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US GLOBAL LEADERSHIP AND THE PLACE OF EASTERN EUROPE

METHODS FOR INTERPRETING THE GLOBAL HEGEMON STATUS

In times of globalisation, the phenomenon of leadership may be discussed in terms of geopolitical power evolving top-down and in terms of power usurpation. For example, the "centre-periphery" theory argues that geopolitical power of a state follows from its economic and military power. This power is used to enroot economic and political relationships whereby underdevelopment of other states is sustained and profitable for the leader.[1] From another point of view, a geostrategic power emerges bottom-up and is a function of states' readiness to accept the leadership of one of them. In that case, states of evidently lesser power are interested in containing the chaos of global market and political relationships. The hegemon guarantees stability of principles and rules and permanence of international institutions. The hegemon "supervises" what markets cannot ensure, i.e. distributive justice[2]. Although both perspectives are equally well substantiated empirically, in this study greater emphasis will be placed on the latter perspective.

SOURCES OF GEOPOLITCAL POWER: ECONOMY, STRUCTURE, NETWORK

Geopolitical power is a phenomenon which is quite ambiguous and difficult to capture. Carlo Jean highlights that it has various constituents such as military and economic strength, but also constituents impossible to measure e.g. credibility, ethnical, cultural, ideological kinships, geographical location, access to raw materials, etc. Among them, the so called inviolable power factors can be distinguished,

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[1] S. Amir (1974), *Accumulation on a World Scale, "*Monthly Review Press" New York; T. Evers, P. Vogan, "*Dependencia". Latynoamerykański wkład do teorii niedorozwoju,* in: *Ameryka Łacińska. Dyskusja o rozwoju* (1987)*,* Warsaw; A. G. Frank, *Rozwój niedorozwoju,* in: *Ameryka Łacińska. Dyskusja o rozwoju* (1987)*,* Warsaw; M. Hardt, A. Negri (2005), *Imperium,* Warsaw; R. Prebisch (1959), *Commercial Policy in the Underdeveloped Countries,* "American Sociological Review" Vol. 49(2), pp. 251-273; I. Wallerstein (2007), *Analiza systemów-światów. Wprowadzenie,* Warsaw.

[2] Ch. Chase-Dunn, Y. Kawano, B. Brewer (2000), *Trade Globalization since 1795: Waves of Integration the World System*, "American Sociological Review" Vol. 65, No. 1.

i.e. economic power and power symbolic dimension, that is credibility, prestige and trust in a given state.[3] P. Kennedy, having quite widely reviewed various political power factors, arrives at the conclusion that it is the size of the state's share in global economy which is decisive.[4] His conclusion appears to be quite convincing as it is beyond doubt that efficiency in generating wealth supporting armed forces and prosperity of citizens is an important factor conditioning international prestige. It tends to be copied by other states which seek cooperation with and support of a political power. Also Polish researchers argue that the economic factor is crucial for a geopolitical power. They claim that the decreasing US share in global GDP points to the unipolar world coming to its end.[5]

In international relations, power derives from money. In 2008, the US military budget was 4.8% of the US GDP.[6] To illustrate its size, let us mention that in 2008, Poland's GDP constituted 3.75% of the US GDP (author's own calculation based on *United Nations Statistics Division* 2008, current prices in USD). The absolute size of domestic wealth is quite fundamental as the cost of military equipment grows, and smaller and especially poorer states cannot afford even relatively simple military arms and devices. During World War II, for example, the cost of 1 ton of a submarine amounted to USD 5.5 thousand, whereas in the 1990s it was USD 1.6 million; similarly fighter planes cost now 100 times more and bombers 200 times more.[7]

Rich countries, however, may overestimate their own capabilities setting themselves excessively ambitious goals as it happened during the presidency of Bush Jr. In such a case, bad politics may reduce national prosperity and lead to a decline of its economic and political power.[8] F. Zakaria expresses similar opinion while analysing the place and perspectives of the American empire. For a strong empire, the condition of its economy and its future dynamism are of key importance. Internal political dysfunctions in the United States are counterproductive to sustaining its imperial strength. Moreover, as new powers emerge, the US should change its international policies making them more multilateral.[9]

Money is important, but having great wealth may not lead to having equally great geopolitical power. The power status depends also on innovativeness, productivity and attractiveness of the goods generated in a given state. According to the author of *The Rise and Fall of the Great Powers*, the ups and downs of empires are driven by

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[3] C. Jean (1995), *Geopolitica*, Bari.

[4] P. Kennedy (1993), *Preparing for the Twenty-First Century*, London.

[5] J. Białek, A. Oleksiuk (2009), *Gospodarka i geopolityka. Dokąd zmierza Świat?* Warsaw.

[6] Agencja Lotnicza, *Lotnictwo i obronność w Polsce,* http://www.altair.com.pl/start-371 (accessed 31.01.2008).

[7] P. Kennedy (1987), *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York [Polish translation: (1994), *Mocarstwa świata. Narodziny, rozkwit, upadek. Przemiany gospodarcze i konflikty zbrojne w latach 1500-2000*, Warsaw].

[8] Ch. A. Pleble (2009), *The Power Problem*, Cornell University Press.

[9] F. Zakaria (2008), *The Future of American Power. How America Can Survive the Rise of the Rest*,"Foreign Affairs" May/June.

developments in the fields of economy and technology. An intellectual breakthrough and the increase or decrease in innovativeness precede the rise and fall of empires.[10] The spatial metaphor of the centre-periphery model of capitalist labour markets points to huge differences in the location of core production processes. Peripheral production processes generate peripheral products whereas central (core) processes deliver more technologically advanced products. Core production is characterised both by its novelty and substantial share in the global market of commodities. (In the 18th century, central processes included textile production, while in the year 2000, they included development of software, pharmaceuticals and genetic engineering). Moreover, core production has a higher productivity indicator, and the goods rarity or producer's monopoly allow core producers to impose high prices that contribute to the wealth of the producing state. Such states have high budgetary surplus that may be used to finance political activities of impact and strengthen their military power.

The size and effectiveness of the economy are not always directly proportional to the geopolitical causative role of a country. It may happen that multilateral alliances, international treaties and extensive economic relationships between a strong partner and several somewhat weaker ones determine the choice option which depends on the support of weaker partners. That was the approach adopted by the "founding fathers" of the EU. They gave much thought to the role of Germany, a state larger and more powerful than other states in the future European Community. In order to "embed" Germany in Western Europe, they began with integrating defence industries of Germany and France. So far those efforts proved successful. Thus not only the size of economy and its effectiveness but also the structure of relations have an impact on the shape of the geopolitical stage and the actual causative power of its actors.

Prominent practitioner and theoretician of global geopolitics Henry Kissinger argued that similar measures were applied earlier in Europe and gave positive results. He analysed the so called Concert of Europe in 1815-1914. The concert was conducted by three states: the UK, Austria and Russia. The international legal infrastructure for the concert of powers was established at the Congress of Vienna (1815). During the Congress, a new European political order was agreed in such a way so that none of the participating states would consider itself wronged and that all the states would be more or less equally strong. To this end, an effort was made to consolidate but not unify Germany that, according to Kissinger, would be too powerful and could easily succumb to the temptation to upset the balance. The structure developed that way could be overthrown only with a huge joint effort requiring cooperation of several countries. Proceedings of post-Congress meetings were somewhat similar to European governmental sittings. In the end, apart from the Crimean War incident (1854), the Concert (agreement) was played until 1914 with no armed clashes between the three conductors.[11] It should also be noted that according to

[10] P. Kennedy (1987), *The Rise and Fall…* [Polish translation: p. 428, 429]

[11] See: H. Kissinger (1994), *Diplomacy,* New York [Polish translation: (1996) *Dyplomacja*, Warsaw, pp. 83-95].

