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MuseLetter #367 / October 2023 by Richard Heinberg

The World's Top Industrial Countries Are in Treacherous Waters

The following essay was written prior to the Hamas attack on Israel, and the commencement of Israeli retaliation. These developments will likely accelerate the overall trend of US imperial decline discussed in the article, and could lead to a broader war. We are indeed living in a pivotal historic moment. Compassion and negotiation are essential.

Sometimes, after reading a slew of news articles from around the world, I feel confused and weary. But occasionally patterns seem to emerge. I say “seem” because the human brain is all too eager to see patterns where there are none (hence humanity’s fascination with false conspiracy theories). Nevertheless, these days I can hardly escape the sense that current events are accelerating toward . . . something troubling.

Of course, we all bring preconceptions to bear on new information, and those preconceptions tend to shape the patterns we see. My own preconceptions have emerged from a few decades of studying humanity’s systemic problems—climate change, resource depletion, pollution, economic inequality and fragility, authoritarianism, war, and so on—and [how these evolved](#) through many centuries up to the present in response to new energy sources and technological innovation. The cornerstone of my preconceptions is a [limits-to-growth](#) perspective that sees the last few decades of fossil-fueled rapid expansion of population and per-capita consumption as [profoundly unsustainable](#), and the decades of the 2020s and 2030s as the likely turning point in humanity’s overall trajectory from rapid growth to just-as-rapid contraction.

So, I guess you could say I’m a short-term, big-picture pessimist. You can judge for yourself whether focusing that particular lens on the Rorschach inkblot of current events is helpful.

The world is a complex place, and some countries are always doing better or worse than others. But occasionally, as was the case with the Great Depression and World War II, the whole world seems to falter or erupt at once. If the pattern I think I see is really there, we may be approaching a similarly pivotal moment.

US: A House Divided

The United States is the center of a global empire based on its currency (the

dollar), its military, finance, weapons trade, and a network of security alliances (including NATO). Historically, most empires have derived their wealth from conquest and colonies; the US has come up with a more sophisticated scheme in which the architecture of empire is covered with a veneer of “freedom” and “economic cooperation.” In any case, many see the US today as an [empire in decline](#).

The fall of empires is usually messy. A partial exception was the fall of the British Empire in the mid-20th century. In that case, there was an able and friendly successor (the US) ready to take the wheel. All that was needed was to shift the imperial nexus from London to Washington, D.C., and New York City; there wasn't even a need to change the imperial language, except for a few minor spelling updates. Britain had run its colonial system into the ground; hence America's quest for a different kind of imperial system based on stealthier modes of plunder.

For the past few decades, the anti-imperialist Left has seen the US as the source of most of the world's injustice and violence. There are good reasons for this judgment: after all, the US spends [more on its military](#) than the next seven countries combined; also, American military interventions in Vietnam, Iraq, Afghanistan, etc., have left [millions](#) dead. Further, Americans enjoy a high average standard of living because of both the dollar's status as the global currency of account and the nation's imbalanced trade relationships, which are kept in place by enormous tranches of poor-nation debt to rich-nation banks. As Jason Hickel points out, the people of the Global South generate roughly 80 percent of global wealth through their labor and natural resources, but [receive only about 5 percent](#) of the economic benefits; the rest flows to industrial nations, of which the US takes the lion's share.

Empires always vacuum up wealth from peripheral societies; that's what makes them empires. But if there's a good word to be said for empires, it's *stability*—at least for a while (hence historians' use of the terms [Pax Romana](#), [Pax Britannica](#), and [Pax Americana](#)). Empires at the height of their power tend to keep order, as wars between vassal states get in the way of organized pillage.

Empires are also good at inventing technologies and erecting grand buildings. People who admire [high culture](#) tend to sympathize with empires; people who detest exploitation usually dislike them. The anti-imperialist Left falls, of course, into the latter category. Far-left leaders sometimes appear to think that the end of the US imperial system would be like the crumbling of the British Empire: formerly colonized nations would gain economic and political freedom, and the whole world would be better off. Unfortunately, however, if there's no nascent successor empire ready to take over, the failure of the US-centric global system might end up being more like the fall of the Roman Empire or the Han Dynasty in China, where a power vacuum was soon filled by an upsurge of general warfare, initiating a “dark age.”

There are some who say [dark ages aren't so bad](#). Here's the thing, though: whether you fear the decline of empires or welcome it, empires always crash sooner or later.

