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The Dangers of Hegemonic Decline: The Rising Costs of Military Maintenance

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Abstract American foreign policy is in the midst of a fundamental about-turn. After decades of promoting global integration, the opening of China, and the reliance of American producers and consumers on trade with China, the current policies foster delinking. A plethora of recent scholarship has explored the delinking phenomenon. In this essay, I suggest that to best contextualize this phenomenon, we should employ a world-historical approach which merges the world-systems paradigm with the political sociology analysis of U.S. post-WWII foreign policy. In short, the fraying of the post-WWII establishment of the ‘Grand Area’ is part of the crumbling U.S. hegemony and there are new perils associated with attempts to fortify it and/or to create a new Grand Area.

Keywords hegemony, globalization, U.S. foreign policies, military expenditures, China

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1. Delinking

1.1 Case 1

In December 2023, David McCormick, current Republican Senate candidate in Pennsylvania, outlined his China policy agenda. "China poses the greatest threat to our security and our well-being since the end of World War II." Among other points, he advocated revoking the benefits of permanent normal trade relations with China, and making the U.S. "less dependent" on China-made lithium batteries and solar panels. He urges that we "end any United States investment or trade" that supports the Chinese Communist Party's "national security state" (Cole 2023). In 2023, he campaigned on prohibiting "U.S. investment in all technologies in China critical to national security" (Marans 2024).

This, however, was in stark contrast to McCormick's earlier position. As an official in the George W. Bush administration, he helped open China to U.S. investment. As Undersecretary of the Treasury for International Affairs from 2007 to 2009, he worked to foster increased trade between the two nations, advocating for China to open its markets to greater investment by U.S. financial firms. In his post Bush-Administration position as president and CEO of a massive hedge fund, he subsequently earned profits from the investment policies he helped shape. McCormick, in his January 2008 remarks to the Council on Foreign Relations, said the Bush Administration is "committed to strengthening our economic relationship with China and opening its markets to create new opportunities for American firms and American workers." "McCormick also bemoaned growing calls in the U.S. for restrictions on trade with China and noted that the Bush administration was standing up to them by lifting barriers to Chinese investment in the U.S." American investors saw new opportunities for U.S. credit-rating agencies with joint Chinese ventures to rate bonds in China; and benefitted from a removal of an initial 'lock-up period' preventing qualified foreign institutional investors from transferring funds abroad. Marans (2024) adds that the expanding the presence of U.S. banks and investment firms expedited the offshoring of domestic U.S. manufacturing jobs. As late as 2008, McCormick argued that we "remain steadfast in our commitment to an open and expanding trade and investment relationship between the United States and China."

1.2 Case 2

Trump's trade war with China is promoted as protection for American producers. On January 13, 2021, Trump issued a WRO (#43) ban on cotton and tomato products originating in Xinjiang or manufactured outside of China but using cotton and tomatoes from its far western Xinjiang region. This was justified in the face of international protests regarding the Chinese use of Uyghur forced labor. Before declaring the January 2021 WRO, the U.S.-China trade war volleyed back and forth on a wide range of merchandise. Trump maintained that the tariffs were a response to the unfair trade practices of China and were justified under Section 301 of the Trade Act of 1974. Cases and investigations were filed with the WTO and the USTR against China. Tariffs were levied on a long list of commodities including high-tech, solar panels, washing machines, steel and aluminum, semiconductors, intellectual property, cars, pork, soybeans, and textiles and apparel. On August 13, 2019, Trump delayed some of the tariffs on $160 billion worth of goods to avoid harming American consumers during the Christmas shopping season. Those tariffs were activated after December 15, 2019. From 2017 to January 29, 2020, the United States placed multiple restrictions on imports from China.