Henry Kissinger, there are two factors determining permanent international balance which are physical and moral (common values) strengths. Of those two factors the latter seems more important.[12]

Roman Szul argues that "international political relationships are determined by two factors: structures and ideas. Structures are power relations between various political entities: states, nations, rulers, groups of interests, etc. Ideas, on the other hand, are concepts regarding how to approach those relations"[13]. Ideas determine, inter alia, whether the powerful state undertakes expansion and how the weaker state approaches it. In the opinion of Szul, history of the world is filled with civilisations and inside each of them one can find divisions into the leading centre and less well-off peripheries. Relations between them may be based on domination but also on equality. It depends on the combination of ideological and structural factors.[14] It follows that for the geopolitical order it is important how ideas are transformed into operational strategies and how strong the determination to implement them is.

It may happen that one's determined implementation of a strategy becomes the source of its geopolitical power that is disproportionately great if compared to its material resources. The example of the USSR and its role in the victory over the Third Reich proves it. Norman Davies in his fundamental work on World War II analyzes, inter alia, the size of Allied aid to the Soviet Union, and concludes that "the Soviet role was enormous and the Western role respectable but modest"[15]. In 1940, the year preceding Germany's attack on the USSR, Soviet absolute GDP in international dollars[16] (420,091 million) was higher than German GDP (377,284 million). At the same time Soviet GDP per capita amounted to 2,217 international dollars and German to 5,403. German potential was additionally increased by the economies of occupied states e.g. France. Then the USSR became one of the two superpowers. At the climax of the Cold War (in 1952), Soviet GDP amounted to 545,792 million in international dollars and GDP of allied China was 305,854 million. US GPD was 1,625,245 million and GDP of 12 allied states of Western Europe was 1,408,010.[17] In terms of GDP *per capita*, domination of the West was also quite evident e.g. in the USSR it was 2,937 dollars while in the US it was almost four times higher, i.e. 10,316. Nevertheless, a combination of Soviet strong determination, atom bomb and strong relations with its own allies gave the USSR much greater causative power

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[12] *Ibid.*

[13] R. Szul (2010), *Światowy system polityczny. Struktury i idee,* "Studia Społeczne" No. 2, p. 42.

[14] *Ibid.*

[15] N. Davies (2006), *Europe at War, 1939-1945,* London, p. 483.

[16] The author of those calculations, Angus Maddison, used the so called International Dollar. This is a unit referring to purchasing power parity of USD in 1990. For more information about the methodological background of those calculations, see: A. Maddison (2001), *The World Economy. Millennial Perspective,* "Development Centre Studies OECD" p. 171.

[17] A. Maddison, *Historical Statistics of the World Economy,* http://www.ggdc.net/maddison (accessed 07.01.2008).

than judged on its share in global economy and citizens' wealth. Thus let us note that the source of Soviet power was a different combination of factors conditioning geopolitical strength than the one that made the US the leader of the Western world.

An interesting and inspiring example of structural analysis is offered by three American authors - Chase-Dunn, Kawano, and Brewer - who studied economic globalisation processes beginning from 1795. They write that the first wave of globalisation was related to the domination of the UK. The second globalisation wave occurred after 1918 and the third one started in 1975. Let us take a closer look how the authors link structural factors with ideological ones. The basic measure of globalisation is the share of trade in global GDP. Trade globalisation is possible if the global order is relatively stable. The best explanation of "inflows and outflows" of trade globalisation is structural, i.e. a hegemonic stability or its absence. And how do ideological factors work? Hegemony of one or more states gives what the markets themselves cannot generate, i.e. distributive justice. A hegemonic state has an outstanding share in endorsing some intellectual repertoire while developing standards of international law. It exerts influence on international institutions so that they adhere to its rules, and, finally, it has the power sufficient to ensure and enforce arrangements advocated. After 1918, transport was cheaper and it was one of many factors which created the basis for the second globalisation wave. The UK could no longer be the hegemonic leader, and the United States, which had sufficient economic resources to take over, was not willing to accept leadership. The void provoked some countries to fight for global leadership which led to the outbreak of World War II.[18] Let us add that for globalisation, it is not necessary that the global order complies with interests of all the participants; it suffices that it is predictable.

PAX BRITANNICA AND PAX AMERICANA AND CONCLUSIONS ON ECONOMIC SOURCES OF GEOPOLITICAL POWER

The term *Pax Americana* means that in international economic and political relations the United States dominates. In the course of further deliberations based on the identified above factors determining geopolitical power, we will try to diagnose the geopolitical place and role of the US and give some thought to the nearest future.

According to the 2006 forecast, in 2020, the US share in global GDP is to amount to 19.0%, China's share to 19.4% and the EU's to 19.1%.[19] According to latest forecasts, in 2025, the US GDP will equal 82.4% of China's GDP.

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[18] Ch. Chase-Dunn, Y. Kawano, B. Brewer (2000), *Trade Globalization...*

[19] *Foresight 2020. Economics, industry and corporate trends, Economist Intelligence Unit* (2006) "The Economist" London/ New York/ Hong-Kong, p. 9.

Table 1

GDP projection for selected states according to purchasing power parity (in USD bn)

States	2011	2025	2050
USA	15 051.17	**21 010.83**	**38 060.89**
China	10 656.45	**25 501.22**	**57 784.54**
India	4 412.91	**10 721.09**	**41 373.68**
Japan	4 322.31	5 535.43	7 641.40
Russia	2 948.64	4 635.98	7 422.46
Brazil	2 265.08	3 950.27	9 771.54
United Kingdom	2 338.80	3 208.02	5 616.50
Germany	3 108.00	3 834.14	5 629.18
France	2 235.54	3 046.22	5 339.13
Italy	1 962.14	2 557.97	3 805.81

Source: PwC main scenario model projections for 2010-50, as cited by Guardian News and Media, http://www.guardian.co.uk/news/datablog/20ll/jan/07/gdp-projections-china-us-uk-brazil#data (accessed 25.09.2011).

So far *Pax Americana* has had relatively solid economic grounds and the role of the US is clearly dominant. Forecasts for 2025, however, point to a strong erosion of the US economic domination and to China's emerging leadership. It can be assumed, that if the EU remains passive politically, the world in 2025 will have two hegemonic leaders of more or less comparable power. However, such a conclusion is premature. As argued above, the size of the economy does not translate automatically into the state's geopolitical power. In order to better understand the transformation of money into political potential, I will refer to the well described case of the British Empire. We will trace the evolution of key economic indicators in the heyday and during the decline of the UK's political power to find regularities and outline the nearest future of *Pax Americana*.

What does the adopted method consist in? Where should it lead?

Already at the beginning of the 19th century, the UK enjoyed the status of a global superpower. Then its domination grew until the end of the 19th century when erosion processes started. The UK dominated politically because it was the leader in industrial revolution at the time. The revolution started in the UK in 1760.[20] Other European countries followed that path several dozen years later

[20] G. Clark (2007), *A Farewell to Alms. A Brief Economic History of the World,* Princeton/Oxford, p. 194.

