

ISTANBUL BILGI UNIVERSITY  
INSTITUTE OF SOCIAL SCIENCES  
INTERNATIONAL POLITICAL ECONOMY MASTER'S DEGREE  
PROGRAM

FOR WHOM THE BELL TOLLS?  
A NEO-GRAMSCIAN ANALYSIS OF THE DECLINE OF AMERICAN  
HEGEMONY

Çağatay Öner  
115674008

Faculty Member, PhD. Can Müslim Cemgil

ISTANBUL  
2018


For Whom the Bell Tolls? A Neo-Gramscian Analysis of the Decline of American Hegemony

Çanlar Kimin için Çalışıyor? Amerikan Hegemonyasının Gerilemesinin Yeni Gramsci Perspektifiyle Analizi

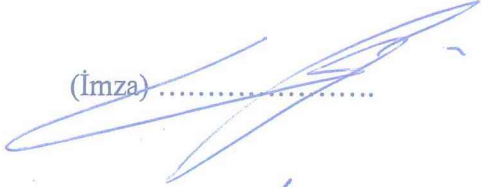
Çağatay ÖNER

115674008

Tez Danışmanı : Dr. Öğr. Üyesi Can CEMGİL  
İstanbul Bilgi Üniversitesi

(İmza) 

Jüri Üyeleri : Dr. Öğr. Üyesi Cemil BOYRAZ  
İstanbul Bilgi Üniversitesi

(İmza) 

Doç. Dr. Ahmet BEKMEN  
İstanbul Üniversitesi

(İmza) 

Tezin Onaylandığı Tarih : 22/06/2018 (22 Haziran 2018)

Toplam Sayfa Sayısı : 154

Anahtar Kelimeler (Türkçe)

- 1) Amerikan Hegemonyası
- 2) Gerileme
- 3) Hegemonya
- 4) Yeni Gramsci
- 5) Robert Cox

Anahtar Kelimeler (İngilizce)

- 1) American Hegemony
- 2) Decline
- 3) Hegemony
- 4) Neo-Gramsci
- 5) Robert Cox

## **ACKNOWLEDGMENTS**

I would like to express my deepest appreciations to my thesis advisor Can Müslim Cemgil. In this long process, this thesis was made possible only with the help of Can Cemgil's guidance, invaluable direction and encouragement, and his contributions. I count myself lucky to have Can Cemgil as a thesis advisor.

I am also thankful to entire academic staff of International Political Economy in Istanbul Bilgi University, which I obtained a broad academic perspective during the courses.

I always feel debted to many friends who gave the supports in this particular period. I wish to thank them for their encouragements and invaluable friendships for many years.

Eventually, I must express my very profound gratitude to my parents, Mustafa and Nuray, and my brother, Rıdvan, for providing me with unfailing support in my life. This accomplishment would not have been possible without them. For this reason, I dedicate this thesis to my dear family. Thank you. Very much indeed.

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## **ABBREVIATIONS**

CIPS – Cross-Border Interbank Payment System

DPRK – Democratic People’s Republic of Korea

EU – European Union

GATT – General Agreements on Tariffs and Trade

IMF – International Monetary Fund

NAFTA – North American Free Trade Agreement

NATO – North Atlantic Treaty Organization

NSC – National Security Council

NSS – National Security Strategy

OECD – Organization for Economic Cooperation and Development

SWIFT – Society for Worldwide Interbank Financial Telecommunication

UN – United Nations

US – United States

WTO – World Trade Organization

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## **ABSTRACT**

The decline of American hegemony has always been one of the most controversial issues in international relations. However, in order for this issue to be properly analyzed, the concept of hegemony must be examined with a broad and accurate theoretical approach. This thesis therefore problematizes and analyzes the decline of American hegemony. The main theoretical approach adopted in this context is the Neo-Gramscian perspective, as represented mainly by Robert Cox, which provides a solid understanding to elaborate what is hegemony and why American hegemony is in decline. In order to reach an accurate analysis, this thesis discusses the concepts of hegemony of different theories in international relations and elaborates the misleading analyses of the concept and world order. Later, in the light of Neo-Gramscian perspective, it examines the origins and main patterns of American hegemony during the twentieth century. Finally, with a different dimensional approach to mainstream theories, this thesis argues decline of American hegemony and reveals the underlying reasons. Moreover, the rise of others will be analyzed in this context as well. Thus, this thesis presents a recent (including Trump administration) study in the framework of hegemonic decline.

**Keywords:** American Hegemony, decline, Neo-Gramsci, Robert Cox, hegemony



## ÖZET

Amerikan hegemonyasının gerileyişi, uluslararası ilişkilerde daima en tartışmalı konulardan biri olmuştur. Ancak, bu konunun doğru bir şekilde analiz edilebilmesi için hegemonya kavramının geniş ve doğru bir teorik yaklaşımla incelenmesi gerekmektedir. Dolayısıyla bu tez, Amerikan hegemonyasının gerilemesini sorunsallaştırmakta ve analiz etmektedir. Bu bağlamda kullanılan ana kuramsal çerçeve, hegemonyanın ne olduğunu ve Amerikan hegemonyasının niçin gerilemekte olduğunu sağlam bir şekilde analiz etmeyi sağlayan Robert Cox'un ağırlıkta olduğu Neo-Gramscici perspektiftir. Doğru bir analize ulaşmak amacıyla, bu tez uluslararası ilişkilerdeki farklı kuramların hegemonya kavramlarını tartışmakta ve ana akım teorilerin hegemonya kavramı ve dünya düzeni üzerine yanıltıcı analizlerini ortaya sunmaktadır. Böylece, bu tez, Amerikan hegemonyasının doğru bir analizini sunmak için neden Neo-Gramscici perspektifle yaklaşılması gerektiğini ortaya koymaktadır. Sonrasında, Neo-Gramscici perspektifin ışığında, yirminci yüzyılda gelişen Amerikan hegemonyasının kökenlerini ve hegemonya yapısını incelemektedir. Son olarak, ana akım teorilerden farklı bir yaklaşımla Amerikan hegemonyasının gerilemesindeki etmenleri ortaya koymaktadır. Bununla birlikte diğer güçlerin yükselişi de bu bağlamda analiz edilmektedir. Böylece bu tez, hegemonik gerileme tartışmaları bağlamında güncel (Trump yönetimi de dâhil) bir çalışma sunmaktadır.

**Anahtar Kelimeler:** Amerikan hegemonyası, gerileme, Neo-Gramsci, Robert Cox, hegemonya

## INTRODUCTION

On December 18, 2017, the punchlines from the National Security Strategy that has determined the vision of the Trump administration remarked the admission of the awareness stage that the United States of America, which was once painted as the omnipotent superpower in the minds, was began to drift from its position of self-sustaining and unchallenged power to a changing global politics where the United States experiences a crisis of confidence, and threats from various actors. This general outlook of Trump's vision on America's position in the changing global politics captures a reflection of new measures to be taken for consolidating America's position of lone superpower. Did Trump, sitting on the chair in the White House with the promise of the change, really read the change in American hegemony? No. This was a populist rhetoric of Trump to leverage the underlying causes of his election for the Oval Office. However, the Security Strategy seriously outlined a realistic perspective of major national security concerns of the United States. The concern was for the long-term plans of the others challenging to the United States. Therefore, the United States should wear the superpower gloves one more time to run the show. Beyond this particular Security Strategy, this was a confounding discourse of the United States from time to time, in order to legitimize the self-righteous actions endowed by its superpower position. Nevertheless, under the light of recent developments in the global politics, this vision has right concerns in important points. The United States was no more in an unchallenged position. Was there any truth to this concern, prepared in a realistic perspective that requires taking measures in foreign policy? The simply answer is yes. But not in the way as it has been thought.

This was not a first time happening occasion for the United States for sure. At various times, the debates intensified about that the system will come to an end or the world order will be reshaped after every crisis and depression occurred in the

world. The crisis of American hegemony in the 1970s was maybe the peak of these discussions. The world capitalist economy under the leadership of American hegemony experienced a deep crisis after long-boom period, which provided high growth rates for the global economy. The rise and fall debates, which has become a tradition in the academic literature, have not slowed down and have been filled with different approaches, but this time for America. George Modelski, who described the world-system with a cycle of one thousand years, which has run by a hegemony, argued that the United States was the leader status for the twentieth century, however, it started to fall with 1973 (Modelski, 1987). On the other hand, Paul Kennedy's *The Rise and Fall of the Great Powers* (1988) has become a classical monument for the theories of hegemonic declines. In a more realistic approach, the traditional narrative of the hegemony was made by Gilpin in his book, *War and Change in World Politics* (1981), and a new literature on hegemonic stability theory was developed along with the advocating *Pax-Americana* order. From a different perspective, Wallerstein argued the decline of American hegemony by pointing out the decrease of manufacturing share of the US in the world ranking (Wallerstein, 1984). However, some liberal scholars have described American hegemony as a liberal hierarchical order ruled under the leadership of the United States, which provided gains for other states through cooperation and institutional access instead of resisting against the US supremacy in the post-1945 world order (Ikenberry, 2001; 2006). In this context, Keohane pointed out that maintaining the institutional framework could be rational for states even if American hegemony declines (Keohane, 1984). As Samuel Huntington remarked in this respect (1988), the declinism literature has experienced five stages starting from the 1957, which the Soviet Russia launched its first satellite. The literature did not break the long-lasting tradition of declinist arguments after the 2000s developments. Particularly, the consequences of 2003 Iraq invasion and 2008 financial crisis originated the reasons behind the idea that American hegemony is over or is in decline. In this sense, the literature focused on the change of structure of the US in the first years of the 2000s. The scholars from different perspectives questioned whether the US is an empire, or not (Hardt & Negri, 2000; Ferguson,

2004; Ikenberry, 2004; Harvey, 2003; Cox, 2004). The tendency of imperial actions by the US was seen as the factor that would bring an end of US leadership in the world. In this sense, Wallerstein argued that the limits of US-centered world order have been reached after the dissolution of the Soviet Union. And the imperial actions of the US were the last standings of its superpower (Wallerstein, 2003). In this regard, some have approached more softly to the issue and warned the Washington in this sense (Nye Jr., 2004). On the other hand, some scholars already started to argue for new powers that could replace the hegemonic position of the US (Buzan, 2011; Arrighi, 2007). However, the debates over the declinism are intensified after the 2008 financial crisis. In fact, the arrival of a financial crisis over the geopolitical crisis deepened the discussions of the end of American power. The fact that American power continued after many rise and fall discussions for many years was required the literature to be more careful on analysis of changing world politics. However, despite the need of being picky, the discussions continued with all speed. In this instance, the declinist camp argued that American leadership was over, by believing that *this time it was real* (Layne, 2012; Rachman, 2011; Kupchan, 2012; Luce, 2012). However, there were some others who believed that the coast was clear for the US in the future (Friedman, 2009; Joffe, 2014; Monteiro, 2014; Brooks & Wohlforth, 2008; Nye Jr., 2015). Moreover, the arguments about the new alternatives and new challenges against to the US-centered world order took the discussion to a different dimension. These discussions argued the possible options for the future world order and the existence of others in the changing global politics. In this context, the arguments of the rise of others take a serious place recently in the debates over the decline of American power (Zakaria, 2008; Bremmer, 2012; Slaughter, 2004; Shambaugh, 2013). There can be found many books and articles about the current status of the global power politics and America's place in it. The breadth of the declinist literature is not for the desire or fetishism to end American power in the world; rather it is for the will of to be more than a witness of the change of a great historical phenomenon.

The declinist literature shows us that it has a serious psychological factor, along with the analyses of geopolitical and economic crisis, that the idea of the

decline of America's position in the world has a vast dimension in American politics. Even it takes place in the election sermons for the presidential, as it happened in Trump's discourse of "Make America Great Again". Moreover, the idea in the discourses and strategy papers that the attempts of other states jeopardize the status of American superpower shows us the analysis of the US on the issue is framed with the realist perspective. Or, as it is in the declinist literature mentioned-above, there could be many different perspectives or aims for declinist idea. An important question arises in this context. Which argument is right about the fate of American hegemony especially among the many debates in the last decade? Of course, there cannot be an objective answer to such a question. However, in order to be able to make an accurate inference about the future of American hegemony, or even to make an accurate analysis about the today's American hegemony, one must first present a correct conceptual and historically a hegemony definition. It is vital important how to define hegemony, since the way of use the concept is also a foreshadowing of the hegemonic and world order, which will be revealed. In order to understand the decline of a hegemony, it is useful to obtain a perspective, which will offer a frame that will provide a historical analysis to find the origins of the hegemony. In this framework, the questions should be reshaped beyond the perspectives that offers only limited visibility. Thus, in case of all these discussions, this paper finds a right point to ask some questions to enlighten the dark sides, which is benighted by the narrow world-view of the main stream perspectives in the international relations. Is American hegemony in decline?

In this regard, this thesis asserts three main arguments. The first and main argument is the decline of American hegemony. After having well based perspective about American hegemony, the decline of American hegemony can be seen clearly today. However, there are many arguments as mentioned above that defends whether American hegemony is in decline or not. The rightness and accuracy of these arguments eroded many times in the course of events due to the limits of their perspectives. Once the concept of hegemony and the origins of American hegemony is well understood, there is no difficulty to make an analysis of today's changes. American hegemony is deep-rooted in the world order today.

Thus, the finding answers are only possible to go deep in the roots of the structure of American hegemony. In this way, presenting a different perspective for the decline of American hegemony, contrary to the widespread opinions, is a must. What this thesis offers, is the re-analyzing the current structure of American hegemony through the recent events in a theoretical perspective. Moreover, there are many remarks that the rise of other powers can create a point to see the decline of American hegemony. Even it was highly remarkable after the 2008 financial crisis that the rising powers, the others, would replace the hegemonic position of the US. Today, China, as being the locomotive of the world trade, is still seen as an alternative for the leadership of globalization. Russian Federation is challenging the presence of American hegemony in the Middle East, even though it could not regain its Soviet times strength. The European Union, which is the main practical field for American hegemony, is claiming that the Union is no longer in need of the leadership of the US; even more, arguing if it is possible to carry out cooperation with the US. The rise of the others, thus, can be a reference point for the argument. The central claim of the thesis is related to the main argument is that the decline of American hegemony is a fact, however, it is not in the way that general opinion draws the lines. The analysis of this thesis, thus, will offer a dimension to have an idea on the global political economy as well as American hegemony.

The second argument is the real meanings and borders of American hegemony. In this context, the concept of hegemony is again very important to make an analysis for American hegemony. American hegemony is simply defined as the superpower or the leadership of the world due to its preponderance position after the World War II. As being a superpower, the US could control and rule the interstate balance of power politics or establish a world order to maintain a liberal market. However, the hegemony of the US is deeper than it is reduced to the power politics. The only way to make a correct analysis of today is possible only with the correct analysis of past. Thus, firstly, with an accurate and comprehensive perspective, American hegemony should be analyzed in the right way. Thus, this thesis will answer the question of “What are the origins of American hegemony?”

The analysis of the real pillars of American hegemony will lead us to be able to answer the main question of this thesis.

The last argument is the concepts of hegemony in the main stream theories in the international relations and international political economy. In this context, the hegemony should not be analyzed as the dominance over others by only material capabilities. It is possible to see in the literature that many theories implement the hegemony in this sense and confounds the leadership with hegemony. However, the hegemonic order is not only based on regulating the conflicts in interstate dimension, but also expansion and implementation on the global scale of the mode of production that shapes relationship between classes that surround the entire world order. The world hegemony is not only the superiority of material capacities, but the international expansion of the national hegemony created by a dominant social class. Hence, the definition of hegemony should be at a level that will historically analyze the political, economic and social dimensions.

This thesis composed of three chapters. The first chapter constructs a theoretical perspective by scrutinizing the first argument of this thesis. Thus, the purpose of this thesis is to elaborate the problem of theories in understanding the concept of hegemony. What this thesis offers as a different dimension, is based on the path that will be followed through its theoretical perspective. In this context, firstly, the notion of hegemony in the realist theory will be scoped. The limitations that leads to a wrong analysis will be shown in the concept of hegemony of these theories. Thus, this thesis will proceed in the way that first theories' concepts for hegemony will be shown and then the critiques will be made in this sense. Secondly, the liberal theory will be examined in the context of hegemony. Thirdly, the hegemonic stability theory will be examined. Fourthly, the world order and hegemony understanding of the world-system theory will be shown in this perspective. Finally, the Neo-Gramscian theory, which this thesis uses as the theoretical perspective, will be deeply analyzed by presenting the Gramsci's hegemony as well. In this way, this thesis will follow a roundabout to reach the main point. Inside the arguments, it is possible to feel that the subject is straying

away. However, this thesis will offer a different perspective. To understand that difference the path to the main point will be long and winding.

In the second chapter, the origins and evolution of American hegemony will be analyzed. In this context, the chapter will start from the early dates of twentieth century in order to understand the sphere and environment that has paved the way for the United States to be a hegemony. This will include the transformations of the relations in the production, and thus, the social forces in the national level. Later, the primary concern of this chapter will take place with the post-World War II period. The main pillars of American hegemony's expansion will be analyzed through neo-Gramscian perspective. Moreover, the first hegemonic crisis, which occurred in the 1970s, will be examined in order to have a window perspective for understanding today's decline dynamics. Finally, in this chapter, the neoliberal transformation and process of post-Fordism will be shown, which saved American hegemony from a crisis.

In the last chapter, the main claim and question of this thesis will be sought. The changing global politics starting from the 90s with the dissolution of the Soviet Union and its effects on American hegemony will be shown firstly. However, the main subject will be the developments that changed the world politics after the 2000s. The foot prints of the decline of American hegemony will be analyzed by scoping the Iraq invasion in the 2003 and the financial crisis in the 2008. It is quite important to remind that this thesis will look for the contradictions, which is revived with the consequences of these events that made a breach in the structure of American hegemony. Later, the rise of other powers, which seen as the alternative that can replace the hegemonic position of the US, will be analyzed whether if they can really be an alternative or not. Finally, in this chapter, the decline of American hegemony will be analyzed with the main lines by referring today's events and politics as well.

In this context, this thesis will present an opinion about the changing global political economy as well as the decline of American hegemony. Unfortunately, the future analysis of American hegemony and world order will only be forecast. Thus, this thesis will not offer one. Under the light of complex and deep structure of



American hegemony, a change will affect entire world politics. For this reason, this thesis will problematize the question of the decline of American hegemony in the framework of neo-Gramscian theory, which implemented the Gramsci's notion of hegemony into international relations, even though asking a question similar to the realist perspective; *for whom the bell tolls?*

## **CHAPTER 1**

### **THEORETICAL FRAMEWORK FOR THE CONCEPT OF HEGEMONY**

Many various phenomena have been researched and studied differently, closely or in a similar way by the theories which certainly contain a perspective in the social sciences. However, especially in the field of the International Relations, the grounds on which the theoretical and the empirical find compromise are very limited. Theories are assessed according to their own reality when examining the eventual and eventuated issues. Even though the focus of the assessments, which we call in the perspective, is broad enough to include a certain logical construct within itself, the theory is constrained with the epistemology it has. Thus, there may be spatio-temporal dimensions in which the theories leave out questioning during reviewing and evaluating the phenomena. This is an obvious risk especially for the social sciences for the reason that the concept of relativity is not an escape gate to be used for any counter-argument in the theories and perspectives. Because the factors and phenomena that is examined in the social sciences, specifically in international relations and international political economy, do not consist of empirical phenomena like it does in the natural sciences. Therefore, in such a platform where the parameters are almost constantly dynamic and for the reason that the human factors cannot reach the empirical results, it is not possible to form a theory by the relativity sense. For a social science theory, it is quite problematic to calculate the parameters of phenomena as constant. Especially in the field of international relations where the events have a complex structure and have bonds with many elements, it is almost not possible for a theory to neglect many components and only focus the major issues in the case. Hence, a theory becomes very questionable for its perspective that is made by its position and perspective in space and time. So, theories are responsible for the perspective they contain. As Robert Cox says,

“theory is always *for* someone and *for* some purpose” and “perspectives derive from a position in time and space” (Cox, 1981, p. 128). The importance of understanding this, is to clarify the key points that theories, which are the interpretive of social phenomena, coincide and dispute with each other. It is simply because the theory can differentiate a phenomenon by its subjectivity. This may result in confusion, as Steve Smith mentioned, either as different explanations of the same world or as explanations of different worlds (Smith, 2015, p. 31).

Hegemony is one of the areas where such theoretical debates take place the most. The main reason that the notion of hegemony has many different perspective and debates in time is mostly in connection with the wide-range of ground covered by the subject. The concept of hegemony is a difficult and a broad topic to study because of its own complex structure and the all the factors it contains, as well as the wide meaning (both abstract and concrete terms) it covers. It is therefore a difficult task to present a theoretical framework that explores all aspects of the concept of hegemony. Many different theories in social sciences have offered a large different spectrum on the concept of hegemony. This is why here the field will be narrowed; only the concept of hegemony of critical and mainstream theories in international relations and international political economy will be focused and examined. This concept, which has especially begun to be debated in international relations more or less with the discussions of rise and decline especially in American hegemony, has starred in many discussions among the theories in terms of understanding and interpretation. These theories have accused each other due to the problematic of perspectives for epistemology aforementioned. No matter what, for the better understanding of this concept, it is necessary to examine the points that all the theories touch upon the concept of hegemony.

In this context, it is necessary to present the concept of hegemony as the theoretical perspective for this thesis which will study the decline in American hegemony. However, it is quite required to make a distinction between the leadership, superpower and the hegemony. It is a common mistake that any decrease seen in the material capacity of the superpower can be analyzed as the decline in the hegemony as well. This thesis obtains a Neo-Gramscian perspective

in this sense. The reason that this thesis obtains a Neo-Gramscian analysis is the perspective's wider understanding of the hegemony. Because it is possible to see, which will be seen below, that the mainstream theories of the international relations have a narrow definition for the hegemony. However, the definition that these theories make constitute only a part of the hegemony. If a study, which aims to analyze the any process of any hegemony, must, therefore, a wider understanding of the hegemony notion. Hence, in this chapter, the notions of the hegemony by many theories will be analyzed. Thus, this chapter will aim to prove why the Neo-Gramscian perspective is an accurate choice for the hegemony, while arguing the other perspective's epistemology in this sense. However, it must be clarified that this chapter does not aim to prove the notion of the hegemony in other theories are misleading, rather it aims the elaborate that these theories are narrow in explaining and defining the hegemony and the world order. Thus, in this respect, the concept of hegemony will first be examined in the realist theory, which has the dominant view within the field of international relations. Later the concept of hegemony will be examined in liberal theory, which opens a new room by making a critique on the realist theory. Following this, the Hegemonic Stability Theory, which presents the concept of hegemony in a broader paradigm, will be examined. Later, the concept of hegemony in the World-System Analysis will be analyzed. In this respect, the World-System Analysis has some similarities on analyzing the hegemony with the Critical Theory. Finally, the Neo-Gramscian theory will be elaborated in the framework of the Robert Cox's views. Before this, the critical theory will be shown briefly in order to make a distinction between the world view in the mainstream theories and Neo-Gramscian theory. Thus, it will be tried to prove why the decline of American hegemony can be understood only by the perspective of Neo-Gramscian analysis.

### **1.1 The Notion of Hegemony in the Realist Theory**

Realism, which opposes idealism that emerged after the First World War, which interpreted human nature positively and made a consideration on world politics in this context, has developed by focusing on power-politics as the only way to cope with the change in international politics (Guzzini, 1998, p. 6). In realism, which is

one of the dominant theories of international relations that gained more theoretical identity especially after the Second World War, the notion of hegemony is defined according to the material strength and capabilities, mainly military power. Thus, hegemony has been interpreted by classic realists as being reduced to the *struggle for power* in the international politics, in other words; “international politics is a struggle for power” as it is said by Morgenthau (Morgenthau, 1948, p. 13). Moreover, in the realist theory, the anarchic structure as permanently default in international order settles the state for the center axis in the understanding of hegemony. Thus, the state, the theory argues that as being the most important actor in international arena, should combine the elements of economic and military power in order to gain hegemonic position. If this is accomplished by preponderant actor, a hegemonic order will be created and maintained. Thus, the risk of conflict that anarchic environment causes to all actors in the international arena will be avoided (Nye, 2003, p. 36). In fact, it might be said that the root of the reason and necessity of the *stability* of the hegemonic existence in the hegemonic stability theory extends here. For example, Charles Kindleberger attributed the long lasting of the Great Depression to the fact that no country would ever wanted to assume the role of hegemony (Kindleberger, 1986). Hence, it explains the necessity of a hegemonic power in this anarchic structure; the hegemonic system will protect against the chaos for the functioning of the liberal world economic order. This understanding of hegemony, guided by the basic assumption of realist theory, is more integrated with the neorealist theory, which in particular deeply conceptualizes the Cold War theme.

The realist thought, which emphasizes the state as a privileged actor in international order, puts the concept of hegemony into a power relation with a shallower measure in this context. On this basis, it is sufficient that two elements come together to establish a hegemonic structure: the existence of a hegemonic nation-state and the imposition of a set of rules and norms that this hegemonic power has developed into the world order from the outside. According to Morgenthau, it is necessary for the main actor states to have preponderance of material forces such as natural resources, industrial capacity, military preparedness,

technology, capital and thus, strong economy and etc. in order to establish a hegemony in the anarchic order they are in (Morgenthau, 1948, pp. 80-105). In short, the power based on material forces is everything in classical realism. In other word as Mearsheimer states; “Realists believe that power is the currency of international politics” (Mearsheimer, 2010, p. 78). On the other hand, hegemonic power position might be temporary according to classical realism, especially according to Morgenthau. Because the international order is anarchic, thus chaotic; so, the ultimate goal of the state, which is regarded as the most important actor, is security and overall survival while maximizing its own interest. Else, since the human nature pursues for this aim, it will be done by other states anyway which will create a trouble for the rest. In this respect, even if non-state actors have certain powers, they have no power to influence international relations, they only affect events. It is the main actor state that affects international relations. In this context, the states compete with each other for the struggle for power. This so-called equilibrium is asserted as the *Balance of Power* in general realist theories (Morgenthau, 2006, pp. 179-189). Thus, in an environment based on negative view of realist theory on human nature, the states have pushed to unite against the hegemonic power to reduce its dominant power to maximize their own interests and to ensure their survival. From this vantage point, hegemony can be seen as a unipolar world order if only one state is defined as the dominant over others. For this reason, according to (classic) realist theory, it can be understood that a hegemony has emerged as a result of struggle for survival, power and wealth as defined above. Classic realist theory has been severely criticized by many other theories, including liberal theory, Marxist theory and the Critical Theory, for the reason that it is inadequate to explain the changes in the system and it is only concentrated obsessively on the power politics.

In this perspective, the international politics in neorealist theory, which focuses bipolarity on international order, deriving from the structure of the Cold War order, has more accurately defined structure, compared the classic realists, particularly compared to Morgenthau’s view. On the other hand, according to Robert Cox, this neorealist theory is actually New American realism, which has

highly concerned about consolidating American hegemony for international stability (Cox, 1981, p. 131). In general, neorealism recognizes the basic principles of realism, but leaves it apart from the means and purposes it uses in terms of cause and effect relations (Waltz, 1990, pp. 32,33). According to neorealist theory, having so much power in the dominant state can push other states to increase their military strength and defend it. Working principle is defined by Waltz as;

In anarchy there is no automatic harmony. The three preceding statements reflect this fact. A state will use force to attain its goals if, after assessing the prospects for success, it values those goals more than it values the pleasure of peace. Because each state is the final judge of its own cause, any state may at any time use force to implement its policies. Because any state may at any time use force, all states must constantly be ready either to counter force with force or to pay the cost of weakness. The requirements of state action are, in this view, imposed by the circumstances in which all states exist (Waltz, 1959, p. 160).

In this case, there is no big difference from the realist assumption of the balance of power. The break point in this case is that the main concern of the state is to ensure security by getting more defensive position, not struggle for power in order to be a hegemon. According the neorealism, the international system can be explained more systematically by attaching the effect of the structure on unit-based explanations of the realism. In this context, the neorealism rejects the assumption of the realism that conflicts or wars have emerged as a result of the struggle for power of the human nature (Waltz, 1998, pp. 41,42). From this viewpoint, according to Waltz, the structure and the system are defined by the distribution of the power capabilities of actors in the international order. Since the international structure is anarchic, there is no guarantee that the actors are not acting accordingly in maximizing their own interests arising from the absence of a commanding authority in the system. That is, not because of human nature's evil, but because it is anarchic structure of the international system that triggers the states to act in this direction. Thus, the formation of the system in this way is in fact an order itself, not chaos as it is assumed in traditional realism. According to this view, the structures within the international system can be understood by defining them separately.

According to Waltz, the anarchic situation in the international system, not the evil of human nature, pushes the states to increase their power. While the realists try to explain the system as a whole, Waltz explains the international system through the behavior of actors. From this point, there are two different views on hegemony in neorealism. First, the defensive realism, one of the sub-branches of neorealism, is in a more status quo position by arguing that states should not pursue the maximization of their interests. Because, the power and interest maximization will break the status quo or so-called the order in the system, bringing the conflict situation to the stage, while the actor who practices this pursue will be punished by the rest. Therefore, in the view of defensive realism, “power is more useful than ever for upholding the status quo, though not for changing it, and maintaining the status quo is the minimum goal of any great power” (Waltz, 1979, p. 191). Therefore, any action of any actor in order to pursue to have a hegemonic power, which will jeopardize the status quo, is reckless.

However, according to offensive realist Mearsheimer, who opposes Waltz’s argument; the only ultimate goal of the state is to be a great power, or in another word, hegemonic power, by dominating the weak states. The structure of international system is based on three factors; fear, self-help and power maximization which creates uncertainty for the actors in level of international arena. Because of this uncertainty, the actors have tendency to maximize their power and interests for their survival (Mearsheimer, 2001). It is kind of a paradox that sees the working principle of international politics in a very narrow window. Hegemonic power is connected with the capabilities of the actors, even if it is the ultimate goal of the actors. In this context, according to Mearsheimer, it is necessary to have nuclear superiority in order to become a hegemony in the global dimension. Gilpin, one of the important neorealist scholar, likewise thinks that hegemon is the state that dominate or control the weaker states in the system (Gilpin, 1981).

