In effect, they were telling me that they had deceived me and the American government."

Pillsbury, Michael (2015): *The hundred-year marathon. China's secret strategy to replace America as the global superpower*, Henry Holt, New York.

83. China goes to Africa

“The rapid increase of China’s economic and political involvement in Africa is the most momentous development on the continent of Africa since the end of the Cold War. China is aptly referred to as *new imperialist, new actor, giant economy, and emerging power*, but China is not very new to the African continent. However, in recent years, particularly since the end of the Cold War, China’s presence in Africa has grown immensely.”

“While China has jumped at opportunities to invest in growing African economies, *the United States is struggling to keep up.*”

“The current Chinese policy toward Africa is part of the Open Door Policy engineered by the Deng Xiaoping reforms in virtually all aspects of China’s political, economic, and social life, starting from 1978, restoring the country to domestic stability and economic growth after the excesses of the Cultural Revolution and cementing an inequality gap as well (...) *Perhaps no leader in the twentieth century had a greater long-term impact on world history than Chairman Deng Xiaoping.*”

“Jiang Zemin replaced—Deng Xiaoping in 1992 and was the President of China until 2002. He promoted his *Three Represents*, which was basically a continuation of China’s economic development (...) *Hu Jintao*, who also received political tutelage under Deng Xiaoping, became the President of China from 2002 to 2012. His contribution was a *continuation of the reform policies* set in motion by Jiang Zemin. *Xi Jinping*, the current President of China, assumed office in 2013. His policy is characterized as *economically liberal but politically conservative.*”

“China’s new plan involved the *One Belt One Road Initiative* (OBORI) established by China in 2013 as the centerpiece of President Xi Jinping’s foreign and economic policy. It is made up of a *‘belt’* of overland corridors and a maritime *‘road’* of shipping lanes. It has been referred to as the *Chinese Marshal Plan*, backed by the state, which is campaigning for its global dominance. This is a trillion-dollar plan that aims to connect more than seventy countries in Asia, Africa, and Europe, and account for half of the world’s population and a quarter of the world’s GDP.”

“Key reasons of China’s interest in Africa are to be found in China itself. Chinese economy, industry, energy, and society have a special interest in Africa (...) *China simply does not have enough natural resources of its own to meet its growing industrial need.*”

“Within China’s economic success story, Western scholars noticed that China’s quest of wealth has once more led coastal provinces to quickly enrich, while inland provinces or rural areas of China stay relatively poor, an inequality which thus leads to internal social tensions and instability.”

“The story of China’s economic success in recent decades is something that is possible in many African countries and it is through platforms such as the Forum on China-Africa Cooperation that such aspirations can be pursued better. With the African continent’s abundant natural resources, plentiful and cheap human labor, and large market potential, Africa is at the starting stage of industrialization and China is willing and is the ideal partner in the process of industrialization of Africa.”

“With the rise of developing countries, China and Africa occupy a very critical position in that discourse, whereby *China is the world’s largest developing country and Africa the continent with the highest concentration of developing countries.* Also considering that the total combined population of China and Africa is 2.5 billion (Africa 1.2 billion and China 1.3 billion)—accounting for one-third of the world’s population—the China-Africa partnership can also be an alliance to safeguard the rights and interests of the developing countries to foster a more balanced international order.”

“China is claiming to be in Africa to invest and help Africa, but we should not overlook that, at the same time, this strategy is helping China capture African markets and control her resources. Realistically, *until the Africans themselves join hands together and build their own countries, no foreign power, be it China, the United States, Japan, or the European Union, will build Africa for the Africans.*”

Abegunrin, Olayiwola; Charity Manyeruke (2020): *China’s power in Africa. A new global order*, Palgrave Macmillan, Cham, Switzerland.

84. World-historical events

“The most consequential events affecting the problem of modern world order have been the *rise of Islam, global exploration, and Europe’s state system.*”

“First came the rise of Islam with its great Arab conquests, which were not only battle victories but also revolutionary repudiations of the Roman and Persian world orders. These were followed by the establishment of an ‘international’ caliphate rule and eventually by a steep decline in Arab-Islamic power. Second came the reconnaissance and exploration of the globe. Between 1000 and 1500 an Islamic world system flourished across a vast portion of the southern hemisphere. The Indian Ocean and Arabian Sea between India and East Africa were a Muslim lake until the Portuguese expedition under Vasco de Gama rounded the Cape of Good Hope and reached Calicut, India, in 1498. The construction of a string of Portuguese forts along the Arabian-Persian littoral followed and broke the Islamic world trading system (...) During the centuries of Ottoman-Christendom confrontation, European explorers visited most of the habitable regions of the globe, and nearly all those accessible by sea. They found vast territories formerly unknown to them and drew the rough outlines of the world we now know. Europeans thus came to think of all the seas as one and all the world as a whole. Third was the development of an international state system in Europe in the seventeenth century and its spread and adoption by nations on every continent. This would become a ‘procedural’ system, designed to forestall religious confrontations.”

“Today’s problem of Islamism and world order is that Islam (...) has been a uniate and therefore an unsuccessful and, in part, adversarial participant in the pluralistic and procedural third phenomenon.”

“Out of this age of reconnaissance and renaissance came a great paradox: the recognition that mankind is unimaginably and often intractably diverse. From this reality would emerge an outline of the modern international state system designed to accommodate such diversity in a common understanding of world order.”

“Islamic civilization entered the international system under duress. In its politico-economic form as a collection of sovereign states, Islam has been uneasy and far less successful than its pre-modern history would have indicated. To compensate, many Muslims have defined their differences and difficulties with the modern system in a rigidified, often radicalized, way, which only worsens their discomfort and performance in the contemporary world order.”

“As a grand strategy, the international system is grounded in a single concept: it is procedural. It simplifies international relations to a near minimum of non-substantive requirements—an Occam’s Razor for the world’s nations. In this way the system proved flexible enough to accommodate the immense variety of doctrines, beliefs, and practices of its globe-spanning members. But a line must be drawn at some point. If political positions become ideologies or religions become dogmas unable to accommodate others, then they inevitably will be unable to tolerate the system’s procedural requirements; conflict, even war, may be the consequence. This describes Islamism’s threat to world order today and its fundamental challenge to Westphalia’s objective of avoiding wars of religions.”

Hill, Charles (2011): *Trial of a thousand years. World order and Islamism*, Hoover Institution Press, Stanford, California.

85. US rise to global dominance

“It would be simplistic to view the United States’ rise to world dominance as following the European model characterized by the drives of private finance capital (...) The United States has achieved its global position through novel policies that were not anticipated by economists writing prior to World War I, or indeed prior to the 1970s. One lesson of U.S. experience is that the national diplomacy, embodied in what now is called the Washington Consensus, is not simply an extension of business drives. It has been shaped by overriding concerns for world power (euphemized as national security) and economic advantage as perceived by American strategists quite apart from the profit motives of private investors. Although the roots of imperialism and its diplomatic rivalries always have been economic in character, these roots – and especially their tactics – are not the same for all nations in all periods (...) The United States’ ascent to world creditor status after World War I resulted from the unprecedented terms on which its government extended armaments and reconstruction loans to its wartime allies.”

Hudson, Michael (2003): *Super imperialism. Origin and fundamentals of US world dominance*, 2nd edition, Pluto Press, London.