Table 2

GDP of selected states in the 19th century (in international dollars)

States	1820	1850	1890
Western Europe			
Austria	4 104	6 519	13 179
France	35 468	58 039	95 074
Germany	26 819	48 178	115 581
United Kingdom	36 232	63 342	150 269
North America			
USA	12 548	42 583	214 714
Asia			
China	-	-	205 379
India	-	125 681	163 341
Japan	20 739	21 732	40 556
Eastern Europe			
Russia	37 678	73 750	110 664

Source: Data for Western Europe, USA and Russia based on: A. Maddison, *The World Economy: Historical Statistics,* "Development Centre Studies OECD" 2003, pp. 47-49, 71, 85, 95, 96; for Asia after: A. Maddison, *Historical Statistics of the World Economy: 1-2008,* http://www.ggdc.net/maddison.

Adhering strictly to the directive stating that geopolitical power derives directly from money, one can draw the conclusion that the greatest power were India in 1850, and in 1890 the US and China. However, history teaches us that such a conclusion is inversely proportional to the actual state of affairs. In the mid of the 19th century, the UK accomplished its conquest of India. At the time the GDP of the UK was 50% of India's GDP. In the end of the 19th century, gross domestic products of the UK and India were about identical. At that time the situation was quite similar to the forecast for 2020, when gross domestic products of the US and China are expected to be about the same. Some commentators claim that this will be tantamount to the end of *Pax Americana* on the global political stage. At this point, let us recall that the status of the largest global economy of the 19th century did not protect China against its defeats in opium wars, the imposition of extraterritorial zones and military interventions of European states. Not much later, in 1911, the collapse of the Chinese Empire started.[21]

[21] J. Fenby (2008), *The History of Modern China: The Fall and Rise of a Great Power*, New York, [Polish translation: (2009) *Chiny. Upadek u narodziny wielkiej potęgi*, Kraków, p. 196 ff.].

At this point, we can refer to relations between political power and military strength. Military power is usually financed with taxes. They, in turn, depend on how much the state can "take away" from its citizens and they will still manage to survive. Here statistics on GDP *per capita* is useful as from rich citizens more can be taken to finance armaments. Let us compare gross domestic products per capita of the states that interest us in the years 1890 and 2008. It will be useful to assess trends relevant to the relative geopolitical potential of different countries.

Table 3

GDP per capita for selected states in 1890, 2008 (fixed prices in 1990 in USD) and in 2020 (% of US GDP per capita; USA = 100)*

Years	GDP per capita							
	UK	USA	France	Ger-many	Russia	India	China	Comparison
1890	4009	3 392	2 376	2 428		584	540	UK/China= 7.42
2008	43 544	45 230	44 675	44 363	11 858	1 061	3 292	USA/China = 13.74
2020 USA= 100	78	100	72	70	33	12	24	USA/China = 4.17

* International dollars, see footnote 16.

Source: Data for 1890 based on: A. Maddison, *Historical Statistics of the World Economy: 1-2008,* http://www.ggdc.net/maddison; data for 2008 based on: United Nations Statistics Division, http://unstats.un.org/unsd/snaama/selQuick.asp; data for 2020 based on: *Foresight 2020, Economics, industry and corporate trends* (2006), Economist Intelligence Unit "The Economist" London/New York, Hong-Kong, p. 15.

In 1890, China's economic situation measured with GDP *per capita* was more favourable if compared to the then leading superpowers than it is today (2008). Nevertheless, in 1890, China was not a superpower. According to the forecast referred to above, by 2020, China will substantially reduce the gap between itself and both the US and Europe. Nonetheless, China's economy, on which its power is to be built, will still be not very impressive as the ratio of China's GDP *per capita* to the US GDP *per capita* will be 1 to 4. However, the average level of citizens' affluence (GDP *per capita*) does not fully explain the development of geopolitical power. A very important factor is the delivery of most technologically advanced products which requires both high skills and production efficiency. Such a competitive advantage facilitates development of more effective military equipment.

Let us go back to Table 2 above. After the conquest of India in the19th century, the British Empire was at the peak of its power. *Pax Britannica* prevailed in the world. However, the British preponderance over its European rivals in terms of the

absolute value of wealth was not too overwhelming. In 1850, the British GDP was not much higher than the French, in 1890 it was clearly lower than the American, and still *Pax Britannica* continued to prevail. Under *Pax Britannica*, the leading role of the UK was due its economy which derived its strength from the production of most advanced industrial goods at that time. Industrial production was the sector generating a sustainable increase in work output while the priority given to innovation and development kept increasing profits of producers of desired commodities.

Table 4

Share of selected states in global industrial production in 1860 and 1890 (in %)

Year	China	India	UK	USA	Germany	France	Russia
1860	19.7	8.6	19.9	7.2	4.9	7.9	7.0
1890	6.2	1.7	18.5	23.6	13.2	6.8	8.8

Source: Data based on: P. Kennedy (1987), *The Rise and Fall…* [Polish translation: (1994) *Mocarstwa świata. Narodziny, rozkwit, upadek. Przemiany gospodarki i konflikty zbrojne w latach 1500-2000,* Warsaw, p. 154].

As we can see, it was not the high value of wealth that was the key factor conditioning the strength of a country on the geopolitical arena. The geopolitical domination of the UK in 1860 is much better explained by its superiority in industrial production globally. The UK delivered most advanced products at that time. Its share was over 2.5 times higher than those of the US and France. The high level of affluence *per capita* allowed for a relatively higher military expenditure without impoverishing the citizens. It was in the UK where technological innovations regarded as ground-breaking were invented and developed e.g. the steam engine (1768), steam turbine (1884), coke smelting (1709), the Bessemer process which was the first inexpensive industrial process for the mass-production of steel (1856), and many more.[22] In addition to the production of most technologically advanced products, the other factor sustaining *Pax Britannica* was British innovativeness and relatively fast industrial development of new inventions. At that time, the US profits were largely due it being a large country and, at the beginning of the 20th century, from groundbreaking organisational changes in work management, usually associated with Frederick Taylor. Therefore it was not at all surprising, that at the beginning of the 20th century, in 1913, productivity (efficiency) measured with the value of production per one employee in the US was already slightly higher than in the UK.[23] It can be concluded that the loss of the leading role by the UK was tantamount to the end of *Pax Britannica*.

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[22] D. S. Landes (1998), *The Wealth and the Poverty of Nations*, London [Polish translation: *Bogactwo i nędza narodów*, Warsaw 2000, p. 218ff.].

[23] G. Clark (2007), *A Farewell to Alms*..., p. 336.

The above brief review of statistical data points to **innovativeness and fast development of industrial production of technologically advanced goods which appear to be most important factors determining the emergence of a geopolitical power and sustainability of its strength. The absolute value of wealth appears to be somewhat less vital than GDP *per capita.*** How do these patterns relate to the present and future condition of *Pax Americana?* To answer this question, I suggest to consider the location of production of most advanced products and innovativeness globally. Nowadays both innovativeness and production of new goods are equated with development of knowledge-based economy.

According to the OECD, *knowledge-based economy* (KBE) is reflected in the trend in OECD economies toward growth in high-technology investments, high-technology industries, more highly-skilled labour and associated productivity gains. Knowledge and high skills gain on importance and the demand for access to new resources grows both in private and public sectors.[24] For the purpose of this paper, I assume that KBE consists in bringing science and research closer to further development of goods production and services delivery, emergence of new knowledge absorptive industries, and expansion of ICT including its various applications in all areas of human activities.