The main difference is that in classical realism, Morgenthau pointed out the human nature as a cause in the power struggle, while in neorealism it was connected the anarchic structure of the international system. Both perspectives, however, see the hegemony as the result of this power competition. Hence, what the realists refer



to as hegemony is in fact the leadership, authority and domination in the international relations. For these reasons, (neo) realist theory is harshly criticized by other theories in the field. For example, according to liberals, the realism concentrates on a power politics around conflicts and war; completely ignoring the possibility of cooperation. According to Keohane, one of the most important representatives of neoliberal theory, the neorealist theory cannot adequately explain the rise of hegemon. The decline of the hegemonic power does not end up as the collapse of entire established world order. As a result of power shifts, the change of hegemon power does not mean the change of the system (Keohane, 1984, pp. 5-18). Moreover, the neorealist perspective implements the power equation within the Cold War theme, by which taking the side of the US. Thus, it is possible to say Robert Cox was right when he was addressing (neo) realist theory as a problem-solving theory (Cox, 1996). In this context, Keohane was right about its thought that the realist theory is not able to explain the rise of a hegemony. However, the reason behind this is that the realist theory has not a developed and wide ontology to explain the hegemony. Before analyzing the rise or the decline of a hegemony, one must firstly make clear definition of the hegemony in every sense. This is lacking in the realist theory. However, as it will be seen, this is also lacking in the liberal and hegemonic stability theory.

## **1.2 The Notion of Hegemony in Neoliberal Theory**

Even though the prevailing theory in the international theory after 1945 was the realism, different arguments and approaches have been developed under the influence of some events and factors in international relations. As a consequence of the Cuban Missile Crisis in 1962, the foreign policy of two great powers has not acted upon the assumptions of realist thinkers. And it has showed that the hard power was not a definitive factor in changing the result as it has seen in the Vietnam War. Moreover, the cause and effects of the economic crises in 1970s have undermined the assumptions underlying the realist theory and created new paradigms against it (Brown & Ainley, 2005, p. 34). In this framework, the neoliberalism, which has emerged as a response to the neorealism, does not only set the state as the main actor of the international system, even if it does not reject

the anarchic structure in the international order. Thus, the decisions and actions of non-state actors in the modern world can have a same influence as the states have on international relations. Therefore, it argues that the implication of ethical norms, in this context to the international relations, will lead to a much fairer and more collaborative international order. But as a condition to this, the neoliberal theory suggests that the construction and reform of institutions should have taken place, which will play an important role in the establishment of cooperation and dialogue which minimize conflicts. In this regard, the neoliberal theory, which advocates the stability of the international order in the common ground with realist theory, argues the necessity of a hegemony in order to maintain the stability in the international order. However, they argue that it is only possible to maintain stability if the hegemony is established through international regimes and institutions (Brown & Ainley, 2005, p. 35). On the other hand, Keohane argues in his book, *After Hegemony*, that even if the hegemonic power is in decline, the stability of the international system will be maintained if the actors of the international order rationally cooperate (Keohane, 1984).

In the framework of the complex interdependence, Keohane and Nye strongly emphasize this point. According to Keohane and Nye, the relations between the states, which have been created around the free-market economy supported by hegemonic power, transform into a complex structure that increases a positive dependence around the trade relations (Keohane & Nye, 2012, pp. 9-16). In this perspective, the position of the hegemony has questioned by Keohane as it follows;

It is difficult to believe that world civilization, much less a complex international economy, would survive such a war in the nuclear age. Certainly no prosperous hegemonic power is likely to emerge from such a cataclysm. As long as a world political economy persists, therefore, its central political dilemma will be how to organize cooperation without hegemony (Keohane, 1984, p. 10).

In this framework, it is believed that because of the growing relations between the states, it is argued that even in the absence of a hegemonic power, the states will

maintain the cooperation since it is useful for common interest. Thus, hegemony and cooperation are not an alternative for each other, they have an integrated structure in this view. Therefore, neoliberal theory defines the hegemony as a state that is preponderant enough to maintain the structure and norms. Ikenberry, a neoliberal institutionalist, gives the United States as an example; the world order established by the United States after the Second World War is just like the assumption that Keohane has defined. In these premises, the concept of hegemony in the general liberal theory is based on preponderance of military and economic capabilities that can establish an order (Ikenberry & Kupchan, 1990). Even if they accept the conception of hegemony same with realism, neoliberal theory stands more on economic capabilities, and the ability of creating a liberal economy order. In this context, it is clear that the definition of the concept of hegemony in the neoliberal and the realist theory seem almost identical. The point they separate from each other is the functionality of hegemony. In realist theory, it is based on the dominance that emerges from the struggle for power. On the other hand, in neoliberal theory, it is the power that creates a world order around the liberal institutions and norms, which will provide the cooperation and common ground for the international arena rather than conflict-based world order. However, Keohane puts three critical different standpoints;

First, liberalism focuses not merely on states but on privately organized social groups and firms. The transnational as well as domestic activities of these groups and firms are important for liberal analysts, not in isolation from the actions of states but in conjunction with them. Second, in contrast to realism, liberalism does not emphasize the significance of military force, but rather seeks to discover ways in which separate actors, with distinct interests, can organize themselves to promote economic efficiency and avoid destructive physical conflict, without renouncing either the economic or political freedoms that liberals hold dear. Finally, liberalism believes in at least the possibility of cumulative progress, whereas realism assumes that history is not progressive (Keohane, 2002, p. 45).

In fact, there is no tragic difference between the neoliberal and the realist theory on international order, even though Keohane disagrees. The perspective of perceiving the international structure in both theories is almost the same. While one puts the

power politics in the axis of the concept of hegemony, the other emphasizes the concept of hegemony around liberal economic structure. Here, neoliberal economic order can be seen as the core actor in the perspective of the concept of hegemony. As a hegemonic power, the state is only responsible for establishing, sustaining and protecting the order. Therefore, it can be said that what is important for the neoliberal theory is the continuity of the international neoliberal economic system. In this context, the world order has built with international liberal institutions located at the clique points of the system and has maintained unlike the realist theory assumption of relative and absolute gain. The relative or absolute gain equation is something that states should calculate according to their own interests, because neoliberal economic actors are already the gainer in this system. Moreover, the discussion that Keohane put forward in his *After Hegemony* takes a contradictory place in the context of this thesis. Keohane argues that the liberal order, which has built by the hegemony, will maintain its existence even if the hegemonic power disappears. About the subject put forward in Keohane's hegemony raises a fair question; *how do we know?* The world history has not experienced such a hegemony before that international organizations take mechanism roles in hegemony; thus, and so, such an institutional order is the first example that the world experiences under the American hegemony. Even though the debates on the decline of American hegemony are ongoing, it is not quite possible to test empirically that American hegemony is over or in decline. Thereby, this does not mean that it will not be. For this reason, painting a world order where the institutions stay alive even the hegemony disappears does not make much sense in this context. Because the institutions gain their functionality through hegemony. Moreover, just as in the realist theory, the notion of hegemony in neoliberal theory has been reduced to the world leadership. Hence, the criticism directed at realist theory can be repeated for neoliberal theory as well. Having a positivist perspective and method is insufficient to explain the nature, development and change of the system. Neoliberalism is not so much different from the realism in the framework of ontology and epistemology, although it appears to have developed an alternative paradigm by directing criticisms for the realist perspective.

### **1.3 The Notion of Hegemony in the Hegemonic Stability Theory**

Especially in the 1970s, after the Vietnam War and the economic stagnation, along with the debates about the decline of American hegemonic power, the Hegemonic Stability Theory has conceptualized in the field with mixture of the perspectives of neoliberal and realist theory. The reason for the theory to coincide with this turnaround is due to the debates about how the stability of system in the international arena will be after observed decline in American hegemony. So, it can be said that the hegemonic stability theory is a common set of realist and neoliberal theories. According to this theory, in the presence of a hegemonic power, there will be a free market economy and stability in the system. Thus, in a structure in which the international system is anarchic, the stability of international system depends on the existence of hegemony. According to this theory, the existence of hegemon power is required for two reasons; presence of a liberal international economy and the necessity of a peaceful and secure international system as much as possible. Otherwise, according to the theory, there is a possibility of emergence occur as Robert Gilpin describes;

With the relative decline of the hegemon in international competitiveness and other measures of economic capabilities, however, the possibility increases that a financial crisis or some other calamity will occur that will cause a dramatic collapse of the system, particularly if a divergence of interests among the major powers takes place (Gilpin, 1987, p. 79).

Thus, because the world political order has created by a single hegemonic power, the hegemony is necessary for the establishment an international regime in liberal economy.

The first premises of the hegemonic stability theory have rooted in Charles Kindleberger's book, *The World in Depression 1929-1939*, which examines the economic boom in the interwar period. According to Kindleberger, the reason for the long-running effects of 1929 Economic Depression was the absence of a leader power in the international system. Neither the United Kingdom nor the United States have undertaken the quest of leadership role in order to stabilize the system

(Kindleberger, 1986, pp. 295,296). Kindleberger states that in times of crisis, leadership should act by taking a task from its preponderant position. This leadership should create open markets where free-trade dominates to world economy to sustain the production and consumption, and create credit facilities for the economies in recession, and stabilize the international regime by ensuring the coordination of macroeconomic policies (Kindleberger, 1986, p. 304). The system has collapsed because there was not any state that has undertaken this quest during the 1930s. Kindleberger says that this role has assumed by the United States after 1945. In this context, the hegemonic power almost becomes a crisis management center in order to recover the free market economy. In this perspective, Stephen Krasner and Gilpin have developed Kindleberger's political leadership approach, and have used the concept of the hegemony, *not really*, instead of leadership. Gilpin describes its concept of hegemony as below;

My position is that a hegemon is necessary to the existence of a liberal international economy. Whether such an economy is conceived as a collective good or a private good shared by a particular group of states, historical experience suggests that, in the absence of a dominant liberal power, international economic cooperation has been extremely difficult to attain or sustain and conflict has been the norm (Gilpin, 1987, p. 88).

In the same way Krasner also gives his words for the definition of the hegemony;

a hegemonic system -one in which there is a single state that is much larger and relatively more advanced than its trading partners. The costs and benefits of openness are not symmetrical for all members of the system. The hegemonic state will have a preference for an open structure. Such a structure increases its aggregate national income. It also increases its rate of growth during its ascendancy -that is, when its relative size and technological lead are increasing. Further, an open structure increases its political power, since the opportunity costs of closure are least for a large and developed state. The social instability resulting from exposure to the international system is mitigated by the hegemonic power's relatively low level of involvement in the international economy, and the mobility of its factors (Krasner, 1976, p. 322).

In this context, according to Krasner, the hegemon creates a liberal economic system which will provide a security and political interest to itself and to a particular group. On the other side, according to Gilpin, the liberal economic system is not self-sustaining. It can only be sustained by the actions taken by a liberal hegemon power. From this point, in the hegemonic stability theory, it is necessary to be dominant on the material resources as a feature of being a hegemon power. This is also mentioned by Keohane as; “hegemonic powers must have control over raw materials, control over sources of capital, control over markets, and competitive advantages in the production of highly valued goods” (Keohane, 1984, p. 32). From this perspective, the hegemonic stability, liberal and realist theory have common grounds. Firstly, in the hegemonic stability theory, the state is seen as the only actor to protect interests, just as it is seen in the realist theory. Secondly, the hegemonic stability theory is focused on the problem of international order. In their view, the international economy, like the international security, is also unstable and vulnerable. Thirdly, according to theory, all the actors in the system have gains from a liberal order under a liberal hegemon. However, the hegemonic power seeks primarily its self-interest, and thus, has the largest share in overall benefits. As it has similar sound with the realist theory, the hegemonic power establishes a liberal economic order in order to maximize its own interests. However, Keohane emphasizes the liberal economic order that paves the way for a cooperation instead of the stability of hegemon.

According to Gilpin, however, the hegemonic stability theory is actually kind of paradox that creates the contradictions for the hegemony to prepare its own fall;

The governance of an international system involves a fundamental economic problem. Although control over an international system provides economic benefits (revenues) to the dominant power or powers, domination also involves costs in manpower and material resources. In order to maintain its dominant position, a state must expend its resources on military forces, the financing of allies, foreign aid, and the costs associated with maintaining the international economy. These protection and related costs are not

productive investments; they constitute an economic drain on the economy of the dominant state (Gilpin, 1981, p. 156)

Therefore, the hegemony based on the material forces will be eroded, and thus, and as assumed by Paul Kennedy, it will lead to an *imperial overstretch* (Kennedy, 2017). After that the hegemonic state will lose its hegemonic capacities, the hegemony will lose the legitimacy that is necessary to maintain its hegemony. Other actors of the system will think that the hegemonic state acts only in its own interest, not in the interests of rest, since the hegemonic power changes the normative structure for its own account in order to maintain its *survival*. According to Brown and Ainley, this is what was going on under the American economic hegemony during the 1970s;

US economic hegemony over the last 50 years – gradually its trade rivals out-produced it, partly because it was hampered in its actions by its responsibilities, and America then became incapable of continuing to act in the interests of all, and liable to succumb to the temptation to act on short-term self-interest, financing the Vietnam War by inflation rather than taxation, for example (Brown & Ainley, 2005, p. 132).

Keohane, on the other hand, examines the US foreign economic policies during to the 1950s to empirically test the hegemonic stability theory within the economic and financial relations, particularly in terms of oil trade. According to Keohane, although the hegemonic leadership strategy for the medium-term period seems successful, the long-term hegemonic leadership strategy has seen as self-liquidating. Despite America's declining financial position, its refusal to adjust to the change has caused a decline of American hegemony. However, even though Keohane accepts the hegemonic stability theory is applicable for this particular case, he has argued that these findings only involve a certain period of time, and therefore should be treated as suspicious in terms of *de facto* accuracy (Keohane, 1982, p. 70).

In this context, it can be said that while the hegemonic stability theory legitimizes the necessity of a hegemonic power for the stability of the international



system, it also puts American hegemony at the focal point as a symbol, and it tries to legitimize American hegemony by pointing out that the decline of a hegemony on the global scale can lead an economic crisis. Conceptualizing the hegemony in a very narrow perspective in terms of cause and relation, the hegemonic stability theory aims to defend the opinion that the liberal economic system is an indispensable actor in stabilizing the international order. However, the hegemonic stability theory, somehow, gives the footprints of Cox's concept of hegemony by creating a perception that the hegemon's own interests seem to have come out for the rest.

#### **1.4 The Notion of Hegemony in the World-System Theory**

The World-system perspective is one of the most important constructivist theories in the social sciences that investigates historical changes and hegemonic transformations in the modern world. It has conceptualized by Immanuel Wallerstein in recognition of the rise of the capitalist world economy and the hegemonic transitions around it, after a series of feudal system crises in Europe. Same as the critical theory, the world-system analysis has also different perspective in terms of analysis of historical systemic changes in the economic level. World-system analysis is a multidisciplinary and macro-scale approach, based on sociology, aiming to explain world history and social change. It basically opposes modernization theories by emphasizing the world system as an analysis unit instead of a nation-state (Ongur & Yavçan, 2016, p. 275).

Wallerstein makes a distinction between the modern period and the pre-modern period, as suggesting that there are two world-systems. The first one is the world economies, and the other is world empires. In a world empire, political power was concentrated in the center of the system and was used to control and regulate different cultural groups both economically and politically. Economically, tribute and tax have levied, and then, have used in the political sphere to ensure order and security throughout the empire. The boundary of a world empire has thus determined by how far the boundary of political power can spread from the center (Wallerstein, 1991, p. 5). Thus, the world empire was portrayed as a successful system in the pre-capitalist period. With the emergence of capitalism, the structure

of the world empires has changed, and the world economies based on economic power has been born on a global scale. During the world economies, resources have scattered through the market, not by a central authority. In other words, the limit of a world economy has determined by the limits that have set by the basic commodity trade, not by the political power. In this context, Wallerstein has been criticized by economic reductionism. But when viewed from the general framework, it will be seen that culture and politics provide starting points of its theoretical analysis (Little, 2015, p. 78). Wallerstein argues that the division of economic and political structures in many times in the world history has made world economics extremely unstable. World economies have been in a tendency to permanently break up, or merge with world empires. Wallerstein investigates the structural reasons of the Europe, which has not followed an orbit such as in the world economy at the beginning of the sixteenth century. The existence of the world-system now depends on the way the capitalist mode of production operates. But in fact, the capitalism and world economies are seen by Wallerstein as “sides of the same coin” (Wallerstein, 1991, pp. 5,6,7). Wallerstein sees the capitalism as somewhat different from the Marxist theory, pointing that the main feature of the capitalist system is the production only for the market. That is, Wallerstein seems to count anybody who produces for profit in the market as a capitalist (Brewer, 1990, p. 178). The world, in capitalism where the relation of production is made for profit only by Wallerstein’s view, consists of three level in this context; the core, semi-periphery, and periphery (Hülagü, 2016, p. 194). Accordingly, as the true owners of global capital, few are concentrated in the core which consist of skilled labors and high wages which are mostly white-collar workers, mainly industrial and technology centers, know-how producers and powerful armies. In the periphery there are weak states with unstable politics and low-paid unskilled workers which are the blue-collar and subcontracted workers. The semi-periphery overthrows the characteristics of both the core and the periphery, supports the institutions that are proper for the interests of the core and monitors the periphery countries (Wallerstein, 1974, pp. 349, 350). The important characteristic of the analysis of the world-system is that, even if the resource distribution mechanism at each period

is different, there is always transfer of resources to the core from the periphery. Also, the transition of the periphery and semi-periphery countries to the core country status does not often take place as an event that can happen almost one in every century, according to Wallerstein (Wallerstein, 1974, p. 350).

The analysis of this system actually describes a continuation of the well-developed dependence theory, and how it has worked as a whole in the modern world system. In such a system, the fact that the surplus transfer is towards to the core is due to the presence of powerful states in the core level (Wallerstein, 1974, p. 355). From here, the most powerful state of the system is the hegemonic power of the core. This hegemonic power rise is explained by its superiority in production, commercial and financial competitiveness, while its decline is explained by the weakening of its competitive power. The weakening of the economic power of the hegemonic state and rise of the new possible hegemonic states necessitate the reorganization of production relations to reflect the new order; this will cause world wars, and thus, a new hegemonic state will emerge in the world order. Historically, the states that have successfully gained this opportunity have done this by reestablishing the world system on a new and broader ground of formation on society and international arena (Wallerstein, 2014, pp. 106-109). In Giovanni Arrighi's words;

“Historically, the states that have successfully seized this opportunity did so by reconstructing the world system on new and enlarged foundations thereby restoring some measure of inter-state cooperation. In other words, world hegemonies have not “risen” and “declined” in a world system that expanded independently on the basis of an invariant structure, however defined. Rather, the modern world system itself has been formed by, and has expanded on the basis of, recurrent fundamental restructurings led and governed by successive hegemonic states” (Arrighi, 1994, pp. 30,31).

Historically, Wallerstein and Arrighi argues, the rise and decline of the hegemonic powers repeats perpetually in the history as a historical process of the world-system. In this context, there have been three hegemonic powers throughout the history;

17<sup>th</sup> century Netherlands, 19<sup>th</sup> century Britain and then to the US after 1945 (Arrighi, 1994).

In modern world-system theory, hegemony has achieved mainly through economic means. Wallerstein describes the hegemony as;

“Hegemony in the interstate system refers to that situations in which the ongoing rivalry between so-called “great powers” is so unbalanced that one power is truly *primus inter pares*; that is, one power can largely impose its rules and its wishes in the economic, political, military, and even cultural arenas. The material base of such power lies in the ability of enterprises domiciled in that power to operate more efficiently in all three major economic areas –agro-industrial production, commerce, and finance” (Wallerstein, 1984, pp. 38,39).

Thus, the hegemony means a superiority over the world economy. The hegemon power has put into practice by *ideology* and macroeconomic policies based on global liberalism and free trade, which will allow the hegemon to penetrate other markets in order to establish dominance on the rest. Hence, the hegemonic actor becomes the leading financial center in the world by playing the leading role of international capital in the world production market (Wallerstein, 1984, p. 41). Wallerstein is not so different from Waltz and the hegemonic stability theory in this context, who interpret the hegemony to control and regulate the economic power of states rather their military capabilities. So, according to Wallerstein, there are periods of expansion and contraction, rise and decline of the capitalism. And Wallerstein claims that the world-system since the 16<sup>th</sup> century is not currently in its peak. From this point, Wallerstein says that the US had a hegemonic status in the world economy after the 1945. The Soviet Union, on the other hand, was in a semi-periphery position, not a hegemon, during the Cold War. Therefore, the end of the Cold War is not the victory of liberalism like Fukuyama said, but more it is the crisis of liberalism. This situation causes the entire liberalism-based world-system to crumble. Moreover, the globalization is an ideological discourse hiding the collapse of the system (Hülagü, 2016, p. 194). According to Wallerstein, the only way to get rid of this current situation on behalf of liberalism is to open up the

rest of the world's economies, geographies and labors to the capitalist world economy which has already reached its limits on expansion (Wallerstein, 2015, pp. 47-66). And since the expansion of this limit has already reached, the US-centered liberal world order will lead to a decline, and collapse. In the same way, Arrighi claims that the American hegemony is in decline because of the structural crisis (Arrighi, 2007).

From a different point, Wallerstein, Arrighi and Hopkins explores the “anti-systemic movements” as background of these hegemonic crises. As a contradictory consequence of the integration processes associated with the development of capitalism, anti-systemic movements have begun to institutionalize. Anti-systemic powers, as a concept similar to Gramsci's counter-hegemony, have been incorporated into the hegemonic system, likewise Gramsci's passive revolution, by reinforcing the hegemonic influence of the liberal ideology, and thus, trimming the ability to accelerate a radical change. From this point, Wallerstein believes that, within the framework of the crises that occurs in the system, there is a point where favorable conditions exist to change the way the world-system works. But the real problem is that the feeling of the *unfilled revolution* (Wallerstein, et al., 1989), which has settled at the heart of the anti-systemic movement, is static, and that there are no effective strategies for the intervention by the supporters of the change (Little, 2015, p. 82).

In this context, in the modern world-system analysis, transformation of world order has been shaped and changed around the production relations from the past to today. Besides, the rise and decline of the great powers are explained in this context. Hegemonic processes repeat itself in the history in this sense. On the other hand, even though the world system theory seems proper in analyzing the changes in the hegemony, the world-system perspective has a theoretical and epistemological problems in this sense. The world-system perspective ignores the important fact that the internationalization of the US in the inter-state relations, and the US institutionally penetrates other states (Cemgil, 2016, p. 174). On the contrary to hegemonic analysis of the world-system theory, each hegemonic period does not resemble to each other. If American hegemony will be analyzed through this

understanding, the result will miss many important points. The analysis of the world-system, which has very important views on the decline of American hegemony, takes very important place in the critiques of this thesis for the debate over the collapse of American hegemony in the last chapter. Since the neoliberal and neorealist theory are inadequate to be considered in the real meaning of the hegemony, the critiques of this thesis will be shaped around the key questions that have pointed out by Wallerstein and Arrighi; and will take a form on the debates whether it is a fall or a decline in American hegemony.

### **1.5 The Notion of Hegemony in the Critical Theory**

Even though the origin and scope of the critical theory has a broader approach, in this section it will be examined only the concept of hegemony of the critical theory in international relations and international political economy. To begin with, theoretical distinction of the problem-solving theory from the critical theory will be examined; that is to say, the perspective of critical theory will be mentioned in order to distinguish a better distinctness between of the critical theory and other mainstream theories. The critical theory, unlike the problem-solving realist and liberal theories, does not ignore the social forces, the forms of states and the world order in the dynamic historical context, and it questions their origins through changes in the history. Thus, it focuses on how the society and the world order have formed, transformed or changed (Cox, 1981, p. 129). Therefore, the focus of the critical theory is to make an observation on changes in the social relations, and to inquire into how class structures have formed by descending into the origins of production and consumption relations in the historical context by objecting the positivist approaches. Basically, Robert Cox states the basic principles of the critical theory as;

- 1- ) Critical theory means starting with historical enquiry or an appreciation of the human experience that gives rise to the need for theory.
- 2- ) A realization that not only action but also theory is shaped by the problematic. Critical theory is conscious of its own relativity but through this consciousness can achieve a broader time-perspective and become less relative than problem-solving theory.

3- ) The framework for action changes over time and a principal goal of critical theory is to understand these changes.

4- ) This framework has the form of a historical structure, a particular combination of though patterns, material conditions, and human institutions which has a certain coherence among its elements.

5- ) The framework or structure within which action takes place is to be viewed, not from the top in terms of the requisites for its equilibrium or reproduction, but rather from the bottom or from outside in terms of the conflicts which arise within it and open the possibility of its transformation (Cox, 1981, p. 135).

In this context, a theory has two distinct purposes according to Cox: to help solving the problems that arise in a given time and space, and to create a critical perspective that is necessary to create a new ontology of the world order (Keyman, 1996). Critical theory therefore a tutorial for both the identification and resolution of the problems as well as a new world order approach. Because of all these broad and recondite perceptions, the critical theory constitutes an alternative to the mainstream theories of international relations and international political economy. In fact, the critical theory, which does not completely contradict in some points that other mainstream theories defend, takes a different step and gives a wider perspective by examining different parameters in terms of cause and effect relations. The most important reason for this, is that the critical theory has high accuracy in its assumptions because it evaluates these phenomena in the historicism by linking the past with today, not examining them in purely actuality of up-to-date manner as has done in other theories. The critical theory also evaluates the interaction between each phenomenon to understand international politics.

### **1.5.1 The Notion of Hegemony in Gramsci**

The Gramscian hegemony discourse in the international relations and international political economy was originally conceptualized by Robert Cox, based on the perspective of social forces and the relations of social and economic changes on a global scale. In the next section, the neo-Gramscian theory, particularly Robert Cox's hegemonic approach, which is one of the outlines of this thesis, will be examined in detail. However, it will be more useful to reflect Gramsci's hegemonic

discourse in order to establish a ground. Although Gramsci's thoughts and studies have been interpreted and analyzed many times to this day, it is still one of the controversial issues in the political science. The main reason for this is; that having different perspectives and views by the scholars who have studied Gramsci or related studies, that analyzing Gramsci in a narrow perspective, that putting Gramsci into the focal point that has expected to solve all the problematics as a key; and that interpreting the concepts different from their meanings that Gramsci uses (Morton, 2007, pp. 15-36). Therefore, the Gramsci section of hegemony will be examined more superficially in order to avoid to make a wrong analysis and egregious gaffes for the concepts. In simple terms, Antonio Gramsci, thoroughly reveals the extent to which capitalism is preserved not only by economic means but also by political and cultural factors, in his book *Prison Notebooks* written between 1929 and 1935 (Heywood, 2013, p. 43). According to Gramsci, as an exploration in very different dimensions from the concepts of hegemony mentioned in other theories, hegemony is a form of domination established by the totality of modes of insertion and values created (Poulantzas, 1994, pp. 127-132). Hegemony therefore does not merely base on the *leadership* through struggle of power that has overemphasized as in the realist theory. The hegemony is based on the fact that in these created values, meanings and substances that have characterized between class, civil society and the state, by penetrating everyday life. Thus, it is very important to understand that it is the interactions between the classes and the political and cultural sphere of the state. The state is scrutinized not only within the abstract concepts formed at the level of the pure mode of production, but also in terms of class conflicts and class equilibrium at the level of social formation (Yalvaç, 1996, p. 178).

The key question in Gramsci's theoretical perspective lies in the consideration of Marx's prediction, which the revolution will take place in developed capitalist societies. But in the practice, the revolution has occurred in the less developed Russia, not in the developed societies of the Western or Central Europe. Thus, "Gramsci reflected upon the experiences of the Bolshevik Revolution and sought to determine what lessons might be drawn from it for the



task of revolution in western Europe” (Cox, 1996, p. 127). In this context, Gramsci has examined the difficulty of encouraging revolution in Western Europe, and how the analysis in the classic Marxist argument went wrong (Jones, 2006, pp. 30-32). From this landmark, Gramsci finds in his analysis the idea of hegemony and power should be conceptualized in a broader perspective. At this point, Gramsci develops the power perspective, which has reflected in Machiavelli’s *Prince* as a centaur, half-animal and half-human, by combining the force and consent, domination and hegemony, and violence and civilization (Anderson, 1976, p. 20; Cox, 1996, p. 127; Jones, 2006, p. 50). Thus, the hegemony means a combination of consent and coercion. In this point, Marxist scholars have concentrated on the state’s coercive practices and capabilities in understanding how the order of dominance has maintained by the hegemony. In this approach, it is the fear of coercion and its apparatuses that keeps society from rebelling and overthrowing against the system which exploits them (Hobden & Jones, 2011, p. 138). Gramsci argues that this was not the case in developed Western Europe, while accepting it as possible in pre-revolutionary Russia. In his analysis, Gramsci has stated that the structures of the two communities, Russia and Western Europe, are very different. The biggest difference between the two is the relationship of the state with civil society forces. By drawing analogy in military and war strategies, the state was everything in Russia while the civil society was more fragile. On the other hand, in Western Europe, the civil society has produced a developed and complex set of relations with political groups and institutions under bourgeois hegemony. Therefore, before any revolution against the system has taken place, the civil society, as a result of these relations, has taken position against the revolution (Jones, 2006, p. 31; Cox, 1996, p. 128). In the case of Western Europe, this system under hegemony has formed not only by coercive means, but also by the *consent*. The consent conception of in Gramsci’s readings has created and restored by the hegemony of the dominant ruling class in the society. This hegemony has created by accepting the vision of the ruling class as the rest’s own vision; spreading the ethical, political and cultural values created by the ruling class to the whole society, namely sub-groups and classes (Poulantzas, 1994, p. 130). According to Gramsci, there have been two

functional tools in this hegemony struggle; civil society that includes a variety of institutions, publishing houses, schools, churches, street names, architecture, workplace and family; as well as intellectuals who undertake the duty of hegemony guardianship and emit certain ideas to society and classes in this context (Morton, 2007, p. 92). Thus, the cultural and political values of the ruling hegemon class around these organizations, networks and practices within society have integrated and expressed in different channels to the society.

From these analyzes, there have been important conceptual points, which has pointed out by Gramsci, which have included in the formation process of concept of hegemony. These are *passive revolution* and *historical bloc*. The two concepts are processes that leads to form a hegemony and a counter-hegemony. Pointing out the hegemony as a project around a moral and intellectual consensus that serves a particular social groups and classes, Gramsci demonstrates two key points here; *moment of consent* and *moment of force*. The consensus that occurs between these moments falls into disagreement over the dominion. For Gramsci, the formation of an authoritarian and coercive administration proves that it has failed in its attempt to establish a hegemony in a wider range of the society. When a hegemon group or class enters this path, it loses its credibility on the society, and for this reason, it forces all social and political institutions to re-establish its own hegemony. This occurs as a reaction to opposition groups that struggles to create their own counter-hegemony by the loss or the decline of the consent apparatus that hegemony has created. Gramsci calls this period of increased activities in hegemony as a *crisis* (Jones, 2006, p. 95). At this moment, with coercive or other symbolic means, the crisis can be resolved in favor of the ruling class. But in some cases, the ruling class must compromise the sub-groups and classes to stabilize the moment. In these crisis moments, the strategy that bourgeoisie class has applied to absorb the threat against its hegemony is called a *passive revolution*. Thus, the class characters of hegemony do not change, only the structural change is delayed by changing the positions in the relations between class fractions. The full participation of the masses or subordinate classes in the political system is denied, and the opposition that has appeared as counter-hegemonic position is integrated into the

state apparatus; and thus, the class conflicts are ruled in the gap of hegemony of the consensus (Morton, 2011, pp. 97-112). The transformation of the social classes which try to change the system but fail because of the lack of capabilities is called passive revolution (Thomas, 2009, pp. 145,146). This condition is actually what American hegemony suffers from at the moment. But in order to not interrupt the narrative of this section, it will be argued in the last chapter. However, keeping these important points in mind will be useful for the understanding of analysis of the decline of American hegemony.