So, where are we on the timeline of US hegemony? A good reason to think the fall of the American empire might come sooner rather than later has to do

with the US domestic political situation. Political polarization has reached such dangerous levels that the necessary operations of government could break down seemingly at any time (as I was writing this, a government shutdown was narrowly avoided; Congress managed to buy itself another 45 days before the government again runs short of money and possibly faces another threat of shutdown). The rhetoric of Republicans seems to grow more violent by the week. Complexity scientist Peter Turchin, who [predicted](#) the current US political crisis on the basis of his historical analysis of the dynamics of economic inequality and the proliferation of elites and elite aspirants, foresees conflict deepening throughout the current decade.

The country is heading into a crucial presidential election next year. The Democratic candidate will likely be 80-year-old current president Joe Biden, whom Republicans depict as a corrupt and senile communist; while the Republican candidate is likely to be twice-impeached, four-times indicted 77-year-old former president Donald Trump, whom Democrats regard as a corrupt and senile fascist. The country's Electoral College is [riddled with imbalances and loopholes](#) that favor the Republicans, many of whom believe the last presidential election was stolen from them. The most recent presidential transfer of power featured a Trump-inspired riot at the Capitol. This next election could be even more contentious, as the stakes for Trump could hardly be higher: if he loses, he may face years in prison; while, if he wins, he may be able to pardon himself and his also-indicted colleagues. As I [wrote recently](#), most of the Republican Party has morphed into a Trump personality cult. His followers view Trump's indictments as evidence of the "weaponization" of the criminal justice system against their leader, and they therefore no longer trust that system.

Even if the US manages to limp through the upcoming election and elects someone other than Trump, it's hard to imagine a scenario in which its political crisis ends without casualties. In [one poll](#), 80 percent of partisans agreed with the statement that the other party "poses a threat that if not stopped will destroy America as we know it." Another poll found that [12 million Americans](#) believe violence would be justified to return Trump to power. How does a country with this depth of political enmity even stay united, much less continue to competently administer a global system that transfers wealth from the periphery to the imperial hub?

China: From Growth to Decline

For the past four decades, China has been the engine of global growth. Its economy has expanded at a spectacular [9 percent average annual rate](#), doubling in size every 8 years. This whirlwind growth is profitable for industrialists and investors, and has raised the living standards of hundreds of millions. But it is [utterly unsustainable](#) from a biophysical point of view, and it engenders dangerously unfulfillable expectations for all concerned.

In recent years, many geopolitical pundits theorized that when the US declines, as all empires eventually do, China would [supplant it as the reigning global superpower](#). While that's still possible, these days China is looking less like a new empire taking off, and more like one that's stuck on the launchpad.

For the past year or so, articles about China's economy have used words like "[disappointing](#)," "[crisis](#)," and "[turmoil](#)." One [article](#) notes that

“Unemployment among youth has gotten so bad the government has stopped publishing the data.” Meanwhile, the country’s oversupplied housing market is now [collapsing](#), leading to financial instability. For example, land sale revenues have dropped so much that [local government debt](#) has soared, imposing dangerous levels of risk on Chinese banks and hampering the central government’s ability to expand public services.

Of course, all industrial economies go through cycles of expansion and retreat, but what’s happening in China right now is probably much more than a cyclical correction. The nation faces systemic, long-term challenges as a result of [falling population](#) (the country’s total fertility rate is now even lower than Japan’s) and its inability therefore to transition from export-driven growth to domestic consumption-driven growth—which the US accomplished in the last century (a dubious accomplishment when considering the consequences of ramped-up consumerism).

As I’ve [written elsewhere](#), China’s slowing economy and population decline will be good for the planet. But for a country accustomed to doubling the size of its economy every few years, a happy and stable future will require a managed downsizing of expectations, as well as throughput of energy and materials.

Russia: A Dangerous Game

During most of the 20th century, Russia was the center of an empire (the Soviet bloc of nations) in direct competition with the US global empire. After the Soviet collapse in 1991, Russia faced [dire economic times](#). Starting in 2000, the authoritarian regime of Vladimir Putin brought stability and growth based largely on revenues from fossil fuel exports.