Trump's trade war with China, however, was criticized by many U.S. producers who counted on China for their exports or needed Chinese imports for part of their production chain. The "U.S. cotton industry quietly faces crisis from China trade war" (Higgins 2019). In 2020, the U.S. share of global cotton production was only 14.5 per cent but 85 per cent of U.S. output was exported. It is the world's leading cotton exporter, providing approximately 35 percent of global cotton exports in recent years (ERS/USDA). China is a world leader in processing raw cotton fiber into textiles and apparel: in 2019, 43 percent of U.S. imported textiles and 30 percent of clothing came from China (World Bank). As China's production of apparel increased, so had its imports of U.S. cotton: in 2020, China consumed 45.05 percent of U.S. cotton exports. The U.S. cotton crisis was unleashed by the first round of Chinese retaliatory tariffs on U.S. agricultural commodities in 2018. China ordered state-owned enterprises to stop buying U.S. agricultural products in retaliation against Trump's August 2019 tariff announcement. This had further implications for cotton prices: other countries hoped to benefit from the U.S. surplus-driven lower prices.

Despite claims of promoting U.S. growth, critics expressed concern about the negative effects of tariffs on consumers, end-users of steel and aluminum, agricultural exporters, and the U.S. economy in general. Krugman (2023) argues that Trump's trade policy was incompetent because it raised tariffs on industrial inputs as well as consumer goods; it raised costs and may well have reduced manufacturing employment. Not all businesses appeared ready to decouple from China entirely or at least as quickly. The legislation in Congress was subjected to intense lobbying from industry, including representatives of big clothing makers who have sought among other changes a delay up to one year in enforcement. Concerns about the tariffs and their effect on supply chains were raised by officials, including Treasury Secretary Steven Mnuchin, U.S. Trade Representative Robert Lighthizer, and Agriculture Secretary Sonny Perdue. *Tariff Tracker*[i] (2019) published complaints of numerous producers. A small sample of the extensive list expressing opposition includes titles e.g.: Popcorn Takes a Punch; Troubles Cattle Market; Lobster Company's Struggles; Steel tariffs bar America from greater energy independence; Tariffs Hurt Iowans Up and Down the Supply Chain; Price hikes on washing machines, other appliances, soak consumers; Tariffs Shake Foundation for Homebuilders; Auto Industry Continues Warnings Against Tariffs; With tariffs, Americans get a monthly bill; Thousands of Beer-Industry Workers Could Get the Boot; Louisiana Soybean Farmers Face Bushel of Hardships; Market Stinks for Cheese Exporters; and Tariffs Put a Dent in Pork Exporters' Piggybanks. Criticism was voiced by producers at different stages in multiple supply chains.

1.3 Paradox

How to contextualize such cases? First, of a high-ranking individual who, at one time, aggressively promoted U.S. links with China, subsequently leads the chorus against China; and second, trade policies which purported to encourage U.S. growth inciting producer objections. I argue that we can better understand these by jointly deploying two theoretical perspectives: the downward hegemonic trajectory of the United States (Wallerstein); and the disintegration of the post-WWII Grand Area (Domhoff[ii]). In the post-war U.S. hegemonic period, the U.S.' Grand Area Strategy included China which, along with Asia, were destinations for U.S. exported manufactured goods and sources of raw materials. As U.S. hegemonic dominance began to decline, and China showed signs of become a major economic powerhouse, the original Grand Area (Grand Area 1.0 for this discussion) suffered erosion. China's Belt and Road initiative was a major incursion into the Grand Area. Each of the two processes is discussed. The abbreviated summaries of the United States and China will be familiar to many readers.

2. Hegemonic Cycles

The world-system paradigm provides a framework for examining the trajectory of nations as some move through hegemonic cycles. World-systems scholars have offered various structural explanations for fluctuations in the global hierarchy (Wallerstein 2004; Arrighi 1994; Chase- Dunn and Lerro 2013). Some nations are able to take advantage of new opportunities- a phenomenon that is closely connected with the technology life cycle and the fact that "social structures of accumulation are always time-limited in their effectiveness" (Block 1986:182).

Having achieved advantages in production, a nation is able to acquire commercial, financial, and military dominance (Shannon 1989:120-127; Hopkins, et.al. 1982:62-64). Losing the productive lead may subsequently result in a loss of its commercial, financial, and eventually its military dominance (Wallerstein 2004:23).

