# Oil, Hard Power and U.S. Hegemony

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In late 2014 and early 2015, the United States dramatically increased its presence in the oil market. This tremendous increase in production, which placed the United States ahead of every OPEC country besides Saudi Arabia, caused a global change in supply and demand that dropped the price of crude oil to $58 per barrel. This translated to an average gasoline price of $2.55 per gallon nationally on December 15, 2014.[1] The price drop reverberated throughout the global economy, affecting countries from Malaysia to Norway.[2] In Venezuela, for example, it is estimated that a one dollar drop in the price of oil will cost the country approximately $770 million in annual revenue. The United States' decision to act influenced the entire world, and this is no surprise – economic control is just one of the many facets of hard power and hegemony.

Joseph S. Nye, Jr., a political scientist and the former Dean of Harvard's Kennedy School of Government, was instrumental in defining and describing the function of hard power. In an article for Harvard Business School, he defines hard power as "threats or payments".[3] Military and economic power are the two main components of hard power, and they are used daily to reinforce the hegemony of the United States in the world. Hegemony is a system of political control that places one especially powerful country in a position of de facto dominance over other countries. The trade of energy is key to the global economic system, and the amount of power that the United States can exert over the market on a whim is indicative of the staggering amount of hard power that it possesses. This economic dominance is the keystone of US global hegemony.

Krasner's Hegemonic Stability Theory posits that hard power is key to any hegemon, and the ability of an actor to exert this power unlocks benefits such as trade and globalization.[4] Without tangible hard power, it is unlikely that rival states will be willing to listen to and cooperate with other states. Hegemony has existed since the advent of the Roman Empire. *Pax Romana*, or "Roman Peace", is the term referring to the period of Roman hegemony. During the *Pax Romana*, the Roman Empire reached its peak land area, as well as undergoing a population boom that left the country with 70 million people.[5] Improvements in infrastructure and other areas reflect the economic prosperity and safety that occurs during a period of hegemonic dominance. This is also the case for other great power hegemonies, such as the *Pax Britannica* and *Pax Americana*. These periods of hegemony are also marked by peace and economic success. Historical precedent clearly demonstrates the effectiveness of hegemony throughout time. Even vocal critics of hegemony concede the positive effects it can have.[6]

U.S. hegemony is in decline, on the whole. The emergence of other powerful countries, such as China and Russia, has directly challenged the status of the United States as the sole hegemon. Conversely, events in the energy trade have reinforced the entrenched influence that the United States still retains. This speaks to the complexity of hegemonic influence. Positive effects, such as the increased safety and free trade inherent to hegemony, need to be weighed against potential negatives.

Trade volume has increased due to the presence of a hegemon. When no such singular dominance exists, large powerful states that do not constitute hegemons compete for more modest gains from trade, and openness in trade results in social instability in less developed states. Moreover, their political vulnerabilities increase. In the case of a hegemon, however, small, less powerful countries, can access a large export market and they experience high potentials for dramatic increases in economic growth and aggregate national income. These benefits arise from the hegemon in fostering cooperation between states and reducing uncertainty in international markets.[7] This type of economic openness cannot exist in a system that lacks a hegemon because the self-interest of powerful (but not hegemonic) states will quash small countries and prevent growth. This type of economic instability has recently been exhibited in the Russia-Ukraine conflict. In a period of waning US influence, trade broke down in the midst of conflict. Hegemonic challenges by Russia threw the growing Ukrainian economy back to square one.[8]

By the numbers, we can say that violent conflict the world over is decreasing. Macro-trends over the past 65 years have shown a definite decrease in violence, and this can be attributed to American hegemony. Andrew Mack at the Human Security Report Project asserts that concepts such as "democratic peace", "commercial peace" and the idea that people are simply more anti-war than they used to be, all stem from the advent of American hegemony.[9] *Democratic peace* is the idea that as the number of democratic nations increase, the amount of violent conflict decreases. *Commercial peace* is the idea that states with deep economic ties to each other are unlikely to engage in conflict with one another. The increases in trade due to hegemony previously mentioned tie commercial peace inexorably with hegemony. The changes in the oil market in late 2014 and early 2015 exemplify this interrelation. Both democratic peace and commercial peace help to reduce war overall, and they both stem from hegemony.[10]

Despite the many benefits of a hegemon, it can also be identified as the cause of a multitude of economic problems. Economically, the idea of a single dominant actor is problematic because it creates a massive amount of control by one country. Although there are benefits that derive from this as explored previously, it's worrisome because it creates a system that is not dynamic enough to respond to unexpected changes in the global economy. A larger set of more specialized and varied states has the capability to respond to rapid changes in the global economy more quickly than one large, slow-moving hegemon. Moreover, a dominant currency and economy causes spillover from the hegemon to all other countries. If the hegemon experiences economic downturns, reverberations will be felt throughout the world economy, unlike if a similar downturn were to occur in a smaller country. The recent recession is a prime example of this. Eugene Mendonsa partially attributes the recession to the elasticity of the international monetary and financial system, a factor influenced by the current hegemonic system.[11]

A key issue raised by the presence of a hegemon is whether overstretch will occur. According to Christopher Lane of Texas A&M, it is inevitable that the United States will go too far and begin to damage other countries. In order to preserve the status quo, hegemons knock down actual and perceived rivals.[12] This unjustified type of attack on other nations raises questions about oppression of other states, and whether this will lead to cultural imperialism. Cultural imperialism is the idea that Western countries dominate media around the world, which leads to an unwarranted spread of Western views and cultural erasure in smaller, typically third world, countries.[13] This manifests itself in many ways, from the ubiquity of American fast-food restaurants to the mass language death in areas such as Africa and South America.[14] The cultural dominance exerted by a hegemonic state is a key concern voiced by critics of hegemony.

It's imperative that the benefits of hegemony are weighed against the negative because the peace and economic stability of hegemony allow for a situation where social issues can be addressed. This was demonstrated by the feminist movements in 20th century America. Only after the conclusion of World War II could social movements grow and make the reforms they sought after. Instability clearly has a stifling factor on social reforms. However, in times when hegemony provides a stable platform to work from, this stability gives us the capability to experiment and attempt to deal with the negative effects of hegemony without the threat of constant war and economic uncertainty that pervades a world where no hegemon exists. In a world without hegemony, there is too much conflict and infighting, which prevents the issues of hegemony from being addressed. In a world where hegemonic influence exists, it becomes possible to solve other issues, such as concerns about inequality. When hegemony fails, the world become too unstable, whether that is in terms of economics or armed conflict, and reforms cannot take place.

The recent shifts in the oil market serve to demonstrate the power of American hegemony. This system is integral to the ability of the world to grow and prosper, despite potential disadvantages, because it allows for a stable platform from which to improve these disadvantages. It also allows us to search for a form of hegemony that resolves the paradoxes of the modern system. On the whole, hegemony serves to improve the world and the fortunes of individuals.

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[10] Ibid.

[11] Eugene Mendonsa, “What Caused the Great Recession?,” *Open Anthropology Cooperative*, February 13, 2012, (accessed February 26, 2015).

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