Putin also sought to revive Russia’s former imperial ambitions in the face of numerous defections of former subsidiary states. Though most of the 14 other former Soviet Republics maintained Russia-centric orbits after the crash of the USSR, the former Baltic Soviet Republics of Latvia, Estonia, and Lithuania joined NATO, as did most Eastern European former members of the Soviet bloc, including the Czech Republic and Slovakia (formerly Czechoslovakia), Hungary, Poland, Bulgaria, Romania, Albania, and the successors to Yugoslavia (Slovenia, Croatia, Montenegro, and North Macedonia). In addition, NATO currently recognizes Bosnia and Herzegovina (also successors to Yugoslavia), Georgia, and Ukraine (both former Soviet Republics) as aspiring members. Finland, never a part of the Soviet bloc but a critical geographic neighbor, joined the Western alliance this year, and Sweden is likely to join soon.

In 2014, Putin sent occupying forces into Crimea (then a part of Ukraine) and later annexed the territory. In February 2022, he launched an [invasion of Ukraine](#), prompting [international condemnation](#) and [sanctions](#). His attempt at a quick military takeover of the country failed, and President Zelensky of Ukraine obtained international economic and military aid to pursue a defensive war. In June 2023, Putin survived a [rebellion by the Wagner Group](#) mercenary organization, which had fought on Russia’s behalf.

The US and its NATO allies have not been entirely faultless in the conflict with Russia, having made [assurances to Russian leaders](#) 30 years ago that NATO would not expand toward the east—which it has relentlessly done.

Nevertheless, Putin's actions were clear violations of international law.

The ongoing Ukraine conflict has settled into a static war of attrition. As such, Russia enjoys a significant [long-term advantage](#), having more actual or potential soldiers and more weaponry. But the cost of an eventual victory would be horrific for all concerned.

Putin, a former KGB officer, has also redeveloped Russia's extensive and effective [propaganda apparatus](#) (the US seeks to influence international opinion with propaganda as well). Russian propagandists target [far-Left and far-Right audiences](#) around the world, especially in Europe and the US, and both the US anti-imperialist Left and far-Right Trump followers frequently [echo Russian talking points](#). Indeed, Trump's campaigns in 2016 and 2020 [benefitted](#) from Russian propaganda efforts, and his current re-election bid is being [similarly promoted](#). While he was president and since then, Trump has praised Putin frequently and has implied that he [would not favor](#) continued US military aid to Ukraine. Trump-following Republican members of the House of Representatives are also [opposed](#) to Ukraine aid. Thus, Trump's, Putin's, and Ukraine's fortunes all hinge crucially on the next US election.

The invasion of Ukraine and subsequent sanctions have had significant impacts on the Russian economy. Oil production has fallen by [500,000 barrels per day](#), and exports of natural gas to Europe via pipeline plunged from [almost 146 billion cubic meters](#) (bcm) in 2021 to between [61 and 62 bcm](#) in 2022. Last year, Russia's GDP dropped by 2.1 percent, and it [continues to shrink](#). Western commentators have [speculated](#) that if the war's economic pain persists and deepens, a coup could end Putin's regime, [possibly creating a temporary opportunity for democracy](#) to flourish.

Europe and the UK: Old Power Centers Fray

Continental Europe and Britain were hubs of world empire from the Age of Conquest until the latter half of 20th century. Today, the United Kingdom and the diverse nations of Europe have more modest ambitions, but together they still represent a significant share of global population (750 million) and GDP (second to the US). A mutual security alliance (NATO), led by the US, and a trade alliance (the European Union) have helped ensure strength and prosperity for the region in recent decades.

However, these alliances sometimes struggle to overcome the inherent linguistic, cultural, economic, and political differences among 44 sovereign countries. Within the EU, [per capita GDP](#) ranges from 126,000 euros for Luxembourg to less than 14,000 euros for Bulgaria. Politics and governance diverge widely as well, with [Democracy Index](#) scores varying from 9.29 for Finland to 4.35 for Turkey. While most nations in the region are still liberal democracies, [far-right parties have made significant headway](#) in several countries in recent years, with Hungarian prime minister (since 2010) Viktor Orbán serving as an informal global spokesman for right-wing populism. A recent election in a NATO member state, Slovakia, saw another populist party [opposed to continued aid to Ukraine](#) receiving a plurality of votes.

The eurozone suffered twin shocks from the COVID-19 pandemic and Russia's invasion of Ukraine. NATO's support for Ukraine led [Russia to cut off most of its natural gas supplies to Europe](#), boosting prices and stoking an energy crisis. Alternative sources of fuel (including liquefied natural gas

imported by tanker from the US) have kept economies from crashing, but at a cost. Germany's manufacturing and its export-oriented economy have been [hobbled by higher energy prices](#)—as well as by falling growth in China, a key trade partner.