2.1 U.S. Hegemony

Between 1947 and 1967, the United States enjoyed global hegemony: superiority in production and trade, as well as financial, political and military dominance. "At the end of World War II, the United States enjoyed a temporary monopoly over nuclear weapons, possessed the largest and most efficient economy, and displayed a new willingness to assume the role of leader and protector of the world-system" (Shannon 1989:77). It was a typical 'core' nation specializing in the production of the most advanced goods, with advanced technology and a highly paid labor force. This dominant status was embodied in global organizations. Institutions such as the World Bank, the WTO (aka GATT), and the IMF would integrate the Grand Area 1.0 through tariffs, international monetary investment and development programs. Dominance required "universal rules of the sort that only multilateral processes and institutions could provide" (Klassen 2024:5).

United States dominance has been waning. This U.S. trajectory parallels the historical hegemonic transitions of the Dutch and the English: a decline in profits from trade and production, and a shift to finance and speculation (Arrighi and Silver 1999:259). Some date the beginning of the U.S. decline from 1971 when the U.S. registered its first trade deficit. In an effort to control inflation and promote U.S. exports, President Nixon devalued the dollar. Walters (1985) pinpoints U.S. manufacturing decline in sectors ranging from textiles to semiconductors and telecommunications beginning in the 1970s. In 1955, for example, the United States produced 68 percent of the world's automobiles; but

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by 1982, the share had dropped to 19 percent (in 2023, it was a little over 11 percent). U.S. share of global steel production dropped from 26 percent in 1965 to 11 percent in 1982. One consequence for these beleaguered industries was that financial losses led to inadequate investment required to stay even with international competition (Walters 1985:158). Regarding finances, "the U.S. dollar share of world foreign exchange reserves has fallen from 71 per cent in 2000 to 58 per cent in 2022; and the proportion of US national debt held by foreigners has dropped from 49 per cent in 2008 to 30 per cent in 2022" (Klassen 2024:14).

It is beyond the scope of this essay to summarize the enormous literature on the question of U.S. decline. Judgments ranged from the dark "declinists"—George Will's sense that savagery and second-ratedness are on the rise--to the optimists (Kennedy 1990). Some optimists asserted rather than declining, the U.S. economy shifted from production to service and financialization. Their buoyant interpretation runs counter to those of Arrighi and Silver (1999) and others who argue that financialization, in fact, represents the last stage in a hegemonic cycle: with falling rates of profit in production, savings find their way to speculation**.** Despite different nuances, these works share empirical references: America has a growing commercial deficit; America's per capita productivity rates were growing much slower than those of Japan and Europe; America scores worse than many less developed countries in infant mortality and educational achievement; and America has lost world manufacturing shares while becoming a granary to numerous countries.

At the time that the United States began its hegemonic slide, Japan and Europe--aided by post-WWII financial aid and the Marshall Plan--began to assert themselves economically. U.S. industries mitigated the negative effects of competition or profit squeezes with international subcontracting and offshoring. This option was greatly enhanced by technological innovations in transportation, communications, and commodity chain production. Offshoring resolved the problem of labor costs because production processes were relocated in countries with lower wage levels and minimal labor organization. The fluidity of global trade, subcontracting, as well as foreign direct investment, were not simply unguided processes of globalization: they were attempts to mitigate U.S. economic decline. Scholars have shown that U.S. firms, attempting to maintain their economic niche and profit levels, began transforming production: partitioning production into commodity chains and inserting more offshored processes into the final product. And this, Islam (2021) asserts, is "How the West invited China to eat its lunch."

2.2 China's Rise

During the long-duree of history, different countries have assumed world-system leadership in economic and political power. China has become an important global actor in the arenas of production, trade, and foreign investment. In 1948, China contributed slightly less than a 1 percent share of world merchandise exports. By 2007, it had surpassed the U.S. share. A year earlier, it had surpassed the United States in share of global manufactured exports. China is taking on many functions typically attributed to hegemons. China is reinforcing the dependency status of other underdeveloped nations; it imports raw materials from Africa and Latin America; it exports finished goods to them; and it engages in foreign direct investments.

