

Chapter 3


The Empire Strikes Back: U.S. Hegemony and Its Influence on the WTO

Juliana Florentina Fernandes Leao

 <https://orcid.org/0009-0003-8447-8916>

Faculty of Economics and Business Administration, Ghent University, Belgium

Roberto Alexandre Zanchetta Borghi

 <https://orcid.org/0000-0001-5471-9705>

Institute of Economics, UNICAMP, Brazil

ABSTRACT

This chapter analyzes the transformation of U.S. trade policy from 2016 to 2025, focusing on the erosion of its multilateral leadership, particularly within the World Trade Organization (WTO). Drawing from Giovanni Arrighi's theory of global hegemony, it explores the ideological and material foundations of American dominance and the systemic contradictions exposed by rising protectionism. Emphasizing the role of China's ascent and institutional strain, the study argues that the U.S. shift reflects a structural reconfiguration of global trade governance rather than a temporary deviation. The analysis traces historical developments, theoretical foundations, and recent policy shifts under Donald Trump's two terms in office.

1. INTRODUCTION

U.S. tariffs raised by Donald Trump since his first administration, especially on China, amid the slogan “Making America Great Again” pose key challenges to the current international order, which the United States has paradoxically shaped over the post-Cold War decades. Multilateral institutions, such as the World Trade

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Organization (WTO), have been important channels through which American leadership has been exerted by promoting trade and globalization; however, they have been more recently questioned by the American presidency. The economic rise of China and its quest for greater representation in global governance increase the tensions among the two largest world economies and the role of international institutional bodies.

In the international landscape, the interactions between global actors constantly shape the balance between cooperation and conflict. Amid this dynamic, a singular position of leadership holds the key to influencing momentum and outcomes. However, a nation's ability to command this leadership is intricately linked to the very forces it seeks to control. This is a complex interplay of influence among major powers as they navigate the complexities of shaping global order.

The essence of such leadership is described by Giovanni Arrighi (1994), who builds on Antonio Gramsci's concept of hegemony, yet expands it globally. Through a Marxist dialectical approach, Arrighi (1994) explains how a nation's position is determined not only by military, economic, financial, and political supremacy but also by its ability to disseminate a dominant cultural and intellectual ideology. His framework highlights the dual nature of global leadership, encompassing both material and ideological aspects, emphasizing that power disputes unfold across multiple dimensions and must be understood within the context of historical and geopolitical factors.

Leadership entails more than exerting influence; it involves shaping the system within which power is exercised and contested (Arrighi, 1994). This concept is essential to understanding the U.S. position in global politics. Since the early 20th century, the United States has positioned itself at the helm of the evolving international order, grounded in multilateral cooperation and free trade principles (Börzel & Zürn, 2021).

The development of the U.S.-shaped order was reinforced through the consolidation of economic, security, and legal institutions. As Douglass North (1990) described, institutions are the "rules of the game," and their legitimacy depends on actors capable of maintaining them. The United States, while creating the international framework, embedded its strategic interests within it, guaranteeing that institutional power remained tied to its hegemony. However, as its influence expanded, it became clear that the functionality of these institutions was conditional upon their alignment with American objectives (Foot, MacFarlane, & Mastanduno, 2003). The core of the institutionalist analysis lies in understanding the dynamic layers of interaction between states and institutions in shaping international operations.

In the realm of trade, this is seen in the sustained relationship between the United States and the World Trade Organization. Even before its establishment in 1995, following the roots of its predecessor, the General Agreement on Tariffs and

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