From this point, the *superstructure* should be taken into account as that Gramsci seriously emphasizes. Because, even if the structure of society is ultimately a reflection of the social relations of production at the economic level, the structure and nature of the superstructure is of great importance in determining how sensitive the society is to change and to transform (Hobden & Jones, 2011, p. 138). From this vantage point, one of the main theoretical and practical determinations made by Gramsci to describe the interrelated dialectical interactions between socio-economic relations (structure) and political and cultural relations (superstructure), which has created in this hegemonic order, was the concept of *historical bloc* (Morton, 2007, p. 78). Simply, the structure and superstructure form the historical bloc. In other words, ideas and material conditions are always interconnected, and always mutually affecting each other. If the dominant class represents the hegemony, the state provides the identity and integrity for this association, or consensus, through a common cultural propaganda (Cox, 1996a, p. 132). The hegemony over a subordinate group by a particular social group at the national level is indicated under the concept of historical bloc. Accordingly, the presence of hegemony is a necessary condition for the formation of a historical bloc (Morton, 2011, pp. 116,141). The historical bloc is national because the formation of the historical bloc is based on the construction of hegemony over “national” political structure. The path that leads to the hegemony lies in the transition from the structure to the level of the superstructure. That is, it shifts from the particular interests of a particular group or class to the elaboration of institution and ideology. If these institutions and ideologies reflect the hegemony, they may gain the

universal form (Cox, 1996a, p. 133). Thus, for an example, the social-class forces can then obtain the hegemony over both national level and world order, by promoting and expanding a mode of production. Gramsci exemplifies this by the fact that the Roman Catholic Church and the Rotary Club have established themselves both within the international level and within the state (Morton, 2007, p. 122).

Under the light of all these, according to Gramsci, hegemony can be analyzed not only “at the level of theory but also by a concrete expression of the different forms of states and particular changes in social relations of production” (Morton, 2011, p. 63). Hence, the concept of hegemony coined by Antonio Gramsci in the modern political literature has been associated with the consent mechanisms as a specific element of bourgeois power in western societies. While the dominance has carried out through the state, which is defined as a political society, the hegemony has permeated by civil society. Even though it was enough for the working class to seize political power in Russia, seizing the state without a developing a counter-hegemony over the civil society will not pave the way for permanent revolution in the West. Here, the state has a critical function in terms of creation the consent as well as coercion. The important point in here is that what distinguishes the bourgeois power from the earlier forms of governance is its uniqueness on the implications (Anderson, 1988). The critical chain of bourgeois power here is the claim that all the citizens have equal rights and that they can represent themselves in the state, or parliaments. That is, bourgeois class takes its power from the assumption that it does convince the oppressed classes that there is no existence of a ruling class (Anderson , 1976, pp. 27,28).

### **1.5.2 The Concept of Hegemony in the Neo-Gramscian Theory**

As mentioned above, there has been many debates around the decline of American hegemony after the 1970s. From these, mainstream theories cannot explain the structural changes, even though they had certain definitions of hegemony and hegemonic processes. Especially in the post-1970 period, the international relations have started to give different opinions to the literature more frequently. In this perspective, Robert Cox, who analyzes the world politics with the Gramscian

concept of hegemony, creates an alternative paradigm that is ahead of the curve in the international relations. According to Robert Cox, the inter-state relations, and inter-state wars and peace have been the main focus in the international relations, and the power politics have been overly emphasized. However, what has happened in the practice has damaged the validity of these approaches. The interest areas of international relations have changed since the presence and the effects of international institutions have increased. At the outset, it has been accepted that foreign policy and relations have determined according to the state interests. However, today, the civil society and the state are intertwined, and complete each other.

As we see in the concept of hegemony by Gramsci, hegemony is based on the interaction of political society and civil society, and the combination of consent and coercion. From this point of view, the state, unlike the Weberian state concept, is not a constant structure, but a structure that takes shape around the struggles and dynamics of civil society, including the complex interactions of social forces. The way Robert Cox uses this conception about global change in a solid perspective represents an opposition to traditional ontological assumptions in international relations (Sinclair, 1996, p. 3). Although Robert Cox's historicism is somewhat different than Marxism's, the main factor is that the forms of state and the world order are dynamic in opposition to the positivist approaches, including the world-system theory, and can vary according to time and space. In this context, Cox approach critically to these assumptions, which regard only the states as the main actors, on the basis of observations of the driving force in the world order changes over time. Instead of only arguing over the state through material capabilities, Cox focuses more on the forms of state within the world order, which has established by the hegemony in Gramscian meanings, and focuses how the current patterns change with the pressure coming from above (world order) and below (civil society) (Sinclair, 1996). In this context, in order to understand this change, it is necessary to examine the historical structures that constitute the dynamics of historical change. The adoption of the concept of Gramsci's hegemony to international relations by Robert Cox is based on this in simple terms.

According to Cox, the historical structure consists of the first triangle of *ideas, material capabilities and institutions*; and the following expansion second triangle, social forces, forms of states and world orders (Cox, 1981, pp. 135-138). Accordingly, the ideas in the first triangle are necessary for ensuring the consent. The ideas point to assumptions taken for granted by the society about the way the world order works. In other words, it forms the opinions on the collective images of social order adopted by people (Bostanoğlu & Okur, 2009, p. 51). Robert Cox explain the ideas as;

“Examples of intersubjective meaning in contemporary world politics are the notions that people are organized and commanded by states which have authority over defined territories; that states relate to one another through diplomatic agents; that certain rules apply for the protection of diplomatic agents as being in the common interest of all states; and that certain kinds of behavior are to be expected when conflict arises between states, such as negotiation, confrontation or war” (Cox, 1981, p. 136).

The second part of the first triangle, the material forces, are the productive and the destructive potentials. In dynamic forms, they exist in the form of technological and organizational capabilities, natural resources that this productive and destructive technology can transform; and industrial facilities and military equipment; and the wealth manages all of them (Cox, 1981, p. 136). The important point here is that the coercive potential is in the inner part of the material capabilities, and that this coercion can be imposed to the weak actors when necessary in order to consolidate the hegemonic status. Although the presence of this coercion has always felt, in the consolidation of hegemonic relationship, the place of the consent in the conscious is more advanced than the coercion. If the proportions of these variables change in this equation; that is, if it has tendency on consolidating the dominance with coercion rather than consent, the relation of power shifts from the hegemonic position to dominant position that triggers the possibility of counter-hegemony (Gill, 1993, p. 43). Today, Robert Cox analyze American hegemony in this respect. According to Cox, American hegemony has lost its hegemony in Gramscian sense, and transformed into an empire after the 2000s by using its coercion apparatus more

than consent. However, as it will be seen in the last chapter, this thesis does not agree on this issue, which the United States is an empire, not a hegemony. However, it is true that the United States has transformed into an empire after the 2000s, but this was more a sign of the decline of American hegemony, since the US is still hegemon today as it will be argued later.

On the other hand, the institutions that constitute the final edge of the first triangle are the results of the unification of ideas and material capabilities. The main task of the institutions is to legitimize and defend the political economic projects of the hegemon, and at the same time, to ensure the stability in the system, as it could be seen in the period of American hegemony. According to Cox, there is a close connection between the institutionalization and the concept of Gramsci's hegemony;

“Institutions provide ways of dealing with conflicts so as to minimize the use of force. There is an enforcement potential in the material power relations underlying any structure, in that the strong can destroy the weak if they think it necessary. But force will not have to be used in order to ensure the dominance of the strong to the extent that the weak accept the prevailing power relations as legitimate. This the weak may do if the strong see their mission as hegemonic and not merely dominant or dictatorial, that is, if they are willing to make concessions that will secure the weak's acquiescence in their leadership and if they can express this leadership in terms of universal or general interests, rather than just as serving their own particular interests” (Cox, 1981, p. 137).

Thus, institutions may be expressions of hegemony, but they cannot be seen as hegemony's itself. The historical structures of Cox do not determine the action, but it draws the boundaries of expectations, habits and oppressions in the social structure; and thus, it points out the context which actually shapes the action (Cox, 1981, p. 138). The context which this action takes place constitutes the second triangle in this point. The trivets of the second angle; the organization of production in terms of the *social forces* arising from the production process, the *forms of state* emerging from the analysis of the state/society component, and the particular arrangements of forces that determine the problem of war and peace for state

societies, that is, the *world orders* (Cox, 1981, p. 138). These three factors that constitute the second triangle are not to be considered separately, they are intertwined. It is the interaction that matters. In this framework, the social forces should not be considered as exclusively involved in the state. As Cox and some other critical theorists argue, the social forces consist of wider borders than the content used by descriptive analysts. The concept of class, the central dynamism of social development, is the starting point of these forces (Bostanoğlu & Okur, 2009, p. 31). Moreover, as new clusters of social forces emerge in the world order, and demand more political-economic participation and social freedoms, there is a possibility for the real change of the contemporary world, which has entered a globalized economic relations and an internationalized production process in increasingly interdependent patterns (George, 1994, p. 178). From here, if we go back to the second triangle of historical structures, according to Cox; changes in the organization of production bring new social forces, which then change the forms of state, and the spread of this change in forms of state changes the world order (Cox, 1981, p. 138). It is more like a domino effect in the long term if a counter-hegemony occurs in this sense. On the other hand, Robert Cox explains the junction of the two triangles as it follows;

“Considered separately, social forces, forms of state, and world orders can be represented in a preliminary approximation as particular configurations of material capabilities, ideas, and institutions. Considered in relation to each other, and thus moving toward a fuller representation of historical process, each will be seen as containing, as well as bearing the impact of, the others” (Cox, 1981, p. 138).

This phenomenon takes place in classical realism and neoliberalism as a power-politics perception consisting of the material forces of the world order in with an approach that takes the state as the main actor and as the physical power. However, the social forces and interaction of structures have not taken into consideration (Cox, 1996, p. 102). Neither hegemony nor interstate interactions cannot be understood in terms of power politics. Cox is aware that the global politics cannot be understood only by examining the behaviors of the states around



the foreign policy actions. In this context, Gramscian power concept emphasizes the ideas and cultural structures should be examined rather than absolute power relations (Falk, 1997, p. 43). The role of the state and the state system in the Cox's hegemonic conception makes the existence of the necessary conditions for the universalization of capitalist relations at the global level (George, 1994, p. 178). In the modern world ruled by capitalist production relations, world politics deepens the inequalities of power and income, arising from these relations. Cox's real problematic lies here. Although this inequality has deepened with the global structure, it has been still maintained. Therefore, one should examine the whole from the past to today, not the piece. Neorealist theory in this context, according to Cox, focuses solely on the one particle, and represent the interpretation of the particle as it is the whole. However, if the power and stability are correlated in certain conditions for a certain period, and if similar results drifted from that certain period does not occur in the other periods, the study is incomplete. Neorealist theory, in this context, cannot explain why the US could not provide the stability in its hegemonic process, despite the fact that it was the greatest power in the interwar period based on the power parameter. In addition, advocates of this theory see that the norms of the post-war regime accompanied by the decline in the power of the United States from the beginning of the 1970s have been obliterated (Cox, 1996, p. 102). As discussed above in realism, hegemony has been seen as a dominance and a leadership qualification in the world order, which has seen in the same narrowness. However, it can be seen that, with an alternative approach, the hegemony does not mean that a nation is the dominant in material capabilities. At this point, Cox's concept of hegemony, which gains weight in international relations theory, becomes functional.

In the perspective of problem-solving theories, the thesis of the rise and decline of a hegemony is not very descriptive due to reductionism that they have. In this respect, Cox's Gramscian hegemony theory, which grasps material, institutional and social forces in a holistic interaction, is more inclusive in establishing more consistent theory in understanding the changes in the global political economy. Cox uses hegemony "to mean a structure of values and

understandings about the nature of order that permeates a whole system of states and non-state entities” (Cox, 1996e, p. 151). According to Cox, the hegemony derives from the dominant state or the modes of action and thinking of the dominant layers of states, but it is imperative that these actions and ways of thinking have also been adopted by the dominant layers of other states. If it is put better with Cox’s words;

“Hegemony expands and is maintained by the success of the dominant social strata’s practices and the appeal they exert to other social strata, through the process that Gramsci described as passive revolution. Hegemony frames thought and thereby circumscribes action” (Cox, 1996e, p. 151).

Hence, Cox’s theory of hegemony has formed in the form of a consensus of interests of particular social groups rather than a dominance. The inter-triangle relations, which Cox describes above in the historical structures, sit on a cohesive basis of a node by stripping this from a mere power dominance. Hegemony is the expression of the interests of a particular group as general interests of the rest. Hegemony is a structure that founded in the state by the dominant social class forces which later reveals as approved and spread ideas in the world wide supported by material resources. According to Cox, the hegemonic order is not only based on the setting of interstate class conflict, but it is based on the globally designed civil society, the mode of production on a global scale that brings about the relationship between social classes. Thus, the world hegemony is the outward expansion of the national hegemony, which is dominated by a dominant social class. Moreover, this world hegemony should not only consist of the superiority of the one on the other, but also the dominance of the mode of production, the system of cultural and social institutions. Thus, the world hegemony must be able to be defined in a way that encompasses political, economic and social forces, and these three elements must be intertwined (Cox, 1996a, pp. 135-137). Thus, Robert Cox emphasizes the increasing roles of the international institutions in this context. The hegemonic role of the international institutions in the changing world order can be summarized as, embodying the rules that facilitate the expansion of the hegemonic world order, producing the hegemonic world order, ideologically legitimizing the norms of

world order, neutralizing counter-hegemonic movements (Cox, 1996a, pp. 137-140).

This kind of approach also makes it easier to understand under what conditions hegemony goes through a crisis and how the change in the world order has taken shape. Because every hegemonic structure also contains its counter-hegemony. Today, saying the United States that it is in a leadership crisis, Cox points out that the power that can replace American hegemony has not yet emerged, however he points out to rising powers (Hülagü, 2016, p. 197). As a result, the weakening of American hegemony does not pose a threat to the universalization of the capitalism. It is a crisis created by the fact that its hegemonic rationale and its ideas cannot be put across by the global community. What is important is the survival of neoliberal economic order in this point. In terms of Cox, hegemony is not a crucial factor, as neorealism claims for world order, there are also periods of non-hegemonic leadership in the history (Bostanoğlu & Okur, 2009, p. 52).

On the other hand, according to Gill's analysis of the hegemony, which derives from the perception of Gramsci's historical bloc and the expansion of the state, the process has required two important changes in the understanding of the hegemony. First, the level of the analysis of the hegemony should be interpretative in both national and international dimensions, which has done already by Cox. Second, which is interrelated to the first one, the contradictions and complementariness of the relation between the state power and the transnational capital should be articulated (Gill & Law, 1989, pp. 475, 476). According to Gill, the state should be analyzed in the both level of production and the civil society. Thus, the possible change in the world order can be elaborated through the dialectics of the forms of state, the structure of the production and the moral. The world order or the world system analysis by Gill, thus, represent a historical process rather than a stability process, contrary to the world-system and hegemonic stability theory (Gökten, 2013, p. 51). According to Gill, the world order has transformed from different intertwined aspects. First of all, the structures of economic institutions have transformed in terms of the internationalization of production and the financialization. Secondly, the structures of political institutions have

transformed in terms of transnational institutions and the internationalization of the state. Lastly, the transformation in the sociocultural aspect as the result of the transformation of economic and political institutions. In this context, the social forces, the state of forms and the world order have been shaped in the neoliberalism recently (Gill, 1993, pp. 31, 32). The success of the hegemony is very difficult in lack of, so to say, the one superpower, and an international civil society. Global hegemony can be defined in terms of a leadership and the dominance of one state over the rest (Gill, 1993, p. 42).

This chapter, thus, elaborates a series of concepts of hegemony in different theories of international relations and international political economy. The different perspectives in these terms provide us a chance to evaluate a theoretical perspective while analyzing the decline of American hegemony. Firstly, this chapter examined the concept of hegemony in the realist theory. However, as it can be seen, the theory has a narrow perspective on explaining the hegemony and world order. The realist theory, in this sense, approaches within a limited ontology to the hegemony as a result of the struggle of power in the framework of power politics of the state's foreign policy apparatus. This, thus, has caused a problem in explaining the structure of hegemony, and the decline of the hegemony. On the other hand, the neoliberal theory approaches the hegemony as the creator of a liberal world order. However, it has seen that the neoliberal theory examines the hegemony in only terms of economic abilities and cooperation. Thus, the neoliberal theory has distinguished itself from the realism by obtaining a world order view that offers a cooperation under the hegemonic order. Even, the neoliberal theory argues the possibility that the liberal world order, which has established by the liberal hegemony, the US, can be maintained even if a decline of hegemony has experience. But, still, the neoliberal theory, such as the realist theory, has a very limited ontology for the world order, which neglects totally the dynamic forces, and thus, cannot explain the structure of hegemony and its processes. What matters for the neoliberal theory is the maintaining the neoliberal economic world order under the leadership of the United States. This critique on both the realist and neoliberal theory is also valid for the hegemonic stability theory. Thus, it will not be repeated

again. On the other side, with the world-system theory, Wallerstein has a well-developed understanding of the world order. Contrary to other theories, Wallerstein makes a distinction on defining the world order and hegemony by analyzing through a historical materialism. Thus, the structure of the world order and hegemony is explained better in the world system theory, compared to the previous ones. However, the world-system theory misleads on reading the hegemonic processes by seeing a repetition of the history. Moreover, the theory neglects social forces, institutions and the interactions between the politics, economy and the culture by obsessively focusing on the material capabilities. At the same time, it neglects the uniqueness of historical dynamics for every period. The structural mechanisms, which the world-system analysis based on, is not well-explained. Similar to the positivist arguments, Wallerstein sees the world order, which the world-system theory based on, as a natural law, which again creates an epistemological problem by ignoring the dynamism of the history that is consisted of human beings. However, it is a quite clear fact that every hegemonic period has its own differences. Thus, one period cannot be explained with other. Every period has the uniqueness of itself. Finally, as it elaborated above, the concept of hegemony by the Neo-Gramscian theory will be the theoretical perspective of this thesis on analyzing the decline of American hegemony. Neo-Gramscian perspective offers a dimension to this thesis to examine the hegemony through the coercion and consent, the dominance over the others, the internationalizations of the relations of dominance in terms of political economy. If it is evaluated carefully, Neo-Gramscian perspective provides the structural characteristics of the hegemony ideally, as American hegemony is defined best. Moreover, the neo-Gramscian theory does not adopt a positivist approach as a methodology, contrary to other theories. The positivist approach does not give a perspective to analyze the nature and structure of historical phenomenon and social forces. But as it seen in the Gramscian sense, the hegemony is not a dominance in terms of material capacities. The complex structure of the relationship between the social forces, civil society, the state, and the ruling class cannot be ignored in analyzing the formation of the hegemony.

In this context, neo-Gramscian theory and its concept of hegemony, which constitute an important place in the formation and construction of this thesis, are at a completely different level. The narrow view of concept of hegemony in the previous (neo) realist, (neo) liberal and the hegemonic stability has brought expressions only on the functionality of the leadership position in the world order. On the other hand, instead of burying these theories completely, the problematics in these theories should be taken into consideration. Both realist theory and liberal theory literature present really important debates for relationship and competition in terms of power relations between the USSR and the USA in the Cold War period. But the problem is that the content of these discussions is not just to explain certain variations between the certain periods of times, but to present it as a whole description of the world order. After all, for the reasons mentioned-above, this thesis will have the Neo-Gramscian as the theoretical perspective. In the next chapter, under the light of this theoretical perspective, firstly, the historical process of the formation of American hegemony will be analyzed. Later, it will represent the outlines of American hegemony in terms of its relations and instruments. Maybe the most important part of next chapter will be the analysis of the first crisis of American hegemony. This first crisis will provide us to understand the current decline of American hegemony. However, the hegemonic crisis in the 1970s has not turned into a collapse since the US is still hegemony today. However, the main factor behind this narrowly escape from a collapse was the neoliberal transformation in the world order. Thus, the next chapter will come to an end with the analysis of the effects of neoliberal transformation on American hegemony.

## **CHAPTER 2**

### **THE ORIGIN AND EVOLUTION OF AMERICAN HEGEMONY**

In the preceding chapter, the theoretical perspective of this thesis elaborated. A clear analysis about why this thesis perceived a Neo-Gramscian perspective is, thus, shown. On the other hand, in this chapter the origins and evolution of American Hegemony will be elaborated. A current debate on international relations today, the current status of American hegemony, requires a detailed analysis of the hegemony establishment process in order to see entire condition. Even if the historical process of American hegemony as its origins stretches back to the First World War, the establishment of the hegemony in its original form coincides with Second World War. In fact, a better understanding of the development process of a hegemony requires historically examining other hegemony as well. Thus, the changes in the social forces and forms of states that hegemony have structurally can be better observed. However, the main object of the thesis examines the current situation of American hegemony, thus it does not include the historical process of earlier hegemonies. By this way, the gap, which is created by the exclusion of the historical narrative of the other hegemonic processes, will be filled with a deeper study of American hegemony. As this thesis has the Neo-Gramscian view as its theoretical perspective, the material and ideological qualities of the power that come together in the concept of hegemony will be examined and will be shown that how these concrete and abstract planes take form in American hegemony. In this context, the presence of the symptoms of the coercion and consent factors that constitute the functional means of hegemony requires a refined and deep analysis. In a dialectic of which each hegemony creates its own counter-hegemony, how the US has institutionalized and legitimized its hegemony and how it absorbs the counter-hegemonic formations will serve as a map in understanding today. Thus, it will also give a perspective of Robert Cox's view that the forms of production relations as

the starting point for the analysis of the hegemony's functions and mechanisms (Bieler & Morton, 2004, p. 89). In this context, the production is not only the production that continues in economic context but as well as the social forces involving the production and reproduction of knowledge, social relations, traditions and institutions.

As a historical analysis, it is widely accepted that the United States has become a global hegemon right after the end of the World War II. But behind the dynamics that have made the US a hegemonic power lies the historical process that has emerged as the result of the decline of the British hegemony. Even though the previous hegemonic processes will not be examined in this thesis, a very short preview is needed for a better understanding of the dynamics of American hegemony's creation. In the middle of nineteenth century, *pax-brittanica*, which Britain had built as a hegemonic power, was based on four main bases: free trade; gold standard; the balance of powers that the Britain has led and prevented the formation of any counter-hegemonic power; and the British naval force, which provides both a balancing power and a guarantee of world trade. Moreover, in this period, the economy was separated from politics, and the market forces was left to natural law. At this point, the City of London could be seen as the neutral mechanism of finance and the world economy, just like today's Wall Street. Thus, the City of London, as a center of world trade mechanism, was not just an agency of British hegemony, but a referee of the world trade forces. At this point, hegemony has effectively obscured its power basis from public consciousness (Cox, 1980, pp. 378, 379). In this point, Britain can be regarded as a world hegemony that has globalized a mode of production and relations and has maintained this position by virtue of its financial and political power. Thus, Britain, which the United States has used as a sketch in the process of its hegemony, has overcome its rivalry with universal practices, such as the free trade and gold standard, which the US would differentiate in the future, and managed to control the balance of power at that time. In the hegemonic periods before Britain, the hegemony has been provided with almost similar means, and dominance has been achieved in maps where political and economic activity was heavily experienced.



In this context, an important point that both this thesis and the Neo-Gramscian perspective draws particular attention is that these hegemonic processes are not consecutive monotype models. In this context, the dynamic structure of history makes the constant change indispensable. It can be observed that the hegemonic processes in the history are structurally feeding each other with their accumulation of knowledge and practices, however this occurs in collinear points with the momentum gained by the unique dialectic and thus, does not bring a circular cycle. As Cox argues, “world-system analysis”, which suggests that the British and the US hegemony repeat the same traits, can be misleading by ignoring working principle of this process in this context (Falk, 2016, pp. 503, 504). It is therefore impossible to explain the past, present and possible tomorrow from a single directive by modeling only one of the hegemonic processes. It is more an entire intertwined and linear structure. There are uniqueness dynamics, which makes importance of each period, which cannot be ignored in this linear.

If we go back to the historical process, Britain’s hegemony has failed to escape being challenged by other forces, despite its successful governance. Britain has begun to lose its position of balancing, and the balance of power in Europe has deteriorated while the history was leading to World War I. In addition, the states of the time have started to prefer the protectionism instead of free trade as well as the gold standard has become ineffective and thus, the British hegemony has taken the biggest blow its decline (Cox, 1983, pp. 170, 171). In the following years, that is, from the First World War to the Second World War, a hegemonic power over the world could not be dominated. This was more like a period of hegemony shifting from one state to another, from Britain to the US. However, although the hegemony of a state was not dominant, the interactions within the social forces, the forms of production and relations established in the previous hegemonic process, were continuing by changing dynamically. The US had to bring all these forces in this process to work in harmony with its own interest in order to be able to a hegemonic power. This process can be resembled to the situation that Cox argues as;

On the basis of this tentative notation, it would appear that, historically, to become hegemonic, a state would have to found and protect a world order which was universal in conception. Such an order would hardly be conceived in inter-state terms alone, for this would likely bring to the fore opposition of state interests. It would most likely give prominence to opportunities for the forces of civil society to operate on the world scale. The hegemonic concept of world order is founded not only upon the regulation of inter-state conflict but also upon a globally-concieved civil society, i.e., a mode of production of global extent which brings about links among social classes of the countries encompassed by it (Cox, 1983, p. 171).

Therefore, America could not build a hegemonic order after World War I, but it has started to form this scheme for the hegemony that would be formed after World War II. Later, the US has emerged as a unique hegemonic power within the dynamics that has coincided with the end of World War II; has brought the Bretton Woods system and built institutions such as the International Monetary Fund and the World Bank to consolidate and legitimate its hegemonic position. During the period between World War II until the 1970s, capitalism has lived its golden age with the driving force of American hegemony, and in the later period until today it has been transformed into dynamics that are still active today.

Even if the comparison of two hegemonic processes is not relevant as it is argued by some (Callinicos, 2009, pp. 141-143), it may be useful to make a two-dimensional comparison without ignoring the uniqueness of each hegemonic era. In this context, it would not be wrong to say that the US hegemony has a stronger and more expansive (not in geographical meaning) structure than the British hegemony. American hegemony has spread to almost the whole part of the world while the dominance of the British hegemony has mostly confined with the limits of accessibility of the political and economics in the period (Gökten, 2013, p. 141). Even if the influence of American hegemony is broader than that of the British hegemony was in its period, it is because the British hegemony also has a share with its accumulation of knowledge and techniques aforementioned. At the same time, the fact that two hegemonic powers were culturally close together is also an important influential factor. On the other hand, American hegemony itself has become more concrete shapes than the previous hegemons. With the Bretton Woods

system, liberalism has been revised and, through applied economic rules and norms, the US has become seldom needed to support its national economic interests, and corporations emerging in their own countries have become stronger actors in the global economy. In addition, the United States has created much more transnational institutions to ensure liberal order and to ensure the consolidation of its legitimacy. Institutionalization in this way was not quite possible in the British era simply because of the lack of technology. Hence, the New Deal principles, created in the period of Roosevelt, has been integrated into the new world order, and in parallel, with the institutional systems have established to ensure to provide the persistence of the world order (Cox, 1981, pp. 139-145). Moreover, in the process of becoming a hegemony, the US did not perform the British colonialism policy. Although the US has military presence in more than 140 countries, it has not geographically pursued an imperialism or colonialism as in previous periods (Wood , 2003, p. 1). In this sense, the US has extended a hand to the post-war states within the framework of Bretton Woods institutions and economic aid; and has thus spread its hegemony based on consent.

Moving from this point, the elements that pair up American hegemony which has established within a complex structure, will be addressed in a wider perspective in this section. In this way, it will brighten why American hegemony is in decline today compared to the past, as it will be argued in the last chapter. In this process, American hegemony will be examined as to how and for what purposes the consent was gained, and how it has implemented, and how transformation have taken place up to this time. At this point, the historic process will take us to the primary concern of this thesis, and thus the questions of this thesis, such as “whether American hegemony is in decline or not; if it is not in decline, why it has thought in this way; if it is in decline, why?” will be tried to find answers. At some point, if the decline of American hegemony today is happening, it can be found in the footprints of past, as it is in the retro-causality, which the effect comes before the cause, which I see as the historical materialism of the quantum physics. There has to be first an effect to demonstrate the cause even though the causes occur first in time. The presence of a cause indicates that there is

already an effect. The questions, even *a priori*, does not come from nowhere, it gives us that there are fingerprints an effect. The effect reached here is not the collapse of American hegemony rather American hegemony is in decline or not. If the decline of American hegemony is an effect today, then we must look for causes for it in the past, as it lines up in as the effect first, the cause second. In this context, this chapter of the thesis, which consist of the origin and historical background of American hegemony, becomes essential in the way of major debate of the thesis. In this context, firstly, the formation of American hegemony before the World War II will be examined. Later, maybe the most important point of this chapter, the evolution of American hegemony in the world will be shown. The spread and evolution of American hegemony after the World War II gives us the portrait of the real definition of American hegemony. However, as it has argued in the literature for many times, the crisis of American hegemony in the 1970s will be analyzed. Thus, the thesis will have the point of view for a hegemonic crisis, which later it will be useful in understanding the crisis of today. Finally, the neoliberal transformation, which has somehow solved the crisis of American hegemony will be shown. No wonder, all these processes will be analyzed with the neo-Gramscian perspective. Thus, it will raise an answer for us about that why only the material capabilities are not adequate to analyze a rise or decline of a hegemony.

### **2.1 The Preliminary of American Hegemony – *Inter-hegemony Period***

When we examine the formation of American hegemony, the inter-war period events become particular. As mentioned before, an extensive research requires a wider historic scope, however if thesis expands its scope at that stage, the object of this thesis moves away from the issue. As a repetitive summary, Britain's hegemonic role in the nineteenth century world economy was partly based on the fact that it was the first real center and branch of capitalism, and so to say, inventor of the industrial capitalism. Along with this fact, however, in the later years of the century, other states have become defiant and challenger to the British hegemony by adapting protectionism policies that have allowed industrialization in their lands which has created a distance from British competition (Carr, 2015, pp. 103, 104). Especially since the end of the nineteenth century, Britain has begun to lose control

over the balance of power in Europe, and immediately afterwards the balance of power in the world. The decisive development of both conditions was the rise of Germany and the US as a power in the world politics (Kennedy, 1988, pp. 192-249). However, the geopolitical location and politics puts the US into a privileged position. From this point,

the United States was far better placed than Germany. Its continental dimension, its insularity, and its extremely favorable endowment of natural sources, as well as the policy consistently followed by its government of keeping the doors of the domestic market closed to foreign products but open to foreign capital, labor, and enterprise, had made it main beneficiary of British free-trade imperialism (Arrighi, 1994, p. 61).

