

Opinion – The World Before and After Munich

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VASSILIS K. FOUSKAS AND BÜLENT GÖKAY, FEB 25 2025

Following Donald Trump's victory in the recent 2024 US Presidential elections, there has been an increasing number of references to the concept of "multipolarity" and the idea of "American disengagement" from Europe. Not that these issues, especially "multipolarity", have not been discussed before. But after the second presidential victory of Trump, they have overwhelmed the podcasts of journalists and pundits. The theme, especially, of the "American disengagement" from Europe is central to the latest *Munich Security Report 2025*, which states that "the US may be abdicating its historic role as Europe's security guarantor." We agree with this observation about the American disengagement. But it is not a new phenomenon. Rather, from a structural and macro-historical point of view, it has been an ongoing process for at least several decades. Aware of this, subsequent U.S. administrations have tried to reverse it but without any significant success. They were simply postponing the day of reckoning.

The current deep uncertainty and crisis, which is essentially embedded in the Western core states, did not emerge without warning; rather, they are the direct results of the structural changes and entrenched contradictions that have developed within the global system since the collapse of the Bretton Woods system at the end of the 1960s. This phenomenon is commonly referred to as the Global Shift—a transformation in the hegemonic structures of the world system, moving away from North America and Western Europe toward the rising powers of Asia, as well as those in Latin America and South Africa. This shift undergirds the disarticulation of the "hub-and-spoke" system of global imperial governance, which was established under U.S. hegemony and connected Europe, North America, Japan, and Australasia—a process that began in the late 1960s.

Initially, the central position of the United States in the distribution of global power was undermined due to a reduction in gold reserves and heightened competitive trade, what Robert Brenner called "competitive constraint". U.S. corporate profits faced significant downward pressure from intense competition with West Germany and Japan during the Cold War – a period in which both Europe and Japan experienced remarkable rates of growth, often referred to as the "Golden Age of capitalism". Intense competition among the members of the "triad" (West Germany/Europe-Japan-USA) created structural constraints upon the performance of U.S.-centred industrial capital, the result being a fall in the rate of profit and pressure to find profiteering outlets other than material production. The Vietnam War apart, the result had been the sapping of the dollar-gold parity, exacerbating the balance of payments issues for the United States already from the mid-1960s and transforming it into a debtor nation. The floating exchange rates regime induced a rampant financialisation process, whereby banking and financial services assumed the role of profit-making in lieu of manufacturing. The latter began migrating in the global South. An additional "competitive constraint" came to be added on the United States' economic dominance with the emergence of India and China, particularly following the end of the Cold War. The collapse of state-led socialist regimes in the Soviet Union and Eastern Europe, while seen as a victory for free market capitalism – often heralded as the "end of history" – actually introduced significant challenges within the US-led Western core. The frenzy of neoliberal financialisation that was initiated after the collapse of the Bretton Woods system in 1971, spiralled out of control during the 1990s, particularly under President Bill Clinton, culminating in the catastrophic financial crisis and economic downturn of 2007-08 that brought Western markets to their knees. But not China or several other political economies of the global South. Quite the opposite: Keynesian policies – once arrogantly dismissed – of bank re-capitalisation at home and China's global supply of goods kept the Western societies afloat. Clearly, America's neoliberal financial statecraft failed to rebuild its global economic supremacy and creditor status. The global shift was still under way.

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The prolonged period of hegemonic transition from the Euro-Atlantic core to Asian economies, particularly towards China and India, is still under way. It mirrors past hegemonic transitions characterized by instability, upheavals and irrationality, where “the old is dying and the new cannot be born,” as Antonio Gramsci famously articulated. This scenario gives rise to what can be termed “morbid symptoms”, manifesting as heightened financialisation and the emergence of authoritarian, irrational and discriminatory policies. Across both Europe and the United States, we are witnessing the emergence of novel forms of authoritarianism and authoritarian practices emanating from both the liberal left and the right. In this context, those in power – who often identify as “liberal democratic” leaders—are enforcing severe austerity measures that profoundly impact their societies. This toxic environment has, in turn, cultivated a breeding ground for racism and xenophobia, as communities grapple with the fallout of economic hardship and social segregation. The liberal left, having denied that “socialism in one country” is possible, has relinquished any serious pro-welfare policy, thus meeting the neo-liberal right half-way on a civil rights platform. This has created a massive space for the extreme right to capitalise on xenophobia and the erratic population movements on the ground, mainly from the MENA region and Central Asia and mostly the consequence of the interventionist policies of the declining transatlantic imperium. As we argued a while ago,

the new right-wing, racist populist movements that transatlantic societies have been experiencing for some time now are the unintended consequence of supply-side economics and the austerity policy embedded in them in conditions of a global power-shift to Asia.

