

➤ Executive Summary

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Much has been made over the last few years of the prospect of a power transition taking place in world politics, as the United States' dominance of the international system appears increasingly under threat. Whilst the corrosive consequences of two wars were revealing the limits of military power, the financial crisis exposed America's fifteen-year economic boom as a mirage built not on production but on leverage. Big emerging markets, so loved by the Clinton administration, had become rising powers, and New Delhi, Brasilia and Moscow were increasingly seeking the political voice to match their economic clout. And all the while, China's state-directed export capitalism had delivered rapid growth whilst financing America's debt binge. Beijing, not Washington, some averred, would be the source of a new consensus in the international order, and the West itself would fragment.

Those arguing that the United States is now in decline are joining a long history of commentary dating back as far as the rise to global prominence of American power itself. American vitality in the post-war years, presaged by Henry Luce's proclamation of an 'American Century' in 1941, expressed itself in an optimism that was bound to fade, as it surely did, replaced by self-doubt engendered by domestic civil strife, the Vietnam War and the international political economy of the 1970s. That Reagan could pronounce 'morning in America' seemed only to confirm that the nation had somehow lost its way, a drift derived from political malaise, economic sickness or moral torpor depending on one's point of view.

The return of the decline thesis in the late-1980s was the result of a more counter-intuitive intervention in America's political discourse. Paul Kennedy's *The Rise and Fall of the Great Powers* hit bookstores at the height of the Reagan buildup, and on the back of five years of strong economic growth; indeed, in the same year that Oliver Stone's *Wall Street* brought the extravagance engendered by success at the heights of American capitalism to the silver screen. A softly-spoken British academic bearing a wealth of quantitative data had a simple and devastating argument: that like all great powers before it, America's commitments would exceed its economic capacity to pay for them, and indebtedness would signal overstretch and inevitable decline.

Yet by the end of the 1990s Kennedy had rowed back, even as he stuck to the validity of his basic thesis. The United States had returned to budget surplus, and boasted a level of international dominance that was not only historically unprecedented, but which constituted an international system that was 'unambiguously unipolar'. Realists revisited their theories to try to understand how a world so 'out of balance' was possible, and to suggest that not only might unipolarity be sustainable, it might also be stable. Liberals celebrated the advance of a democratic-capitalist world order that, underpinned by American hegemony, faced neither ideological challengers nor geopolitical balancers. The unipolar moment, it seemed, looked certain to endure as a unipolar era.

That the balance of received opinion about the international position of the United States has descended from such lofty heights to a position of profound self-doubt is not in question. If Iraq initially demonstrated the United States' dominance in the capacity to act unfettered in the face of international opprobrium, asymmetry in Iraq and Afghanistan has 'equalised the struggle' to such an extent that the utility of American military capabilities has been called into question.

To date, the United States has suffered over 8000 dead and 150,000 wounded in Iraq and Afghanistan. Operations in the 'war on terror' since 2001 have cost between \$2.3 trillion and \$2.6 trillion, and estimates suggest the final total bill for American commitments in Iraq, Afghanistan and Pakistan will be somewhere between \$3.7 trillion and \$4.4 trillion.

The disquiet that arose among America's traditional allies over the military strategy the Bush administration adopted after 9/11 was reflected in deeper discord in transatlantic approaches to economic management that had been evident during the Clinton administration. Nonetheless, few saw the banking collapse of 2008 coming, and none foresaw the extent to which the financial crisis would undermine the ideas of neoliberal finance capitalism that for thirty years had been the core principle of American economic authority. He Yafei, China's Vice Foreign Minister, could not resist a note of triumphalism when he asked a group of academics "Now that the free market has failed, what do you think is the proper role for the state in the economy?"

Quite apart from the symbolic costs of Wall Street in meltdown, the direct consequences of the financial crisis was to undermine America's economic strength by further increasing the US federal deficit. Following a protracted and absurdly politicised debate surrounding raising the federal debt ceiling, ratings agencies downgraded the United States' credit rating and the Chinese government, America's biggest creditor, took aim at the dollar's status as the world's reserve currency. Thus Kennedy's core conditions of military overreach and financial incapacity appeared to be starkly materialising: the unipolar moment would be just that, a moment.

If this narrative of American decline is at least partially correct – and there are those, including one of IDEAS' co-Directors in the Foreword here, who point out that the case may be significantly overstated – then the United States will be forced to rebalance its foreign policy to a world that is no longer 'unambiguously unipolar'. In this report, we asked a selection of experts to assess the challenges the Obama administration has faced in making that adjustment across a series of policy areas, from redefining how America funds and uses its military, through addressing global economic imbalances, to changing how others in the world view and work with the United States. The authors are broadly consistent in arguing that the Obama administration has attempted to adjust US foreign policy in recognition of changes in the international order. They point to the domestic constraints and political cleavages that stymie that adjustment, and to the international difficulties that arise not just from pursuing a post-unipolar foreign policy, but also from the realities of a post-unipolar world itself. In doing so they present an ambiguous picture of the future of how US foreign may develop in the coming years, and so of how international politics may look, after unipolarity. ■