Europe, like the United States, has strengthened its position until the interests have turned into conflict by following the protectionism policy until the World War I. Along with the war, the whole balance of power has changed, and Britain's hegemonic position has become troubled even though its dominance in the world politics was yet prevalent. With its advantageous positions aforementioned, the US was the least devastated state. It is a quite fact that the Britain, Germany, and (Soviet) Russia had been worn off from the war was a major factor in the strengthening of the United States. Thereby, the post-war period of world order was a training field for the US in establishing its hegemony after the World War II. When the post-war world's economy has failed to show recovery in short-term, New York's Wall Street gradually has taken over London's financial center role, and thus has improved its financial position by becoming net creditors from the net debtor position (Gill & Law, 1988, pp. 131, 132). American banks have begun to give speculative credits with post-war agreements for the states which are in economic downswing. The financial assistance provided by the United States to Europe, specifically Germany, has tried to pave the way for the restoration of the post-war political and economic environment (Lowe, 1988, pp. 208-211). However, this could not restore the world order from going through some deeper political and economic crises.

The United States had a brilliant period in the economic means, while the post-war states were having trouble relieving their economic wounds that the World War I made. The United States was predominant in the world economy by outputting high manufacturing levels.

**Table 1: Annual Indices of Manufacturing Production, 1913-1938**  
(1913=100)

	<i>World</i>	<i>U.S.</i>	<i>Germany</i>	<i>U.K.</i>	<i>France</i>	<i>USSR</i>	<i>Italy</i>	<i>Japan</i>
1913	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1920	93.2	122.2	59.0	92.6	70.4	12.8	95.2	176.0
1921	81.1	98.0	74.7	55.1	61.4	23.3	98.4	167.1
1922	99.5	125.8	81.8	73.5	87.8	28.9	108.1	197.9
1923	104.5	141.4	55.4	79.1	95.2	35.4	119.3	206.4
1924	111.0	133.2	81.8	87.8	117.9	47.5	140.7	223.3
1925	120.7	148.0	94.9	86.3	114.3	70.2	156.8	221.8
1926	126.5	156.1	90.9	78.8	129.8	100.3	162.8	264.9
1927	134.5	154.5	122.1	96.0	115.6	114.5	161.2	270.0
1928	141.8	162.8	118.3	95.1	134.4	143.5	175.2	300.2
1929	153.3	180.8	117.3	100.3	142.7	181.4	181.0	324.0
1930	137.5	148.0	101.6	91.3	139.9	235.5	164.0	294.9
1931	122.5	121.6	85.1	82.4	122.6	293.9	145.1	288.1
1932	108.4	93.7	70.2	82.5	105.4	326.1	123.3	309.1
1933	121.7	111.8	79.4	83.3	119.8	363.2	133.2	360.7
1934	136.4	121.6	101.8	100.2	111.4	437.0	134.7	413.5
1935	154.5	140.3	116.7	107.9	109.1	533.7	162.2	457.8
1936	178.1	171.0	127.5	119.1	116.3	693.3	169.2	483.9
1937	195.8	185.8	138.1	127.8	123.8	772.2	194.5	551.0
1938	182.7	143.0	149.3	117.6	114.6	857.3	195.2	552.0

Source: League of Nations, *World Economic Survey*, 1945, (Kennedy, 1988, p. 299)

When World War I has come to an end, the United States had a commercial, military, and financial superiority to all leading capitalist countries and assumed the leadership in the world. In this period, Woodrow Wilson has followed a strategy by reformist and consensual elements, for the purpose of building a US-based hegemonic order. It has been argued that it was necessary to restore the gold standard and free-trade in the restoration program in order to ensure peace at the national and international level. However, a global self-regulating market was a utopic project in that era since the conditions of world economic order were not making it possible (Silver & Slater, 1999, pp. 194, 195). In this context, Wilson had to get consent on the national level as the cost of joining the war was intensified the political atmosphere within the opposition. On the other hand, if the US entry into the war has made the victory for Entente states a foregone conclusion, it would be

much harder to impose and American peace. The Fourteen Principles of Wilson have come to the fore with the call to regulate, not just a global *Open Door*, the removal of all economic barriers and the withdrawal of all colonial claims of the old empires. However, unlike the legend, the right to self-determination was not listed (Anderson, 2015, p. 9). But, again, according to Perry Anderson, the truth was that the entry of the US into the World War I has not served any apparent national interest. This was a product of the extreme outflow of the US power on any material objective that could be obtained as an unnecessary decision by the president to bring a comprehensive political pressure domestically. The American expansionist rhetoric has started to see overseas markets as neighboring country markets, claiming that the US goods and investment need new showcases that only an *Open Door* can guarantee abroad. On the other hand, the US economy has remained largely self-sufficient with its natural resource-rich and vast domestic market. Also, there was no *Open Door* in the US market, which was not including a concentration on free trade with protection of high taxes. There was not even any threat of attack from Europe (Anderson, 2015, pp. 10, 11). Thus, Wilson's desire for globalization has failed in the context of Carr's realization of the gap between idealism and realism (Carr, 2015). Hence, a Wilsonian optimism and idealism, which the US was setting world order with its predominant economic and military power while post-war tired and bankrupt Europe was shifting into a liberal and democratic governance from a conservative and nationalistic structure, could not have been achieved. Neither the people nor the elite have seemed to have a will and consent for this pursuit. According to American politic atmosphere, America should have looked at its own business rather than worrying about Europe (Ikenberry, 2001, pp. 156-163). In short, this may perhaps show that why American hegemony coincides with World War II. The twentieth century has witnessed two important historical junctures; however, this demonstrates us the importance of that period has shaped within the social forces and world order, and for this reason explain that why the establishment of American hegemony has happened upon the second juncture. In this context, Woodrow Wilson has wanted to do what the US had done after World War II. However, after World War I, the US could not assume the

leadership for coordinating the stability of capitalist world economy. The inconsistency of the project, which Wilson has wanted to pursue, has caused by the inability of the US to conceptualize the new political framework for social reform and capital accumulation that could provide economic stability in post-war Europe, and, perhaps because of his reluctance, has prevented America from establishing a hegemonic order. The fact that the consent could not have been gained in both domestic and international level, and moreover the coercive attempts could not afford even the cost of action, can be seen as factors that keep the US away from this position. Furthermore, the international institutionalization, which was functionless and vainly endeavored through the League of Nations, was not there to stay, despite all the reluctant efforts of the ruling power and its widespread ideology (Cox, 1981, p. 140). This was a period in which the US-led capitalist world order in the Cold War gradually has shaped the rigid counter-block, with the Russian Revolution in 1917 being carried out by the social forces (Gill, 2015, p. 183). Even though the United States had achieved being a superior power after the war, it has not had yet the capabilities and consent to establish a hegemonic order. The post-World War I period, which has formed the basis of the later ensued hegemonic formation, was to be shaped mainly in the inter-war period to make the US power more internationalized.

Perhaps the most important event in the inter-war period that has constituted the foundations of American hegemony was the economic crisis in 1929 and its effects. But in the inter-war period the United States, which had a smoother period relatively to other states, the transformation in production relations, forms and social structures was more like a renaissance painting expressing today's dynamics of social forces. One of the greatest development in the 1920s was the technological change that occurs in production. Consumerism term has begun with the progress of Fordism. Thus, the economy has transformed itself into a great transformation, and the reflection of this change has shown in the changing lifestyle of the society (Gramsci, 1996, pp. 215-218). In this period, the railways have left their place to motorways for trucks and cars; the population working in mining, textiles and agriculture has decreased considerably, and a large part of those employed in these



sectors have remained unemployed. The two leading sectors of 1920s were automotive and construction, employing both capital and labor in large quantities. Both were dependent on middle class consumers. As a matter of fact, those consumers have owed large amount of credits, which has started the period of so-called *the American way of life* (Dowd, 2000, pp. 109, 110). From this point of view, in relation to Americanism and Fordism, the emerging forms of production as well as cultural and sociological qualities were the determinants of the character and dominance of the hegemony. On the other hand, the role of the high wages in Fordist mass production ideology was also helping to convince the civil society in consent. Hence, the hegemony deriving from the Fordism conditions have included the fusion of coercion with consent and consensus. Thus, the Americanism was the place where the hegemony was implemented on; and Fordism was the shape of the hegemony with its content and form (Morton, 2007, pp. 102, 103).

In the United States, which has experienced economic growth in post-war period with productivity increase in production, a class of consumer society has, thus, formed and made a unique place. Consumer class was protected even in the regulations imposed after the 1929 crisis. With the New Deal, consumers in the national economy have deemed to be a different index, such as businessmen, laborers, agricultural workers; and thus, an artificial class has invented which constituted a wheel task in the process of the economy (Hunt, 2007, pp. 82-85). Thus, the consent, a critical factor in the formation and continuity of hegemony, would be maintained permanently with a crowded class created in the social forces. The new formed of middle-class has imposed a duty of absorbing the blows of subordinate class which has the possibility of creating counter-hegemony.

However, the general prosperity has not shared in the whole population with the increasing unemployment in the agriculture, textile and mining. Hereby, income inequality; over-production; the negative consequence on exportation for the reason of the US's regulation on importation; and the momentum of speculative movements in stock market transactions can be listed as the factors that have accelerated the path for the economic crisis in 1929 (Lowe, 1988, pp. 108-113). With the Great Depression of 1929, when the world financial system has collapsed,

the dollar has depreciated considerably against other currencies as the US has abandoned the gold standard. In order to minimize the effects of the crisis, the necessity of state intervention has emphasized in the economic sessions, and thus the protectionism and the state intervention have returned (Gill & Law, 1988, p. 133). The prolongation of the intensity and duration of the crisis have caused government change, and Roosevelt, who has come to power, immediately has issued a series of laws regulating the economy, called the New Deal. These laws also has gained a tendency to be expressed as “corporate-liberal synthesis”, in which the state intervention in liberal internationalism gradually has revived with the participation of monopoly countries in the developing oil and chemical sectors of the period (Pijl, 1984, pp. 88-104). Pijl makes a better clear explanation of this period in the framework of social forces;

In the interwar years, the hegemony of the productive-capital concept over liberalism coincided with the rise of a state-monopoly tendency in the bourgeoisie and the subordination of the working class to a corporatist class compromise... the labour movement renewed its allegiance to the productive-capital concept and thus developed into a major agent of Atlantic class formation as Fordism, through the channels of American hegemony, spread to Western Europe in the context of Atlantic integration (Pijl, 1984, p. 22).

So, Roosevelt’s primary concerns in the early years have manifested in local measures to get through the crisis. The gold standard has officially abandoned, and all coordinated international initiatives to manage exchange rates have immediately rejected. On the other hand, the New Deal was not including protectionism by the previous standards of early years of twentieth century. The Smooth-Hawley law was abolished, customs duties were carefully reduced, and the foreign policy was brought to the United States with a privileged free-trade defender (Anderson, 2015, p. 11). That is to say, the historical examples of the beginning of “outward expansion of the internal (national) hegemony established by a dominant social class” that Cox mentions (Cox, 1983, p. 171) can be observed here. So, as Kees van der Pijl has pointed out in parallel to this, the hegemony struggle requires a

transforming certain interests of certain the forms of state into forms of expansion that would find universal implementation fields, in different countries (Morton, 2007, pp. 122, 123).

In this context, it was imperative that the American leaders have redefined themselves in an ideological sense so that they would have count themselves as guarantors of the new world order. The Roosevelt period has provided this transition by deliberately rejecting the old hegemony and gradually integrating the New Deal principles into the ideological backdrop of the world. At that time a US initiative has created in order to rule the new order by produced institutions in line with this purpose. Neo-mercantilists in America have warned for not to repeat Britain's mistake, and according to this warning, the United States politicians should have not pursued operations in accordance with *pax-americana* doctrines where the US cannot guarantee universal order. Therefore, this, according to Cox, emphasizes that the persuasive efforts of neo-mercantilists in such situations determine the field of action of the ideology, and that the field of action was linked to the material power relations (Cox, 1981, p. 141). The twentieth century has witnessed the great and most destructive war in the history after the intense political agenda of 1930s. The states that have not yet fully recovered after the World War I have almost collapsed with the World War II. Britain, which was the hegemonic power of the nineteenth century, has completely handed over the title of world hegemony to the United States with the World War II. During the war, the United States has used its material and military resources as a means of constantly making great political concessions from London. The most important goals of the United States were to gain an advantage in customs tariffs under the Britain's payments for Lend-Lease act; the disintegration of the British colonial empire; and the increase of the US access to oil in the Middle East (Callinicos, 2009, pp. 168, 169). The same relationship pattern was valid in the long-standing negotiations leading to the 1944 Bretton Woods agreement, which the International Monetary Fund and the World Bank have established (Anderson, 2015, pp. 25-27). Looking at the general framework, during and right after World War II, the states have imposed considerably various restrictions on commodified labor, land and money, and the

financial capital mobility. However, the interests of producers and consumers, partly workers, have become more important in the formation of economic policies. Following the Yalta Agreement, the socialist bloc has expanded while the mixed-economy and US-based structure have dominated the global capitalist world. The fundamental nature of the Bretton Woods system, which was established in 1944, was capital controls in this context. Restrictions on capital movements have become imperative for post-war restructurings to take place. The necessity of regulating the global financial structure of Bretton Woods by the IMF has been argued that it was absolutely essential for each state to control capital movements. On the other hand, both Keynes and New Deal supporters have argued that speculative capital flows were damaging to the modern industrial economy. In fact, this was to keep the capital movements under the control of a certain interest group rather than being restricted. Bretton Woods, therefore, has reflected the victory of productivity that included labor, capital and the state's corporatist coalitions as well as the model of national Keynesian macroeconomic governance. Wall Street's financial interests and its peers in Western Europe have been able to dilute capital control proposals and play a stronger role in the IMF's post-war world economy (Gill, 1998, pp. 29, 30).

The United States, with World War II, was able to establish a world order with economic and political superior power over the world. Thus, the structure and dynamics of American hegemony, which is still going on today, have been formed in the process of hegemonic transformation beginning from the early twentieth century. The basic pillars of the debate of American hegemony, which firstly have begun to be debated starting from the 70s until today, lie in the transformation of these processes and dynamics, and the dynamics of the decline also lie in the losing control over these mechanisms. Even though the formation process of the hegemony had a vital importance, the main mechanism structure of American hegemony could be analyzed with process after World War II. However, the existence of hegemony continues in the historical flow as a whole without examining it pathologically within certain separated periods.

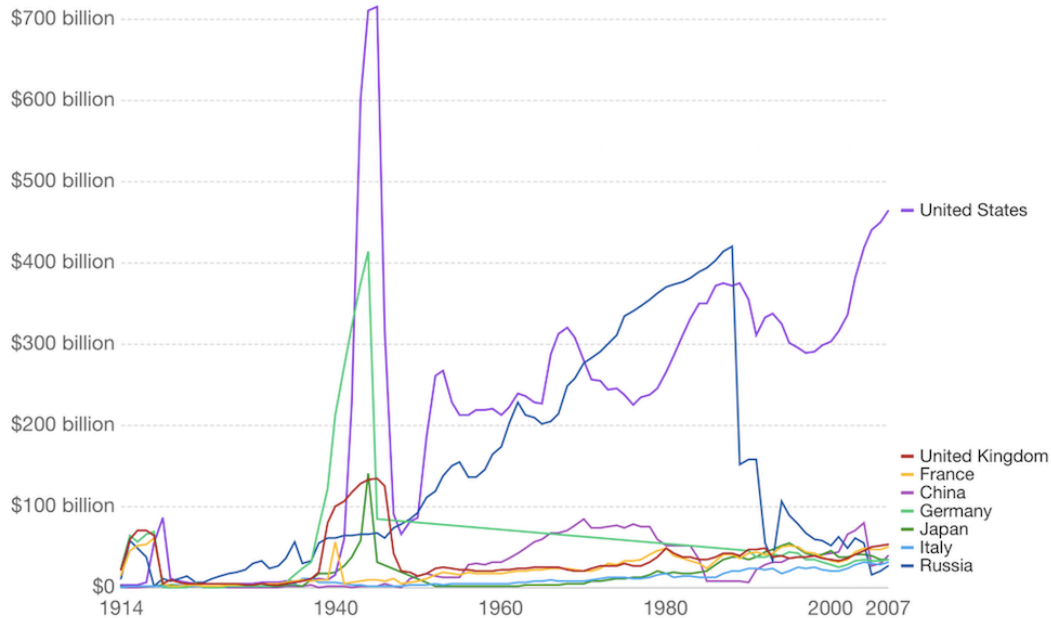
## 2.2 The Golden Age of American Hegemony

American hegemony, which is still active today, has been established after World War II with the elapsing of the events of early twentieth century. What Wilson could have achieved has been achieved in this way. There is a logical explanation for the absence of question such as “what it would be if it were?” in history, or more broadly, in social sciences. However, if the reference point is to be taken as today, if an American hegemony had established after World War I, it would resemble an unfounded construction, and thus, the hegemony would be collapsed in the slightest quake. In this respect, the institutions that will serve the American hegemony and the liberal economy and ensuring the consent in the international sense by the internationalization of American way of production and consumption, constitute some pillars of American hegemony which based on solid foundations. There are many different debates about the spread of the United States to Europe. One of them was considered as *empire by invitation*, which is that the European allies have insisted the US, which was about to return to the American continent after World War II, to stay on the Europe continent in order to maintain security in the continent (Lundestad , 2003). Particularly, in the case of France, and in the aspect of security along with the Soviet threat, which has constituted the blocs already, such a debate could be held. However, it was not an invitation utterly. The invitation has not gone to the so-called empire, but instead, it has come from the empire, and it was an impossible invitation to be rejected. Basically, the process was an informal one: the capitalist democracies who, by their own will, have accepted the places of imperialism that has enriched within them. Contrary to controversy, this invitation from the US itself had no major reason to be rejected by others, and Germany and Japan as well, who were the post-war defeated forces. These countries, which have backed up again by the United States, and have sheltered under its nuclear umbrella, were free to admit themselves only to creating economic miracles within the integration. Britain and France had a chance to defend their autonomous counterparts for a while. But with this four, the weaker European states have also subjected to some degree of diplomatic imposition as supporters of the western block of the Cold War, and as a result, the command of the Europe has conquered by the United

States (Anderson, 2015, pp. 61, 62). This post-war political and economic block has led under an American leadership by series of transatlantic media organizations, civil society leaders such as political parties and churches in Europe, and a moderate labor force and large capital. While the Fordist accumulation legitimizes the material capabilities of the established order, it has also consolidated other elements of the coercion and consent. In the ideological dimension, the free-world has tried to be kept together by using conceptual means such as US-derived freedom, wealth and prosperity. Thus, this dimension has been completed at a strategic and political level with an anti-communist alliance. This transatlantic block, which has built during 1940-50s and has lasted until the late 1960s according to Gill, has balanced the national capitals, and has gathered the labor and the state under a roof. From the end of the 1960s, however, there was a world-wide wave of economic crises while the period of internationalization of production and strengthening of financial capital have begun to take the form. In the meantime, with “emergence of a more integrated global political economy”, the old international historical bloc has become a transnational block with the US centered and ruled system, in which organized workers are almost marginalized (Gill , 2008, pp. 58-66).

On the other hand, the military strength index of the US, another symbol of its hegemonic power, was at its peak as well after the end of World War II. Together with the famous NSC-68 (National Security Council), which has presented to Truman, it was decided to build a massive military concentration that would guarantee of the security of the existence of hegemony over the Soviet Union. In this framework, political support has been easily provided to increase American military spending (Callinicos, 2009, p. 174).

**Table 2: Military expenditure by country 1914-2007**  
**Adjusted for inflation and expressed in US dollars in prices of 2000**



Source: Correlates of War: National Material Capabilities (v 4.0) + Measuring Worth (Our World in Data, 2007)

As it has shown in the graph; after World War II, the military spending of the US has leaped forward, and followed by the Soviet Russia which later gets ahead in the cause of its own collapse<sup>1</sup>. The US, which has used the spread of the Soviet threat as rhetoric on his hegemonic expansion, has taken its place in the military position as well as in the economic position. So much so that the military expenditures made after World War II have reached incredible dimensions under the influence of the Cold War policy. Thus, the US military was also symbolically positioning the coercion apparatus of the hegemony with its incredible capacity. Together with the agreements and pacts established in the geopolitics of the Cold War, America has taken the consent of the states within its own bloc by deluding with its power capacity. Although the Soviet Union's military spending has come to a level to

<sup>1</sup> *Stockholm International Peace Research Institute* presents further and current index on military spending in the World. It is recommended for a further research.

compete with United States in later years, the US military power was one of a kind with its historical practices for the following years (Cemgil, 2016, p. 176). However, the prestige of American military power has shaken with both by the Soviets catching themselves on the nuclear issue and by the unexpected consequences of the Vietnam War. Even though the psychological force of the US might have suffered by many blows overtime, the presence of the US military force had the role of world's policeman. Later, in 2000s, it was going to be a discussion issue again within the framework of American hegemonic decline. Thus, American military power, as a coercion symbol, was one of the main pillars of its hegemony and the world order, along with internationalizing its own national structures.

In short, from 1945 until the early 1970s, the period has brought about a series of changes on the world. In this period, institutions such as the World Bank and the International Monetary Fund have established, the Bretton Woods system based on the fixed change rate has introduced, and the interventions have taken place by the international free-trade and nation states, thus their own welfares have carried out in a system as a whole. In this way, a free-trade system has been constructed in which a large of the US dollar used as a payment instrument in the world trade. The existence of this system has protected and maintained under the umbrella of the US military power. Indeed, the growth rates and output levels have increased considerably in this period, and the Keynesian welfare state, expressed in protectionism, has stepped to ensure full employment with public expenditures. And so, in parallel with these developments, capitalism has lived its golden age with economic growth in the developed capitalist states. To gain the consent for American hegemony in the global capitalist world order, thus, was easy. The US dollar has become valid not only at the national level but also at the international level with the Bretton Woods system. The production relations in the society have characterized by the Fordist accumulation regime under mass production, consumption and the triple consensus of the states-corporations-labor. With the military spending in Korea and Vietnam, and with the Marshall aid along with other economic aid, the internationalized US dollar has flowed out, and the rate of foreign direct investment has increased. However, from the end of the 1960s, the cracks



have appeared in the system and almost a collapse has occurred in the 1970s. After this period, the role of the dollar has changed, competition has intensified, and the production and finance have gained a more international dimension (Harvey, 2007, pp. 9-11; Kiely, 2005, pp. 88-103; Bieler & Morton, 2004, p. 94). This chapter of the thesis therefore provides an important analysis to elaborate how the events, factors and dynamics of the formation of American hegemony, and in another word, the *pax-americana* process has formed in the framework of the consensus of coercion and consent. In this context, since the US hegemony has gained a momentum with the financial growth and globalization of the American economy in the process up to 1970s, it is necessary to examine in detail the development of these economic processes as well as the formations of the international institutions, which were the instruments of the new world order. Moreover, the process of spreading American-style production constitutes a substantial reading on the transformation of the social forces. And this will tell us about the production is not just in economic means, but as Cox says, it is the production of meanings and ideas and their propagation in the world.

In the post-war period, it was planned around the questions of how to develop a new international monetary system around the dollar, and how to integrate Europe's economy into this, which has led us to the Bretton Woods system and, that is to say, dollar imperialism. In addition to these questions, the problems such as the decolonization of the colonies of the imperial powers without risking the security of oil and other natural resources; and how to overthrow the popularity of radical nationalist, socialist and communist ideas, which have seen increased in post-war Europe, had also an effect on the creation of these plans. American policy makers, who have seen and appreciated such an historical process as an opportunity, have, thus, created the new world order by gaining the consents, maybe unwillingly, of other states within the Bretton Woods and its institutions. The historical significance of the Bretton Woods system has based on the institutionalization of the dominant role of American economy over the governance of international economy with its international currency, the dollar (Panitch & Gindin, 2012, pp. 73, 74). The dollar being positioned as universal currency in the Bretton Woods

system has been the most important factor behind the current political power of the United States. American hegemony thus has satisfied economically through the dollar being global money. According to Arrighi, the relation between world hegemony and the control of payment instruments shows the relation between the rise and decline of hegemony (Arrighi, 1994, p. 366). Of course, such a correlation can be seen as the decline of the power of hegemony, but it would only constitute one of the parameters. But these arguments will take place in the last chapter of thesis, where today's American hegemony is questioned.

Overall, after founding of the United Nations in order to strength global governance for the security of world after post-war period, the international institutions, that have formed the mechanism of expression of the universal norms of hegemony, have formed and developed with the Bretton Woods agreement. At the same time, in 1947, the Marshall Aid, which has helped to spread the dollar by flowing out, has provided the European recovery by the conditionality of integration of European economy to liberal world order. It has been decided to establish the International Monetary Fund and the World Bank around the formation of Bretton Woods in order that the US can maintain its position in the world economic order as mentioned above. In the foundation phase, the structures, positions and authorities of these institutions have determined by the United States. Thus, American hegemony has assumed a role in both institutions. The US has a huge influence over the presidential elections in the World Bank along with the IMF, and the president of the bank has always been a US citizen. In other words, issuing a decision in both institutions was requiring an approval from the US (Gökten, 2013, p. 152). It was quite clear that the IMF and the World Bank have strengthened the US role in the global financial system. In a similar way, with the GATT signed in 1947, a step has taken in order to remove trade barriers, and thus, the system has almost completed for the function. Paul Kennedy has summarized this new condition perfectly as;

Those countries wishing to secure some of the monies available for reconstruction and development under this new economic regime found themselves obliged to conform to

American requirements on free convertibility of currencies and open competition or to stand clear of the entire system (Kennedy, 1988, p. 360).

Thus, the states have accepted the leadership of American hegemony with their own consent; otherwise they would have been kept out from the new opportunities. The liberalization of trade has been, thus, provided by the GATT, by annihilating the protectionist policies of the states. In this process, subsidies and tax reductions have activated in order to boost exportation, and the measures have taken to protect the interests of the capital. The IMF, the World Bank and the GATT (which has evolved into the World Trade Organization later) institutions, thus, play a central role in the financial sector and the world trade even today. The IMF has set up to balance the extreme monetary tightening to save time by lending to the states that were having balance of payment deficit. The World Bank has set up to make enable the reconstruction of post-war Europe and to provide development in the third world, that is, overall, to provide a longer financial assistance (Cox, 1981, pp. 144, 145). The priorities of the World Bank's loans to developing countries have determined not by systemic analysis for economic development in the backward regions, but by a desire of developing countries to increase their capacity of exporting raw materials, fuel and agricultural products to meet domestic demand of the developed countries. The export revenues of the developing countries would have then been spent on the import of industrial goods from the developed countries. Hence, the pre-war division of labor of the states, which has resembled as colonialism, had implicitly implemented by the World Bank (Türel, 2011, p. 57). The economically weak states had to get support from the system itself, or they had to be supported directly by institutions of the states or by other states approved by the system's institutions. These institutions have established mechanisms to monitor the implementation of system norms. Thus, these institutions were providing financial assistances to the states as long as consolidating the states' rational decision of their actions engaged with the system norms (Cox, 1981, p. 145). As an interesting point, Stephen Gill likens the mechanism of these institutions to Jeremy Bentham's *Panopticon*. This is that a spatial unit allows an invisible surveillance, which makes

a mechanism of permanent monitoring and immediate recognition, or in other words; “to induce in the inmate a state of conscious and permanent visibility that assures the automatic functioning of power” (Foucault, 1995, pp. 200,201). In this context, Panopticon, as the surveillance mechanism of the order by institutions, has interpreted by Gill as it follows;

Attempts to embed a more systemic form of neoliberal discipline and surveillance are growing in the spheres of production, credit and consumption, as well as in policing and security power (Gill, 1995, p. 39).

In this context, Gill’s Panopticon metaphor for this system is an excellent example. This surveillance system, which also takes place in the form of Fordist production, monitors the maintenance of the order. Thus, the hegemony gains, so to say, a consent by somehow coercive means. Thus, according to Gill, international organizations are places where global elites organize the interests of capitalist order and in order that produce projects that interests of particular group become interest of all.

Similarly, Robert Cox argues that organizations play a role in maintaining and controlling the order while at the same time conceptualizing the hegemony’s inter-subjective meaning of ideas in the society and taking measures against any counter-hegemony. In this respect, according to Cox, the tasks of international organizations are;

They embody the rules which facilitate the expansion of hegemonic world orders; they are themselves the product of the hegemonic world order; they ideologically legitimate the norms of the world order; they co-opt the elites from peripheral countries and; they absorb counter-hegemonic ideas (Cox, 1983, p. 172).

Thus, the international organizations facilitate the dissemination of dominant economic and social forces, while at the same time permitting the regulation of interests, in which they have dominance, to be carried out with minimal suffering. Bretton Woods institutions, compared to gold standard, have developed measures

over domestic social concerns such as unemployment, however, it was valid if national economies were consistent with the goals of a liberal world economy. Therefore, international institutions and norms generally begin with the state, which in this case is the US, which has established the hegemony. The dominant state seeks to guarantee the consent of its hegemony from other states according to power hierarchy in the interstate structure. International organizations also play an ideological role. They help determine the main lines of government's policy making and legitimize certain institutions and practices at the national level. For example, while the OECD recommends monetarism, it consolidates a consensus in core states' policy making and empowers the structures of states which are interested more in inflation rather than unemployment. The International Labor Organization advocates a tripartism and legitimizes the structure of social relations evolving in the core states as a desirable model to be attuned to (Cox, 1983, p. 172). Of course, the tasks of these organizations can change from time to time, and tact according to changing purposes. They may criticize the issues once they have advocated. In this case, the new parameters of the order should have been carefully considered in order to analyze the organizations' mechanism of hegemony. As it is understood at this point, the role of international organizations has a very important and critical place in the structure of hegemony. The key point should not be excluded here that international organizations themselves are not a hegemony, they only bring the functional means of the hegemony. Today, international organizations, or in broader terms, international institutions, have been placed in the global economic system in a way that the discourses of these institutions can have productive or destructive effects on national stock exchanges. Moreover, these organizations are able to create norms or maintain the current norms for the hegemonic world order so that the coercion and consent mechanism function on other states. However, even though the international institutions and their *raison d'être*, have integrated into the world order, this does not mean they can sustain their existence independently from the hegemony as it has been argued by Keohane. Hence, the current position of the international institutions gives a parameter for us to observe a change in position of

hegemony. For these important reasons, the functions of international organizations should be taken into consideration as the functional stage of the hegemony.