The gradual process of hegemonic decline and the unravelling of the Euro-Atlantic alliance did not originate with the coming to power of right-wing authoritarian leaders like Trump in the United States. Instead, this complex phenomenon is deeply rooted in the broader tapestry of the current global system and the historical ebb and flow of power dynamics. It reflects a significant global shift, underscoring the intricate architecture of power that has shaped our world. Not only President Trump but also Joe Biden’s administration before him had realised that Ukraine cannot really defeat Russia, never mind the military, economic and other aid received from the West. Ever since 1991, when at the NATO summit in Rome the USA decided to expand the alliance eastwards against Russia, the Europeans were hooked up in a new Cold War game, but they had failed to realise it. NATO’s failure in Ukraine to succumb Russia indicates the United States’ grand strategy engineered by Dean Acheson and Paul Nitze in the late 1940s had come to an end. Due to Russia’s recovery from its early post-Soviet crisis and because of China’s spectacular global economic and technological advances, the United States has reasonably chosen to by-pass Europe and Ukraine and pre-empt and humiliate their leaderships by dealing directly with Russia to achieve peace in Ukraine. After all, as Winston Churchill famously remarked, great powers usually fight proxy wars but when things turn ugly then this is too bad for the proxy. This applies perfectly well to the Europeans and the Ukrainians alike. “America first” is a realistic policy of the United States recognising Russia as a major military force and China as a major economic power. After all, appeasing Russia over Ukraine may be a smart way to disengage it from the embrace of China. All in all, for the new Trump administration, it seems that Europe is a spent force.

As established powers wane, new forces rise, challenging traditional alliances and redefining the contours of global governance. Major shifts in the hegemonic distribution of power within the international system occur infrequently and are seldom peaceful. Even in the absence of a further withdrawal of the U.S. from global affairs, there is compelling evidence of a significant and swift transfer of wealth and power to China and India. This transition of power from the West to the East has been accelerating since the late 1990s and the new Trump administration came to openly recognise this on the occasion of the war in Ukraine that NATO, under the leadership of the United States, cannot win. Since the early 2000s, Washington and Brussels think-tanks have been producing extensive white papers analysing Asia’s – particularly China’s – rapid advancements in microelectronics, nanotechnology, biotechnology, aerospace, digital technologies, semi-conductors and AI, while also presenting concerning forecasts regarding the implications for America’s global leadership. Trump’s secretary of state, Marco Rubio, described China “as a totalitarian threat to America’s influence on the world stage”. He has warned that China could usher in a “new dark age” of exploitation and repression if it succeeds in realising its vision for global dominance. For the United States China remains the paramount power to reckon with. Russia held the line and doing business with Russia will disrupt Sino-Russian cooperation.

Having said this, it is increasingly evident that the future of global politics and economics will not be solely dictated by

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the Euro-Atlantic interests. Munich's security conference and the US Vice-President J. D. Vance's speech were the epitomes of deep-seated structural and historical processes taking place for decades. These processes eroded the centrality of the United States in the global system of power distribution. As a new international system takes shape, influenced by emerging actors from the Global South, the distribution of global power is bound to continue to shift away from the Western core. The Western world is experiencing a decline in its dominance, while these new powers seek to establish a different global power architecture, already visible in places that have already reached out, such as Africa and Latin America. However, powers such as China, still lack the capacity to assert their influence over various regional and global conflicts. As wars and conflicts unfold in the Middle East, Africa, Ukraine and Southeast Asia, the West's authority continues to wane. Although the emerging powers aspire to create a more inclusive world order, they are not yet in a position to impose their will on these ongoing disputes, something which would require bypassing the interests of the United States. So far, the emerging powers have arisen as the new poles in an increasingly multipolar global system: in various regions they are hubs, but for the most part they lack real hegemonic power and capacity for leadership. This is what Martin Wolf has called "the long and painful journey to world disorder".

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