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The Effects of the U.S. Hegemony on Economic Growth in East Asia, and the Middle East and North Africa

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Abstract

This paper presents an analysis of the likelihood of economic growth in Asian countries with empirical results. The model selected for the analysis is the OLS model. By using cross-sectional data of 113 countries, it deals with the effects of the U.S. hegemony on economic growth in East Asia, and the Middle East and North Africa. Thirteen explanatory variables included: Trade balance with USA, Political Stability, Export/ GDP(%), Resource, Population, Foreign Direct Investment, Human Development Index, Corruption Perception Index, Rule of Law, Control of Corruption, Economic Freedom, Public Institution Index, and Government Effectiveness. The results of the estimation by the OLS model help to analyze the influence of the explanatory variables on the possibility of being successful economically showing how Trade with the U.S. as well as other variables explain economic growth. Based on the results, the possibility of economic success significantly depends on Trade with the U.S. which represents the U.S. hegemony.

Keywords: The U.S. hegemony, political economy, geopolitics, natural resource.

Introduction

Despite the scarcity of natural resource, East Asia has achieved remarkable economic success since the 1960s with the highest growth rate. On the other hand, economic development lags behind in the oil richest countries in the Middle East and North Africa (MENA). How do the opposite economic performances in these different regions occur? A large amount of literature has demonstrated that the economy of East Asia was successful due to multiple factors: the role of the "flying-geese" model and industrial product cycles[1], the effect of Confucianism on economic development in East Asia[2], and the 'developmental state'[3]. A lot of scholars have sought to account for economic failure in the MENA by employing a variety of factors such as resource curse[4], religion[5], and the 'rentier state'[6]. Herein, the important issue that the paper aims to address is the effect of the U.S. hegemony on economic performance in two regions. The U.S. hegemony has not only affected the East Asian successful economies, but also has been involved in the MENA's poor economies. The opposite economic performances in two regions did not just result from in/effectiveness of their public policy as well as diverse regional or local factors. They were also led by geopolitical circumstances of the U.S. hegemony in the regions. Within the different geopolitical texts, the U.S. hegemony has played a decisive role in economic performances in two regions both by allowing the developmental state in East Asia, and by strengthened the authoritarian regimes and weakening the regional power in the MENA. While the East Asia's state-led development was supported, or at least tolerated by the United States, the hegemonic power of the post-war period[7], the economy of the MENA was undermined or at least remained unconcerned by the same hegemonic power. This paper's goal is to examine how and why economic success in some Asian countries could be achieved and not in other Asian countries. Beyond hegemonic stability theory, I find the reason why the U.S. hegemony has boosted economic development in East Asia while it has slowed the economy of the MENA.

Beyond Hegemonic Stability Theory: Although there is a difficulty in defining hegemony, hegemony is categorized as four groups: structural, behavioural, issue-specific, and multi-issue hegemony[8]. Among four hegemonies, the term of structural hegemony was frequently used to depict the U.S. hegemony[9-10]. Based on this structural hegemony, the asymmetrical distribution of resources in the interstate system produces structural power contributing to the development of hegemony. Great Britain and the United States were historically described as the hegemonic leaderships playing a pivotal role in global economic interdependence. While Great Britain was a hegemon from the Napoleonic Wars to World War I, the United States has been a hegemon since World War II[10-11]. After the Cold War, there have been some debates about how sustainable the U.S. hegemonic power is. Realists have argued that the global system is viewed as anarchic based on self-help strategies, and major powers will balance the US power[12]. Unlike realists' argument, the United States still today plays a hegemonic role in different ways[13].

Hegemonic stability theory argues that it is imperative for one state to be predominant enough to create and maintain stable international regimes. The stability of hegemonic system elaborates the openness of international regimes based on the logic of collective goods. According to the theory, tremendously unbalanced distribution of resources in the postwar period provides one state with sufficient power that helps the state to be capable of supplying the international economic stability with its own motivation[10]. However, what if a hegemon does not have sufficient motivations? What is the consequence of a hegemonic role when there is no motivation or different motivation? Can economic instability be a possible answer as an opposite result? If it is this case, what makes a hegemon possess a different motivation?

The literature on hegemonic stability theory fails to explain the variety of power dimensions by mainly focusing on the power with material resources, and the implications of the loss of the U.S. hegemonic power[14]. Given the weakness of hegemonic stability theory, this paper attempts to look at a different dimension of the hegemonic power system beyond the typical hegemonic stability arguments. Different geostrategic circumstances of the U.S. hegemony in different regions generate a condition for a hegemon to have a diverse motivation critical to economic performance. The paper is designed to explain how the U.S. hegemon has an impact on economic performances in different regions (i.e. East Asia and the MENA).

East Asia: It was the end of the Pacific War, 1945, when the US model of laissez-faire was intruded on Northeast Asian countries giving strong pressures to change their industrial organization model into a liberal model of nonintervention[15]. The economy of East Asia was significantly influenced by the US aid and the presence of the US troops. By the mid-1980s, they became the major trading partners with the United States and their multinational corporations played a conspicuous role in international system[16]. In an effort of the United States to contain the Soviet Union and Chinese communism, East Asia has been used as a battlefield since the Cold War supplying a vital geo-strategic circumstance for sudden economic development[17]. The East Asian region was susceptible for Communist penetration without a strong and rapid recovery from its devastated economy[8].

