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It's the Balance of Power, Stupid!

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Historians agree that Britain's rise as a pre-eminent global power came as a response to changing circumstances and not as a part of a grand master plan; Britain, it has been said, stumbled into an empire. But the converse was also true: the dismantling of the British Empire wasn't a linear process involving a manageable and steady decline in its military and economic power; instead it had a haphazard muddling through quality. British leaders weren't aware that Rule Britannia was already history even after the fat lady had sung that it was over.

Indeed, Prime Minister Winston Churchill who had led his nation into an impressive military victory in World War II, confident that the defeat of Nazi Germany would help save the British Empire, failed to recognize that the enormous military and economic costs of the war had actually created the conditions for the liquidation of the empire, starting with the withdrawal from Palestine and the "loss" of India after the war.

But while the sun was setting on the British Empire, members of its political elite continued to live under the illusion that their nation had remained a paramount global power. If you traveled in a time machine to London 1949 and attended a debate in the British Parliament, browsed through the pages of the Times or listened to a BBC news program you would come across numerous references to Britain as a Great or "superpower,"; a term that was applied to the United States and the Soviet Union after World War II. And if you encountered diplomats in His and (after 1953) Her Majesty's Diplomatic Service and bankers in the City of London, you wouldn't be surprised if they continued to behave as though the world was still their domain to rule.

It was the humiliating abandonment of the Anglo-French invasion of Suez in collusion with Israel in 1956 that proved to be the turning point in Britain's retreat from empire and ensured that London would never again attempt global military action without first securing the acquiescence of Washington. The time lag between the effective end of the British Empire and the recognition that indeed it was all over, proved to be quite lengthy.

The concept of "recognition lag" is familiar to economists. It refers to the time lag between when an actual economic shock, such as a sudden boom or bust, occurs and when it is recognized by economists, central bankers and the government, like when officials signal a recession in the economy several months after it has actually begun.

And just like changes in economic conditions, changes in the global status and power of nations, are not always immediately apparent, especially to the politicians and the generals who yield that power and to the journalists who cover them. That the elites continue to share such misconceptions about their nation's ability to exert global influence has less to do with the power of inertia and more with the vested interests they have in maintaining the status-quo that could be threatened by challenges at home and abroad.

While no one is comparing the global political, economic and military status of the United States to that of Great Britain after World War II, there is an eerie resemblance between the resistance of officials, lawmakers and pundits in London 1949 and that of their contemporary counterparts in Washington 2009 to adjust their nation's foreign policies to the changing global balance of power. That may explain why so many members of the US foreign policy establishment seem to be so depressed in face of the Obama Administration's current difficulties in dictating global developments, ranging from the military quagmires in Iraq and Afghanistan, Iran's nuclear aspirations and the deadlocked Israel/Palestine peace process to the stalled negotiations on global trade liberalization (the Doha Round), the efforts to reach an international agreement on climate change and the global financial imbalances between the US and China. Where is US leadership on this or that global policy issue? **Why can't the Obama Administration "do something" to resolve this or that international crisis?**

As expected, neoconservative critics depict President Barack Obama as an idealistic peacenik, if not a 1930's-style appeaser. They blame the perceived erosion in US' ability to call the shots around the world on Obama's alleged failure to stand-up to Russia (by abandoning the missile shield program in

Eastern Europe), to Iran (by trying to engage it), to Venezuela (by shaking hands with Hugo Chavez) and to Al Qaeda (by overturning torture practices), and on his supposed betrayal of allies (Israel, Georgia, Poland, the Czech Republic). Not to mention Obama's refusal to launch new crusades against Islamofascism, to promote the Freedom Agenda in the Greater Middle East and to annoy the commies in Beijing on a regular basis.

That's rich coming from the guys at the Weekly Standard and the American Enterprise Institute (AEI). After all, it was the mess that the Bush administration, guided by these neoconservatives, had made in the Greater Middle East – where US military power was overstretched to the maximum, and where American policies helped strengthen Iran and its surrogates in Iraq, Lebanon and Palestine – coupled with the dramatic loss of American financial resources, that has produced a long-term transformation in the balance of power in the Middle East and worldwide, and **has significantly eroded Washington's geo-strategic and geo-economic clout**. In fact, the increasing wariness of the American public regarding new US military interventions, as a consequence of the wars in Iraq and Afghanistan, and the expanding US deficits would have made it difficult even for a President John McCain to promote an aggressive US policy in the Middle East and elsewhere.

That Obama finds it so difficult to press Israel's Benjamin Netanyahu, Iran's Mahmoud Ahmadinejad and Afghanistan's Hamid Karzai to change their policies may have to do with the fact that unlike many of the elites in Washington, the above and other foreign leaders have succeeded in deconstructing the current geo-strategic reality and recognized that the global balance of power has been shifting and that US ability to exert its diplomatic and military leverage over them has been constrained. Let's hope that these changes will also be recognized in Washington as soon as possible, and that unlike the leaders of the British Empire, those in charge of Pax Americana will have enough time to readjust to the new global reality.

Regards,

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for *The Daily Reckoning*

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