In 1979, China opened its economy with tariff reductions and launched its own export surge. Two inflection points stand out:1979-1983 and 2001/2002. In 1979 The United States and China normalized diplomatic and trade relations, followed by a Joint Commission on Commerce and Trade. In 1979 China initiated the Special Economic Zones (SEZs) to attract FDI. These free trade and export processing zones were incorporated in the 1982 constitution. In 2001, China's joined the WTO. China's WTO commitments included reducing its average tariff rate to 10 percent by 2005, and eliminating import quotas, licenses, designated trading practices, and other non-tariff barriers. China agreed to limit domestic agricultural subsidies to 8.5 percent of the value of production, and to eliminate all agricultural export subsidies prohibited by WTO, including grants and tax breaks linked to exporting. Most importantly, it would eliminate constraints on foreign investment (e.g. technology transfer or local content requirements), and it would protect investors' intellectual property rights (Rumbaugh and Blancher 2004).

China's adherence to the WTO expanded its ability to export to previously closed, limited, or high-tariff markets. China "joined" global commodity chains by becoming the host country for outsourcing. Foreign corporations facilitated China's integration into global networks. Some were very large (Foxconn); some were small (McGill-producer of paper punches); some were retailers such as Wal-Mart and Crate and Barrel; while others were wholesalers. China's global integration, wrapped into the 2013 program One Belt One Road initiative (BRI), and its "Made in China 2025," facilitates Chinese access to the world's raw materials, factor inputs, and markets. By October 2019, BRI had exchanges with 138 countries including infrastructure, production, loans, migration, and culture.

Chinese public financial institutions, such as the Chinese Development Bank (CDB) and the Export-Import Bank of China (EXIM) facilitate BRI projects. Financing also enables China's state-owned enterprises (SOEs) to offer highly competitive bids for projects against foreign companies that might be more financially constrained (China Power Team 2019). China's rise includes ambitious to be dominant in global high-tech manufacturing ("Made in China 2025") (Guo 2023). A 2023 State Department-funded study found that "China has a commanding lead in 37 out of 44 critical emerging technology fields 'spanning defense, space, robotics, energy, the environment, biotechnology, artificial intelligence, advanced materials and key quantum technology areas" (cited in Klassen 2024:14).

3. U.S. Hegemony and the Grand Area 1.0 Strategy

There is more to understanding the current policy reversals than knowing the facts of U.S. economic decline and Chinese economic rise. Since the 1940s, U.S. policy makers had been imagining the post-war global configuration. The highlights described below are taken from Domhoff's detailed essays on U.S. policy making during and post-WWII and the rise of American dominance. Domhoff documents how the Council on Foreign Relations (CFR) provided the bulk of U.S. State Department postwar planning in 1940 and 1941, and became part of the State Dept in 1942. The CFR papers reflect the work of the Council, the military, and various think tanks. The CFR began to define the national interest in terms of the "minimum geographical area that was necessary for the productive functioning of the American economy without drastic controls and major governmental intervention." It highlighted the increasing importance of the country's manufacturing exports as compared to agricultural exports and the increasing importance of Asia and Oceania for both exports and imports--a source of raw materials and a market for manufactures (Domhoff 1990:117-121).

The CFR believed that the economies of Great Britain and Japan could not adequately function without a large part of the world as markets and suppliers of raw materials. At the same time, the U.S.' problems could not be solved if Japan excluded the American economy from Asia (Domhoff 2024:15). The vision of U.S. national interests, and its accompanying Grand Area Strategy, was published in 1941 (CFR Memorandum E-B36, 1941, p. 1 cited in Domhoff 2024:20). Because China was part of this Grand Area 1.0, pre-WWII attention was focused on Japan's aggressive action toward China which

"holds unmistakable threats to our interests…" "The successful defense of the United States, … is dependent upon supplies of vital materials which we import in large quantities from this region of the world. To permit Japanese domination and control of the major sources of world supplies of tin and rubber and tungsten would jeopardize our safety" (Domhoff 2024:27).