Among most important indicators of an emerging knowledge-based economy are closer links between scientific research and the development of mass-produced goods and services offered. Growing investment in R&D is one manifestation and another is the growing knowledge demand on the part of enterprises. For example, in 1980, the expenditure of US companies on research and development was about the same as that of the US administration (government), i.e. about USD 30 bn. By 2007, companies' expenditure on R&D increased over eight times, i.e. to USD 245 bn, whereas the expenditure of the federal government grew thrice, i.e. to USD 98 bn and thus it was over 2.5 times lower than the expenditure of private companies.[25] Along the high growth rate of investments in R&D in the US, the increase of the number of patents granted was only slightly lower. It 2006, it was over two times higher than in 1990.[26]An extremely important element of knowledge-based economy are *Information and Communications Technologies* (ICT). Not only have they been recognised as a new industry. In result of that industry growth, its products become omnipresent also in traditional industries and, in turn, contribute much to old industries capable to join knowledge absorptive economy. In 2008, the global spending on ICT amounted to USD 3.7 bn[27] and was 76% higher than in 2001.[28] If we separate IT from commu-

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[24] OECD Knowledge-Based Economy. Definition, http://stats.oecd.org/glossary/detail.asp7ID=6864 (accessed 5.06.2011).

[25] US Census 2009 Statistical Abstract: Science & Technology, http://www.census.gov/compendia/statab/cats/science_technology.html (accessed 24.05.2011).

[26] Patents and Trademarks: 1990-2006, http://www.census.gov/compendia/statab/2008/tables/08s0753.pdf (accessed 26.06.2011).

[27] JCN Network 2008 JCN Network Japan's Corporate News, http://www.japancorp.net/Article.Asp?Art_ID = 18281 (accessed 05.05.2012).

[28] Digital Planet 2006: The Global Information Economy, http://www.witsa.org/DigitalPlanet/2006/WITSADP2006page.doc (accessed 25.01.2012).

nications, the profitability of telecommunications was even higher. In 2005, profits generated by telecommunication services constituted 274% of the 1999 revenue.[29] In the development of ITC, the US comes first and its strong domination is proven by the number of patents obtained. In 2004, the US owned 33.6% of ICT-related patents issued world-wide while the EU25 owned 27% and Japan 20.1%.[30] ICT is used at home as well as by national administration, non-governmental organisations, etc. In OECD member states, the GDP in 1993-2006 grew by 2.6% annually. In 1990-1995, in four OECD member states which lead in the development of knowledge-based economy, namely in Sweden, the US, Denmark and Australia, ICT investments increased their GDP growth rate by about 1/5 and in 1995-2003, the contribution of ICT grew to over 1/3 (author's own calculations)[31]. The impact of the new economy on domestic production yield is striking.

Table 5

Productivity in industries related to ICT development in EU and US in 1990-2000. Average annual value added growth rates per one employee

ICT industries	1990-1995		1995-2000	
	EU	USA	EU	USA
ICT Producing Industries (production + services)	6.7	8.1	8.7	10.1
ICT Producing Manufacturing (production only)	**11.1**	**15.1**	**13.8**	**23.7**

Source: B. van Ark, R. Inlier, R.M.C. Gucci (2003), *ITC and Productivity in Europe and the United States. Where Do the Differences Come From?* "Casio Economic Studies Oxford Journals" vol. 49/3, p. 57.

Data in Table 5 demonstrates that the advantage of the US over Europe in the ICT area has been relatively stable. Research on years after 2000 points also to a relatively high and stable place of Japan. Fifty largest global companies in the ICT market were examined in terms of their achievements and key features of their market strategies. It appeared that Japanese and American ICT companies used relatively most effective strategies. Moreover, there is a gap between those two countries and Europe in corporate management strategies in the ICT sector.[32]

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[29] Telecommunication Service 2007 Telecommunication services revenue in total for OECD, Directorate for Science Technology and Industry, OECD Key ICT Indicators, http://www.oecd. org/LongAbstract/0,3425,en_2649_34449_33987543_1_1_1_1,00.html (accessed 28.08.2012).

[30] OECD 2004, http://www.oecd.Org/dataoecd/20/9/34083345.xls (accessed 4.04.2009).

[31] Based on: OECD 2005. OECD Productivity Database, September 2005, http://www.oecd. org/statistics/productivity (accessed 16.05.2010) and OECD 2008. OECD Factbook 2008: Economic, Environmental and Social Statistics, Economic growth, Macroeconomic trends, Evolution of GDP, Long-terms trends, http://oberon.sourceo-ecd.org/vl= 1048075/cl = 17/nw= l/rpsv/factbook/020201.htm (accessed 17.05.2010).

[32] G. E. Halkos, N. Tzeremes (2007), *International Competitiveness in the ICT Industry: Evaluating the Performance of the Top 50 Companies,* "Global Economic Review" Vol. 36, No. 2.

Today, the US domination in the ICT sector is still visible and possible competitors do not seem to be devoted to bridging the gap. Nine out of ten largest IT companies have their seat in the US and six out of ten fastest growing IT companies are American enterprises. In 2009, the US sold software worth USD 450 bn, the next country on the list, India, sold software worth over 13 times less, i.e. USD 34 bn. Canada's profit was USD 32 bn[33]. Another important sector of knowledge-based economy is biotechnology that 20 years ago was but an area of laboratory research.

Table 6

Total expenditure on biotechnological R&D in commercial business sector in selected OECD countries (in USD mio, according to purchasing power parity) in 2006 and the share in global patents in 2006 (%)

	USA	France	Canada	Germany	Korea	China	Slovakia	Slovenia	Poland
Expenditure	25,101	2,353	1,404	1,198	709	-	13	11	0.32
Patents %	41.5	3.6	3.2	7.0	3.0	1.9	-	-	0.1

Source: B. Beuzekom, A. Arundel (2009), *OECD Biotechnology Statistics 2009,* OECD, Paris, p. 25 and 71.

The US advantage in the spending on biotechnological research and development over France is over tenfold and France comes second. Strikingly, in Poland the spending is over 30 times lower than in Slovenia. Also in the area of patents, the US primacy is unquestionable. Biotechnology expansion on the US market was preceded by a fast increase in the number of patents granted, the number of which, in 2003, was 6,995 and was 230% of the number of patents granted ten years earlier.[34] That growth was followed by revolutionary changes in product commercialisation. The market of biotechnological products increased over 9 times in 1994-2004, whereas its capitalisation in 2004 amounted to USD 399 bn.[35] Almost in front of our very eyes, a new industry sector - nanotechnology – emerged. Nanotechnology is a peculiar synthesis of scientific research and production with stunning prospects and equally stunning growth rate. In 2006, global public (governmental) expenditure on nanotechnology amounted to USD 6.4 bn and private (companies) spending was USD 5.3 bn[36], in total USD 11.7 bn. The US and Japan are global leaders in this industry. In 2004, the share of the US in global private expenditure was 46% and 35% in global public spending. The share of Asia was 36% and 35% respectively and the share of Europe was 17%

[33] J. Kotkin, S. Parulekar (2012), *The State of the Anglosphere, "*City Journal" http://www.city-journal.org/2012/22_1_anglosphere.html (accessed 2. 01.2013).

[34] InvestBio, Inc 2001-2008, http://www.investbio.com/biotechnology_investing.asp (accessed14.04.2009).