On the other hand, if we go back again to the historical process of hegemony, it can be said that American hegemony can be fully formed with the expansion of the US-centered liberal economy into the world. As the first steps of this expansion, the US has imposed the Marshall Aid under the name of supporting Europe's post-war reconstruction in 1948. It was under the name of, because, the problem of creating sufficiently efficient demand for American production in the world in this way has been solved through the Marshall plan, and by the economic aid equivalent to the Marshall plan in Japan (Wallerstein, 2003, p. 48). At the same time, along with the formation of NATO alliance in terms of security, the Marshall plan has played an important role against socialist-based trade unions in Western Europe. In this sense, the Marshall aid has led to an increase in private sector capital investments from the US to Western Europe, with the formation of multinational corporations. It was not only the flow of the US dollars, but also the export of American production patterns and labor policies to Western Europe and Japan (Cox, 1971, pp. 560-562). Thus, the capitalist class relations have begun to form on the international level, with this unification of global capital. The concepts of a national bourgeoisie have been internationalized. The process of class formation, as well as the particular form of state and the development processes of civil society have spread to the national borders, and later, have gained a momentum to become a truly transnational character (Overbeek, 1994, p. 368). Within this entire process, the Marshall Plan has accelerated the expansion of convertibility in exchange rates and gradual liberalization of trade in Western Europe. In the period of this transformation, the states had great expectations from the United States in order to their structures and economies according to the requirements of the new world order. In addition, the Marshall Plan has allowed the Western Europe to develop a center-right wing internal politics necessary to form a neoliberal state in the future. With the integration of production relations into Europe, the meaning of Marshall Plan has gone beyond the developments of material capabilities with the occurrence

of historical bloc and balancing consciously the social forces in the forms of state (Cox, 1987, pp. 215-217).

The post-war recovery of European capitalism has, thus, adapted to the forms of production and accumulation and productivist labor relations that have occurred and evolved during the competitive environment of American domestic market. This was almost the second industrial revolution for Europe. In this point, the economic integration of Germany and Japan was more important for the US in terms of both balance of power and the Cold War strategy. On the other hand, leading American corporations in this respect was serving as a model in terms of both production patterns and production relations for sectors that began to develop in these recently integrated lands (Panitch & Gindin, 2012, pp. 100, 101). Thus, while the *pax-americana*, which has been created after World War II, has expanded the new historical bloc built on the Fordist production bases, it had to be supported not only a coercion over the social forces and new forms of state, but also by a consent. It was possible to read American hegemony in the form of an international historical bloc based on the internationalized New Deal intertwined with internationalized Fordist production relations. The new capitalist political order after the war was, therefore, hegemonic. In addition to organized labor relations, corporation capitals and the civil society actors such as media, universities, political parties and churches have been attached in this process. That is, the new historical bloc had a consensus of coercion and consent. Fordist way of accumulation, which has provided the system's economic foundation, was able to increase consumption as well. The anti-communist bloc has balanced the national and transnational capital and was able to organize the relation between labor and the state. Overall, this has standardized the structure of production, social reproduction, transnational politics and pro-capitalist civil society (Gill, 2008, p. 61). If a representation of the coercion and consent factors were embodied here; removing and preventing the trade union movement and the working class union can be seen as coercion, and the high wages that come with economic growth, social utility, ideological and political propagandas can be seen as the consent factor (Gökten, 2013, p. 158).

The significant massive economic growth that has taken place, perhaps as a result of all these developments mentioned above, was the reason why this period has been called as the golden age of capitalism. However, it is important to clarify that the subjects and processes discussed so far were the main pillars of the hegemony's abstract structure. In this sense, the economic growth was kind of a gift to the hegemony in return of consent of the others. This gift, of course, was only for the core states mostly, and semi-periphery states partially. In the periphery, the miracles of this economic growth had not a reflection as it has expected (Wallerstein, 2003, pp. 48-52). Hegemony was born within the contradictions in periphery states by not sharing the general prosperity even if the consent of the (semi)peripheral states have taken for the purpose of expectation of same miraculous results as the rest had in the system (Cox, 1983, p. 171). But understanding this economic progress also plays an important key role in the analysis of the hegemony crisis in the 1970s. As a brief result, a transformation of social forces and world order, that have developed and shaped within the global liberal economy which has boosted after World War II, was cracking the neoliberal transformation in 1980s open. Thus, it is better to get in details of this economic progression.

The world economy has witnessed unprecedented growth rates in world industrial production over the years after World War II. "The recovery of the war-damaged economies, the development of new technologies, the shift from agriculture to industry, the use and control of national resources in planned economies, and the spread of industrialization to the third world" have helped to create this dramatic change on behalf of the golden age of both capitalism and American hegemony (Kennedy, 1988, p. 414). This period, thus, has called as Long Boom in the economic history (Brenner , 2006).



**Table 3: Production of World Manufacturing Industries, 1830-1980**  
(1900=100)

	<i>Total Production</i>	<i>Annual Growth Rate</i>
1830	34.1	(0.8)
1860	41.8	0.7
1880	59.4	1.8
1900	<u>100.0</u>	2.6
1913	172.4	4.3
1928	250.8	2.5
1938	311.4	2.2
1953	567.7	4.1
1963	950.1	5.3
1973	1730.6	6.2
1980	3041.6	2.4

Source: Bairoch, P., "International Industrialization Levels from 1750 to 1980," *Journal of European Economic History* 11/1982 (Kennedy, 1988, p. 414)

This graph, referred by Paul Kennedy, gives us a chance to compare of growth rates of periods, which possible to show big difference between the Long Boom and previous periods. This boom process in global economy can be analyzed better in Robert Brenner's *The Boom and the Bubble: The US in the World Economy* and *The Economics of Global Turbulence*. The embedded liberalism, which has formed by this political-economic organization under American hegemony, has brought high growth rates to developed countries in the 1950s and 1960s. This growth was partly due to the generosity of the US, along with the rest of the world, which has provided by making budget deficits and to being ready to buy all the surplus goods within its borders by the US. This growth has paid dividends for the expansion of export markets, but the attempts to export development to a large part of the rest of the world have ceased altogether, so embedded liberalism has remained as a pipe dream for most of the third world countries (Harvey, 2007, p. 11). Although the third world countries have showed great economic developments relatively during this period, their shares in world output were disproportionately low (Kennedy, 1988, p. 415). At this stage, the US was in a position to encourage some kind of development and modernization in the third world to expand its markets with a very

fast-growing economy as a hegemonic power. But, as the post-war long boom has begun to come to an end so did the priorities, the goal of expanding markets has replaced with anxiety (Wood , 2003, p. 132). On the other hand, in developed capitalist countries; the redistribution policies, active intervention of the economy by state, the expansion in public expenditure and the welfare state, a planned development had have gone hand in hand with relatively high growth rates. Economic fluctuations have successfully controlled by Keynesian fiscal and monetary policies. A social and moral economic structure has developed through government interventions. The state really has become a force field that has internalized the class relations (Harvey, 2007, p. 11). This situation has mentioned by Robert Cox as;

In the hegemonic consensus, the dominant groups make some concessions to satisfy the subordinate groups, but not such as to endanger their dominance. The language of consensus is a language of common interest expressed in universalist terms, though the structure of power underlying it is skewed in favor of the dominant groups (Cox, 1977, p. 387).

On the other hand, Robert Brenner sees the key to the post-war long boom, which was from the late 1940s to the late 1960s, on the curve of rate of profits. According to Brenner, what has led to the unprecedented post-war long boom period was the ability of developed capitalist economies to obtain and sustain high profit margins. First of all, the high profit margins were the main factors of creating high amounts of surplus in return of their investment on machine and equipment. Constant high surpluses have made it possible for these economies to achieve high investment rates and thus high productivity gains, while also have afforded rapid real wage increases, which have not become a threat to these profits (Brenner, 2015, p. 22). In this context, the developing countries, supported by the US, have acquired incredible growth rates by including to their technological and structural developments into this process. Especially, Germany and Japan have achieved remarkable growth rates in their exportation. Both countries' export increase in the shares of world exportation market have led them to be a competitor against the

American and British producers (Brenner, 2006, pp. 67-94; Kennedy, 1988, pp. 417-426). The survival of the US economy, which was depending on the survival of the European market at a time, has created some kind of paradox (Panitch & Gindin, 2012, p. 100). The US government and its prominent capitalist, therefore, were giving consent to their competitors on their financial and macroeconomic adjustments such as high-level government interventionism, protectionist foreign trade and low exchange rates. Because their competitors' national economic development and political stability were closely related to their interests. So, at least for a period of time, there was a kind of symbiosis between the ones who have established the hegemony and the ones who have tied to that hegemony (Brenner, 2015, p. 30). On the other side, intense political agenda in the Cold War politics as well as the Vietnam War have started to affect and tire the United States. But the biggest blow to the US was the economic recovery and development of Western Europe and Japan. By the 1960s, the productivity distinction between these countries and the US had almost disappeared. Western European countries and Japan have regained control over their own national markets; and have begun to seriously compete with American products in the markets of other countries, even in America's own market. By the end of the 1960s, the economic superiority of the US had largely lost its relative victor position (Wallerstein, 2003, p. 49).

At the end of the 1960s, embedded liberalism has begun to dissolve in both the international arena and the national economies. Signs of a serious capital accumulation crisis have begun to bounce everywhere. The emergence of stagnation, which inflation and unemployment occurs at the same time, has begun to drag global economies toward recession (Harvey, 2007, p. 12). As a sign of deceleration in the growth rate, contradictions between accumulation and legitimation have begun to emerge. These contradictions were manifesting themselves as fiscal crisis in advanced capitalist states and as exchange crisis in third world countries (Cox, 1996d, p. 197). The huge economic crisis, which has rooted in America, has dragged the almost all economies into it as well. As a hasty but belated response, the Bretton Woods system has been left at the beginning of the 1970s, followed by the oil crisis in 1973, and thus, the economic boom of post-

war has ended. In this process, America has succeeded in establishing the hegemony; but the economic collapse was its cost. When it has come to the 1970s, debates about the decline of American hegemony have begun to take place. However, after the crisis in 1970s, the hegemony had a transformation and different scale of globalization through the neoliberalism. As a spoiler alert, American hegemony has not end in the 1970s, as it still has its place today. But at least, for the first time, the leadership of American hegemony has suffered a huge damage. Thus, it has constituted the first signal crisis of American hegemony. However, how American hegemony has delayed its collapse and decline represents the dynamics of today's hegemonic structure. The neoliberal transformation and the financialization have solved the crisis by creating many more contradictions.

### **2.3 The Crisis and Neoliberal Transformation of American Hegemony**

In the short story, after the World War I, a liberal order to establish an American hegemony to support free-trade has attempted, but neither national nor international consensus was ready for this order. And the gained consent was not coming from a broad ground that would allow to establish the hegemony. Therefore, the failure of this first hegemony attempt and the withdrawal of the United States back to its own territory after World War I have produced a stronger mechanism inside. A class based on consumption hash created by the dynamics of changing social forces. Later, the US, which has wanted to end the effects of the 1929 crisis, has institutionalized these dynamics of new class with the New Deal program. On the other hand, post-war Europe, which had not yet recovered after World War I, has gone into a deeper crisis with World War II. The United States, which has overturned these negative historical processes into an opportunity, has begun to build its own hegemony with a pioneer economic expansionism after World War II. Internationalizing the New Deal program with Bretton Woods and its institutions, the United States has produced projects for collapsed post-war European economies to recover, thereby has placed its currency at the center of international trade, and has fixed its demand problem at the national level. Under the concessions and the protectionism umbrella by American hegemony in its

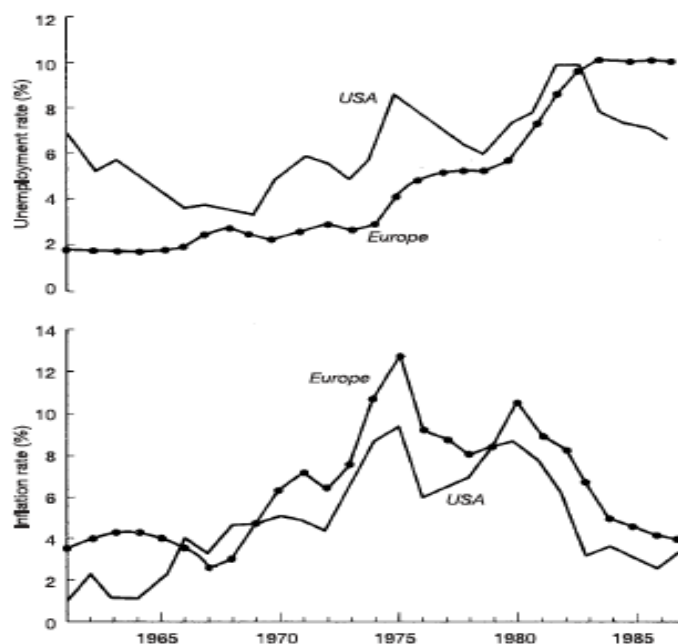
expansion process, Germany and Japan export economies have showed incredible developments due to low cost and price. In fact, the process that was compatible with interests of the US at first, have turned into a process that created its own crisis later. On the other hand, forming political and economic bloc in terms of NSC-68, the internationalization of New Deal, the organizations established by the Bretton Woods system and the expansion of Fordist production style were the instruments and elements of coercion and consent in American hegemony. However, later, as a result of the recovery and expansion of Western Europe and Japan economies, the increase in world manufacturing production has led to a satiety and a sharp decline in the profitability of the major sectors such as steel, automobiles and electronics, which mostly the US has suffered. The world economy has entered a period of long stagnation as the economic and political costs of protecting American hegemony. The debate over the crisis and decline of the American hegemony has risen in the light of the defeat in the Vietnam War, world economic stagnation and stagflation. Understanding the dynamics of the first crisis of American hegemony may allow us to make a better analyzes of current situation now. On the other hand, what this thesis particularly emphasizes is that the historical processes are a dynamic and flowing rather than static pieces in a far history. Hence, the pillars of American hegemony do not consist of only early twentieth century, it more consists of entire history of American hegemony up to today. Focusing around the debate of the decline of American hegemony in particular has forced this argument to be analyzed in systemic cycle. Apart from approaching such a phenomenon with a positivist empiricism, ignoring the uniqueness of each hegemonic period may lead to misreading the results, or the effects. Therefore, the period of the crisis that has occurred after the end of the 1960s should also be red under the perspective of a dynamic progress of social forces and world order. The crisis in the 70s and following neoliberal transformation and financialization constitute an analysis dimension of today's world. Therefore, it will be more useful to divide this headline into two subheads as the 70s crisis and the 80s neoliberal transformation.

### **2.3.1 The Signal Crisis of American Hegemony**

US economic growth after World War II had troubles with post-war countries, especially with Germany and Japan becoming a competitor to the US producers and their markets. These countries have found a wide path to develop their national economies with American economic aid, access to US markets, borrowing of US technology, and a reserve army of low-wage labor were main engines of these countries in becoming a competitor. In particular, the high levels of labor wages in the US domestic market and the profitability of US producers has sharply decreased under German and Japanese pressure. A trade deficit, which the US could not control, has occurred as some consequences of these processes (Anderson, 2015, pp. 91, 92). On the other hand, willing of both the Kennedy administration and the Johnson administration to increase overseas military spending, and the war in Vietnam has transformed the dollar's flow out of the country into a flood. As a result, the annual federal government deficits along with the huge balance of payments deficit and weakening position of the US in trade competition have led US firms' foreign investments to head towards the Eurodollar. In this period, as a negative effect of a mechanism of the Bretton Woods system, the share of the US in the world gold reserves has declined considerably. Deepening crisis of all international payments and the money flow system under these intertwined problems have become a snowball effect with the angry opposition of Europe, especially France, which has considered this formation as inflation export by the US. Thus, the Nixon administration has seen that they had no option but to cut the link of dollar with gold, and then to let it float against other currencies. And in this way, the Bretton Woods system, a product of periods of the economic superiority of the US, has collapsed when it could no longer carry the load (Kennedy, 1988, p. 434). The unique position of the US, as the founder and guarantor of the hegemony, thus, has also institutionalized the problems it has faced (Cox, 1987, p. 277). The US has taken loans from other countries, especially from Germany and Japan, in order to afford its balance of payments deficit. The United States has tried to transfer the costs of the economic deceleration in the whole system, which has then turned into a zero-sum game, into the its competitors. Thus, Nixon, waiving from

the commitment of the US to convert the dollar into the gold, has relieved from the necessity of reducing the foreign deficits by decelerating the economy in order to increase exports and reduce imports. In this way, the dollar has kept in a fixed exchange rate as well. The escape of speculative capital movements from the dollar have contributed to appreciation of currencies of partner and rival states, which have caused a decrease in their competitive capacity. Thereby it has created pressures for the US to adopt expansionary macroeconomic policies that would serve its exportation well (Brenner, 2015, pp. 42, 43; Cox, 1996b, pp. 288, 289). With the devaluing of the dollar, US producers have increased neither their profit levels nor their share in the world exportation during 1970s, even if they have increased their exportation capacity (Brenner, 2015, p. 45). Despite all the efforts, the economy has not recovered; the unemployment and inflation have maintained their high level until the late 1970s.

**Table 4: The economic crisis of the 1970s: inflation and unemployment in the US and Europe, 1960-1987**



Source: Harvey, D., *The Condition of Postmodernity*, Wiley-Blackwell, 1992 (Harvey, 2007, p. 14)

During the 1970s crisis, the segmentation of labor and high unemployment rate was particularly affecting young people, women, minorities and economically

undeveloped regions. Society based on a very broad consensus has felt into a polarization. The dominant, politically more participatory group of the society were happy and supported the state policies. The divided periphery, on the other hand, has alienated and not participant. The pushing of this marginalized population out of politics was clouding the dimensions of tremored consent in the hegemony (Cox, 1989, p. 832).

In addition to all these, the fall of US economy has compounded with burst of rapid inflation after the oil crisis in 1973 (Anderson, 2015, p. 95). The increase in oil prices has reflected immediately. Almost all the other products have increased in price. The countries, which has trusted the revenues that they would get from exports of raw materials, have seen that the income from this source has fallen at a time when the prices of the production they import have increased. Thus, the countries have faced with the difficulties in balance of payments. The high profits from the sale of oil went first to oil-producer countries and, of course, to oil trust companies. The oil-producers suddenly had a monetary surplus. Some of these surpluses have spent on the import goods with high price caused by this crisis. But most of them went to bank accounts in the US and Germany. With the increasing funds, the banks have given credits to the poor countries that were struggling with the difficulties of balance of payments and unemployment. These countries have seriously indebted and have had great difficulty in repaying their debts. When it has come to 1980s, interest rates have increased to levels where unbearable debt payments could not be tolerated and caused debt crisis in the third world (Wallerstein, 2003, p. 52). Thus, the increase in oil prices in the 70s, together with the stagnation in developed capitalist states, has increased the liquidity of international banks. Corporations have begun to borrow in large quantities to finance their restricting. The only thing keeping the world economy alive in the mirror of long-term low profitability in private sectors and capital accumulation was the US government's ability to become indebted. When it has come to 1977-78, the devastating pressure of the current account deficits on the US currency has increased so much that the dollar's position as international reserve money has threatened (Brenner, 2015, pp. 49,50). In this period, the United States has become



the world's biggest debtor by internationalizing its public debts. The American economy once has lost its leadership in productivity, but the time of decline of its hegemony has postponed due to the dollar's hegemonic activity in world finance in the following years (Cox, 1996d, p. 194).

Overall, the finance has restructured for the sake of having a constant balance of payments deficit; however, this has not helped the US to escape from its weakening of the competitive capacity. In 1971, when the competitiveness has declined, the bond between the US dollar and gold has broken, and the Bretton Woods system has sent off from the field, and thus, the value of currencies has become determined by international financial markets. The embedded liberalism, which has brought the high growth rates for the global world economy after 1945, was obviously fatigue and no longer functioning. So, an alternative has needed to take place in order to over crisis (Harvey, 2007, p. 12). The crisis in the 1970s might have led to strengthening of the left-wing policies, the opposite has occurred. Conservative policies, which have begun with Margaret Thatcher in Britain, have quickly gained momentum and have even more strongly backed by Ronald Reagan in the United States. Right-wing was getting into a more conservative and neoliberal way with the support of the doctrines of Friedman, Hayek and their academic and political followers (Dowd, 2000, p. 165). Thatcher and Reagan have designed a policy to curb inflation problems by means of money supply controls and the increase the power of trade associations to reduce unemployment, *so to say*. Thus, the forms and functions of American hegemony have begun to change with structural change in the world order. The world economy and the various forms of state and the crises of the social forces they hold in have seen as the result of the internationalization of production and internationalization of state. This structural change has thus led to the formation of many different forms of state (Morton, 2007, p. 123; Bieler & Morton, 2004, p. 95; Bieler & Morton, 2003, p. 477). According to Robert Cox, with the emerging notion of a US-centered world order was no longer functioning well, three possibilities emerged in the following uncertainty and in the structural transformation of world order;

a reconstruction of hegemony with a broadening of political management on the lines envisaged by the Trilateral Commission; increased fragmentation of the world economy around big-power-centred economic spheres; and the possible assertion of a Third-World-based counter-hegemony with the concerted demand for the New International Economic Order as a forerunner (Cox, 1983, p. 171).

### **2.3.2 The Neoliberal Transformation**

After all these headways, the measure, which has taken by American hegemony against the crisis of the 1970s, was largely the financialization, and the internationalization of this American financialization, and thus, the formation of a transnational ruling class. The Post-Fordism process, which would harmonize all the practices of coercion and consent of the hegemony and will transform the dynamics of social forces, has accelerated the integration of this neoliberal transformation into the world order. The internationalization of production and trade, backed by Bretton Woods, was leaving its place to internationalization of finance. This financialization process, beginning from the mid-1970s, has become a deeper complex and has become a tremoring ground of financial crises in the future. The forms and functions of American hegemony have taken a base after the crisis of world economic order along with the collapse of the Bretton Woods system. The crises, which have occurred both in the national economies and the world economy overall, have led to the reformation of the social forces in these states. This reformation has taken a fixed form with the globalization from the internationalization of production and the states (Bieler & Morton, 2004, pp. 94-96). Especially since the 1970s, finance-capital has gained not only by lending credits to peripheral states, but also through the operations of multinational banks, as well as through particular networks of the particular interests of particular groups. Moreover, due to advantages of distinction and inequality between the states, production processes were integrated with multinational corporations. The changes in production and finance has led to the changes in globalization. Global capitalism has been structured transnationally, the capital and labor have spawned new social forces. In addition to transnational ruling class; manufacturers, sub-contractors, small medium businesses and other components of the finance-capital

have supported the internationalization of production (Gökten, 2013, p. 164). The transnational ruling class, which is at the top of the global class structure, is for its own and in itself with its institutions acting together with its ideology and strategy. The IMF, the World Bank, the OECD and the Trilateral Commission, which were the main organizational points, have developed guidance for policy makers in the framework of their hegemonic ideas. This transnational class has not limited only to CEOs of multinational corporations and international agencies. It was including the managers of different international market-oriented sectors, the managers of local investments linked to the international production and central bank governor and important officers of ministries of economy. Thus, the structural power of the transnational capital has supported by business, government officials and international organizations. Globalization in the form of transnationalization of production make a divergence between capital and labor as multinational ones and domestic social forces (Cox, 1981, pp. 147-149). Thus, as pointed out in the Neo-Gramscian perspective, the neoliberal globalization has become a political project of transnational class.

During this period, the shifting from production and trade-oriented economy to finance has brought austerity policies in the advanced capitalist states under the label of tight credit policies and supply-side economies. In general, the aim was to increase the profitability by suppressing wage increases by creating more unemployment, by tax reduction to corporations, and by redistributing income directly by cutting social service spending. Another aim was to revive the domestic and international finance sector by suppressing inflation and moving rapidly to deregulation, especially by removing capital controls. Thus, the international manufacturing sector's deepening profitability crisis over the past decade has thought to be solved by easing the doors of the financial sector and opening new shortcuts for high incomes. But breaking the chains of the financial sector, the world economy was once again the hostage of speculative expansions based on credits, each resulting in tremendous bankruptcy. Thus, from the beginning of the 1980s, large financial bubbles have emerged in all of the advanced developed states. Foreign capital flow has taken place with the interest rates hike to the top level in

order to suppress inflation, but this has caused an intense pressure on dollar indexed debtors of third world countries. In 1982, harshly delinquent credits and appreciation of the dollar have burst a debt crisis in Latin America. While the crisis has confronted some of the world's leading international banks with the risk of payment difficulty, a crush that could spread all over the world, starting from the US, was a threat to be triggered (Brenner, 2015, pp. 50-58). On the other hand, with the appreciation and strengthening position of the dollar once again, the trade deficit has widened and the US producers, who had not already reached the profit margins of 60s, have troubled once again. So, the Reagan administration has taken measures without any delay. As a result of the unstoppable pressures, Japan and Germany had to accept the revaluation of the *mark* and *yen* in order to boost American exportation. The 1985 Plaza Accord, which would ensure the US economy to improve in the 1980s, has left no room for doubt about who was the master and bearer of the international liberal order (Anderson, 2015, p. 96). Moreover, after 1980, the process of deregulation in the financial system and the process of financial innovations have become the locomotive of the global economy by shoving over the production. Thus, the dollar imperialism, which once has referred to the Marshall aid by Khrushchev (Lowe, 1988, p. 283), has happened this time for real with the internationalization of financial deepening under the name of innovation. On the other hand, according to Robert Cox, we cannot say that finance, or alternatively production, is always a decisive force. The question is not which one is more important, but how they relate to each other (Cox, 1996c, pp. 179, 180).

The recessions and regulations in 1970-80s have provided the internationalization of production, consumption and change and the integration of global political economy power. The nature of the historical bloc has not been changed and transnational historical blocs have emerged that aims to protect the interests of metropolitan capitalist states and their partners (Gill, 1994, p. 33). As a result, internationalization of production, as one of the solutions developed in the crisis environment, has brought about significant changes in the global political economy by advancing the structural power of the transnational capital with the help of progress made in transportation and communication technologies. Above

all, transnational capital has gained a significant advantage over both the states and labor organizations, thanks to its expanding borders. More precisely, it has become able to threaten the state and its labor organizations by closing its operations or by not investing at all. Because it was easier to go to another state which might be more advantageous for its interests between now and then. When it comes to increased mobility capacity, the states have become much weaker in the presence of financial capital (Gill & Law, 1989, pp. 479-487). On the other hand, the reformation of the production in the mask of the Post-Fordist relations, which has been improved by transforming for the old Fordist relations, has brought a reformation in the production relations in neoliberal order as well. The age in which the mass production was integrated has come to an end, and a division of labor as the form of a core and periphery in production has carried out, and a new mode of production has carried out in which a large part of a production was made in peripheral states and the control was made in a rather small core states. In the core, permanent employment has been provided within the finance, research and development, technological organization and innovation, while in the periphery where labor has temporary and part-time employed, it was dependent on the components of the production process. Formation the relations of production as core and periphery has also caused stratification in terms of ethnicity, gender, regional or geographical position among the employed labor force. Again, in this process, the power and the capacities of trade associations have increased. Furthermore, the controllability of the corporations by a single state authority has disappeared (Cox, 1994, p. 261; Cox & Schechter, 2002, p. 81). The Post-Fordist complex, thus, has dissipated the welfare state that Fordism has built. Cox mentions about this condition as;

the erosion of organized labor's strength and capital's insistence that welfare costs are a burden upon international competitiveness overturn the tripartite alliance of government, big labor, and big industry upon which the welfare state and Keynesian demand-management of the economy were grounded. Government now acts to provide internationally oriented business with the best possible conditions, and conspires to obstruct labor's demands (Cox, 1996b, p. 286).

Thus, the globalization of production has created a social hierarchy of three level. Those at the top of this structure have succeeded in fully integrating the global economy. This class consists of global managers who maintain global production and finance in the public and private sectors. The second level was the flexible workforce that emerges as a result of Post-Fordism, which provides the continuation of the global structure. The last level has consisted of the ones outside the global economy, that is, the unemployed ones. This last level has the threat potential against the global order in terms of formation of a counter-hegemony (Cox & Schechter, 2002, pp. 84, 85). Thus, with this transformation, the consent of the social forces, which has taken with a will within the context of Fordist production relationships at one time, has now taken even without asking, requesting.

Another major issue, on the other side, was the internationalization of state. For the most part of twentieth century, states have perceived as an intermediary to protect the national economy from destructive external factors in order to be able to provide prosperity and employment in the domestic economy and market. The state's priority was to provide internal welfare. After the neoliberal transformation, the state's priority has evolved to harmonize the domestic economy into a global sphere, in order to meet the requirements of the world economy and global capital (Cox, 1996d, p. 193). Again, according to Cox;

The notion of international obligation moved beyond a few basic commitments, such as observance of the most favored nation principle or maintenance of an agreed exchange rate, to a general recognition that measures of national economic policy affect other countries and that such consequences should be taken into account before national policies are adopted. Conversely, other countries should be sufficiently understanding of one country's difficulties to acquiesce in short-term expectations. Adjustment are thus perceived as responding to the needs of the system as a whole and not to the will of dominant countries. External pressures upon national policies were accordingly internationalized (Cox, 1981, p. 145).

Ellen Wood, on the other hand, has partially opposed to the debate about the internationalization of the state and globalization. According to Wood, despite all

the tendencies of globalization and capitalism, the world has become a world of nation-states today, not less, but as a result of pressure from imperial powers. As the result of instinct of capitalism's self-expansion, the capital's transcending geographical boundaries always have happened with the support of the particular nation-states (Wood , 2003, p. 23). These two views have a strong argument and a logical background about the role of the state. But this dilemma needs to be looked at from a different perspective. The state is not entirely globalized as the Neo-Gramscians say, nor is it entirely a nation-state structure as in Wood's critique. These two cases are more intertwined. The state has an elasticity of a latex to provide the necessary transition for these two case's points. However, the control of these transition is still carried out by the transnational class and by government officials who have developed relations inside the entire hegemonic system. The state has not completely lost its nation-state role, but it has reached a level that their boundaries can stretch with the internationalization of capital. Thus, a brand-new form of state has emerged under the hegemony order that will spin the wheel for both the state and capital. Both actors have the aim of similar directed interests. However, the hegemonic contradiction occurs when the clash of interests of both actors take place. This was seen after the imperial actions of the US in the Iraq and has caused a gridlock in its hegemony, which has constituted the second signal crisis of American hegemony as will be argued in the next chapter.