Domhoff stresses that, at the time, the war-peace groups were not concerned with the Soviet Union or communism; "Germany and Japan were the dangers to the Grand Area as the necessary living space for the American economy" (2024:32). China continued as part of the post-WWII Grand Area over which the United States was hegemonic. In that spirit, the United States exported to China, offshored to China, and invested in China. In that spirit, McCormick was one of thousands of advocates; thousands of U.S. agricultural producers exporting to China, and manufactures producing with parts coming from China. In that spirit, others sold low-cost China-produced products to consumers.

3.1 A Frayed Grand Area 1.0 is part of the Crumbling U.S. Hegemony

"Foreign Policy and Domestic Policy Are but One System" (Dorobot 2015). Grandeur always presuming some dominated space that is vaster than the privileged space in which grandeur presides. Furthermore, "Every grandeur function by a system of action and of vigilance, that is by means of an economic system plus a political system" (Braudel 1979: 655).

As laid out by CFR Memorandum E-B34 of July 24, 1941, the Grand Area "would have to:

contain the basic raw materials necessary to the full functioning of American industry, and

have the fewest possible stresses making for its own disintegration, such as unwieldy export surpluses or severe shortages of consumers' goods." This area includes the Western Hemisphere, the United Kingdom, the remainder of the British Commonwealth and Empire, the Dutch East Indies, China, and Japan (cited in Domhoff 2024:34).

China's rise and its global projects threaten to erode the U.S. domination over the Grand Area 1.0. Under President Xi Jinping's leadership, China has pushed for a more assertive posture in foreign policy, including the Belt and Road Initiative, the New Asian Development Bank, and the construction of several large military bases in the South China

Sea. According to Chinese sources, Beijing has "signed more than 200 BRI cooperation agreements with more than 150 countries and 30 international organizations across five continents" (Sacks 2023). As Sacks and others point out, not every country that has signed a BRI memorandum of understanding hosts BRI projects; and some have encountered major problems. Although attendance at the Belt and Road Forums has varied over the years, ties with the Global South is a counterweight to the U.S.- led international order.

Numerous authors agree, "China is building a 'post-American' global governance regime via the Asian Infrastructure Investment Bank, the BRICS Forum, the Shanghai Cooperation Organization, the Belt and Road Initiative (BRI) and Digital Silk Road" (Mirrlees 2024:8). The BRI possesses the qualities of a new world-system in the making "within which China enjoys hegemonic traits such as economic and military might and capable alternative institutions" (Sarieddine 2021:177). U.S. hegemony assumed an exclusive relationship with countries within the Grand Area 1.0. That exclusivity has eroded: Vietnam, Indonesia, and many others have negotiated deals with both the United States and China.

3.2 Is there a Grand Area Strategy 2.0 for the United States?

Heads of the UK and US foreign intelligence services have warned that "The international world order is "under threat in a way we haven't seen since the Cold War" (Correra and Crew 2024). This phrase is vague suggesting an autonomous "international world order." Instead, in Shoup's words "It is also becoming clear that the U.S.-dominated "rules-based international order" is now on life support, nearing collapse" (2024). And this suggests a more specific solution. For Albo, it is time to sketch out a new "configuration of global capitalism and geopolitical alignments" (2024:2). To reiterate: The Council began to define the national interest in terms of the minimum geographical area necessary for the productive functioning of the American economy without drastic controls and major governmental intervention.

Under the post-WWII Grand Area strategy "The US enjoy[ed] an outsized global governance role (in the UN, NATO, G7, G20, IMF, World Bank, and WTO)." Both overt and covert actions were deployed to contain threats to the GA 1.0. In addition to the regularly cited wars (Korea, Vietnam, Iraq, Afghanistan), there was a preponderance of covert operations.

Ameringer (1990) reports that fifty-four countries were sites of CIA covert actions from 1948- 1987. He cautions that the list is not exhaustive; it was compiled from published sources and public documents. Klassen agrees that a U.S. strategy of armed primacy was always present: internationalizing "domestic class struggles universally, making them a U.S. national security interest, and paving the way for permanent, global interventionism" (2024:7).