[35] *Ibid.*

[36] Top nations in nanotech 2007. Top Nations in Nanotech See Their Lead Erode.

and 28% respectively.[37] Only in the US and Japan private (businesses) spending exceeded public (governmental) expenditure. It follows that in both the US and Japan, research and production links are much stronger than in other countries and that in those two countries, production highly depends on new knowledge. In China, the situation is different. The nanotechnology sector is financed primarily by the government, i.e. USD 906 mio in 2006, while private funding is five times lower.[38] In 2007, the US global primacy was visible both quantitatively and in the growth rate as the US public and private investments in nanotechnology amounted to USD 4.5 bn. [39] Being a geopolitical hegemonic leader is demanding and thus it is not surprising that in 2000-2008, the US public spending on military applications of nanotechnology increased over five times, i.e. to USD 375 mio, and it would increase further, had the Congress not reduced it by USD 42 mio[40].

Among most important institutions of the new economy are investment banks and investment funds. In the following part of the analysis those terms will be used interchangeably. Investment banks and funds have a long history and the question is in what sense they are components of new economy. They are for two reasons. The first one is that without the key product of the new economy, i.e. information and communications technologies, investment banking would not grow fast in quantitative and qualitative terms. According to Charles Geisst, the author of *Wall Street: a history*, thanks to the technological revolution in the late 1970s, stock exchange transactions started to climb sky-high levels.[41] In the following years the progress in data processing and telecommunication technologies facilitated structural changes and expansion of global financial markets.[42] The Internet offered the possibility of incessant global stock exchange operations. An outstanding increase in the number of investment banks was recorded, and traditional lending banks and all other financial institutions started to establish their own investment funds.

Another dimension of the relationship between banking (investment funds) and knowledge-based economy is that investment banks (funds), which are classic economic entities, generate new knowledge about market dynamics and, somewhat automatically, they transform that knowledge into a market product called a collective investment scheme. To sell more products, they have to amalgamate more knowledge about new markets.

The expansion of investment banking started with very little money for American standards. In 1993, US private investment funds managed "only" USD 22 bn.

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[37] Spending on nanotechnology 2004 Spending on Nanotechnology to Top $ 8.6 Billion in 2004, http://www.azonano.com/News.asp7NewsID = 282 (accessed 19.04.2009).

[38] Top nations in nanotech 2007. Top Nations in Nanotech See Their Lead Erode.

[39] Ch. Pellerin, *Nations Worldwide Pour Billions into Nanotechnology*, http://newsblaze. com/story/2008092510261 ltsop.nb/topstory.html (accessed 12.03.2009).

[40] M. Berger, *Nanowerk,* http://www.nanowerk.com/spotlight/spotid = 2100.php (accessed16.02.2010).

[41] Ch. Geisst, *Nowego Roosevelta nie widać*, "Gazeta Wyborcza" of 27.10.2008.

[42] E. Gostomski, *Jak rynki zarażają się kryzysem finansowym*, "Gazeta Bankowa" of 26.09.2008.

However, six years later, they accumulated the amount which was five times bigger, namely USD 108.1 bn.[43] Even more impressive was the development of American venture capital funds which started with USD 3.9 bn in 1993 and in six years increased their funds nearly twelvefold, i.e. to USD 46.6 bn.[44] The extremely fast development of investment banking in the 1990s was equally fast in the early 21st century.

In 2007, global investment banking generated revenue as high as USD 84.3 bn which was more over twice higher than in 2003. Only in 2006-2007 that revenue increased by 21%. Like other sectors of knowledge-based economy, global investment banking has been dominated by the US, where 53% of its capital came from. The share of Europe, Africa and Middle East amounted to 32%, and the share of Asia was 15%.[45]

ICT solutions contributed much to the fast development of investment banking. Subsequent innovations in the banking sector stimulated new research and development in the ICT sector to meet the demand for increasingly more advanced hardware and software. The era of innovations in risk management and increasingly sophisticated financial engineering began.

Innovative solutions in financial engineering consisted in the fact that risk was divided and shared by many bodies participating in the financial system. **Another development favourable to financial engineering was the creation of investment capital by aggregating and mixing real money with derivatives. In result, investment funds increased their investment capital assets and could supply much more capital than traditional lending banks.**

The crisis of 2008 started with the collapse of the US mortgage market but its global spread resulted from the collapse of global financial engineering and the market of derivatives, which was a flagship sector of knowledge-based economy. It should be noted, however, that before the crisis, double-digit annual increases described above were recorded in industries and sectors of the new economy. Undoubtedly the derivatives created "casino capitalism" but they also increased the size of venture capital and the number of innovative investment products and projects described above. **Derivatives were fake but investments were real.**

Let us move now to geopolitical conclusions. So far, the US has led in creating the new economy. From the data quoted above, it follows that the US advantage in creating new economy sectors is at least stable, and its advantage in the delivery of new knowledge-based products grows slightly. We could observe that the statistics on the new economy are given for traditional superpowers, i.e. the US, Japan and

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[43] V. Craig, *Merchant Banking: Past and Present,* "Federal Deposit Insurance Corporation Banking Review", http://www.fdic.gov/bank/analytical/banking/2001sep/article2.html (accessed 11.02.2010).

[44] *Ibid.*

[45] IFSL Research Banking 2008, http://www.ifsl.org.uk/upload/CBS_Banking_2008.pdf (accessed 12.02.2011).

some old EU states, and not for countries that are "trendy" among economic commentators, such as Brazil, China or Russia.

The new economy develops parallel to the traditional one. Let us now take a closer look at the productivity of economy as a whole. From 1970 to 1995, the growth of GDP per hour worked was clearly lower in the US than in Japan and G-7 states. However, in 1995, the situation changed. In 1995-2007, the value of GDP per hour worked increased annually by 2.1% in the US, by 2% in Japan, by 1.9% in G-7, and in by 1.5% EU-15 ("old" Europe).[46] Assuming that the value of the GDP per hour worked in the US in 2007 equalled 100, then in Japan it amounted to 71.2, in G-7 to 89.9 and in the old European Union to 86.6. It follows that despite the previous drop, since 1995, the **US advantage in productivity has been stable and visible.**

The most important factor determining geopolitical power is undoubtedly military strength. Also in this area, the US primacy is still unquestionable. In 2009, the US share in global military expenditure was 43%. The share of France share was 3.8%, Japan's 3.3%, Germany's 3.0% and the share of Saudi Arabia was 2.7%. China's expenditure was top secret, but it was estimated to be at the level of USD 100 bn, which constituted 6.8% of global spending. The size of the US military budget on research, development, tests and evaluation substantiates the long US military primacy. That budget increased from USD 40.5 bn in 2001 to USD 69.6 bn in 2008.[47] That money constitutes 2/3 of China's total defence expenditure and is higher than military expenditure of France.

The number of competitors grows. Till not long ago, some of them had little causative power due to their poverty (India) or deliberately isolated themselves from the world (China until the end of the 1970s). It is increasingly difficult for the dominant superpower to respond with force to the growing number of potential conflict area. A similar conclusion, inter alia, is reached by Roman Szul. He argues that today the world of geopolitics disintegrates and an economic power may not be a political power. The growing political power of China and India, long treated as peripheral states, is an example.[48] In the future, Japan, the traditional Asian superpower, will be confronted by India and China - two states the strength of which keeps growing. This Asian triangle may be the triangle of partnership or conflict, nonetheless it will be very powerful and influential on the global political stage. According to Henryk Szlajfer, the fate of American global leadership will to a large extent depend on what happens within the Asia triangle.[49] In the opinion of American political scientist Fa-

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[46] OECD 2008 OECD Factbook 2008: Economic, Environmental and Social Statistics, Economic growth, Macroeconomic trends, Evolution of GDP, Long-terms trends, http://oberon.sourceoecd.org/vl= 1048075/cl = 17/nw= l/rpsv/factbook/020201.htm (accessed 22.03.2011).

