3 International Political Economy in the Twilight Zone

At the close of the twentieth century it is becoming increasingly apparent that the international construct upon which the capitalist world has come to rest in the past decades is in need of structural reform. The rules of the game – based on the premise of an open international trading system – are unlikely to cope with the correlation of economic forces which has emerged between the capitalist core nations.

THE EROSION OF POSTWAR COMPLEMENTARITY

The United States in 1945 was in the remarkable situation of possessing half of the world’s manufacturing capacity with a near monopoly position in both domestic and foreign markets, a state of affairs which could not be sustained in the longer run. The true dimension of the shift in the balance of economic power between the political allies of the capitalist core is still to be digested. This is especially the case in the political life of the United States.

The lack of realism in the American world-view may be partly ascribed to its disregard of the fact that the disproportional economic strength of the United States after the war was an anomaly rather than an eternal feature of the system’s mode of functioning. Japanese diplomats looking at their country’s relations with the United States, suggest a more realistic interpretation:

All those who maintain that the United States is on the decline are comparing the present America with the
America of the Eisenhower era, an era that was in many ways unique. . . . Considering the technological expertise, geographical size, and population of Japan and Europe, however, it was obviously only a matter of time before the US share of the world’s GNP dropped to more reasonable levels. (Kitamura, Murata and Okazaki, 1985, 8)

Experience shows that differences in relative economic strength between advanced countries do not signify the establishment of a durable hierarchy. An analogy to the present state of affairs can be found in the European situation after 1815. Britain had defeated Napoleon in the war against France, its industrial revolution was getting started, its rivals were economically exhausted after the years of warfare on the continent, and last but not least England had achieved a near monopoly of the world market. As the historian Paul Kennedy put it: ‘This was the age of “Pax Britannica”, just as some people have called the years after 1945 the age of “Pax Americana”’ (International Herald Tribune, 3 Nov. 1982).

In 1953 American output still accounted for a formidable 44.7 per cent of world production. But by 1980 the descent had become structural with the United States accounting for 31.5 per cent with the probability that this share could be further reduced to 20 per cent by the year 2000 (Layne, 1985–6, 78). Again the comparison with mid-nineteenth century Britain is striking. At that time England controlled half of the world’s manufacturing production; by 1870 the figure was down to 32 percent dropping to 15 per cent by 1910 (Kennedy, ibid). This structural decline is not due to an American ‘weakness’ in itself. But the growing relative strength of other industrial states increases competition among them, infringing upon US superpower status.

Just as was the case when the erosion of Britain’s industrial lead drew the rug from under the construct of ‘Pax Britannica’, the ‘Pax Americana’ – which both friends and adversaries have taken for granted for an entire historical period – is being submitted to the ruthlessness of uneven development.