Throughout this process, the transnational ruling class has needed to be examined more thoroughly between the transnationalization of production and capital and the fractionating classes in the social forces. The control of this transnational class on the global capital, strengthened by the neoliberal order, will help us to understand and make a distinction about the debate over whether now the hegemony is the United States or the transnational class. Of course, this discussion will be done later on in the thesis, however, the structure of this class, which has seen as the new hegemon, should been examined in order to understand the emergence of this debate. This new transnational capitalist class is made up of transnational capital ownership, a class of multinational corporations and private financial institutions with the owning means of production in the world wide. This

class consists of a transnational structure as the internationalized production, market and finance (Pijl, 1998, pp. 132-135). Along with the organic development of nation states, such as the trans-nationalization of national structures, the dominant classes in world have turned into a supranational structure with the national classes of other countries. The structure of the global class consists of the reformation of the relationship between the global capitalist class and global proletariat (Robinson, 2001, p. 168). The structure of this emerging transnational class also makes it easier to understand the role of the state mentioned-above.

As a summary, since the erosion of the *pax-americana* principles of world order in the 1970s, the internationalization of finance and production, and relatively of the state, has been achieved by a transnational ruling class. Due to advantages of differences between countries, internationalized production and finance has an integration with multinational corporations. This organization of production and finance fundamentally have differentiated the globalization process of *pax-americana*. Parallel to the Neo-Gramscian emphasis on social forces as the actors of production, transnational restructuring of capitalism in globalization has taken place and this has led to the formation of new social forces, and new organization of capital and labor (Morton, 2007, p. 124). Therefore, it can be interpreted that the theoretical design of neoliberalism as a utopian project, or as a political project to restore power to the economy's elites and regenerate the conditions for capital accumulation (Harvey, 2007, p. 19). According to Overbeek, there is a complex intertwined relationship between neoliberalism as process and neoliberalism as project (Overbeek, 2004, p. 10). The policies that have reflected the hegemony project of the neoliberal transnational capitalist class have been placed in the structures of states in many regions of the world with the strategy, as Gill calls, new-constitutionalism. Through new-constitutionalism, many political field have been isolated from democratic accountability and public oversight through constitutional and legal arrangements and international agreements (Gill, 2002, p. 60). In this context, the change that the neoliberal transformation brings to hegemony will be well explained by Robert Cox as;



Hegemony at the international level is thus not merely an order among the states. It is an order within a world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of the different countries. World hegemony is describable as a social structure, an economic structure, and political structure; and it cannot be simply one of these things but must be all three. World hegemony, furthermore, is expressed in universal forms, institutions and mechanisms which lay down general rules of behavior for states and for those forces of civil society that act across national boundaries – rules which support the dominant mode of production (Cox, 1983, pp. 171, 172).

Thus, in this chapter, attempts have been made to provide a superficial analysis of particular historical events and a sound analysis of American hegemony during the twentieth century in the context of the formation process and the transformation of American hegemony. Firstly, the previous period of the World War II is analyzed by demonstrating the active dynamics of the formation of American hegemony. The national hegemony inside the US and its structure was the key point in the internationalization of American hegemony after the 1945. Moreover, the differences between the British and American hegemony is shown shallowly. The focal point of this chapter was the hegemonic process of the US from 1945 to 1990s. How American hegemony has gained the consent in the Europe and other regions through its economic institutions and instruments between the 1945 and 1970 is, thus, shown in this chapter. Later, the long-boom period, which has provided an advantage to American hegemony, as the preparer of the 1970s crisis is analyzed. The analysis of the first crisis of American hegemony in the 1970s has the vital importance of understanding the structure of hegemonic crisis. In this context, the first crisis of American hegemony was based on more of economic failures unlike today's. The reason and the answer of why American hegemony has solved its crisis during the time can be found in this context. Thus, American hegemony has developed a more complex and aggressive structure with neoliberalism and has postponed its decline. On the other hand, today's decline is grounded on deeper crisis as it will be shown in the next chapter. However, the evaluation of this hegemonic process has not based only on the power politics or material capabilities,

which have taken the big part of the hegemony notions of the most main theories in the international relations, but more a deeper perspective of analyzing the social forces, forms of state, and world order. It has also been tried to elaborate the elements of coercion and consent in American hegemony. Thus, in this chapter, a reference point has been made to understand the dynamics of American hegemony today, and the interaction of American hegemony between the past and today is elaborated. Certainly, it requires maybe a deeper analysis. In this chapter, an attempt has been made to analyze the purpose of the thesis within its awareness. It is obvious that the crisis of the 1970s was a signal crisis as Arrighi has pointed out (Arrighi, 2007, p. 151). However, the US has achieved to postpone its fall for its own capital by using its financial and commercial networks and transformation (Wood, 2003, p. 133). Therefore, the 1970s crisis has eroded American hegemony, but has not destroyed. The decline of American hegemony, which has agreed by Trump administration today, can now be seen as a second signal crisis? Or is it a terminal one? Or is it just a populist rhetoric? The next and the last chapter will analyze this in better perspective by focusing more on 2000s. In this context, America is still a hegemonic power in terms of founder and guarantor of post-World War II world order. However, it does not change the fact that its position is in change. Thus, the next chapter will try to find answers to the main question of this thesis, *for whom the bell tolls?*

## CHAPTER 3

### **IS AMERICAN HEGEMONY IN DECLINE? – *FOR WHOM* *THE BELL TOLLS?***

In the preceding chapter, the dynamic formations of American hegemony in the late nineteenth century and in the early twentieth century was elaborated; and moreover, how American hegemony was differed from British hegemony throughout the process was analyzed. In the late nineteenth century and early twentieth century, America and Germany, as recently industrialized powers, have started to challenge the British hegemony. The wave of colonialism, which has led to the World War I, has spread as a result of protectionism policies and intense competition. The war was epoch-making in the sense of ending the British hegemony. As a result of devastation in almost every field after the war, the British economy has gone bankrupt and profits have plummeted. As turning this condition into an opportunity, the United States has become the world's largest industrialized economy and the biggest creditor in the 1920s. However, despite all of Wilson's insistence, the US was not yet fully prepared to take Britain's place as the regulator of the world capitalist economy. During the period from the 1920s to the World War II, the United States itself was a stage of many political and economic developments. In fact, these developments have included some factors that would later form the basis of American hegemony. Breakthrough innovations, particularly in the field of production and consumption, and the New Deal program following the 1929 Depression, have developed a consensus based on consent between the state, corporations and social forces, by changing the nature of the American nation and relations of production. At the end of the World War II, the United States has undisputed industrial and military superiority within the capitalist world system. In the preceding chapter, the focus period was after the World War II, the creation, development and implementation of American hegemony. Undoubtedly, the US has successfully managed the restructuring process of the capitalist world system.

With the advantage of cheap and abundant oil, the global capitalist economy has entered, mostly in core states, a period of unprecedented rapid growth, which will be referred to as the “golden age of capitalism” (Li, 2016, p. 47). When it has come to the 1970s, the global economy, and thus the leader of this world order, American hegemony, have entered a deep crisis. Stagflation and rising oil prices have all caused suffering for both developed and developing economies. The debate over whether American hegemony has come to an end has found great repercussions in the literature with the echo of heavy economic losses and the unexpected military consequence in Vietnam. However, under the leadership of American hegemony, the global capitalist world order has responded to this crisis with neoliberal transformation and financialization. This process, which radically has changed the structure of social forces, the forms of state and the world order, thus delayed the collapse of American hegemony. Is that delayed date today? In simple terms, no. The United States is still in the position of hegemony today. However, the United States and its hegemonic position, which has become the only superpower in the world after the sudden dissolution of the Soviet Union in the last decade of the twentieth century, have been questioned again particularly after 2000s’ the political and economic developments. In parallel with these developments, the rise of the others, especially China in economic terms, which has taken the gripping motor of the world trade after 2008, have begun to appear as alternatives to lead by replacing American hegemony. In this respect, it is obvious that American hegemony did not end. However, even though it is not an end, is it in decline? This thesis will defend that American hegemony is in decline. But why and how? These questions, which constitute the main problem of this thesis, will be tried to be answered in this last chapter. Within the Neo-Gramscian approach, which separates the hegemony from the leadership, will be followed as this thesis finds it more accurate in terms of theoretical perspective. In this respect, the dynamics that leads American hegemony into a decline will be examined by looking into historical events and evaluating within the material capabilities, the ideological dimensions, the contradictions in civil society and social forces, the possible counter-hegemonic movements and the changing structure of the world order. This will be done by framing time into three.

Firstly, 90s years will be examined, later 2000s will be the biggest focus, and briefly today will be analyzed.

### **3.1 The Changing World Order and American Hegemony**

American hegemony, while attempting to regain its strength of golden age with the neoliberal transformations in the early 1980s, has shown that even though the Cold War rhetoric against the Soviet Russia has maintained, the real attention has been paid to maintaining the leadership of the global capitalist economy. For this purpose, the US and its foreign policy mechanism, by rhetoric and implementations, have tried to reach wider borders in the world to spread neoliberalism. Meanwhile, the Soviet Union was unable to hide its fatigue and dissolved at the beginnings of the 90s. In the presence of this desired but unexpected sudden collapse, the US was bewildered and astonished. This amazement among American officials, who had no idea about how to deal with the consequences of this, has been well portrayed in the preface section of Ikenberry's *After Victory*. Wallerstein, on the other hand, has pointed to the possible collapse of liberalism after the dissolution of the Soviet Union, in fact, by removing the only ideological reason behind the US hegemony (Wallerstein, 2003, p. 21). With the sudden collapse of the Soviet Union, sudden discharging of the oppositeness rhetoric that has legitimized by mutual contradictions brought about the end of history, according to some, as the United States has become a liberal superpower in the unipolar world order. In this respect, the civilization has reached its peaks and limits that no longer can be developed. Thus, the supremacy of liberal democracy and its means spreading under the leadership of American hegemony has been recognized by the world and has been shown as the highest level that can be reached by pointing out that there is no any other alternative (Fukuyama, 1992). In this context, besides all these developments, the last problems that followed immediately after the collapse of the Soviets were taken up on their own. As of 1992, most regimes under communism or communist influence have been overturned and passed on to the "good hands" (Anderson, 2015, pp. 113, 114). The United States has enjoyed relative comfort in its own backyard, in Latin America, after many countries under Soviet influence were also passed on to good hands. This has occurred by gaining consent for some and by

coercion (Panama case) for others. With the establishment of NAFTA in 1992, neoliberalism gained institutionalism in American continent. On the other hand, many Central European and Latin American countries have applied neoliberal “shock therapies” to national economies to make a rapid transition to the winning side after the dissolution of the Soviet Union. During this period, the neoliberal transitions were advocated and supported by the civil society that Gramsci called as organic intellectuals. For example, the church wing in the civil society was used actively. Neoliberalism was indoctrinated secretly in the politically suppressed East Europe by Jean Paul II, saying that the decades-long communist doctrines was hollowness in the demand for “freedom” (Brzezinski, 2007, p. 18). On the other hand, academics and economists who had received university education in the US have played a key role in adopting neoliberalism for Latin America countries (Morton, 2007, pp. 157, 158). In line with these eventuation, the indexation of national economies according to the global liberal economy has also internationalized these countries in some sense. On the United States side, the think-tanks such as the Heritage Foundation, the Hoover Institution, the Center for the Study of American Business, and the American Enterprise Institute have founded with the support of private companies to provide empirically serious technical and scientific studies and to construct political-philosophical arguments in order to defend neoliberalism (Harvey, 2005, p. 44). Neoliberalism, at the end of the day, has spread in wide geography in some way, sometimes with the support of civil society, sometimes with the state’s own initiative, sometimes with coercion and sometimes with consent. So, all these pieces had come together for the so-called Washington Consensus in the mid-1990s. The neoliberalism models of the United Kingdom and the United States were defined as solutions to global economic problems. Even Japan and Europe were hardly pushed into pressure on the neoliberal path. Clinton and Blair were the ones who have made the most effort to consolidate the role of neoliberalism in and out of the country, along with the globalization rhetoric that spread throughout the 90s. The establishment of the World Trade Organization was the culmination of this institutionalism. The WTO has set the neoliberal standards and rules for the relations in the global economy.

Within the framework of the protection of the national interests of the hegemony, efforts were made to open as much of the world as possible to the flow of unimpeded capital (Harvey, 2005, p. 93). But the contradictory effects of neoliberalism have shown itself in an outbreak of financial crisis spreading from local to global. Most of the East European and Latin American countries, which integrated their national economies into neoliberalism with shock therapies, were often gained the shock rather than the therapy in the long term (Klein, 2007). In fact, according to Arrighi, Adam Smith, the pioneer of liberal theory, would have opposed any practitioner who resembled the shock therapies of the 1980s and 1990s, if he had lived today (Arrighi, 2007, p. 43). On the other side, there have been constant fluctuations in the developed countries, which have shifted the locomotives of the economy from production to large scale finance and stock markets (Mason, 2016, pp. 11-27). In some way, the dynamics that arose as a result of the *dot-com* crisis that occurred in the US after the collapse of the technology bubble were the factors that triggered the developments after 2000. Despite all of this turbulent process, the globalization rhetoric has sounded up to the beginning of the 2000s, particularly in the Clinton era (Brzezinski, 2007, p. 84). Even though some counter-hegemonic movements and passive revolutions have taken place in many different regions by social forces against the neoliberal politics and globalization, the power of labor and social forces has become even smaller in this period (Carroll & Ratner, 2010).

On the other hand, the US has devoted itself to the role of global police as the regulator of the unipolar world order after the dissolution of the Soviet Union. Along with the threat to the liberal world order has vanished after the communism's strongest hand collapsed, the United States had worried that its hegemonic umbrella will not have been required by others. The United States, even though it was in unprecedented position where it can do whatever it wants do with an enormous capacity, has felt the necessity of reconsolidation of legitimation for its hegemonic actions by creating new contradictions and oppositions. The first point that this contradiction has occurred was the Gulf War. America has punished Saddam administration, who has challenged hegemonic world order, by practicing the

coercion apparatus of hegemony, thanks to the consent that easily gained by many countries. The most of the economic costs of Iraq's operation were met by the countries that have given their consent. As George H. W. Bush claimed, the Gulf War was the beginning of the New World Order. The end of the Cold War has changed everything. Russia's approval for the Iraqi campaign in the Security Council, the abstention of China, and the support of the majority of the rest of the countries have satisfied the US superpower (Anderson, 2015, p. 115). But this was not a victory for the US hawks since Saddam was not yet out of office. On the way to 2003, these kinds of ideological concerns were the only thought for many. (Halliday, 2008, p. 55). The Middle East had a special place for the US. The geopolitical position of the Middle East was roughly one of the key strategic points of the world, due to the important oil reservoirs. Therefore, the Middle East was kind of a socket in order to control others for the hegemony. However, the management and control of the Middle East was usually achieved through coercion. In the Middle East, America's inconclusive but increasingly destructive, counterproductive interventions did not only reflect the image of British imperialism in the following years (Brzezinski, 2007, p. 78). Biased behaviors of the US in the region for the favor of Israel and its interests have provoked the reaction of other Arab peoples. However, marginalized Arab and Islam geography was a recently created contradiction for the actions of hegemony. This gave two consequences for the United States in the future; terrorism as a new threat perception that will give America the legitimacy for global police role, and geopolitical crises that were further deepened as a result of terrorism and war on terror. It has not questioned rationally since the imperialistic behaviors of American hegemony has been legitimized and supported in the academic and political arena by the new organic intellectuals of the historical block, the neo-conservatives and their audience, the Christian right wing (Okur, 2015, p. 378).

In the face of these emerging new threats, NATO, which theoretically should have been dysfunctional with the end of the Cold War, has become more flexible and has expanded its dimensions by acquiring new responsibilities. In the 1990s, Western Europe have made a major step towards unification by creating new



norms and economic developments, and so it gradually has wanted to lift the umbrella of the United States, after getting the necessary economic foundation to break its tight political ties. However, the US was not willing to reduce its dominant presence over Europe. The expansion of NATO to the East would have been a demonstration of American hegemony over Europe at a time when the dissolution of the Soviet Union has created a willingness for traditional US counterparts to be more independent in the region compared to the past (Art, 2004, p. 216). On the other hand, according to Wallerstein, the disintegration process of the Balkan region has clearly demonstrated that NATO as a political force had a very limited functioning and has led to the further tensions between the US and Western Europe (Wallerstein, 2003, p. 56). Indeed, the “humanitarian interventions” that the United States has adopted as a legitimate form of imperial action to begin with Bosnia have been assessed in contexts beyond what the crisis regions have expressed in terms of international security and stability (Okur, 2015, p. 271). In this context, the US initiatives have represented two cornerstones. First, for the first time, the UN Security Council had given NATO a military operation; and the second, for the first time that an air strike had been called a humanitarian intervention (Anderson, 2015, pp. 120, 121). As a result of the US intervention, both truce periods in the Balkans were demonstrated that it was not a change in the structure of the ethnic tension in the region, but rather that the US can make imperial actions if necessary. Thus, somehow, the US showed both the consolidation of hegemony over Europe and the consequences of any challenge. Europe, which has developed under the umbrella of American hegemony and has become a Union in the 90s, was very far from being superior to the US in terms of military and strategic aspects, while capturing the US in terms of economic growth and activities. Indeed, in the Balkan conflicts following the disintegration of Yugoslavia, the message that no result could be obtained if the United States had not intervened was sent to the European continent with vivid examples (Okur, 2015, p. 270). Nevertheless, the US did not want Europe, or even any country in the world, to develop as a rival to itself. Hence, Europe’s military power had to be subordinated to NATO. The Defense Planning Guidance, which has leaked into the media in 1992, has showed that there was no

any concern to reduce arms for the US, on the contrary to expectation of ending of the arms race after the Soviet Union's disintegration. The region under American hegemony sovereignty had to "expand eastward in Europe and be firmly consolidated in the Middle East" (Brzezinski, 2007, pp. 80, 81). While the document was heavily influenced by traditional balance of power politics, it had a vision that clearly defended America's global military supremacy. Moreover, the US has not shown much tendency to restrict North Korea at that time, which was thought to be in search of nuclear weapons, because the focus was given more on Europe and the Middle East (Brzezinski, 2007, pp. 80, 81). Moreover, the nationalist wing in the United States has emphasized that the existence of the Saddam dictatorship was a challenge to American superpower. The US, which has turned the political disposal of the Saddam regime into a foreign policy, has actively kept its military power on the region besides imposing economic sanctions that have had devastating effects on civilian population. By the end of 1999, the Anglo-American forces had carried out six thousand sorties and had left bombs more than thousand on Iraq (Ali, 2000, p. 6). The Middle East, therefore, found itself in contradiction, knowingly or unknowingly, to American hegemony in the post-Soviet period.

On the other hand, humanitarian and military interventions of the US has continued throughout the 90s. For some example cases, the United States, which has intervened with the support of the UN after the civil war occurred in Somalia in 1993, has withdrew from Mogadishu after the losses in the rough conflicts (Hippel, 1999, p. 55). Even, this event later has been tragicized as Black Hawk Down. US peacekeepers were sent to Haiti in 1994 while the genocide in Rwanda has gained momentum without any hindrances (Brzezinski, 2007, p. 90). American hegemony has responded asymmetrically to the attacks of threat-bearing forces. In 1998, military interventions were made in Sudan in this respect. Between 1989 and 2001, the military interventions that the US has carried out against foreign countries have become more than ever before. In this period, an important military intervention was carried out every six months on average, which was enough to be above all of the similar forces in the history (Kagan, 2008, p. 50). For the countries

involved with the intervention, the missions were shaped to establish a western-style democracy after the conflicts. But none of the problems, including Bosnia and Kosovo, could be resolved besides the truces. The crucial point in here is that the entire US interventions were carried out in a manner that lacked a judicial legitimacy, it was only based on UN Security Council resolutions which was seen enough by the US and others to recognize its validity. Hence, the legitimacy was avowed, not based on judicial grounds, but on the basis of an unfair consent gained in a political field by the support of a certain number of country groups. In this context, the United States has tested its hegemonic superpower practices by using a huge military capacity at the cost of any consequences and has intimidated the actors which have thought to challenge the US power. When all these developments and implementation are evaluated, the 90s have been a test field of American superpower. In this period, the US has not hesitated to reflect its ideology and material capacity along with the advantage of received the consent of the civil society both in national and international that provided the legitimacy for actions.

In short summarizing, the world order has become a unipolar structure under the leadership of the American superpower with the dissolution of the Soviet Union, the main opposition of the ideological presence of American hegemony. The victory of liberal world order was reflected in the dimensions of American hegemony, and during the 90s it has expanded by blending the coercion and consent through hard and soft power varieties. Neoliberal economic transformations have taken place in many national economies and the global market was liberalized and institutionalized in line with the demand of American hegemony. However, in this context, the contradictions of neoliberalism have reflected itself in a way with economic fluctuations and crises, and that the economic structures of periphery countries have distorted in this sense (Harvey, 2014). Countries unable to overcome the crisis have integrated more and have been structured upon neoliberal regulations under the IMF reforms. On the other hand, the economic structures of core states have been more fragile due to the tendency of the economies to the stock market and finance. Nonetheless, the 90s were peaceful and prosperous for American hegemony, apart from low-intensity conflicts. In this period, military interventions

have increased more than ever before which has sprout of debate about the turning of American hegemony into an imperial power. The legitimacy has taken for granted with the strong support of states and civil society in this period. The victory of US-led coalition in Iraq in 1991, and that the coming out of conflict without any losses for US/NATO forces in Kosovo in 1999 have drawn the general framework of this decade for the US. Despite Europe's reluctance to have American presence in the continent, American unilateralism has dominated the debate within the alliance until the September 11. In debates over the relationship between imperial action and security, Europeans were worried that by using military force, new challenges could not be overcome and that an unlimited US could lead to exploitation with increasing military power (Okur, 2015, p. 272). Moreover, the negative attitudes of the United States to regulations such as the Kyoto Protocol and the International Criminal Court have strengthened the atmosphere of reaction that the countries, like France, have embodied in their calls for a multi-polar world order (Rhodes, 2004, pp. 426, 427). However, the reactions to American world order have taken place in different parts of the world and in different forms within social forces as well. For example, in 1999, anti-globalization demonstrations by social forces at the World Trade Organization meeting in Seattle have blocked negotiations and created many costs (Epstein & Schnietz, 2002). On the other hand, terrorist attacks were also carrying the hostile reaction to the existence of American hegemony. The failed attack on the World Trade Center in 1994, al-Qaeda attacks on US Embassies in Kenya and Tanzania, and the USS Cole attack towards the end of the 1990s have worried some security experts but have not created important agendas by the majority of American publicity and political class. Hence, the United States have not suffered big threats except low intensity challenges throughout the 90s but (Brown & Ainley, 2005, p. 240). But the terrorist attacks in New York, Washington DC and Pennsylvania in the morning of September 11, 2001 have radically changed the course of history for both the United States and the world.

### **3.2 The Terminal Crisis of American Hegemony?**

The September 11 terrorist attacks have undoubtedly been a milestone not only for American politics, but for global politics. George W. Bush, while coming to the White House in a call for America to be in a less teacher role around the world, has reversed all previous understandings and insights after the tragic attacks of September 2001, and thus the Republican administration has been identified with the coercion appearance to impose the will of the US. For the first time since Pearl Harbor, US lands were violated in this sense. But this time terrorism was the enemy and the war against terrorism was going to take place as much as everywhere (Anderson, 2015, pp. 122, 123). The 9/11 attacks were a serious challenge to the US power. However, the people responsible for these attacks were not representing a state military force. Nevertheless, they have succeeded in making bold attacks on the US lands. After the terrorist attacks, Bush has changed his discourse on declaring a total war against terrorism. The Hawks, which have long been frustrated even by the most conservative administrations, have finally begun to rule American politics. Even if the activating military force in terms of belligerence were seen unwisely by many, nobody could do anything if the US imposes its will strongly. This was the general view mainly and mostly for the American Hawks, Jacksonian nationalists and most of the neo-conservative civil society after September 11. According to the hawks, for two reasons the US should have acted as an imperial force: the fact that the US could cope with results and that Washington could have become marginalized if it would not use its power (Wallerstein, 2003, p. 23). Thus, the doctrine of Bush was precise and clear: “you are either with us or against us in the fight against terror” (CNN, 2001). Thus, the US had decided to marginalize the world instead of being marginalized by the world. As expected, the US has first turned its face to Taliban regime in Afghanistan, which was supporting al-Qaeda in the war against terrorism. The first step of the war on terror has received the support from all around the world since the US has left no room for other options. Both civil and political atmosphere around the world have seen this reflex of the US as fair. The attacks on world hegemony were a threat for everybody. The war without end, which is yet going on today, has begun this way in order to remove the terrorism

on the earth. The aim and purpose of terrorism were influential in gaining the consent of the American people and the peoples of other countries. Allies have demonstrated their support both ideologically, as well as materially. Despite all the civilian and socioeconomic woes of Afghanistan, those questioning the imperial behavior of American hegemony have been very limited. However, long term-continuing of the US presence in the region imperially over the years would change the direction of this questioning (The Washington Post, 2009).

However, as the US, which has waged *just war* in Afghanistan, has started to set different targets in the agenda of the war on terror, the color has started to change from white to gray. Following the invasion of Afghanistan, allegations of Iraq's weapons of mass destruction program has begun to be publicized by the influential titles of the administration (The Guardian, 2002). With the successive declarations since August 2002, The US has aimed to prepare the public opinion for the next war and has aimed to make efforts on the UN to issue a decision that will legitimize the invasion. Moreover, neo-conservatives who have not given up their plans for Iraq since the Gulf War have supported Iraqi politics in an enthusiastic way. In addition, the velocity and effortlessness of Afghanistan's conquest has made Iraq's invasion the next target. The idea that Iraq had weapons of mass destruction that would threaten US national security, and that Saddam has financed and supported terrorist organizations have considered as adequate material for the most effective justification of imperial invasion (Anderson, 2015, p. 127, 128; McCartney & McCartney, 2017, pp. 252-256). Later on, it was understood that there were no weapons of mass destruction in Iraq, nor did Saddam Hussein support al-Qaeda (Okur, 2015, pp. 253, 254). But the imperial momentum has caught at that time, if these pretexts were not, there would be any other justification to actualize this invasion. In this context, it could be understood that the main reasons for the invasion of Iraq were different. Thus, American hegemony has become imperial under the traditional power wing of its material capacity and has transformed into an *empire* in a way (Cox, 2004). In this respect, according to Cox, "terrorism was a violent reaction to Empire; and for dominant power the response to terrorism was an expansion of Empire" (Cox, 2004, p. 318). The American hegemony, which

could not receive support from Europe (except Britain) and many parts of the world for the war in Iraq, has focused solely on the use of force, and has structurally transformed into domination without hegemony (Arrighi, 2007, p. 178). But the organic intellectuals in America have done their jobs in this regard. The historical bloc that wanted the imperial action has needed legitimation and reconciliation capabilities of organic intellectuals to persuade, or at least to prevent active opposition, both other group within the administration and the wide public sphere. Thus, the National Security Strategy 2002 document, which was a forerunner of imperial action to be exhibited in Iraq, has been drafted, reflecting the views of the core elements of the historical bloc, as well as the approaches of other parts of the Republican Party (Okur, 2015, p. 387). Today, if news and academic resources are searched, there can be found many arguments that have justified and supported the US imperialist behavior before the invasion of Iraq. Within all these developments, the success of the lightning attack on Baghdad has confirmed the anticipation of American administration wing at first. The Iraqi armed forces were defeated without any resistance. However, as of June 2003, the losses of the United States have begun to increase rapidly. Even worse, all planned political and economic gains have begun to reverse. By the year 2005, the US army has not seemed to be completely incapacitated from the finishing the job, and it has begun to appear to be facing a moral collapse similar to that experienced in Vietnam. Indeed, this was the geopolitical order that has gone into a crisis with the Iraq invasion and afterwards developments (Cemgil , 2016, p. 177). On the other hand, according to Arrighi, the difficulties that the US has experienced in Vietnam has accelerated the signal crisis of American hegemony. However, this time, when it is compared to the past, with the difficulties that the US has faced in Iraq accelerated the terminal crisis of American hegemony (Arrighi, 2007, p. 185).

The US presence in Iraq could not trigger a wave of transformation that would cover the entire Middle East, on the contrary it has caused more problems. The ongoing civil war in the Middle East, along with the new terrorist organization that emerged after the vacuum created by the withdrawal of the US, the Middle East has slid into more chaos. The war ended with great damages as mentioned above

for the United States. With the calculations of Stiglitz and Bilmes, the cost of war was over three trillion dollars, and nearly five thousand US military lives were lost (the losses were much more in the region) (Stiglitz & Bilmes, 2009). The US, which has taken the economic costs of war with borrowing, has become the biggest debtor country in the world and has given great trumps to its Asian opponents (Arrighi, 2007, p. 196). On the other hand, the instability and chaos caused by the Iraq war, which was waged in order to assure stability, have led to a dramatic increase in oil prices, put an extra economic burden on both the American nation and the rest of the world. Interestingly, the tax cut policy has not been abandoned despite the high military spending from one side and the pressure of growing current account deficit on the American economy the other side (Okur, 2015, p. 411). Thus, the 2003 invasion of Iraq has led to more and more problems than solutions. Throughout the war, many countries and regions, including the European Union, have fallen into disagreement with the United States about the dimensions of imperial actions. The leadership status of American hegemony on liberal political values such as democracy and human rights, as well as liberal economic values such as liberalization and free trade, have lost their legitimacy in the process of Iraqi invasion. The human right violations in Abu Ghraib and Guantanamo in particular, and the acceptance of de facto torture, and the resistance against the International Criminal Court have shown that the US, the leader of liberal democracy, has lost its leadership on these values (Buzan, 2011, p. 10). In the same period, the US has not taken any action except the economic sanctions for humanitarian tragedy in Darfur. After the period of September 11, the remembrance symbol of the United States, because of the unilateral US foreign policy that only has justified Bush himself, has become as Guantanamo prisoners' camps instead of Statue of Liberty in the eyes of most of the world (Brzezinski, 2007, p. 185). This was partly a change in ideas and intersubjective meanings that Robert Cox mentions as ideological dimensions of the hegemony. The only political aspect of the war was the overturn the Saddam regime. On the other hand, the imperialist attitude in the process of war on terror has increased American enmity aside far from ending the terrorism. Therefore, in general, 2003 was the cause of disastrous damage to the global



leadership posture of American hegemony. The invasion of Iraq has endangered the credibility of the US military power and the central position of the US in the global political economy rather than consolidating its power (Arrighi, 2007, p. 209). The United States has shifted into a biggest debtor nation from a creditor nation in the world (Harvey, 2009, p. 83). With the 2003 invasion of Iraq, the above-mentioned increase in oil prices has reflected the economy as negative and has increased the importance of monetary policies. The housing bubble has supported by loose monetary policies and low interest rates after the dot-com crisis, and the increase in consumption has fueled by this housing bubble (Stiglitz, 2012, p. 43). This situation was going to bring causes for a financial crisis in addition to the geopolitical crisis of the US.