[47] P. Stalenheim, C. Perdomo, E. Skolis (2008), *Military Expenditure,* in: *SIPRI Yearbook 2008,* Stockholm, p. 180.

[48] R. Szul (2010), *Światowy system...,* p. 43.

[49] H. Szlajfer, *Stany Zjednoczone: wielka strategia i co dalej?* in: A.D. Rotfeld (ed.) (2008), *Dokąd zmierza świat,* Warsaw, p. 340.

reed Zakaria, nowadays the importance of geopolitical ideas and strategies for an empire sustainability grows at the expense of its economic power, which does not mean that economic power ceases to be important. The British Empire collapsed due to its economic inefficiency. The US maintains its economic growth but is threatened by political challenges, mainly its aversion to multilaterialism[50].

FORECASTED TENDENCIES

It is beyond doubt that empires do not last forever and that the US domination will also end one day, but its decline would take a long time. The superbly documented work by Niall Ferguson reads that the US domination is an element of Western domination over the rest of the world which started around 1500 and was most evident in the 19th century. Then, Asian countries started to copy various Western institutions and that advantage started to decrease. However, that process has not been strictly linear for the height of wealth disparity between the US and China was recorded at the beginning of the 1990s.[51]

Today, we are witnessing the emergence of a new global division of labour. The US and other Western countries focus on knowledge-based economy while China, India, and Vietnam invest in their industrialisation. Gradually, the old exchange of raw materials for industrial products becomes replaced by the exchange of industrial products for knowledge-absorptive ones. In this new labour division, the US unquestionably plays the leading role. The US will continue (for next 10-15 years) to dominate on the market of technologies necessary for the development of knowledge-based economy. So far, the pace at which the new economy creates new jobs is slow but the new economy generates high added value. That is why it contributes to creating new workplaces in service industries, which happen to be lower-paid that the gone jobs for highly skilled workers in traditional production industries. So far, we do not see any symptoms of the twilight of the US advantage in innovativeness and advanced technologies which are a potential source of geopolitical power[52].

Relatively most threatening to the future place of the US are its external liabilities and especially its foreign debt to China. In November 2011, the US public debt amounted to USD 15 bn, which constituted 99% of its GDP.[53] About 46% of the debt was owned by foreigners, including foreign banks and governments. China is the largest single creditor of the US and holds 8% of the US total public debt. Other large creditors are the UK and Japan.[54] Equally threatening are US budget deficits which in

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[50] F. Zakaria (2008), *The Future*...

[51] N. Ferguson (2011)*, Civilization. The West and the Rest,* The Penguin Press, New York.

[52] See also: T. Łoś-Nowak, *UE w niepewnym ładzie międzynarodowym,* paper read at the 22nd European Scientific Conference: Europe of 21st century, Słubice, February 2, 2012.

[53] "Biznes. Gazeta Prawna" of 18.11.2011.

[54] US Government Info 2012, http://usgovinfo.about.com/od/moneymatters/ss/How-Much-US-Debt-Does-China-Own.htm (accessed 9.05.2012).

2011 fell to 8.7% of GDP as compared to 9.0% in the previous year.[55] The situation is quite unique as usually a high debt is the affliction of backward economies of low productivity. It appears that the threat stemming from the deficits mentioned above is reduced by the strength of US real economy. Sooner or later, however, the US will have to reduce all its public debts, which will be done most probably at the expense of military expenditure and involvement abroad.

The data provided in Table 1 suggests that around 2025-2030, China's potential will be greater than the American one. However, the Chinese potential will be mainly built on industrial production poorly saturated with cutting-edge technologies.

What are the prospects for *Pax Americana* in the next 10-15 years? The causative role of the US will gradually decrease but will not be marginalised. "The concert of one superpower" played in the 1990s is increasingly likely to give the floor to "a global concert of superpowers". In the new world order, the US (in the perspective of 10-15 years) will still lead but its power will gradually be counterbalanced by the strength of its greatest rivals.

In the next 10-15 years and later, the US will be the leading superpower in the Western world, unless the EU becomes more integrated in its political and military dimensions. So far, however, there are no signs of this actually happening in the EU. In the future the US causative role will increasingly depend on the extent to which the Western world will be willing to acknowledge that its interests match key interests of the US. Probably that consent will be reached as, in the US, the need for multilateralism in international relations is increasingly highlighted.[56]

The causative role of *Pax Americana* will gradually diminish against the expansion of new superpowers such as China and India, but probably it will still be the orientation point or structure for non-Western countries which politically and culturally are far removed from China and for which the US leadership is more attractive than Chinese. It can be expected that in the future, for many countries which are not considered superpowers, their participation in *Pax Americana* will be their political choice, be it permanent or temporary. Most likely, the *Pax Americana* group will include European states, and from time to time for example Russia.

Another potential threat to the power of the United States is long-term and cultural. Samuel Huntington in his book *Who We Are?* presented quite a controversial thesis of cultural disintegration of the US, resulting from large Hispanic immigration and the policy of multiculturalism.[57] The following conclusions can be drawn. Mass behaviours of people create institutions. Culture is the source of mass behavioural patterns. Economically effective institutions in the US are products of the WASP culture (White Anglo-Saxon Protestant). Popularisation of other cultural patterns will gradually produce different institutions and limit the outreach of traditional US insti-

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[55] "Puls Biznesu" 2012, http://www.pb.pl/2505072,42642,usa-deficyt-budzetowy-niemal-bez-zmian (accessed 10.05.2012).

[56] F. Zakaria (2008), *The Future*...

[57] S. Huntington (2005), *Who We Are? America's Great Debate*, London.

tutions. New institutions will be less oriented toward innovativeness and productivity. Critical assessments of Huntington's diagnosis are better argued than those of Huntington's advocates. Nonetheless, even if his thesis has been accurate, it would not come true in 15-20 years due to the high inertia of cultural developments.

TWO METHODS OF GEOPOLITICAL POWER EMERGENCE

So far recent economic development of the People's Republic of China have been the result of deindustrialisation of the West and transferring industrial production of low profitability to locations where it is more profitable because of low labour cost. Thus the economy of modern China grows but its development is based on industries of low profitability and only to a small extent stems from the implementation of state-of-the-art technologies.

