

LIBERAL HEGEMONY AND INEQUALITY IN THE 21ST CENTURY

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Abstract

The subject of inequality represents a present phenomenon in the contemporary society, even though the issue was analyzed by various authors, since the beginning of the Industrial Age. Ideologues, philosophers, economists or social scientists devoted researches on the subject of inequality, offering various interpretations or solutions, more or less viable, about this issue. The present paper will try to argue, from the viewpoint of International Relations Theory, that social inequality represents the expression of a liberal hegemonic model, still influent at the international system. This hegemonic model is based on the liberal ideology, thus assuming the phenomenon and outcome of inequality as natural. From a theoretical point of view, this paper is based on the hegemonic stability theory, an approach from the International Relations Theory. The main actor which sustains this hegemonic model is represented by the United States, as the hegemonic power in the international system, the world leader that sustains the liberal political and economic institutions at the systemic level. From a methodological point of view, the research adopted a qualitative perspective, with the case study on the influence of the liberal hegemonic model on the subject of inequality.

Keywords: *Hegemony, inequality, international order, liberal ideology*

Clasificare JEL: *M40, M41*

1. Introduction and context of the study

The subject of inequality represents a pressing issue at the international level, finding its manifestation on a two-sided coin. On the one side, inequality illustrates the uneven distribution of wealth between nations, with the United States and China as top performers regarding the GDP as a share from the total global output. In 2020, from the global GDP, the United States had a share of 25.11%, while China 17.51%, with Japan, on the third place, with 6.01% [1]. According to the last Oxfam report, from January 2023, from the global wealth, 45.6% is reserved for the top 1%, while the poorest 50% hold only 0.75% and 81 people are wealthier than half of the world [2]. Besides the inequality between the states, there is the issue posed by the inequality within a state, regarded nowadays as a great challenge, worsened since 2020 by the COVID-19 pandemic [3]. This paper argues that the social inequalities present at the global level are the expression of a liberal hegemonic model, still influent at the international systemic level and sustained by the United States, which still represents the hegemonic power of the international system. As the hegemonic power in the international system, the United States represents the world leader that sustains the liberal political and economic institutions at the systemic level. The research is based on the hegemonic stability theory, which maintains that an open international economy and systemic stability are sustained by a sole great power [4]. Therefore, this paper argues that as long as the United States, a liberal hegemon, stay at the top of the international system, as the world leader, the hegemonic power at the systemic level, the subject of inequality at the world level is and will be regarded as a natural phenomenon.

The remainder of this paper is organized according to the following order. The second part is reserved to a short presentation of the hegemonic stability theory, as the theoretical framework on which this paper is based. The third part is devoted to the liberal economic thought and international order. The fourth part treats the American hegemonic influence at the international level, while the final part of the paper is reserved to conclusions.

2. Hegemonic stability theory

The theoretical background of this paper is based on the hegemonic stability theory. In the history of the modern international system - at least from the 15th century, when the great explorers discovered large parts from the world, unknown for the old world until then - great powers emerged as hegemonic leaders dominating the lesser states from their systemic configurations just to fall later from their leadership position[5] - [6].

Hegemonic stability theory holds that the nature of the international economic system is defined by the power distribution between states. When the preponderance of power is held by a sole state, offering stability for the international economy, therefore the power distribution is hegemonic[4]. The founder of this theory, Charles P. Kindleberger argued in favour of the leadership offered by a state at the world level, by setting behavioural standards for other states and stabilize the international economic system[7]. Robert Gilpin maintained that the international system represents the political-economic interests of a dominant power[8] defining hegemony as the situation when “a single powerful state controls or dominates the lesser states in the system”[8]. In a subsequent book, Gilpin argued that the hegemonic presence alone “is not sufficient to ensure the development of a liberal international economy”, therefore “the hegemon itself must be committed to the values of liberalism”, originating from the internal economic system[9]. Moreover, the hegemon has to be “committed to liberal economic principles” to sustain a liberal international economy and promote cooperation[10]. For Robert O. Keohane, the hegemon is invested with a global leadership position, providing cooperation at the systemic level[11]. Therefore, hegemonic stability theory can represent a theoretical foundation to explain the phenomenon of inequality at the international level, especially that the theory maintains that the hegemon has to be committed to the principles of liberalism.

3. Liberal economic thought and international order

In its classical version, liberalism favours freedom to equality, especially in economic terms. Based on the self-regulating principle of the free hand, with a minimal interventionist state, classical liberalism put the free individual commerce at the core of economic activity, while private property and competition are central for the functioning of the capitalist economic system, even though contemporary liberal thought argues for government intervention to mitigate inequality, seen as a source of suffering[12]. In the classical liberal variant, an economy free from state intervention (the state role was limited only to order maintenance and property protection), was seen as the best way to ensure satisfaction and fulfilment of human needs[13]. The principle of free economic activity was transferred to the international level, a liberal international order being created in the 19th century, with Great Britain as a stabilizing power[7].

Since 1945, the liberal international order is led by the United States, based on principles such as openness and international rules and institutions, multilateralism, individual freedom and capitalism, together with a system opposed to realpolitik principles[14]. Originating from the American internal institutional architecture, the liberal political-economic system, characterized by political and economic freedom, was transferred to the international level, in the form of a liberal international order, with the United States as its “hegemonic organizer and manager”[15] (Ikenberry, 2011, p. 2). After 1990, a new form of liberalism gained global influence, becoming mainstream and embedded in international institutions such as IMF and the World Bank, namely neo-liberalism[13], a revived variant of classical liberalism that starts from the argument that market deregulation is critical for a proper resource redistribution, rejecting any form of collectivism, trade unionism and state welfare policies[13]. As the liberal ideology puts a higher

value on freedom than equality, with private property as a core value, it can be argued that inequality will remain a continuous phenomenon, even though some social justice public policies may be implemented.

