

# International Political Economy

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## Special Report

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### THE DECLINE OF AMERICAN POWER

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U.S. power to shape the world to advance its national interest has declined dramatically because of the unilateral foreign policy of the Bush administration and the U.S. failure in Iraq.

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Marvin Zonis + Associates, Inc., (MZ+A) helps firms assess, monitor and manage political risk. "Political risk" refers to the uncertainties that arise from instances of political instability (such as riots and coups), poor public policy (such as inflation and currency crises), and weak institutional frameworks (such as discriminatory regulations and ineffective legal systems). "Political risk management" refers to the development of processes, structures, and knowledge that allow firms to deal effectively with political risk.

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## THE DECLINE OF AMERICAN POWER

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It is amazing how fast the global situation has changed. The United States, whether popular or not, over the past five years was able to set the international agenda, dominate global foreign policy, and use its multiple forms of power to impose its wishes on most of the world.

However great the American failure in Iraq or even Afghanistan has been, nothing stood seriously in the way of the unilateral exercise of American power.

All that has changed, and just six months after George Bush's electoral victory one year ago. American domestic factors have had much to do with Bush's dwindling power: the bad mishandling of hurricane Katrina, the rejection of his plans to privatize social security, and political scandals at high levels within his own party. Ironically, while Bush's failures at home are modest compared to the magnitude of his failures abroad, the domestic setbacks have played a much more important role in stripping away Bush's "teflon" coating that he gained from 9/11. The President is no longer immune from criticism or attack after a period of nearly four years in which few critics, including the US press, had dared to challenge him or his policies, the US was, after all, "at war."

But domestic failure opened the door to criticism of foreign policy, and Iraq has been his biggest Achilles heel. While victory forgives all mistakes, failure opens the door to criticism, reexamination, and to blame. Foreign policy specialists and most observers outside of America may have understood the deterioration of the US position in Iraq a year or more ago, the magnitude of the failure did not dawn in the consciousness of the American public until more recently. The ceaseless death toll of US soldiers in Iraq and the revelations about false intelligence on weapons of mass destruction have wounded the President. His public approval rating in the polls is now down in the 30% percentile, and is now weakening the President's policies abroad as well. The neo-conservative blue-print for the continuous expansion of US power and world hegemony has now collapsed.

Neoconservative goals in Iraq are now a joke: the establishment of a pro-American government in Iraq and a ring of military bases, a new center for the projection of American power in the Middle East, the ability to threaten and overthrow anti-American regimes in Iran and Syria, the establishment of pro-American democracies across the region, the opening of Iraqi-Israeli diplomatic relations and a pipeline between Iraq and Israel, American domination of Iraqi oil production, and a major voice in a newly liberated Iraqi economy-in short, we are witnessing the end of a dream of a new Middle East remade in the American image.

The US, one of the most nationalist and flag-waving countries in the world, demonstrates an astonishing blindness towards nationalism anywhere else in the world. Yet the forces of nationalism everywhere, taking on an anti-American character, is now the main driving force in most places in the globe. Dozens of

countries, either openly or more often quietly, now move to block American strategic planning where they can. Europe has made no secret of its refusal to support most US plans in the Middle East, and even NATO in its peace-keeping in Afghanistan has declared its independence from US control. Even one year ago, the possibility of a major American attack on Iran was still strong. No more. Russia and China both have close relations with Iran and together have made it impossible for Washington to pressure Iran or gain UN sanctions against it. Even India, who values its new ties with Washington, will not abandon Iran to the US. Iraq has so weakened the US, militarily and politically that a US military option against the regime in Iran is no longer possible, even as Tehran's government grows more radical. Ironically, Iran has now become the most powerful foreign state in Iraq after the US. The Bush administration has been forced to turn to the Europeans — whom it long rejected in this role — to help persuade Tehran to change its nuclear policies. And Washington, after years of rhetoric about Iran as part of "the axis of evil," has itself now been forced to negotiate directly with Tehran even in the absence of formal diplomatic relations.

The US still gets support from the row of pro-US dictators in the Arab world, but those leaders are fearful of their own populations who are hostile to the American agenda but are prevented by local security services from speaking out, for now. Whenever even small steps are made towards greater political openness in a few Arab states — Jordan, Egypt, Saudi Arabia and elsewhere, the Islamists are the primary beneficiaries. The Bush administration is now even beginning to change its mind about the wisdom of democratization in the Muslim world.

The Asad regime in Syria has been a target for removal for several years, but Washington is losing its ability to intimidate even that weak regime; Asad has won the support of most of its Arab neighbors, even those that don't like Asad. Syria remains under pressure, but Asad probably no longer faces overthrow.

Pakistan has been skillful in voicing strong support for the US "war against terrorism" but in the end its cooperation has been limited and radical Islamic forces within Pakistan remain strong. The US cannot even prevent Pakistani intelligence from providing support to elements of the Taliban in Afghanistan. Indeed, after overthrowing the Taliban and declaring Mullah Omar the enemy four years ago, the US is now forced to negotiate with him quietly through private channels to restore order in the country.

China itself is playing a very skillful game. While many conservatives in Washington are warning about "China's dangerous military build-up," the facts are that Washington desperately needs Beijing's cooperation in helping remove nuclear weapons from North Korea. While even two years ago there was talk of a possible US military strike on North Korea, all that is over now. Diplomacy is the only weapon the US has left, and it must cooperate closely with other regional states: China, South Korea, Russia and Japan. Meanwhile, the US economy has grown increasingly dependent upon China economically and Beijing owns huge portions of the US debt. Washington must tread cautiously vis-à-vis Beijing.

In Latin America state after state has rejected US domination of the Organization of American States by rejecting Washington's candidate for the presidency;

a new generation of leaders hostile to Washington's neo-liberalism are in power in Argentina, Chile and Brazil. Chavez in Venezuela openly mocks US weakness in Latin America.

America thus no longer commands the respect, even fear, of most of the world. Of course the US military remains without rival. But unless there is real war, US military power can do little in the face of these diplomatic setbacks. Of course the US economy is very powerful, but the US formula for a global economic order is no longer in command. Washington's aspirations to establish a strong unipolar world is no longer realistic.

No, the US still has no global rival, but it can no longer act independently as Bush's power and even respect melt away. The US will always play a major and hopefully constructive and wise role in world politics and strategy. But for those who believe that a multilateral world is healthier than a unilateral world, this change of direction is positive.

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