Many observers acknowledge that the U.S. dominated international order is disintegrating. In Klassen's words "The markers of global power – economic, political, military, and ideological– had shifted inexorably, and strategic reckoning was in order" (2024:1). In decline, U.S. national interests may now require additional "drastic controls and major governmental intervention." Some see the role of new U.S. military installations in the context of the economic and geopolitical decline. The Cato Institute and others cite the U.S. DOD report that post-Afghan withdrawal, the U.S. Military had around 750 military bases in at least 80 countries (Bandow 2021). This is three times as many installations as all other countries combined. Pilger (2016) estimates that the United States has four thousand bases in the United States and one thousand bases spread across 147 countries. Some are not technically bases; they are called "lily pad bases." They are normally away from Europe and closer to predicted conflict zones in the Middle East, Asia, Africa, and Latin America. They are smaller (sometimes inside bases of other countries), and more flexible. "Military planners see a future of endless small-scale interventions in which a large, geographically dispersed collection of bases will always be primed for instant operational access" (Vine 2017). Vine mentions one example in the Gulf of Guinea--São Tomé and Príncipe, a former Portuguese colony--off the oil-rich west coast of Africa. The following text, taken from the NATO Strategic Concept Declaration adopted by Heads of State and Government in 2022, speaks to the design of Grand Area 2.0.

26. We will pursue a more robust, integrated and coherent approach to building national and Alliance-wide resilience against military and non-military threats and challenges to our security, as a national responsibility and a collective commitment rooted in Article 3 of the North Atlantic Treaty. We will work towards identifying and mitigating strategic vulnerabilities and dependencies, including with respect to our critical infrastructure, supply chains and health systems. We will enhance our energy security and invest in a stable and reliable energy supply, suppliers and sources…

45. The Western Balkans and the Black Sea region are of strategic importance for the Alliance ... We will work with partners to tackle shared security threats and challenges in regions of strategic interest to the Alliance, including the Middle East and North Africa and the Sahel regions. The Indo-Pacific is important for NATO, given that developments in that region can directly affect Euro Atlantic security.

In discussing the U.S.' intervention in Bosnia (1996) and Kosovo (1999), Layne argues that among other things, the involvement was used "to maintain the viability of the NATO alliance as the instrument through which the United States exercises its European hegemony" (2006:130). Intervention also created a friendly environment for American businesses.

Senator Wicker (R) warns that the United States is underequipped and outgunned; our fighter jet fleet is dangerously small; and our military infrastructure is outdated. This inadequate arsenal portends the end of an American-led 21st century (NYT 2024). Addressing the question of a Grand Area 2.0, Ellis (2018), a Research Professor with the U.S. Army War College, argues "The new world order that the PRC's rulers are constructing with frightening rapidity and success is deceptively dangerous because economic and political subjugation of the rest of the world is not their explicit goal, but simply an unavoidable consequence, that they insist on denying, of their ascension to the top." Ellis laments that the United States has failed to make a good case for the existing struggle between the two global orders.

4. The Grand Area 2.0 is more than China, Russia, or Israel

Contemporary conflicts are frequently treated as bilateral clashes. However, these conflicts are but fragments of the larger global rearrangement.

4.1 China

At present, the U.S. hegemonic status and the Grand Area 1.0 are both being challenged by China. "The People's Republic of China's (PRC) stated ambitions and coercive policies challenge our interests, security and values. The PRC employs a broad range of political, economic and military tools to increase its global footprint and project power, while remaining opaque about its strategy, intentions and military build-up" (NATO 2022).