The UK is seeing even worse times. In the 2020 British referendum on whether to remain in the EU, the “leave” campaign was cheered on by [Russian propaganda](#). Now Britain is dealing with [fallout from Brexit](#): its economy is smaller than before the COVID pandemic, the pound has lost a fifth of its value, inflation is the worst in decades, the cost of living is outpacing wage growth, workers are striking, and the OECD expects the British economy to shrink further in the months ahead. The ruling Tories have doubled down on neoliberal policies that have gutted the country's health system and infrastructure in recent years. In response to his country's economic crisis, UK prime minister Rishi Sunak proposes to deepen its ecological crisis [by abandoning or delaying](#) core elements of its climate strategy.

India: What Goes Up . . .

Still a poor nation with a per capita GDP of \$2,220, India is nevertheless seeing rapid economic growth (7.2 percent in the fiscal year 2022-2023). It has the world's fifth largest economy, and, as of 2022, the world's largest population, having surpassed China.

The compilers of the Democracy Index characterize India as a “flawed democracy” (a status it shares with the US), but the Index doesn't reflect all aspects of governance. When New Delhi recently hosted the G20 gathering of heads of state, author and activist Arundhati Roy [noted](#) that the banners for the event prominently featured the ruling party's symbol: “[T]he government and its institutions have all been conflated with the ruling party—a political party. And that ruling party has been conflated with Modi, the individual.” Meanwhile, minorities are being persecuted and stripped of rights. Roy fears that, despite the routine holding of elections, her country is tipping quickly toward fascism.

India's economy is rapidly becoming [more unequal](#) as it expands in overall size. There are now 120 billionaires in India, while tens of millions of Indians cannot afford basic health care.

Will India follow America's trajectory in the 20th century and become a global empire? Or will it tread China's path in the early 21st century and rise quickly to a ceiling of wealth and influence, only to falter before reaching imperial status? Given the biophysical context and timing ([climate change alone](#) could turn boom to bust, and soon), the latter seems far more likely.

Good News, Bad News

Is there any good news from around the world these days? Of course. Some nations, most of them located in Europe, report low and even declining levels of inequality in income and wealth (the Czech Republic is currently [the world's most equal nation](#) by those measures). In Denmark, Sweden, and Chile, there are serious efforts underway to [reduce carbon emissions](#). Botswana, Namibia, and Tanzania are trying to [conserve their wildlife](#). Norway, Finland, and New Zealand remain [models of democracy](#), with fair elections, high levels of political participation, and strong protections for civil

liberties. Finland is the [happiest country in the world](#), and is trying to share its formula with others. And many Latin American countries are adopting [environmentalist policies](#).

Also, there could be a bright side to some trends that, on the surface, appear to be cause for worry. The immediate troubles of some countries—notably China, Germany, and Japan—stem from economic stasis and demographic decline. These are trends that will become universal during the remainder of this century, for reasons explained [here](#). Conceivably, the ill effects of population decline and economic shrinkage could be managed with more government emphasis on equity and quality of life, leading to less consumption but more happiness (on October 26, Post Carbon Institute will host an [online event](#) to explore some of these strategies).

Still, when so many big industrial countries are being destabilized at once, one can't help but be apprehensive. It's natural to look for historical parallels to shed some light on what might come next. In the last century, the fall of one empire (Britain) and the attempted rise of others (Germany and Japan) led to two world wars. And the failure of the still-young industrial system to share benefits and create jobs, and thereby to generate enough demand to soak up expanding supplies of manufactured goods, led to the Great Depression.

Could something similar happen again? An all-out war between the US and China or Russia is possible but unlikely: nuclear weapons, with their threat of mutually assured annihilation, still provide deterrence. Moreover, the US is doing just fine at unraveling with very little outside assistance, thanks very much. Another Great Depression is more plausible.

While the study of historical analogues can be helpful, it has limits. Our current world situation is unique. Humanity has never before faced a [global polycrisis](#) resulting from its [overshoot](#) of environmental limits. In 1940, there were only about 2 billion humans alive; today we number 8 billion. Then, the global climate was stable; today it is in its deepest state of flux since the end of the last Ice Age, and is almost certain to grow far more chaotic in coming decades. Further, financial disruption and international conflict can now be accelerated by technologies that were hardly dreamt of in the 20th century, including [AI](#)- and social media-based propaganda, computer-based securities trading, and drone warfare targeting crucial societal infrastructure.

Whatever is coming will be as historically unique as our present circumstances. The ever-louder rumblings from just over the horizon suggest that, whatever it is, it's not far off.