Lost hegemony? Helen Milner and Jack Snyder

Susan Strange challenged what she termed "the persistent myth of lost hegemony" in her article of that title in the Autumn 1987 issue of *International Organization* (vol. 41, no. 4), pp. 551–74. Though not necessarily incorrect, her argument hinges on a crucial table, which Professor Strange has misinterpreted. Table 2, on page 567, reproduced with minor abridgements from *Business Week* (14 January 1985), is labeled by Professor Strange "percentage of total output produced in the United States." It is clear from the text at the bottom of page 567 that she takes this to be a table showing the U.S. share of *world* output in various economic sectors. The table shows these percentages to be relatively unchanged between 1970 and 1985, so Professor Strange concludes that American economic hegemony is not in decline. In fact, however, the table does not refer to the U.S. share of world output. Rather, it describes changing shares of output *in the United States* among various economic sectors. This is evident from the fact that the three main headings—"manufacturing," "services," and "all others"—add up to 100 percent in each of the four columns. The label that *Business Week* attaches to this table is "Manufacturing output will grow more slowly . . . but its share of the economy will stabilize, thanks to high tech." Clearly, "share of the economy" refers to the American economy.

If Professor Strange had presented the correct data, she would have found that America's relative economic position had indeed declined over this period, as measured in terms of the U.S. share of world output, world exports, and most other indicators. This downward trend included production and trade in a number of high technology sectors, as well as in services.[1]

1. See, for example, the charts and discussion in Stephen S. Cohen and John Zysman, *Manufacturing Matters* (New York: Basic Books, 1987), chap. 5, and Bruce R. Scott and George C. Lodge, *U.S. Competitiveness in the World Economy* (Boston: Harvard Business School Press, 1985). Professor Strange cites Ronald Shelp, *Beyond Industrialization* (New York: Praeger, 1981) as the source for her statement (p. 567) that "American service industries will hold their share—50 percent or more—of the whole world market," but in fact Shelp's tables on pp. 24–25 show the U.S. share of world "invisible" trade as 19.7 percent and declining, as of the 1978 end-point of his data.

Measured from the 1950s and 1960s rather than 1970, the decline is of course even greater. But even some very recent trends show significant decline. According to Paul Kennedy, "In late 1986, for example, a congressional study reported that the U.S. trade surplus in high-technology goods had plunged from $27 billion in 1980 to a mere $4 billion in 1985, and was swiftly heading into a deficit."[2]

Of course, these data do not necessarily refute Professor's Strange's contention that the United States is still hegemonic. One could argue, as Bruce Russett has, that even a declining America is still larger relative to its competitors than was Great Britian even at its "hegemonic" peak.[3] Alternatively, one could argue, as Professor Strange does, that the most valid indicator is not production within the United States as a percentage of the world total, but that figure *plus* "production by enterprises ultimately headquartered in the United States and responsible to the government in Washington" (pp. 566–67). Even if we accept the questionable notion that such multinationals are somehow "responsible" to Washington, we cannot evaluate Professor Strange's argument, since she offers no figure, correct or otherwise, for that indicator.

If she did present such a figure, it might support her case. Robert Reich, in "The Economics of Illusion," *Foreign Affairs: America and the World, 1987–88* (p. 525), states that "American multinational corporations accounted for over 17 percent of world exports in 1966, and their share has remained about the same since then," though exports from their production facilities outside the United States increased from one-third to one-half of the total during that period.[4] This is still not Professor Strange's preferred indicator, however, since it refers to share of world trade, not production, and considers only multinationals.

In short, Professor Strange may be right or wrong about the myth of hegemonic decline. We hope that she will provide the readers of *International Organization* with the data that will allow them to evaluate her claim.

2. Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random, 1987), p. 525.

3. Bruce Russett, "The Mysterious Case of Vanishing Hegemony; or, Is Mark Twain Really Dead?" *International Organization* 39 (Spring 1985), pp. 207–32.

4. We have not been able to verify Reich's figure, however, since his source could not be located with the information in his footnote.