On the economic front, the United States passes legislation and implements foreign policy to address China's challenge to the U.S. Grand Area. Yet in so doing, U.S. actions sometimes disadvantage those U.S. producers who had previously incorporated China into their global commodity chains. Tariffs combined with targeted subsidies offer some relief. The National Cotton Council (NCC) extended thanks to the Administration after USDA announced details regarding the Market Facilitation Program (MFP) payments for the 2019 crop year. Like other producers, they were helped by federal aid from the Trump administration's $16 billion MFP. NCC Chairman Mike Tate said this round of assistance, like the first initiated in 2018, will partially mitigate the impacts of Chinese retaliatory tariffs (NCC 2019). The CHIPS and Science Act (P.L. 117–167) and the Inflation Reduction Act, both passed in 2022, directed "hundreds of billions of dollars to scientific research and domestic production of high-tech goods, such as semiconductors" (Siripurapu and Berman 2024). The Obama and Trump administrations both employed another strategy: dissatisfied with the WTO's ruling on U.S. grievances, both blocked new appointments to WTO's Appellate Body.

A new consensus has emerged in Congress. It advocates a tougher U.S. policy toward China, including increased sanctions, tariffs, and military deployment. Guo (2023) cites Congressman Rick Larsen [D-WA]: "There are national security hawks on China, trade hawks on China, and human rights hawks on China. So long as they did not talk to each other, they did not realize they all hated China." In recent years, they have come together and advocate a tougher U.S. policy toward China. Guo notes the flood of China-related bills during the Trump years, continuing with the 117th Congressional session. He points out that more China-related bills were introduced in the 117th Congress than ever before; 441 of them were supported by Republicans and 239 supported by the Democrats.

To fortify the "Grand Area" against military erosion, naval forces have been moved to Asia (Pilger 2016). President Obama's "Pivot to Asia" strategy demonstrates this. In 2022, the Senate Foreign Relations Committee (SFRC) approved the Taiwan Policy Act (TPA) which it sent on to the full Senate. This would have been the first update since the passage of the Taiwan Relations Act in 1979. While the TPA bill languished, some portions were incorporated into the 2023 National Defense Authorization Act (NDAA). These included emphasis on U.S. security assistance to the island, and resources to fortify Taiwan's defenses against Chinese military actions. Although Congressional funding appropriations left some of the security assistance unfunded, it addresses one of the vulnerable places in the Grand Area 1.0.

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4.2 Israel

Shoup (2024) lists numerous facts which explain why Israel remains crucial for a “Grand Area” 2.0. Israel is the U.S.’ closest strategic partner in the world’s most unstable region and shares valuable intelligence with Washington on terrorism. The United States benefits from military partnerships in technology, intelligence, joint training and exercises, and cybersecurity. Israel is the major Middle Eastern investor in the United States, an important destination for U.S. exports, an important research and development partner for the U.S. high-tech sector, and a source of innovative ideas for twenty-first-century challenges such as renewable energy and water and food security. By 2015, over 25,000 U.S. firms were established in Israel and in 2021, private equity firm Blackstone opened an office in Israel in order to tap into the technology industry. Chevron, Caterpillar, Intel, and Hyundai are some of the major corporate investors in Israel. Shoup emphasizes that the area of West Asia/Middle East is important due to its oil and gas supplies and key trade routes. “Chevron, one of the leading world’s oil and gas companies began large-scale operations in Israel in 2020 when it took over U.S.-based Noble Energy, which had discovered gas off the coast of Palestine in 2000.” Chevron “operates the Tamar platform…sitting about twelve miles offshore from the Gaza Strip,” and profits from gas sales to Egypt and Jordan.

Israel was crucial to U.S. hegemony and the Grand Area 1.0. The 1954 National Security Council Paper 5428 declared that “United States policy is to keep the sources of Middle East oil in American hands.” Economic exclusivity over oil supplies required a political counterpart. (U.S.) Operation AJAX ousted Prime Minister Mossadegh in Iran, made concessions to Saudi Arabia, but created Israel-regional friction (Klassen 2024:8).

In his analysis of the current geopolitical struggle, Friedman (2024) judges that the Ukraine- Russian and Israel-Gaza battlefronts “very much are our business.” Ukraine has suffered, but a weakened Russia is less dangerous to the “Inclusion Network”--NATO-protected European Union. Friedman emphasizes that in the Middle East, the Resistance Network and the Inclusion Network both emerged in 1979: the Iranian revolution ousted the U.S.-installed Shah regime and installed the Iranian Islamic Republic; and the U.S. brokered the Egypt-Israel peace treaty. From the “Grand Area” perspective, it becomes a question of whether or not the Middle East will be included in the Grand Area 2.0.