The example of the USSR has shown that our earlier conclusions on factors favourable for one's geopolitical hegemony are not of universal nature. It seems that it has been quite well explained why the UK and the US became hegemonic leaders, but in the case of the USSR the configuration of factors was different. In the Soviet Union, military production was emphasised at the expense of investments in civilian economy. Economy was both "centralised and planned", meaning that necessary supplies and resources were directed to military industries. At the same time most technologically advanced foreign products were copied if useful to the military, and hardly made accessible to the civilian sector of Soviet economy. Due to that insular nature of economic development, armaments could not be produced by combining various products already manufactured. To produce a new military device, a new factory, designs and machinery/equipment were needed. That is why its production was much more costly than in the US. The cost was covered by reducing citizens' average income. The burden was justified by communist propaganda claiming that the West neared its end. The same ideology used at home had a strong consolidating power that legitimised the centralist power system and strong economic and political subordination of the satellite states. **At this point, let us note that there is a way different than the Anglo-American one to become a geopolitical power. That other pattern may be called Euro-Asian.**

How does the above relate to recent forecasts of geopolitical developments? **Factors that contribute to the US enjoying its superpower status in the Western world in the next 15-20 years have, probably, been quite well identified.** Let us assume now that GDP forecasts quoted earlier are accurate. The gap between China and the US, measured with GDP per capita, will be 1 to 4 in 2020.[58] It means that it will be about the same as the gap between the Soviet Union and the US at the climax of the Cold War. We can assume, that the Cold War gap in the production of most

[58] Calculations based on: *Economist Intelligence Unit (The Economist) Foresight 2020,* "Economics, industry and corporate trends" London, New York, Hong-Kong 2006.

technologically advanced goods between the USSR and the US and the production gap between the US and China around 2020 will be comparable. In the nearest future, China will profit from the rising tide of its own economic successes as long as no internal and external perturbations disturb the situation. As "a rising tide lifts all boats", the Chinese elite will get a psychological impulse to judge the US and rest of the Western world weak and going backwards. From the Chinese perspective, there may be a strategic void. According to American political scientist Robert Kagan, the lack of rivalry between superpowers immediately after the Cold War was a brief period of disorder and at the same time a prelude to another wave of rivalry between Russia, the EU and the US. At the same time the importance of China grew.[59] Defining the world in categories of political void will sooner or later make the emerging superpower fill the void.

Already today, China enjoys recognition in Africa. Its role in African economy and on the political stage there is significant. China enjoys its authority and popularity. The Chinese-African summit held in July 2006 in Beijing proved it. The summit was attended by representatives of 48 African states, i.e. only five states did not join it. On the African stage, China has an advantage over the West because it does not require implementation of reforms, financial transparency, adherence to human rights, etc. from the borrowers. In 1996-2005, China's share in Africa's trade increased from 0.8% to 9%, and in 2010 China was already Africa's largest trading partner. 77.6% of Africa's export to China are raw materials[60]. China's demand for raw materials will grow, especially for crude oil. Thus it is possible that China will pursue a kind of neo-colonial policy toward Africa, i.e. a policy oriented at establishing an exclusive Chinese zone of influence there with a view to exercise political control over resources of raw materials. This will exacerbate the rivalry and conflicts between superpowers. The other potential factor increasing China's aggressive policy is in another region of the world, namely the situation of Siberia. Already in 2008, Russian commentators drew attention to territorial claims of Chinese leaders concerning Russian eastern Siberia and the Far East. Such territorial "messages" are also included in Chinese history and geography textbooks.[61] To reinforce the impact of its geopolitical power, China may considerably strengthen its military potential in the way similar to that of the Soviet Union, i.e. at the expense of its citizens. However, the Chinese growth is exposed to internal and external threats. At home, China is threatened by possible democratic aspirations of its citizens and by the likely mis-

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[59] R. Kagan, *History's back*, "The Weekly Standard" of 25.08.2008, http://www.weeklystandard.com/Content/Public/Articles/000/000/015/426usidf.asp (accessed 12.10. 2009)

[60] A. Rządkowska, *Chiny w Afryce,* "Rurociągi" No. 1-2/52, 2008.

Share of ICT 2007 Share of ICT-related occupations in the total economy, broad definition, http://www.oecd.org/document/23/0,3343,en_2649_34449_33987543_1_1_1_37441,00.html, p. 31 (accessed 9.12.2011)

[61] W. Miłow, B. Niemcow, *Chiński agent Putin*, "Gazeta Wyborcza" of 30-31.08.2008.

match between the communist state system and the needed adoption of a new management style. External threats include e.g. globalisation limits, pressure to renounce the excessively rigid Yuan exchange rate and possible imposition of customs duties on exported Chinese industrial products. If that happens, Chinese popular expectations regarding further growth of living standards and inclusion into urban prosperity would turn into frustrated hopes. In result, the regime will quickly lose its legitimisation and rebellious movements may surface. Such a situation preceded the French Revolution, i.e. standards of living grew markedly and then suddenly deteriorated.

One way or another, exacerbated rivalry between superpowers in the next dozen or so years is conceivable but not inevitable. It is likely that the US will occasionally be forced to make its policies more multilateral. Nonetheless, the United States will still be the main geopolitical actor of the West. The US may also reach a conclusion that its involvement in easing Euro-Asian tensions disperses its resources and that Europe should ensure security of European states itself. The European Union may decide to become a stronger military and political power or decide for "a concert of powers".

US NATIONAL AND GLOBAL INTERESTS AND THE PLACE OF EASTERN EUROPE IN *PAX AMERICANA*

A global hegemon tends to be involved in various regions of the world and to "expose" weaknesses of the others. To understand those inclinations, one should distinguish between the leader's **national and global interests**. In the case of the US, its national interest is the situation where prosperity of American citizens grows in all spheres of life and that growth is vital to electors' evaluation of the national government ergo administration. US global interest is a balance in international relations which is favourable to sustaining the US leadership on the geopolitical stage. For example, if the US is involved in oil wars in countries which have the largest share in US imports of crude oil, the US involvement is to safeguard its national interest. If the US is interested in the condition of, for example, Ukraine, the US pursues its global interest. Empirically, it is very difficult to separate those two categories of interest, intuitively, however, we may assume that the US relatively devotes more attention and determination to issues or developments directly relevant to its national interest.

The core objective of US geopolitics, and of any empire, is to prevent the emergence of a rival, be it a competing superpower or alliance of several powers. After the shock of the 11th of September 2001, much emphasis was put on armaments so that it would be possible to carry several wars simultaneously.[62] The US global strategy consists in its more or less visible presence in major conflict areas and geopolitical events on all the continents. Recent US geopolitical initiatives have focused

[62] H. Szlajfer, *Stany Zjednoczone*..., p. 310ff.

on combating global terrorism, preventing nuclear proliferation and ensuring energy security. The US involvement in the last issue is less visible because supply routes have recently been relatively secure.

From a global geopolitical perspective, most relevant international issues concern Euro-Asia. According to prominent practitioner and theoretician in the field of American geopolitics Zbigniew Brzezinski, the importance of Euro-Asia stems, inter alia, from the fact, that 75% of global energy resources is located there and exercising control over Euro-Asia automatically gives control over the Middle East and Africa. The US should actively participate in the development of a transcontinental security system. That is why it is impossible to adhere to the current division of geopolitics into European and Asian ones.[63] His observations and arguments well reflect the essence of the US approach to global geopolitics. Another practitioner and theoretician Henry Kissinger expressed a similar view and underlined the threatening weight of potential submission of Asia or Europe to the control of one superpower[64].

What is the place of Eastern Europe in American geostrategy? Eastern Europe, together with Russia, seems to be an important element of the Euro-Asian geostrategic and economic jigsaw due to vast energy resources referred to above. However, the US approach to Eastern Europe gives priority to Russia, i.e. *Russia first*. This it is no surprise that Henry Kissinger in his analysis of the new, post-Cold War global order dedicates much more space to Russia than to the rest of Eastern Europe[65]. It appears that for many American politicians and analysts, Russia's role in Euro-Asia is of primary importance. One reason is that cooperation with Asia will encounter obstacles and barriers due to cultural differences[66]. Russia is the key to exert control over Central Asia. The importance of that region is due to its rich resources of energy raw materials, and also because its instability involves the risk of further spread of radical Islam which the US perceives as the main source of global terrorism. As the US has declared fighting global terrorism to be its main geostrategic objective, **Russia plays an important role in the effective execution of the American national interest.** Hence the confrontation-oriented rhetoric is used while debating whether local Russian militant actions will be revealed by the US or not due to overriding national objectives. Russian nuclear warheads do matter as well.