In the ongoing process of the invasion of Iraq, the fact that the reasons for the invasion were untruly groundless and the consequences of bringing a geopolitical crisis for the US have brought to mind the question of what the real reasons of the war and the who real winners were. In this context, it was echoed by the debate over the different desires of the historical bloc, which demanded the imperial actions, in the process of transformed dominance without hegemony. The American Empire has made the Iraq invasion to consolidate its hegemony over others in favor of some ruling capital class. Many people in the world still believe that the US government has waged the war because it has wanted to seize Iraqi oil. However, it can be said that when the thought of the burden brought by the rising oil prices to the American people and the American economy during the war period, the United States has failed if it has thought that it had occupied it with such a purpose. Nevertheless, the rising oil prices have already succeeded in enriching the private oil companies in the capital class. The share prices and the profits of Exxon – Mobil and other private oil companies have exceeded in (Stiglitz & Bilmes, 2009, p. 112). On the other hand, many thinkers like David Harvey and Ellen Wood argue that the purpose of this invasion was hegemonic. Harvey has pointed out that the imperial adventurism, legitimized after the September 11 attacks, was related to a geopolitical strategy that has served the purpose of controlling global oil wealth and maintaining the global hegemony, as well as dominating the frustrated and highly

divided political communities in the United States (Harvey, 2005, pp. 195, 196; Harvey, 2003, pp. 3-26). Also, in September 2003, the underlying reason was painted somehow when Paul Bremer, president of the Coalition Provisional Authority in Iraq, mentioned about the “full privatization of public enterprises, full ownership rights for foreign companies in Iraqi businesses, regulating Iraqi banks by global norms, equal treatment principle for foreign companies, and removing all the trade barriers” (Harvey, 2005, p. 6). Callinicos, who assessed Simon Bromley’s argument over the relationship between Iraq’s invasion and US oil strategy, criticized Ikenberry’s constitutional order on the After Victory and defended that America has shifted into imperialism. According to Callinicos, the United States implements a form of non-territorial imperialism that operates in the light of practical rules that would benefit American-centered capital in general by an open liberal institutional order. In order for American hegemony to operate consistently, it must at all times guarantee the main interests of other capitalist states (Callinicos, 2009, p. 190). Ellen Wood also interpreted the goals of these American military strategies as hegemony over all friends and foes. According to Wood, who interprets also the NATO enlargement in the 90s in the same way, the missions of the US in the Middle East was that Japan and some countries feel the flow of oil was safe, and therefore they would not be in different pursuits. This also has provided the US control over its allies so that they would not be able to strengthen themselves which would obtain a chance to compete against American hegemony, or empire. But Wood says that the new position of imperialism was a contradiction, stating that the military position in the United States would reverse and create an increasing anti-imperial hostility all around the world. Wood also emphasizes the symbolic role of the military power of American hegemony. According to Wood, imperial interventions are always done under different doctrines and labels, but done. It was a hegemony strategy to keep potential rivalries in line under the American hegemony with the military power, which was formed as humanitarian interventions, war on drugs and war on terror. Thus, the empire exhibits its existence and unquestionable supremacy, and demonstrates that at any time it can go to any place and cause great damage through its military power. But it does not

just do it for demonstration, it is necessary to do so with national interest and transnational capital (Wood, 2003, pp. 143-169). The signs of the change in power, capital and state relations in the White House during the early years of the new century has reflected the dominant capital class was oil and arms industries. After the September 11 attacks, Bush's war on terror has opened the way for new defense expenditures. With this development in the context of military-industrial complex, private companies were wallowing in wealth. *America's War Machine*, written by James and Molly McCartney, shows how the private companies in the defense and security industry have gained significant revenues and influence in politics especially after the September 11 period (McCartney & McCartney, 2017). Thus, the war of Iraq has transformed into an environment of profiting from political gains. The customer of the defense and security sectors was directly the United States, and most of the money spent was from the American treasury. All of these caused an incalculable loss for American economy and a huge increase in debt of the federal government. On the other hand, the rise in oil prices have caused by imperial actions the US state apparatus in Iraq has also fueled the oil-producing states that have opposed American hegemony or has begun to appear as objectionable after September 11. Countries such as Venezuela, Iran, Russia and Saudi Arabia have generated a huge income with the increased oil prices. In addition, many countries, which were uncomfortable about the imperial actions and the aftermaths, have acted more voluntarily to export oil to the China and other developing countries (Okur, 2015, p. 422).

Although the post-9/11 period has brought great economic returns and political influences to certain groups of capital class, this was the period that the interests of transnational capital and the US government have become conflicting. Particularly, the contradiction of the historical bloc's superstructure in the hegemony might be most important indicator of American hegemony crisis. In a timely manner, those who have glorified the US governments with the rhetoric of the leader of globalization have exhibited a stance against the imperialist political wing of American hegemony. Parallel to the consequences of the 2003 Iraq war mentioned-above, the main reasons were the concern that the destabilizing effects

of imperial action would have on the global markets would destroy the globalization infrastructures that allow the capital to become transnational. One of the prime examples of this was George Soros' criticism in *The Bubble of American Supremacy* at the end of 2003. Soros emphasized that the imperial action that was exhibited in Iraq was a big mistake even though saying that there is no possibility of recovering the September 11 tragedy (Soros, 2003). What was the wrongly faltered on imperial actions was that the United States has not followed legitimacy norms on power use. Soros defined analogically this as a rough Social Darwinism that ignores the cooperation and based on the survival of the fittest. This analogy was related to misconceptions of "market fundamentalism in economic matters, and the American supremacy in international relations" (Soros, 2003). Soros pointed out the difference between the claim of superpower and the leadership of the free-world. At the same time, Soros led the critiques on the historical bloc behind this imperial act. The axis of this historical bloc has constituted an alliance of radical fundamentalists and market fundamentalists under the Republican Party. The US imperial action in Iraq, which has turned into a threat against the open society ideal with the Bush administration, was expected to harm the concept of nation-building. According to Soros, the world needs to be cleansed from the Saddam and quasi regimes, but the administration's behavior in Iraq has not made it easy to achieve this goal, on the contrary it has made it harder. In fact, what was the worrisome on Soros' critique with its subtexts was that the US imperialism's conflict with the globalization. The worrisome was about the negatively affected transnational capital rather than the humanitarian and social dimensions. This was therefore a conflict of interests between the transnational capital and the US state and its organic supporters. If hegemony is examined with the neo-Gramscian understanding, this has constituted a major problem for American hegemony. Because the globalization has come through the evolution of the American hegemonic system. And transnational corporations are important tools of the hegemony in this sense. The legitimacy or hegemony of a world order requires the presence of some forces in the background to maintain institutional process in which states and people generally accept or at least own (Cox, 2004, p. 314).

Harvey explains this dynamic by pointing out the fractionation between the capital and the state on motivation and action. According to Harvey, the basic desire of the capitalists who hold the capital is to invest the capital at any place where it can profit and accumulate more capital. On the other hand, politicians and statesmen want to protect the power of their state or increase it against other states. The capitalists are not responsible for anyone except for themselves or their close social groups in pursuit of capital interest. Politicians, on the other hand, have responsibilities to their citizens (Harvey, 2003, p. 27). Harvey puts this inference within Arrighi's territorial and capitalist logic of the power. Arrighi presents an important distinction in this context. While the private companies under the British hegemony were favorable tools for the development of state power, international companies in the twentieth century and after were not. Indeed, aside from being the favorable tools for state power, international companies have long since become the most important limitations of this power (Arrighi, 2010, p. 317). By the early 2000s, the majority of China's exports were made by foreign companies, most of which were American companies (Harris, 2004, p. 59). The investment of global American companies in China increase productivity and profits by lowering their production costs, but at the same time they strengthen a rival state apparatus against the United States. One of the factors that narrow the political field maneuvering of the United States in the face of the geopolitical challenge by the strengthening state apparatus is the interdependence relation between the economies of these two countries based on macroeconomic balances (Okur, 2015, p. 318).

In line with the contradictions within America and the new threats to its hegemony, the White House has showed small changes in American imperial politics with the Democrats taking the office in 2009. Plans to withdraw American army from Iraq and Afghanistan has begun with Obama period. However, from the invasion of Iraq until this time, the political plane of the Middle East has undergone major changes. But America's imperial position has remained relatively same, more it has changed shape. In this context, the Obama administration has adopted a strategy of moving forward through international alliances instead of directly unilateral military interventions by using American troops for extensive operations.

And economic sanctions have gained more importance than increasing the risk of conflict in situations with high potentials for conflict (Cemgil , 2016, p. 182). In Libya, in 2010, with the doctrine of *leading from behind*, it has reestablished military cooperation under the NATO roof with Europe. Having benefited from Europe's desire to improve with Washington after the disagreements in Iraq invasion, and the British-French once more to take on a role in the world scene, the Obama administration has ensured that Europe stood by the US on controlling Arab world. Those who have increased their weight and influence in the region's shifting balance of power politics have become oil-riches, the lucrative supporters of the American system (Anderson, 2015, pp. 133- 145). On the other hand, in Syria, the militarily efforts of the US, by motivating the Turkey and Gulf monarchies into a proxy war in the Syria in order to take down the Assad regime has been less effective than the efforts of Russia and Iran. In Syria, heavy bombardments have taken place at the cost of violation of the bylaws by the US President in order to prevent the ISIS from spreading to the north of the country. Washington, which has tried to gather the Arab allies under a coalition against the jihadist forces fighting against Damascus regime on the one hand, while trying to overthrow the Assad himself on the other, has started the fourth war of this century in the region (Anderson, 2015, pp. 256, 257). In these various areas of conflict, American supremacy has not yet established its own balance in the region. In this context, the US has had to watch the fact that Russia in the region has become a military power against itself. With Russia's position in the region and the changing diplomatic balances, the United States is now more cautious. During the Trump era, the military operations were limited despite Trump's threatening discourses, and it was avoided from the political dimension that would create a conflict with Russia (Russia Today, 2017; The New York Times, 2018). At this moment Russia is a challenge to the US in the region and the US cannot act independently. But even if there is an uncertainty about how this dilemma will be shaped for the future, it can be seen that the parties, including Iran, will stay away from a conflict with each other, and will continue to rely on diplomatic and economic means. Declining oil prices after the 2014 was seen as a punishment on Russian economy by the US in response of Georgia and

Ukraine events (MSN, 2014). Nevertheless, it can be seen as well in the National Security Strategies that the priorities of the United States have shifted to Central Asia and the Pacific. China, which has become the locomotive of global trade, Russia, which has started to recover, Iran and North Korea, which are the nuclear threats, and other factors which consist of low density challenges have now considered as new threats for America. But despite all the political and economic developments, these actors are not still in a position to threaten America's hegemonic position. In this context, the effects of the decline in the hard and soft power of the US after the September 11, including 2008 financial crisis, have reflected today's actions. These contradictions might constitute the indication of the hegemonic decline, even if the US still hegemon.

The scenarios in which American hegemony ended has begun to place more and more after the financial crisis that deeply affected the global markets in 2008 along with the geopolitical crisis that has already taken place (Gray, 2008). Particularly after the crisis, the discussions have begun to focus on the search for alternatives as China has become the locomotive of the world trade. Although the crisis was initially triggered by the American housing market, its impact has spread quickly into global markets. Thus, the positive factors imposed in the globalization rhetoric have begun to form contradictions with the globalization of the crisis. The housing credit bubble, which has begun to emerge from the beginning of the 2000s, has become the engine of the growth from one side and the source of future risks on the other. Excessively loose monetary policies and low interest rates in the response of burst of the overvalued asset prices within the dot-com bubble in the beginnings of the 2000s have led the capital to seek more profitable investment opportunities. Mortgage market, which was considered low-risk and high-profitable, has offered this opportunity with the guarantee of the American state. With the new financial derivatives and instruments that have emerged with financial deepening, the structure of this market which was being more complex and risky but high profitable, has increased the direction of financial capital in this field. Financiers trying to secure their investments in the event of possible default by packaging subprime mortgage credits within tranches in a pool of securities with

other low-risk mortgages and insurance of these credits have made this field more attractive for investments. However, in 2007 a deep financial crisis has emerged as housing prices have begun to fall and the poorest society of the working class have begun failing to repay their loans (Cemgil , 2016, p. 187). When the crisis has occurred, it suddenly has spread over the world markets because the banks had taken billions of dollars of risk with each other and with the rest of the world, along with the complex financial products they have created on mortgages. So quickly global credit markets have begun to erupt. Moreover, the American economy and production have come to a halt (Stiglitz, 2012, p. 41). The crisis has brought many problems on national economies. These problems were not only limited to national regulatory authorities that have affected finance, competition and corporate governance, but also have influenced international institutions and adjustment and regulations to ensure fiscal and economic stability. These institutions have proved to be inadequate in preventing the crisis. In fact, the implementation of policies proposed by these institutions have accelerated the spread of the crisis even more. The crisis has spread rapidly from the core states to the periphery. As a result, the entire burden and cost of the crisis was put into the working and tax-paying classes (Stiglitz, 2010, pp. 1, 2). On the other hand, the bailout packages that the neoliberal historical bloc has carried out in the aftermath of the crisis have included the actors that has caused the crisis and the reproduction of the power of the capital has provided in this way. There are signs that there is a recovery in the global markets today, but the increasing risk in emerging markets and the uneven global geographical distribution of both the crisis and its effects reveal the questions of the validity of the mainstream approaches advocating that the crisis is over (Cemgil , 2016, p. 184).

Unless we consider the debate over the end of American hegemony, it is generally accepted by many that the American hegemony is in decline. The 2008 crisis has hit the ideological hegemony of neoliberalism, which is expressed as the characteristic of globalization. The neoliberal understanding that has begun to strengthen after the crisis of the 1970s has begun to be questioned along with the credit crisis in the US. The systemic crisis of neoliberalism in 2008 has created an



opportunity to create a new global system. However, there is not much indication that there is a counter-hegemonic movement. The post-crisis US hegemony is in decline while the China, India and the Latin America are in increase with the high economic growths (Rucki, 2011, pp. 335-354). On the other hand, Brenner argues that the international system has established under American hegemony in the post-World War II period has begun to change since the 1970s, and that the main characteristic of the period from the 1970s to the present was the decline of the profit rates, the deceleration of economic growth and the dilution of American hegemony (quoted in Akçay & Güngen, 2016, p. 50). Panitch and Gindin, on the other hand, argue that the 2008 crisis has not occurred due to over accumulation, disinvestment or profit crunch. According to Panitch and Gindin, the crisis has not arisen either due to the decline in American hegemony and the weaknesses of dollar and the American financial system. The crisis was rooted in the American housing market, which was increasingly part of the global financial system. The mortgage sector was a government-encouraged field for the systemic integration of American working class in the long term. In fact, public institutions themselves have encouraged the securitization of subprime mortgages. The main reason of that the collapse of the financial market has turned into a long-running crisis which has affected the entire economy was the demand shrinking as a result of sudden drop in housing prices, the main source of income for the American working class. As a result, Panitch and Gindin have argued that the last financial crisis has underlined the American financial power in the world economy rather than an indication of decline in American hegemony (quoted in Akçay & Güngen, 2016, pp. 56, 57). With the crisis, there was a collapse in the reproduction of the American-centered neoliberal historical bloc, but with the integration of China into the global capitalist system, the crisis has led to a world order of a new post-American hegemony (Saul, 2012, p. 336). However, despite the fact that the 2008 crisis has not seemed to indicate a shift in American hegemony particularly, there is a widespread opinion in the literature that BRIC economies or the new Bretton Woods, G-20, are the new candidates for the hegemony. Analyzing these actors, which are shown as alternatives, will be helpful to show why such a change cannot happen. American

hegemony yet is not over. Even though it is in decline, none of the alternatives have no hegemonic capacity to take throne of the United States.

### **3.3 Rise of the Others?**

The discussions on the decline of American hegemony following the 1970s crisis was widely seen in the literature. These discussions were shelved or changed the direction with the neoliberal transformation that progressed the hegemony. After the 2000s, the debates over the future of the US and the deepening geopolitical and financial crises have started to be transpired again, similar to the 70s. The discussions over whether American hegemony is over or is in decline have taken the stage again. But this time, unlike the discussions in the 70s, alternatives that could replace American hegemony with the emergence of new powers have seriously considered. Firstly, the decline of American hegemony, which this thesis argues, and the leadership in the literature, might compose distinctness because of the different conception of hegemony. The alternatives are seen as alternatives because of their rising capacities in the power politics. However, the concept of hegemony and American hegemony is not just a mixture of power politics. Hence, this thesis argues that American hegemony is in decline, but does not argue that any of the alternative powers may have the place of American hegemony. But that does not mean to throw away the importance of alternative powers. Therefore, the analysis of these powers constitutes an important point of understanding why they cannot replace American hegemony at the moment or for the near future.

First of all, none of the developing countries are capable of changing the world order, or they are in the capacity that will even compete with American hegemony. In this respect, India has seen as a possible alternative for the near future for its China-like capacity. In this context, India has begun to shine as emerging power at the beginning of the 1990s, when government spending was restricted and its currency was devalued. The country has received assistance from the IMF and the World Bank, and restrictions on foreign investment have been lifted in this process like similar story of the most countries after the 80s. India has nevertheless achieved high growth rates and has become a very good host for US investments while dealing with problems such as high inflation and unemployment along with

the neoliberal transformation process. On the other hand, India, which has reformed itself in many field including military power, has become a rising power in the region. However, even no need to mention about, it is not possible for India to become a new hegemony. First of all, when evaluated from the perspective of the global economy, the country's economy is still small and the standard of living is very low. Even if it is likely to become a power in the global economy like China in the future, it is not possible to become a hyper power like the US with current situation of India. Even, the country is in cooperation with the US rather than being a rival (Chua, 2007, pp. 311-317).

On the other hand, it is also frequently emphasized that the new Russian Federation will become a hegemony. After the Cold War, Russian Federation has not challenge the US power because it could not sustain its old Soviet power. Even the country has supported by the US for the economic stability after the dissolution of the Soviet Union (Brzezinski, 2007, p. 64). Especially after the collapse, while trying to restructure the industrial sector that faces competition in the process of creating an effective monetary and fiscal policy, it no longer poses a threat to the United States. Moreover, even if the Russian economy has a strong structure in the region, the economy is highly dependent on energy politics (Kut, 2009). Therefore, in the context of energy politics, Russia's economy is very fragile. The nearest example was the dramatic fall of the oil prices, which occurred at the end of 2015 and the beginning of 2016, has put the country economy at the brink of crisis. This fall in oil prices was seen as the US and its allies' indirect punishment on the Russia and Iran, especially in the response of Middle East policies, Georgia and Ukraine events (The New York Times, 2015). Under these circumstances it would be wrong to consider to country as a potential hegemony. However, the fact that the country acts in support of Syria, in contrast to the West, in the US-Syrian relations can be interpreted as an important factor that the US is not sole arbiter in the system. The Russian Federation has stood behind Syria, opposing the efforts on toppling the Assad regime, and has shown that it still exists in the system. On the other side, it is also seen that the US is not capable or in will of direct intervention in a country alone (Gökten, 2013, p. 187). Hence, it is clear that the Russian Federation will not

be able to be new hegemonic power. In addition, the relationship of the country with the United States is also under the domination and hierarchically in the interests of the United States (MacFarlane, 2006, p. 56).

Among the new hegemony alternatives, perhaps one the most nominated actor with China, is the G-20 community, which has seen as the new Bretton Woods. The community, aiming at sustaining the free liberal economy on a global scale by strengthening the integration of the neoliberal consensus and placing neoliberal policies on emerging market economies, was seen as an alternative to American hegemony after the 2008 crisis. Price stability, fiscal discipline, a flexible labor market, liberalization of competition and trade, clarity and accountability decisions taken in the G-20 constitute an example of orthodox neoliberal formation. Thus, the community does not differ with the US in the understanding the world order in economic senses. In this context, it is no coincidence that emerging economies such as China, Russia, Brazil and India have taken to the G-20. Thus, the cooperation has been made with these countries, which were needed for the continuation of the neoliberal order. Actually, in this respect, these countries were not the new hegemon that will rise in the system but the powers that were trying to be integrated into the system. Taking into account all of these, it is an important question whether the G-20 will be perceived as a move against American hegemony. The G-20 is no different from the US and G-7, so the most appropriate answer to this question is “no” (Beeson & Bell, 2009, pp. 68-75). During the G-20 summit held in 2009, joint decisions have been taken in terms of security, growth and employment restructuring, recovery and strengthening of the financial system, reforms of international financial institutions, prevention of protectionism, and support for global investment and trade. At the same time, it was decided to allocate additional budget to expand the budget of both institutions in order to give a more effective role to the IMF and the World Bank in the process of organizing the system. The weight and the status in the system of these two institutions, which have maintained the institutional formation of American hegemony, cannot be perceived as a new hegemon rivalling the US. The situation will undoubtedly strengthen the position of American hegemony. It would also be a misleading

conclusion to consider the G-20 as an independent force from the United States. Because in the G-20 system, the US is sitting in the leader seat. In this sense, the argument that a formation such as the G-20 is not considered to be anew hegemony is not valid (Gökten, 2013, p. 183).

On the other hand, the possible hegemony of China, which is the biggest competitor to the US in global trade, is widely argued in the literature. Especially in this context, Arrighi argues that the American hegemony after 2000s has shown a terminal crisis and that this hegemonic status will probably pass to Far East Asia under the leadership of China, which has a large capital accumulation (Arrighi, 2007). Indeed, China's economic transformation in the last quarter of the twentieth century seems quite impressive. China's economic success is not a myth anyway. Today the title of China can be heard anywhere more than ever. If searched in academic literature, numerous sources can be found about China's economic victory and miracle. China's economic development has had a major impact on the world economic system, and the almost unlimited supply of labor in the country has attracted the attention of multinational corporations in the core states, which has accelerated the growth of the Chinese economy (Hung, 2008, p. 150). In 2003, China has gotten ahead of the US by becoming a country where foreign direct investment was the most preferred. Today, this country has been the number one producer in many technology fields and has also developed in terms of military power (Chua, 2007, pp. 287, 288). However, after China has become a member of the World Trade Organization in 2004, China has begun to set its investment, trade, finance and political decisions in line with the global needs of multinational corporations. China has been mentioned more in the world after it has become a big power in the world trade after 2008 and being a rival to the US. But China's rivalry with the US in the global economy does not mean it is also a rival to its hegemony. Saull, with the neo-Gramscian perspective, argues about this issue that China does not form a historical bloc that leads to become a hegemony. According to Saull, global economic trends in the long run show that America has a decline in material capacity, but China is not at a level where it can dominate or challenge Western and American capital. In this sense, it can be seen that there is an interdependence

between American and Chinese economies. While the US is China's largest market, China functions as the biggest creditor of the United States. In this sense, China is dependent on US financial stability. The US is also dependent on China's savings because it finances the consumption in the country. China is not at a level where it can change the hegemonic position of the US unless it makes a major change or undergoes a major transformation in the sine qua non factors of the Gramscian concept of hegemony. The 2008 crisis has provided a continuation of the US-based neoliberal historical bloc, in which China was strongly integrated to global capitalist hegemony (Saul, 2012). On the other hand, Minqi Li suggests that by 2020s, economic, social and ecological contradictions will overlap in China, which will lead to a great crisis for both Chinese capitalism and global capitalism (Li, 2016). As a result, it is true that China's rise has restricted the political autonomy and economic power of the US. However, the relationship between the two countries is a symbiosis. China's export-oriented economy is dependent on the debt-financed consumption demand of the US. The consumption and huge current account deficit of the United States, including expenditures on the wars of Iraq and Afghanistan, depends on the financing of the current surplus of the East Asian countries, especially China (Gökten, 2013, p. 190). China, which the globalization provides a great advantage in its growth, has no tendency, or even potential, to take the place of American hegemony. On the other side, China might show the potential to become a new leader of the globalization if the transformations that Saul referred are provided. However, the reasons that Minqi Li puts forward limit this potentiality.

On the other hand, the developed power of Europe, which was and is the field in which American hegemony was and is practically staged, can bring the European Union into the competition. But in the recent times, ideological and physical dissolving (Brexit for example) raise the question about the dissolution of the EU more than the question about possible hegemony of the EU. It seems difficult for the Union to have more bargaining power than the United States in the future, despite the transnationalization and globalization of the power and rising dependence of European economies in international trade and production (Gill,

1992, pp. 189, 190). On the other hand, even though the EU develops the relationship for founding the military power of the Union, the limits of military power are generally assessed in national contexts. The EU does not have a military force its own to challenge in global scale. In the process of any military operation, the Union countries act on the national basis. Moreover, although Buzan argues that the EU has sufficient capacity in the context of soft power (Buzan, 2011, p. 15), the limits of this soft power is not wider than the soft power of the US. The EU has achieved to build a trade and economic bloc, and its soft power is limited within the norms that the EU has constituted. On the other side, the EU has achieved to build a trade and economic bloc rather than constituting a hegemonic model. In this context, the EU can challenge the US power only in economic dimension. To challenge the US hegemony, it requires a revolutionary change against the existing capitalist system, which is unlikely to take place in the EU leadership. But the position of the EU is crucial for the maintaining American hegemony. The US always has to gain the EU's consent to maintain its hegemonic position (Gökten, 2013, p. 199).

To summarize briefly, the US, which has reached the position of only superpower in the system with the dissolution of the Soviets, has succeeded in building a neoliberal historical bloc together with the globalization discourse. During the 90s, American hegemony has expanded its limits through the coercion and consent apparatus, and the controlling power of American hegemony has spread more widely. Neoliberal historical bloc was maintained and reproduced again with the neoliberal measures and regulations for the economic fluctuations that has taken place after the 80s on a global scale. The greatest challenge to the unrivaled position of the US was the terrorist attacks in September 11, 2001. This challenge and its effects, which has directly and indirectly affected all developments after the 2000s, has made the United States an empire with the imperial actions of the hegemony. The structure of American hegemony has changed and American hegemony has referred its coercion apparatus more than ever after the 2000s. As a consequence of imperial actions taking place in the context of war on terror, the US had a geopolitical crisis with the invasion of Iraq

in 2003. The economic and military losses caused by the invasion of Iraq, and the transformation to imperial power even though against all the opposition around the world have caused a catastrophic damage in the global stance and in the leadership of the country. The US military force has lost its prestige around the world and American economy has suffered by the war. The economic damage caused by the war have strengthened the hand of the future rival, China and East Asian countries, while on the other hand it has directly triggered the global financial crisis in 2008. Perhaps one of the deepest crisis that American hegemony has experienced as a result of the Iraq invasion was the realization of the contradiction on interests between transnational capital class and American empire. On the other hand, growing fragility in American economy has turned into a huge crisis with the burst of the housing market bubble. The 2008 crisis has shown its impact all over the world due to the deepened and globalized financial structure. Although the 2008 crisis has caused a damage in American hegemony, it has not brought the end of it. Today, still, the global economy runs around the Wall-Street, and the dollar is still dominant currency in the world trade. However, the debate over whether American hegemony is over or is in decline has intensified with the crisis and the appearance of alternative powers. But it has elaborated, as analyzed above, that none of these powers has the ability to take over the hegemony from the US. However, inability of others does not mean that American hegemony is not in a crisis. The United States is still undoubtedly hegemon today. On the other side, it is a quite clear indication that the effect of consent apparatus of American hegemony is losing its power more and more. Thus, this, along with other factors mentioned-before clarifies that the American hegemony is in decline.

### **3.4 Is American Hegemony in Decline?**

With the end of the World War II, the United States, which has the superiority almost in every field in the world, has successfully spread its hegemony and internationalized its historical bloc firstly occurred in the national dimension. American hegemony has generalized by blending the coercion and consent within the discourse against the communism threat in the Cold War period. American hegemony has lived its golden age along with the capitalism until the 1970s. When



it has come to 1970s, the political and economic consequences have led American hegemony to its signal crisis, and the debate over whether American hegemony is over or is in decline was sprouted for the first time. However, the global capitalist system under the leadership of American hegemony has responded this crisis with neoliberal transformation and financialization, thus the debate over the end of American hegemony has postponed. Later, the United States has used its advantageous position, which has occurred with the dissolution of the Soviet Union, for the expansion of its hegemony in political and economic senses. On the other hand, with the intensified wave of globalization in the 90s, the power of transnational capital, which has gained mostly in 1960s, has grown gradually, and another debate, which is that the American hegemony is in fact a transnational capital hegemony, have taken place. However, as this thesis also analyzed, the power of the transnational capital has evolved in the world order that has established by American hegemony. Thus, both the United States and transnational capital has a symbiosis and cannot be thought separately. However, as it is mentioned in this thesis, the symbiosis structure of capital and state have differed throughout history, and the clash of interests of the capital and the state can create contradictions, especially in the context of globalization and neoliberalism. The most concrete example of this situation can be seen after the September 11 period when the US has turned into an empire and its imperial actions were in contradiction with the interests of transnational capital. Moreover, as it has seen in the preceding chapter on the role of the state, the state is neither fully internationalized nor fully bound to nation-state. In this context, the transnational capital is the main pillar of the development of American hegemony, but the development of the transnational capital has also taken place within the world order that the US has established. Therefore, there is a flexible and transparent structure between two forces.

On the other hand, the omnipotent American hegemony has experienced geopolitical and financial crises in the aftermath of the 2000s. In the context of imperial actions, the implementation of coercion apparatus after the 2000s is a declining sign in the context of the neo-Gramscian perspective. In this context, this thesis argues that American hegemony does not come to an end yet but it is in

decline. This decline is partly analogous to the decline of British hegemony. However, every phenomenon has the uniqueness in the history. And in fact, Wall-Street is still the center of global finance and economy and the dollar is still the most important reserve money of the world economy. On the other hand, the decline of American hegemony has brought to mind the alternatives that are thought to take the hegemony seat. In this context, as analyzed above, even China, the most powerful rival, is not at the level of being the hegemony. However, the lack of alternatives for the hegemony at the moment does not mean that it will not be, and the lack of alternatives does not mean that American hegemony is not in decline. In the world order there can be non-hegemonic periods. Or American hegemony can be strengthened by finding structural solutions, *if there is any*. On the other hand, if the end of the capitalism is included the debate, there will probably not be a room for the debate over American hegemony. In this respect, it would be more useful to analyze the decline of American hegemony within a theoretical perspective of this thesis.