4.3 Russia

From a Grand Area perspective--a source of raw materials and a market for manufactures-- one cannot tell the story without reference to Russia’s actions in Africa. The Wagner group and its successor, the Russian “expeditionary group” (the Africa Corps) are involved in propping up African regimes and securing resources for Russia. Murphy (2024) cites a BBC document revealing that Moscow was offering a “regime survival package” in exchange for access to strategically important natural resources.

The recent events in Niger reflect the “competition” over areas. In 2007, the U.S. Department of Defense unified its work in Africa by creating a new Africa Command (AFRICOM). As part of efforts to engage in counterterrorism in the Sahel area of West Africa, the U.S. established two military bases in Niger and began drone operations in 2013. In 2016, the second, drone Air Base 201, was being built at a cost of $110 million, with estimated annual operating costs ranging from $15 to $30 million a year. The agreement came to an end in 2023 following a Nigerien military coup which overthrew the democratically elected government. In March 2024. the military junta, which had already expelled the French troops, announced the termination of the agreement with the United States. By August, U.S. troops had evacuated from Bases 101 and 201. Weapons and equipment were flown out; housing and vehicles were left behind (Schmitt 2024). In April 2024, one-hundred Russian military personnel arrived to train Nigerien forces, but by August, Russia withdrew 100 members of this unit, likely to reinforce its forces fighting Ukraine. Mali and Burkina Faso have turned to Moscow for security support. The loss of these bases leaves the U.S. in a weakened position vis-a-vis its regional influence.

In addition to the Russian and Chinese forays into African politics, commentators have noted the renewed diplomatic actions of other states. Gulf states look to spread political influence, and boost investments, port access, and food security (Dent and Ferragamo 2024). They view the growing Gulf-Africa ties as emblematic of changing global power dynamics. They describe a larger trend toward multipolarity diplomacy, in which regional powers such as the BRICS (Brazil, Russia, India, China, and South Africa) have expanded to include Ethiopia, Egypt, Iran, Saudi Arabia, and the UAE. In May 2023, Saudi’s Crown Prince Mohammed bin Salman convened a Saudi-Africa summit. Its programs include expanded diplomatic presence and increased development funding and investments. Not to be overlooked, Iranian President Ebrahim Raisi has sought to evade isolation by shoring up cooperation and trade agreements with

Kenya, Uganda, and Zimbabwe (Gavin 2023). The weaking of U.S. hegemony is giving rise to a multipolar international system, certain to diminish U.S. influence.

5. Discussion "Grandeur always presumes some space that is dominated" (Braudel)

Current global conflicts have inspired prodigious analyses of the U.S.-China competition, and the Russian-Ukraine and Hamas-Israel proxy wars. Some advocate that the United States should desist from trying to maintain global hegemony, and instead focus on keeping China from establishing an Asian hegemony (Wertheim 2024). The global and historical importance of the ongoing conflicts can be usefully theorized with the work of Domhoff and Shoup (CFR's post- World War II foreign policy planning) and Wallerstein (hegemonic decline). Such a macro context offers a fuller understanding of the paradoxes described in the beginning of this essay. It suggests a way toward imagining how the corporate and financial leaders in the United States will struggle to shape the world to their economic and political advantage, viz., a Grand Area 2.0. This requires military spending. In 2023, the United States had a 40 percent share of total global military spending. That amounted to about 4 percent of the U.S. GDP: a drop from the post- WWII episodic highs of Korea (11.3), Vietnam (8.6), cold-war (5.7) and Iraq/Afghanistan (4.5) (Dyvik, 2024). Nevertheless, in 2022, defense spending consumed 57 percent of U.S. government spending, leaving less for other domestic uses.

The danger of hegemonic decline is inherent in the perceived need to simultaneously fortify the Grand Area 1.0 and/or to create a Grand Area 2.0. When it comes to bases, it may take the form described above for Niger: establish, invest, abandon. Contested hegemonic status brings with it rising military costs.

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