

The Beltway Ponders America's Global Influence

By Robert Moran, StrategyOne

Was the financial crisis of 2008 a global turning point? Did it mark the decline of US power? Will historians view the financial crisis and the Great Recession as the beginning of a multi-polar world?

StrategyOne, a global, full-service strategic consulting firm, explored this issue further by using its proprietary Beltway Barometer survey to track elite Washington opinions on the subject.

The data we collected over two years and across three survey waves paints a picture of Washington's elite attempting to contextualize the financial crisis and global recession.

With one in four elite Washington Democrats and Republicans believing that the financial crisis "marked the end of American international dominance." American citizens and global policy elites should pause and consider the implications.

As the table below details, StrategyOne leveraged its Beltway Barometer survey of Washington elites to gauge policy influencer sentiment on this question on three occasions:

- September, 2008
- July, 2009
- January, 2010

StrategyOne asked:

Some people believe that the financial crisis of 2008 marked the end of American international dominance. Do you agree or disagree?

The results were surprising.

| Date | Elite DC Democrats (% agree) | Elite DC Republicans (% agree) |
|-----------|---------------------------------|--------------------------------------|
| Sep. 2008 | 39% | 15% |
| July 2009 | 25% | 20% |
| Jan. 2010 | 24% | 28% |

As you can see, at the present time one in four DC elites truly think that historians will look back on the financial crisis as marking the end of US hegemony on the world stage. They would likely point to massive deficits, sluggish growth and deterioration of the US dollar as a global reserve currency.

But, the larger point is that one in four Washington elites, those with the most to gain or lose from America's position on the world stage and those with the greatest firsthand knowledge of the situation, believe that America's influence is in decline.

Depending on one's viewpoint, this data can be startling for two very different reasons.

Those who acknowledge America's present difficulties, but see the country's strengths in an optimistic light are likely to be surprised that so many of the nation's capital elite view America's influence as in decline. They may view the opinion of this group as unpatriotic. They may also point out that the United States has had many bouts of doom and gloom in its history, including post-Sputnik fears of losing its science and technology lead and 1980s era concerns about Japanese competition. But, natural geographic advantages (a nation that can feed itself, good relations with its neighbors, large oceans to its east and west), a strong military, a large domestic economy, the rule of law and business innovation seem to give America significant staying power.

Those who focus on an America deeply in debt, with an aging workforce, a devaluing currency and a surging Pacific Rim are likely to be surprised that so few Washington elites see the writing on the wall. Like Martin Jacques, author of "When China Rules the World" this group views the rise of a multi-polar world as an inevitable product of economies like Brazil, China, India and others "catching up." They might ask how Washington elites are denying this inevitable change.

And, as one might expect inside Washington, there are differences of opinion based upon party affiliation.

The Democratic Perspective:

Elite DC Democrats are modulating their thinking over time on this question. In the heat of the meltdown in 2008, with Bush as President, 39% agreed that the financial crisis marked the end of US international dominance. Now that number is 24%. The intervening variables are likely (a) the election of Barack Obama and (b) a perception that the worst economically is behind them.

The Republican Perspective:

On the other side of the aisle, elite Washington Republicans are now 13 points more likely to say that the financial crisis marked the end of US dominance. This is in line with their more pessimistic assessment¹ of the US economy generally. It also may reflect a sour mood with President Obama now in the White House.

No matter the perspective, this is certainly one of the great questions of the age and StrategyOne will continue to track elite Washington sentiment on this question.

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Robert Moran is Executive Vice President at StrategyOne and manages the Washington office².

More information about the Beltway Barometer can be found here:

<http://www.strategyone.net/beltway-barometer.html>

http://www.strategyone.net/documents/BeltwayBarometerBrochure_002.pdf

Washington Post coverage of the Beltway Barometer can be found here:

<http://www.washingtonpost.com/wp-dyn/content/graphic/2008/08/29/GR2008082902098.html>

¹ http://www.pollster.com/blogs/fresh_data_on_dc_elites_and_di.php

² <http://www.strategyone.net/washingtonDC.html>