In this context, the leading scholars of the critical theory put forward different opinions within the framework of the discussion on American hegemony. Robert Cox, in his works before 2000s, has observed that the functionality of the US-centered world order had trouble since 1970s (Cox, 1983, p. 171). On the other hand, Cox, who emphasizes different notions of the concept of hegemony in the international relations literatures, has pointed out that American power is not in decline in a relative or certain way. However, Cox also has pointed out that the nature of new world order after 1970s cannot be described as the hegemony in the earlier sense (Cox, 1993, p. 264). Moreover, especially with the emerging developments in the late twentieth century and early twenty-first century, Cox argues that there is a need for a new ontology in the context of important transformations and developments that distinguish the historic conjuncture from the earlier sense. Even if not precisely specified the borderlines of the historical conjunctures, the collapse of the bipolar world order along the Soviet Union and the rise of America as hyper-power give a chronological starting point as Cox pointed out (quoted in Okur, 2015, p. 222). The main reasons and factors that have

given rise to the need for the new ontology are: ever-increasing income inequality under the capitalism; amplified discriminatory emphasis on the national, cultural, ethnical and religious identity; increased existence of lawless and illegal activities such as organized crime and terrorism; the emerging threats from global warming and genetically modified organisms; and the growing skepticism of authoritarianism in all forms of societies which is a positive development (Cox, 2004, p. 308). Cox also points out for why it is needed a new ontology along with all these developments by defining the position of the United States. In this new world order, Cox argues that the US has evolved into *empire* as a power that shapes world order; but criticizes the arguments that the US is the “new Rome”. However, the American empire is different from earlier European imperialism. In this new form of empire, the activities of the protectionist state are controlled by the elites in public and private spheres (Cox, 2004, p. 308). According to Cox, on the other hand, the hard power the US has exhibited in the aftermath of the 2000s has destroyed the gains of the soft power obtained after the World War II. US unilateralism and the use of the “coalition of the willing” even in spite of many opposition have led to the American power to swerve the legitimacy of universal consent (Cox, 2004, p. 312). In this context, the American empire can be expressed as the dominance in the economic and military power of the world. On the other hand, US trade gaps are financed by foreign capital flows to the United States. The dollar’s power, the global dominance in financial markets, and having a strong impact on the IMF, the World Bank and the WTO are the structural power of the US over the global finance. This structural power over the global finance has made it possible for the US to shape the global economy through affecting other states by its policy implementations. The structural power of the US, thus, depends on its ability maintain the dollar as a world money and its economic capacity as being a motor of the global economy (Cox, 2004, pp. 312, 313). According to Cox, there are three power configurations in the twenty-first century. The first is the American empire as mentioned above. The second is the persistence of the Westphalian interstate system that has spread throughout the world during the European domination. Contrary to the standardizing of the Empire, the ruling principles of

Westphalian world is the search of multilateralism and consensus. Both external and internal sovereignty constitute a defense mechanism against the empire in this context. And the third is the civil society and social movements. According to Cox, civil society, which is independent from both the empire and the state system, does not constitute a hierarchical structure, but has a non centre based network organization. New technologies such as the internet and mobile phones facilitate the organizing the civil society. The loose and flexible structure that civil society has is both a source of power and weakness. This characteristic structure can bring together actors with different agendas, however it can make it difficult to implement a joint action program. The relationship between the state system and civil society, which is in a structural contradiction with the centralizing and homogenizing power of the empire, has a dual nature. On the one hand, civil society conflicts with the system and on the other hand strengthens it (Cox, 2004, pp. 308-310). In this context, this thesis agrees many parts of Cox's argument. However, this thesis does not agree with Cox on the argument that American hegemony is over and it has changed its shape totally. The United States, particularly after 2000s, has transformed into an empire, this is a truth. However, the US is not just domination over the world in sense of its structural power. The US is still a hegemon in the context of ideas, intersubjective meanings, and institutions. But it is quite clear that this position has weakened after the 2000s with the coercion has taken more place than consent. American hegemony, which embodies an empire, is not yet over, but is in decline. On the other hand, a new ontology is really needed, as Cox has pointed out, for a better understanding of the current hegemonic and dominant position of the United States.

According to Gill, on the other hand, the international economic order within the sovereign states and national political economies has become "transnational liberal economic order" after the 1970s and 1980s (Gill, 1990, p. 88). The 1970s and 1980s were not only the stagnation and economic crisis in many countries, but also it was the post-war hegemony crisis in terms of the structural economic changes occurring in the world and the US (Gill, 2008, p. 96). But American hegemony, according to Gill, has not ended in the 1980s. The position

and policies of the US continue to rise in the global system, which has the advantages of its structural power (Gill, 1990, p. 57). Gill relates the restructuring of production to the structural change in the 1970s. According to Gill, the transition from the international historical bloc to a transnational historical bloc has occurred. This transition was not merely established identities ties between the national bourgeoisie and the other class, at the same time it has created the transnational hegemony. According to Gill, a historical bloc can be created without hegemony. The transnational historical bloc is not a hegemony but a domination (Gökten, 2013, p. 175). In this context, the understanding of the structural power of the US, as Gill mentions, is great importance on analyzing American hegemony. The nature of American hegemony, which is already in decline today, can be over if the structural power loses ends. On the other hand, the transnational historical bloc has evolved within American hegemony, so it should not be considered much apart from the US. American hegemony, however, has evolved from its structural power and capitalist class. Therefore, these factors should be considered as a whole, not separately.

On the other hand, Susan Strange argues that the claim that the US has lost its hegemonic position is a myth. The most important indicator of this is that the US has the dominant power to affect the system. According to Strange, the United States has not yet lost its position as a policy maker and still has a say on the global scale. The US is growing rapidly in the fields such as software services, data access and environmental management. The world's largest biotechnology company and the largest computer manufacturing company is American origin. According to Strange, these and similar developments are evidence of the myth of the idea that the US has lost its hegemonic power (Strange, 1987). Strange's remarks were accurate at the time. But Strange's work, due to it is written in the 1987, does not includes the dramatic changes after 2000s. Even so, Strange was right about that it was a myth that the US has lost its hegemonic position. However, the claim that American hegemony has not lost its power has changed today. There are many strong competitors today in the context of US technology production and trade. The US continues its strong position in these fields, but it is not the only one. On the

other hand, the US still has not lost its position as policy maker in the world and the US can still shape the system. But increasing interdependence, especially with their own opponents, limits America's structural power. The myth that the US has lost its hegemonic position is still a myth today in terms of the strong position of American structural power and its relation with transnational capital; but it is also true that there has been a decline in American hegemony, especially when the last chapter of this thesis analyzed.

On the other hand, according to Robinson, neo-Gramscian scholar, even discussing that the US has lost or reshaped its dominant world order position is an old-fashioned state-centered approach. It avoids our notion of change that the globalization process creates on the nature of power, but it also hinders our understanding of the relationship between economic and political change in the global society. In this illusion, nation states have a share of being seen as still active political entities. The reason for this that the core nation states maintain to filter the politics of transnational capital groups in the framework of existing nation state apparatus, even though the core state powers have been lost the control power at the global scale, with the separation of the class power from the state power. For example, in the democracy support programs, the United States does not actually represent American elites but the emerging transnational elites (Okur, 2015, p. 233). Robinson believes that the US plays a leadership role on behalf of a transnational group while stepping into the twenty-first century. Contrary to the widespread understanding between realists and the world system analysts in particular, he argues that the understanding that the history repeats itself through sequential hegemon has ended, and that hegemony status will not pass to a new hegemonic nation after American hegemony. Instead, hegemony will pass a transnational formation in the twenty-first century (Robinson, 1998, p. 12). In this context, as mentioned-above again, this thesis does not regard the transnational capital as a separate structure from American hegemony. The contradictions of the US state apparatus and the transnational capital are non-negligible, but there is no serious challenge by the transnational capital class to the world order in which American hegemony has established. On the contrary, transnational capital is fueled

by the world order established by the US as it pursues expansion of its capital. American hegemony has no chance to leave the transnational capital. On the other hand, the transnational capital would not like to leave the US. Both transnational capital and the US would be affected negatively if there is a change in their relationship. It is an unknown that the transnational capital will replace American hegemony in the future, however, the current status of both is a symbiotic relationship. On the other hand, the future expectations or predictions are just an opinion, and they carry always uncertainty. It is difficult to make an interpretation without knowing how social forces, the forms of state and the world order are going to be transformed.

Another point is that the argument of that American hegemony has ended as discussed by some scholars like Wallerstein, Arrighi and Harvey. The common ground in the three scholar is that the US has failed to maintain its hegemony, especially after the 2000s, and has begun to lose both its economic and military superiority. Harvey states that there are many signs that American hegemony has collapsed. According to Harvey, the US lost its global production power in the 1970s and its global financial power has begun to erode in the 1990s. The US military power, which is the one of the most important symbol and indicator of the global dominance, has weakened, as well as its cultural and moral leadership has eroded and its leadership in the field of technology has been challenged (Harvey, 2003). Wallerstein, on the other hand, argues that the only ideological reason behind American hegemony has dissolved along with the dissolution of the Soviet Union, and thus, liberalism has begun to collapse. American hegemonic decline has accelerated and even has come to an end with the consequences of the 2003 Iraq invasion and 2008 financial crisis. According to Wallerstein, American hegemony will come to an end utterly once the dollar loses its global dominance (Wallerstein, 2003; Wallerstein, 2013). In other respects, Arrighi argues that American hegemony has experienced a signal crisis in the 1970s and a terminal crisis along with the emerging developments after 2000s. According to Arrighi, the US is in the status of dominance without hegemony. And American hegemony will give its place to the huge capital accumulation in the East Asia under the leadership of

China (Arrighi, 2007). The three thinkers have fair common ground arguments, however, even though the material capabilities have a great importance, the hegemony does not only consist of these. On the other hand, the structural power and military power of the US has not lost its capacity yet. First of all, as argued before, Ellen Wood's view on the military power of the US is more consistent and accurate. The US military force is a symbol of the coercion apparatus of the hegemony. Although the failures damage the US military power's prestige, the United States still has the military power superiority in the world order. Today there is no power to seriously challenge the US in terms of a military power. The important factor in here is not the power or the capacity of American hegemony's material capabilities in terms of military force, the key important point is the consequences of the actions of the US military power's impacts on the ideological factors and consent apparatus of American hegemony. On the other hand, it is true that American hegemony will end if the dollar loses its power as Wallerstein argues. The structural power of American hegemony will be eroded when the dollar loses its power. And this will be headed for a fall of American hegemony. However, it is not a big prediction; it is like somehow a definition for the dynamics of natural forces. When the muscles of human beings have weakened, they lose their power. When people lose their appreciated status in the society, they lose the respect. When the US lose its structural power, it leads the erosion of American hegemony.

It is an inevitable fact that the hegemony of the United States is currently in decline, if the period of formation and development of American hegemony has taken as reference point. So much so that this truth has even taken place in the National Security Strategy in the Trump period (National Security Strategy, 2017). With the realist perspective, this decline in American hegemony, on the other hand, is thought to be due to that the US has begun to shift from its political, economic and military dominance. In this strategy paper, it is pointed out that the other actors of international arena have long-term plans challenging to the US. Trump administration, which plans to take realistic measures as a security strategy, is more likely to harm liberal and globalization ideologies like in the period of Bush administration. This might cause a new contradiction between the US state and



transnational capital, even though Trump himself comes from a business cycle. Especially in the field of trade, new protectionism policies have gained more momentum as Donald Trump became President of the United States, and thus the debates about the future of globalization have begun to be questioned (Broad, 2017). The new US protectionist strategy, emphasized by US President Trump, is a protectionism to strengthen the US economy through policies such as by handling the US production facilities and employment potential trapped in countries such as China and Mexico. Moreover, this strategy also includes that Trump's pledge to overhaul the free trade agreements such as NAFTA and neoliberal cooperation such as Trans-Atlantic Partnership (Independent, 2017). Isolationist and protectionist policies reflected in these populist discourses are met with the worries in the global economy and it is stated that global wars of trade can be triggered if they are implemented exactly (Kucik, 2017). Against all these diplomatic rhetoric and sanctions, other states have taken measures to break the strength of the United States. The Institutions, which Beijing has set up to take the lead in the new financial regulation, such as the Asian Infrastructure Investment Bank, New Development Bank (BRICS Development Bank), BRICS Contingent Reserve Agreement, Regional Comprehensive Economic Partnership (RCEP) can be understandable as the first steps towards an alternative order to the Western-based Bretton Woods institutions in the twenty-first century (Ikenberry & Lim, 2017). Almost all of the great US allies were founding members of these institutions while Washington has tried to ignore Beijing's efforts by lobbying its allies. However, the US had to make the IMF more attractive according to China. The IMF had to accept the Yuan in the currency basket of Special Drawing Rights (SDR). By balancing the weight of the US, a similar process of cooperation is manifest in China's desire to leave the international banking transaction system (SWIFT), which is under the control of the US. In a response to Washington's use of its ruling role over SWIFT to enforce sanctions against other states, China has developed a rival China Interbank Payment System at the end of the 2015. However, as of March 2016, SWIFT and CIPS have signed a memorandum of understanding to develop and implement operations (Diesen, 2017). Thus, the borders of the US in banking

system to push others into the corner has been limited. On the other hand, China, with Russia, has developed new alternative payment systems to reduce exchange rate risks in trade. What China and Russia has done was not attack to harm the US dollar. The point is to create an independent and alternative reserve currency for countries that want to protect themselves from the increasing financial attacks of US Treasury and Wall Street banks and hedge funds (Engdahl, 2017). China, Russia, Iran and other states make these as a priority issue to avoid from the dollar and its risks, which are seen as a threat to their own strength by the United States and its constant sanctions. The number of the states that are beginning to see the benefits of decentralized system instead of the US dollar system is increasing. Iran and Russia, as well as Iran and India, frequently trade in hydrocarbon in the exchange of main goods which bypassing American sanctions. Likewise, China's economic strength has enabled Iran to overcome the latest sanctions by opening ten billion euros credit. Even the DPRK buys oil from China using the crypto money, such as bitcoin, and bypassing the US sanctions. Venezuela has recently taken a historic step as one of the world's largest oil reserves, abandoning selling oil in the dollar and declaring that it will now accept money in basket of exchange rates without the US dollar. Beijing will buy oil and natural gas from Russia by paying in Yuan; Moscow can also immediately exchange the yuan to gold, thanks to the Shanghai International Energy Exchange market (Pieraccini, 2017). All these developments elaborate counter-hegemonic movements against the hegemony of the US dollar. But what should have been noted here is that these developments do not hinder the US dollar's dominance yet. As already mentioned above, these agreements are not aimed at attacking the US dollar. The message to be given is that in the face of US exclusionary and marginalizing policies, the actors are able to produce alternatives on the fields where American hegemony is the strongest. If the US continues to be governed by the vision that Trump possesses, then it is not farther to see the emergence of newer and different counter-hegemonic formations. The problem that has led American hegemony to be in decline is that it can no longer gain the consent that once upon a time it was gaining universally. The reason for this, in the recent times, is the "first America" policy of Trump, which again

includes its own imperial and protectionist actions. In particular, the aggressive attitudes of the Trump administration have multiplied the reaction against the America by social forces and other states. The decision to withdraw from the Paris Climate Agreement, protectionist policies pursued in the economy, and aggressive and war-mongering messages of Trump in the Twitter limit the soft power of the US and limit the possibility of gaining universal consent. The veto of the decision making of the recognition of Jerusalem as the Israel's capital city by the Trump administration in the Security Council is a demonstration of fading away and disappearance the consent. Despite all these given messages against the United States, the fact that the Trump administration tending to punishment and sanctions in response of these messages (The Guardian, 2017) make things more difficult and leads other actors to seek counter-hegemonic actions. Moreover, American hegemony is losing the European Union which is the most important field where the hegemony spread around the world, which might be the one of the most important factor as an impact on the decline of American hegemony. It is because that the EU has the biggest part and share of the universal consent of American hegemony. Today, the European Union disagrees and clashes in many field with the United States. And the EU seeks to reduce the impacts of American hegemony, as it wants to be totally an independent in every means. The last issue related to this was the disagreement on the withdrawal of the United States on nuclear agreement with Iran (BBC, 2018). From day to day, the relationship of the European Union and the United States turns into a deep division and dispute. Both the political crisis inside (Independent, 2017) and outside the country makes more questionable the status of the decline of American hegemony in this sense.

Thus, in this last chapter, the decline of American hegemony is analyzed almost within all the dimensions. In short, the formation of American hegemony after the 2000s has resembled an *empire* as part of imperial actions of the US. Particularly after September 11, the imperial actions of American hegemony have concentrated on the coercion apparatus rather than the consent apparatus. This is why the assertions that America is an empire and a dominance without hegemony. In particular, it is obvious that the 2003 invasion of Iraq has put the US into a

geopolitical crisis. In this context, the opposition against the imperialistic actions of the US has gained a momentum in the global scale. Moreover, both imperial invasion in 2003 and financial crisis in 2008 have caused a damage for the global stance of American hegemony. However, neither 2003 invasion nor 2008 financial crisis do not prove that American hegemony has ended. But the damage both the structural power and the ideological dimension of the US have caused the American hegemony to decline. This negative influence, which was relatively reduced during the Obama period, has repeated itself again by Trump administration. Protectionist and discriminatory policies of the Trump administration has paved the way for other actors of the international arena to plunge into a quest of counter-hegemonic alternatives ways. The opposition to the recent US administration has been strengthened both within social forces and among other state actors. On the other hand, the powers expected to take the place of American hegemony do not reflect a reality, as analyzed above. Any country that wants to assume the hegemonic role of the United States is not present anyway. The interests of these powers are compatible in the world order under the leadership of American hegemony. For this reason, they do not seek for any alternative unless they are alienated or marginalized. But now the actions of the US administrations make this seek more favorable. The US, thus, paves the way for counter-hegemonic movements and cause a loss its consent apparatus. Therefore, these powers seen as alternatives become a balancing mechanism against American hegemony. One should remember always that the demolishing is easier than establishing. The decline of American hegemony is a fact now. However, the alternative seeks and reaction against the US exemplify the visible decline of the consent apparatus of American hegemony. But the consent apparatus has not disappeared completely. Within the global capitalist economy, transnational capitalist classes and national economies are still proceeding in the world order that the US hegemony has established. And unless the US makes things harder for others, they do not complain. Much of these actors are not complaints at this dimension, but they demand a consensus in the framework of increasing multilateralism and liberal democracy. The United States is still hegemon and even it seems that to will be hegemonic for a while. However,

if a reference point is taken as today, American hegemony is experiencing a second signal crisis but not a terminal crisis. It is true that American hegemony is in decline, but it still is a myth that American hegemony has ended. While the bells toll for American hegemony, it echoes for the rest of the world.

## CONCLUSION

This thesis problematized the decline of American hegemony. The origin of the problem, which this thesis argued, is derived from the result of the misleading evaluations about the problematized fact by the unsatisfactory theoretical and ontological limitations of the mainstream theories in the international relations and international political economy. Thus, this thesis aimed to present a different perspective for the current status of American hegemony. The world order and the hegemony analysis both in realist and liberal theory and in world-system perspective create empirical, theoretical and epistemological problems. The interpretation of the concept of hegemony as a qualification of leadership demonstrates a narrow perspective; and does not offer a veridical analysis for the reality of today's phenomenon. Although the results of this thesis and the arguments of other theories are partially correct, the path and analysis content are completely different. In this context, the realism, which is one of the dominant theories in international relations, reflected the hegemony in the context of power politics, which is as the dominance of the materially superior actor over the others. In addition, the liberal and hegemonic stability theories do not differ very much epistemologically, but they bring different interpretations. If the analysis of hegemonic decline would have been done by the notion of realist theory, which takes the power as starting point, and the liberal theory, which takes the international regime and institutions as starting point, the results and the dimension of analysis would be very narrow and misleading. On the other hand, as Gilpin has argued, a state cannot be a hegemon just because it has the superiority over the capital, finance and raw materials. The world and the history, if it had been based on empirical proposition in this way, would have seen many periods of hegemony and rapid changes. However, the neo-Gramscian theory, which analyses the concept of hegemony in many different dimensions takes the concept into a different sphere. Neo-Gramscian theory, which this thesis found as the most appropriate and accurate for analyzing the problematized fact, analyses the hegemony in the dimension of coercion and consent. Thus, the theory implemented

fundamental analysis of Gramsci's hegemony into the international relations. Moreover, it analyses the changing world order through the trans-nationalization of the changes in the mode of production and social structure, which has occurred at the national level. Theories that examine the structure of American hegemony with the positivist method can misinterpret the origin and transformation of the hegemony by ignoring many important factors. This misinterpretation can only be fixed if the direction of the study is changed to the critical approach. Therefore, this thesis deals with the case, which is problematized by other theories as well, by putting different perspective by examining the elements of origin and change of the phenomena. The purpose of this thesis, thus, is to bring a different dimension and point of view to the discussion of the decline of American hegemony.

Today's American hegemony, which is interpreted according to the perspectives of positivist theory, is collapsed according to some; is in decline according the others; or is continuing without any problem according to another. However, these evaluations are usually made by looking at the dominant state's power over, which are based on the superiority of the material capacity. Thus, this shows the results may be correct, however, the analysis path may be wrong. According to the analysis of this thesis, American hegemony is not over yet, but it is in a decline. But in this context, the current position of American hegemony, which is one of the most controversial topics in contemporary politics today, can only be explained by the analysis of the formation and transformation process of hegemony historically. In this respect, the US becoming a world hegemony, or as a world leader in the other perspective's word, can be better analyzed not only by its superiority in material capabilities but more by Gramscian sense of hegemony.

In this context, this thesis first presented and discussed theoretical perspectives on the concept of hegemony. The prominence of the discussions presented in the chapter of theoretical perspective is that mainstream theories, such as realism, liberalism, hegemonic stability theory and world-system perspective, have to be reminded of the difficulty for explaining American hegemony in the framework of reflected narrow onto-epistemological nation of hegemony and world order. In this respect, as pointed out above, the point of origin of the concept of

hegemony of realist theory is the power, while it is international regime and institutions for the liberal and hegemonic stability theory. Even if the analysis of the world-system provides a more comprehensive perspective, it has theoretical and epistemological gaps. Hence, as reflected in the first chapter, these theories cannot explain coherently the changes that occur in hegemony. On the other hand, the chapter showed that neo-Gramscian approach, which is led by Robert Cox's implementation of Gramsci's hegemony into international relations, examined the social forces, forms of state, and the world order in the concept of hegemony, and thus, the real meaning of American hegemony is well explained. It is elaborated in the chapter that neo-Gramscian theory has also been able to analyze the changes in hegemony better. Because it offers a far more comprehensive and consistent analysis option, this thesis regarded the neo-Gramscian approach as the theoretical perspective of this thesis in order to analyze the structure of the decline of American hegemony. Thus, the first chapter showed that this thesis used a theoretical perspective that examines the change in American hegemony through not only one parameter but through the including the elements of coercion and consent, which give an option to see how hegemony is expanded in other states and social forces.

In the second chapter, the origins and evolution of American hegemony are examined. In this context, the place of the US in world order of the early twentieth century was analyzed and it was shown why hegemony of the US has not occurred in this period despite its advantageous position after the World War I. In addition, the similarity and difference between British hegemony and American hegemony is analyzed in this context. On the other hand, the second chapter elaborated the structure of American hegemony in the national context with the changes and transformations experienced during the inter-war period. In this respect, in this chapter, the changes in mode of production and relations of production, which has consolidated the hegemony in the national context, is elaborated in the framework of the importance of Fordist production model. Later on, the structure of the formation, development and expansion of American hegemony during the post-World War II period is shown in this chapter. Moreover, the established world order and the positions of other states and social forces are looked. It elaborated in this



chapter that how the coercion and consent apparatuses have played a role in the establishment and spreading of American hegemony. The period between 1945 and 1970, the golden age of American hegemony, thus, analyzed in this chapter as an important reference point. Moreover, the importance of international institutions is shown in the context of ideological dimension and legitimization of the hegemony. Later in this chapter, how the crisis of the 1970s, which was more economically based, has reflected to American hegemony is analyzed. In this respect, the crisis period has another important reference point, which as the debate over American hegemony has seriously taken place for the first time. On the other hand, Post-Fordism is examined in the context of neoliberal transformation, which has postponed the decline of American hegemony, and the increasing position of the transnational capital is emphasized.

In the last chapter, firstly, the position of American hegemony in the world order formed by the collapse of the Soviet Union is examined and the dimensions of hegemony expansion along with the globalization is showed. However, the ideological crisis of American hegemony was not appeared along with the collapse of the Soviet Union as it argued, the deepening consent crisis that has arisen after the 2000s is deeply analyzed in this chapter. In this context, the events of Iraq invasion in 2003 and the financial crisis in 2008 is deeply examined. It is questioned that American hegemony is transformed into an empire, with its imperial actions as a response to the September 11 terrorist attacks. And the geopolitical crisis and its effects on American hegemony with the consequences of imperial actions are analyzed in this chapter. Thus, the first presences of hegemonic crisis could be found in the analyses of first years of the 2000s. Moreover, the financial crisis and its effects on American hegemony is discussed with the debates over this issue. On the other hand, the alternatives that has taken place with emerging powers in the world is examined and analyzed. Even though the analysis showed that none of the alternatives are not in the capability of replacing American hegemony, the importance of alternatives is discussed in the context of various challenging dimensions to American hegemony. In the final part of the last chapter, the decline of American hegemony is argued along with the theoretical debates of neo-

Gramscian perspective and others. Thus, this thesis filled the gaps of other scholar's reflections on the decline of American hegemony and presented a recent study about the issue. Moreover, the implementation and policies of Trump administration is examined, and as a result of these implementations and policies, the emerging challenges to American hegemony is well analyzed. Finally, in this chapter, the thesis argued its own view on the decline of American hegemony. Under the light of all these analyses, this thesis reached a result that American hegemony is still far from the end, however, is in decline different from the 1970s crisis.

As a conclusion, the discussions of the end of American hegemony or the decline of American hegemony is re-emerged stronger than the previous ones with the developments that have emerged after the 2000s. It is stronger because 2000s hegemonic crisis is deeper than the 1970s crisis as it seen. The most fundamental reason is that the majority of the world is no longer willing to consent to the American hegemony and the emerging new challenges from other powers. Therefore, the hegemony crisis that has taken place in the 1970s is separated in some points from the current hegemonic crisis. First among these, American hegemony had more credibility in the 1970s crisis due to the fact that it has provided huge growths to the others during the golden age. Even if the 1970s crisis was the US-centered, the reactions were not to the hegemony of the US but more to the administration. Therefore, there was not a huge loss in the consent during the crisis. Another reason is that the Soviet threat, which has constituted the ideological background of American hegemony, still existed at that time. Thus, the reproduction of consent apparatus has become easier for American hegemony. On the other hand, the US leaving the Bretton Woods system in the 1970s has put the US dollar's dominance on the world economy at risk. However, even though the fixed exchange rate between the dollar and gold was abandoned; the dollar flowing into the world markets along with the Vietnam war, using the dollar in energy market, and consolidation the dollar's place by the Bretton Woods institutions, and the lack of alternative reserve money except the dollar have saved the dollar from that risk. It is necessary to draw attention in this point that the hegemony is certain

to the capitalist system. As pointed out in the neo-Gramscian perspective, the starting point of hegemony is the relations of social forces shaped by the production process. Therefore, thinking of the concept of hegemony as a state apparatus in concrete terms can lead to a misinterpretation. American hegemony is not only a formation shaped by the capitalist class or state apparatus alone. By American hegemony, it is meant the interaction of all these processes. This includes the transformation of social forces, the control of the state apparatus, and the role of the civil society and the ruling position of the capitalist class. However, from time to time, some of these powers can stand out as hegemony's appearance. For this reason, the context of Robert Cox's transnational social forces should be read in this way. Hegemony in this approach includes not only the relative superiority of one class on another, but also the superiority of one state over the other. Thus, the superiority in this context is not only material capabilities but also the relations of production, and ideas and meaning, which creates an illusion for the rest. However, as it is argued in this thesis, the history does not repeat itself, it flows dynamically and uniquely. Therefore, for a better analysis of current structure of the hegemony, the ontology should be expanded constantly and dynamically in this context.

On the other hand, American hegemony has survived from the 1970s crisis with a neoliberal transformation. The key point here is that even if economic crises emerge from the contradictions of the capitalist economy, these crises also consolidate the system somehow. Both crisis in the 1970s and 2008, which has argued as the end of American hegemony, we see that the crises play a regulator role in this sense. During and after these crises, the regulations have taken place that have reshaped the relationship between the state, the capital class and the working class. In this way, the crisis is resolved with its contradictions, which will probably cause another crisis later, and the consolidation of the system is ensured. Thus, the transformation of the social forces is provided on the behalf of capital, and the end of the hegemony is postponed. A situation similar to this happened again after the 2008 crisis. With the 2008 financial crisis, which has affected the entire global market, American hegemony has been strongly questioned and is thought that it has reached its end. However, the burden of the crisis, which has

emerged as a contradiction of the capital's desire to expand its profits, was imposed on the working class, and with the full integration of China to world capitalist system, the system is re-consolidated. Thus, the financial crisis itself was not a factor in the decline of American hegemony. However, together with geopolitical crisis, it leads a crisis of social reproduction in the American hegemony's world order. These geopolitical and financial crises have not endangered the capability of American hegemony, rather these have caused a crisis in the ideological dimensions of American hegemony. Unlike afterwards of 1970s hegemonic crisis, American hegemony is having hard times to reconsolidate its ideological meaning and legitimacy. However, this is caused by the US itself by concentrating on coercion apparatus rather than the consent apparatus. The rest of the states, including the social forces, are started to react against American hegemony in this context. Moreover, the gap, which is occurred with declining consent, is enlarging with the actions of current administration of the US. If the structure of American hegemony lead to the dominance rather than the hegemony, the decline process will probably be accelerated. It is a quite fact that American hegemony will end one day in the future. However, making an analysis for the future is not possible, it would just be an idea or a forecast. By pointing out that it is not an analysis but just a forecast, the US will not leave its hegemonic position without fighting it. The response of American hegemony for the following days in the future is very important for that reason. However, the fate of the hegemony is again will be decided by the social forces again. Whether the social forces will be suppressed with the reproduction of the relations of production, or they will gain a manoeuvre field in the deepening hegemonic crisis.

As a final conclusion, it should not be forgotten that America is still a hegemony today. The reason why American hegemony has not yet come to an end is that the contradictions are not big enough to replace the position of the hegemony. Moreover, the state forces and the transnational capital class are still willing to follow the neoliberal world order under the leadership of American hegemony unless they are put in a risk of marginalization and alienation. The United States is aware of the current hegemonic crisis, but what is important here is how American

will respond to this crisis. If all this historical process analyzed by this thesis is evaluated, the hegemony is always in a change and transformation. However, the analyses of these changes and transformations have a place in understanding today's dynamics with all sense. As it is seen in the analysis of this thesis, today's dynamics shows that American hegemony is in decline. And the answer to the question of this thesis is that the bells toll for America. And the foresight of this thesis in this context is that if the structure and influence of American hegemony is considered, the impact will not be confined to the US alone. And it is useful to remind in the last words of this thesis that one should always has the critical perspective, which provides a window to find the historical origins of a phenomena including the many parameters that many theories ignore, in order to make an accurate analysis on the changes of global political economy.

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