4. The American hegemonic influence at the international level

The core of this paper resides on the argument that the liberal international order, both in political and economic terms, is a cause for inequality between people. As the hegemonic stability theory argues, the present liberal international order is backed by a hegemonic great power acting as a systemic stabilizer, by promoting liberal international institutions, originating from the internal institutional architecture of the hegemon. As the liberal ideology, in its nature, has as a core value the private property and freedom, therefore, inequality comes as a natural feature of a society. Moreover, since the hegemonic power that offers stability for the international order, is liberal, namely the United States of America, it has an interest to promote liberal values at the systemic level, thus inequality comes as a normal phenomenon, which can be diminished, but not eliminated.

The American hegemony has its backbone in the US economy and military power, as a hegemonic baseline. On the economic-military power, there is an overlay represented by the liberal ideology, with origins in the American internal political-economic institutional framework. As a hegemonic power, the United States advance the liberal hegemony at the international level, a process started after the Second World War, by building liberal-inspired political and economic international institutions, that sustain the American leadership position at the systemic level[16]. According to the The Military Balance 2023, the US defence expenditures on 2022 were \$822 bln., with a GDP of \$25.0 tr. and active military personnel of 1,359,600[17]. As a proof of the US capability of power projection at the global level, the US navy has 11 aircraft carriers[17], which permit interventions in many points from the world. According to the US Department of State, since January 2021, the United States offered more than \$37.6 bln. to support Ukraine in the effort against Russia, especially since the invasion which started on 24 February 2022[18], while the entire defence budget of Russia from 2022 was estimated by The Military Balance as \$87.9 bln[19].

In financial terms, the US Dollar represents the main currency for international transactions, as in May 2023 Russia and India suspend their negotiations on bilateral trade in rupees, as the Indian currency is not fully convertible[20]. Still influent at the international level are the International Monetary Fund and the World Bank, as liberal institutions aimed to provide economic assistance and stability at the international level[21] – [22]. There is a widespread American influence at the global level, from a symbolic point of view. If the American values, such as political liberalism and free market economy, are influent especially in Europe, Japan or Australia, the American designed products, such as Coca Cola, McDonald's or iPhone are in demand all over the world, such as in Russia, with a political regime close to dictatorship[23] – [24]. I argue that the demand of American products, which were replaced by local replicas in Russia, or imported by using parallel schemes[24], represent another argument for the US hegemony, manifested in terms of values. Given the American influence at the global level, in terms of economic and military power, as well as from the viewpoint of values and products of American design which are in demand even in the countries with a dictatorial regime, it can be argued that the US liberal hegemony is still in force on the international arena. Thus, as long as the hegemonic power is still influent at the systemic level and promotes liberal values, the issue of inequality is still present, as it is regarded a core value for the liberal ideology.

Even though the United States still have a great influence on the global level, the American primacy on the international arena is contested, with Russia and China as main contesting actors. Since February 2022, Russia sustains an aggression war against Western-supported Ukraine, while, in the same time, the leaders from Moscow express their desire to create a multipolar world,

alongside the other countries that take part in BRICS[25] – [26], a new order configuration regarded by Russia in its newly issued Concept of Foreign Policy as “more equitable”[27].

According to the NATO Strategic Concept from 2022, Russia is regarded as “the most significant and direct threat to Allies’ security and to peace and stability in the Euro-Atlantic area”[28]. Moreover, the same document regards China and Russia as strategic partners, with “mutually reinforcing attempts to undercut the rules-based international order run counter to our values and interests”[28]. If Russia is a direct, immediate, threat to NATO, as well as to American hegemony, China is regarded from some years as the emerging strategic competitor[29], with some scholars who express their fear of a destructive hegemonic war with the United States[30].

Even though the American liberal hegemonic position is under challenge at the international level, I argue that the US hegemony is still in force. By virtue of its systemic hegemonic position, the United States managed to impose a liberal hegemony on the international system. By its ideological nature, the liberal political and economic thought values freedom to equality, meaning political and economic freedom, such as free trade or limited intervention by the state in economy. Thus, by the nature of the liberal ideology, the inequalities between the states and within a state are regarded as a natural phenomenon, while all attempts to enforce equality are seen as an infringement on the principle of freedom.

5. Conclusions

To conclude, it can be argued that the social and economic inequality between individuals has its root cause in the liberal international order, backed by a hegemonic great power that promotes liberal values, originating from its internal institutional level. To support my argument, the paper was organized to the following logic. In the first instance were presented the main tenets of the hegemonic stability theory, followed in the subsequent part by a discussion regarding the liberal economic thought and international order, while the next part was reserved to the American hegemonic influence at the systemic level. The liberal hegemon, acting as a stabilizer on the international level, is represented by the United States of America, a state with a strong sense of liberal values. The United States promotes and sustains at the level of the international system an institutional architecture of political and economic institutions based on the principles of liberalism, coming from the internal level of the hegemonic power. Thus, since the hegemonic power that is placed at the top of the international hierarchy of power and influence is liberal, therefore liberalism, as an idea and practice that is in favour of freedom over equality, will still remain influent for at least a part of the world. Since freedom is at the core of the liberal ideology, the issue of inequality will be regarded as natural between individuals, while equality is treated as unnatural, as a result of state or societal intervention. All being said, I argue that the data support the argument of this paper, that as long as a hegemonic power leads the international system by enforcing a liberal hegemony, the issue of inequality will not be resolved, as it is regarded a natural phenomenon between individuals, a result of the interplay between market forces and nonintervention from the state.

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