In the US, Russia is perceived as the key actor in Euro-Asian geopolitics whose favours are worth fighting for. This is the context of recent publications on the need for revisiting the concept of the victorious Cold War. US triumphalism underlying that the arms race and containment doctrine led to the US victory is no longer acceptable. Actually, as Jack Matlock argues, the Cold War ended with negotiations the outcome of which was beneficial to both parties. In Russia, American triumphalism feeds the opinion that the collapse of the Soviet Union was a disaster and strengthens

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[63] Z. Brzeziński (1997), *A Geostrategy for Eurasia*, "Foreign Affairs" September/October.

[64] H. Kissinger (1994), *Diplomacy* [Polish translation: (1996) *Dyplomacja,* p. 894].

[65] *Ibid*., p. 887ff.

[66] *Ibid.,* p. 912.

Russia's hostility toward the US. Hence there is a need to stop enlarging NATO as the more elements are in its structure, the higher are Russian unpredictability and thus risk, not to mention Russia's decreasing willingness to cooperate with the US[67].

Not long ago, in 2005, it was expected that American natural gas resources would be exhausted shortly and that in 2020 the US would import natural gas to meet around 1/4 of its consumption. Relying on such forecasts, the Russian *Gazprom* developed plans for seizing 20% of American natural gas market within 4-5 years. However, with new technologies, exploitation of shale gas deposits has become increasingly profitable and in 2009, the US was the global leader in gas extraction (625 bn m^3) followed by Russia (583 bn m^3). The largest world deposits of shale gas are in the US and Canada. The costs of their exploitation may be even twice lower than of the Shtokman field, which is the key asset and element of the Gazprom export strategy.[68] **Russian energy resources will not become an element linking Russia with the US national interest but they will influence the way in which the US pursues its global interests.** However, Russia's chances of becoming a key partner of the United States will diminish.

It should be noted that if the estimated volume of shale gas deposits in Poland is confirmed, European natural gas resources will increase by 47%. The volumes of shale gas deposits in the Baltic States are awaiting confirmation too. In France, the Netherlands, Sweden and Germany test drilling was performed and relevant environmental and legislative issues are debated. It is possible, that Russian gas export monopoly Gazprom will lose 25-30% of the market.[69] This may affect Russian chances for transforming its role of the main supplier of energy resources to its geopolitical power in Europe.

The weight of eastern European countries that are members of the EU (new Europe) in *Pax Americana* is incomparably lesser than the weight of Russia. **They are at most pieces in the US jigsaw of its global interests.** It is not surprising as GDP of Poland, which is the largest country in the region, is less than 8% of the US annual military expenditure. These countries are more of a problem to be solved or pieces in the geopolitical jigsaw puzzle than real partners to the US. Let us now take a closer look at the US evaluation of the new Europe's fitting the *Pax Americana* architecture in 2006. It seemed that after the enthusiasm of the 1990s, some American politicians and analysts were clearly disappointed with Eastern Europe (excluding Russia for it is a separate case). Eastern European leaders of around 2005 were compared with the leaders of Western Europe at a historic turning point, i.e. after World War II and a dozen or so years later. According to F. Stephen Larrabee, Western European leaders of the time built an effective and stable cooperation structure.

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[67] J. F. Matlock (jr.) (2010) *Superpower Illusion,* Yale University Press.

[68] D. Dokuczajew, D. Kryłow, *Kopali aż dokopali,* "The New Times" of 19.04.2010, as cited in: "Forum" of 24.05.2010.

[69] *Ibid.*

De Gasperi, Monnet, de Gaulle and Adenauer were able to guide their nations to the future without painful recourses to the past; they introduced qualitative changes to European politics and developed structures open to the future that stood the test of time. In comparison, the second generation of Eastern European leaders: Kaczyński (his election was a typical example of the trend), Fico, Klaus and Paksas[70], to point out the most blatant examples, acted in a completely different way. **According to Larrabee, the mentioned leaders of new EU member states harmed US interests and wasted its investments in building a free and strong Europe able to assist the US in maintaining global peace.** While in "old" Europe economic integration progressed and cross-border integration of companies advanced, Eastern Europe strongly emphasised the need to protect homely "truths". What was worse, in Eastern Europe, old conflicts, populist nationalism and mutual hostility were reborn. Such developments strengthened the role of Russia in the region[71]. Those perturbations did not mean that the US was willing to recognise Russia's leadership ambitions. The place of eastern new EU members in *Pax Americana* reflected the US's efforts to maintain a European balance by its cooperation with European powers. In this context, issues of key importance were whether Germany would cooperate and possibly deepen its integration with Western Europe and whether the mutual attraction of Germany and Russia would weaken.[72] To this end, during the presidency of Bush Jr., Germany was offered a partnership in leadership.[73] It is still difficult to assess how appealing that offer has been to Germany but there is no evidence that the mutual attraction of Germany and Russia diminished. Let us note, that after launching the *Nord Stream*, 80% of German gas imports would be from Russia (currently it is 44%). Kissinger's solution to the issue of Central-Eastern Europe was to enroot it in old EU structures in such way that it would cease to be no-man's-land torn by internal conflicts which encourage both rivalry and cooperation to win influence in the region.[74] Interests of the US definitely include a strong and cohesive Europe and therefore one of key tasks of the US-Germany partnership is integration of Eastern Europe with the "old" EU. Relations between Poland and Germany are especially important to the region's stability.[75]

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[70] After his election, he resigned from the office for procedural and constitutional reasons.

[71] F. S. Larrabee (2006), *Danger and Opportunity in Eastern Europe,* "Foreign Affairs" November/December.

[72] H. Kissinger (1994), *Diplomacy* [Polish translation: (1996) *Dyplomacja,* p. 912ff.].

[73] H. Szlajfer, *Stany Zjednoczone...,* p. 317.

[74] H. Kissinger, (1994), *Diplomacy* [Polish translation: (1996) *Dyplomacja, ...,* p. 906ff.].

[75] F. S. Larrabee (2006)*...,* p. 130.

ABSTRACT

This paper offers an analysis of economic grounds of Pax Americana in the perspective of next 10-20 years and a prediction of the future place of Eastern Europe in the constellation of the US's interests. In the first part of the article factors conditioning geopolitical power of selected countries are identified and weighed using network and structural analyses. Crucial factors of geopolitical power include wealth (total and per capita), production of leading goods and innovativeness. The next part contains a comparative analysis of Pax Britannica and Pax Americana in order to establish a gradation of power factors. It appears that domination in the production of leading goods is the crucial factor. Analyses of the contribution of various countries to the development of a "new economy" shows that around 2020 the US will still be the most important power of the Western world. The place of Eastern Europe in Pax Americana will be defined by its place in the global strategy of the US, weak links of the region with the US's national interest and the "partnership in leadership" relations between the US and Germany. Fluctuations in the energy market will make the American elite discuss its regulations which can mark the beginning of a new and different outlook regarding also other sectors of global economy.