Cumings' works illustrate how a hegemonic system is crucial for the regional political economy in East Asian countries. Japan's monetary and trade policies were adjusted to restore trade after American occupation in Japan. In the postwar, the United States did not only provide Taiwan and South Korea with military and economic aid, but also had a profound effect on economic policies in two countries even by sometimes tolerating import substitution in Taiwan and South Korea[18]. The predominance of the U.S. hegemonic power, driven by geostrategic situation such as communist containment, formed the appropriate environment where trade has been intensified in the region[15]. By linking to the multilateral international organizations such as the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank, and alliances such as The North Atlantic Treaty Organization (NATO), the U.S. hegemony has attempted to change other countries' own interests. The hegemonic system strongly maintains when the policies of a hegemon create benefit recipients in the region. The groups motivated by those benefits pressure their government to seek for policies fortifying the hegemonic strategies[9].

In the East Asian region, the U.S. hegemony was willing to foster economic growth in the region rather than deter it since the region has been a politically strategic place since the Cold War. In this case, the logic is that the stronger the country's economy is, the more benefits the hegemon earns. Sustained economic growth in East Asian countries could keep American power against the Communist sides and make strong allies among the countries in this region. South Korea was weak enough to change their ideology to communism right after 1953, the end of the Korean War. When its economy becomes stronger with the help of the U.S., it does not find any reason to move toward the Communist country. In the post-1945 years, the U.S. commitment to supporting free trade shaped the trading system with multilateral agreements by letting Japan and its neighbors get involved in the U.S. market. This system also increased the regional trade relations[15]. In conclusion, the U.S. has had strong economic ties with East Asian countries with the geostrategic motivation of containing the communism.

The Middle East and North Africa (MENA): Inappropriately adopted economic policies, poor governance, and "Rentier state" epitomizing the MENA do not completely provide the compelling argument of the reason for poor economic performance in the region. Some literature has sought to explain why the economy of the MENA countries is not successful with business groups in the region. They argue that business groups were newly established under the state-led growth economy in the Middle East. New social interest groups benefited from state policies impeded the way of economic development[19]. However, the lack of these arguments worthy to point out is the significance of the hegemonic system indicated in the case of East Asia. They do not devote much attention to the hegemonic role. The weak economic developments in the MENA region were generated by the U.S. hegemon with the geostrategic motivation of the regional Islamic movement threat posed by Iran, and energy security.

The doctrine of the new government launched by the 1979 Iranian revolution emphasizing Islamic ideology debilitated the Western socio, cultural, and economic ideologies dominated in the Muslims of regions. The potential influence of anti-Western policy of the Iranian revolutionary government on other Muslims areas threatened the interest of the United States in the Muslim regions, and undermined its pro-Western policies in the regions[20]. In particular, tensions between Iran and the U.S. have increased since the end of the Cold War by confronting in some issues such as Iran's support for Hezbollah in Lebanon and Hamas in Palestain, its antagonism policy against Israel, and human rights. Above all, Iran's nuclear program has been the hottest issue between Iran and the U.S. by claiming different purposes or consequences of the nuclear program [21].

Political economy of the Middle East is usually described as the politics of oil. The United States has attempted to protect the oil supply in the global level by securing the system of scarcity. This system of scarcity was achieved by creating the antimarket arrangement such as the exclusive control of oil production and limits to quantity of oil[22]. It has been argued that oil has had a great impact on the U.S. policy in the MENA such as the CIA's involvement in the overthrow of the Mussadeq government in Iran, and the close alliance with Saudi Arabia[23]. The U.S. owned companies have concentrated on having a large number of contracts regarding oil industries such as exploration, production, and refining with several countries in the MENA, particularly the Gulf Cooperation Council (GCC)[24].

In order to fulfill their own needs of containing regional power and securing energy, the U.S. has supported and exploited illegitimate, dictatorial and economically bankrupt regimes. The U.S. support for the authoritarian regimes has affected the economy in the Middle East by tolerating the mismanagement and corruption of regimes. Since authoritarian regimes with abundant natural resource lowered taxes and perform welfare policies, there was little pressure on economic policies from the opposition groups[25]. The Arab Spring of 2011 was ignited with public fury partially caused by authoritarian regimes' poor economic performances with low growth rate, and high rate of unemployment[26]. Another way of weakening the MENA's economy is to sanction the regional power¸ Iran. Since the 1979 Revolution, the U.S. has imposed economic sanctions against Iran by banning the import of Iranian crude oil, and non-oil products into the U.S. The sanctions have led to depreciation of Iran's currency, the rise in inflation, shortages of medicines, and international restrictions in financial and business sectors[27].

While national economic growth in East Asia helped the U.S. to prevent the spread of communism, support for authoritarian regimes in the MENA indifferent to national economic performance, and sanction against Iran promoted the U.S. to contain the regional power and obtain energy security in the region. The U.S. was also allied with the authoritarian regimes in boosting its own oil companies and other manufacturers to gain enormous benefits. While strong national economic relationship was built between East Asia and the United States, corporate economic relationship was constructed between the MENA and the U.S. based on different motivations. Economic development and economic growth generally have a negative effect on conflict by decreasing the likelihood of conflict[28]. No economic development is possible without peace and stability. The major powers paid more attention to their own interests based on the geostrategic motive rather than strengthening social, political and economic progress[29]. Considering that economic power allows countries to be stabilized, national economic growth in the MENA does not satisfy the U.S. geostrategic desire. Here, the hegemon influences not to provide the productive economic performance.

Methodology

In order to analyze whether the U.S. hegemony is significant in the probability of economic success, the Ordinary Least Squared model (OLS) was used. This model is cross-sectional by applying 113 countries data in 2009. The dependent variable is economic growth (GDP per capita Growth difference between 1990 and 2009), and the independent variables are Trade Balance with USA, Political Stability (PS), Export/ GDP(%), Resource, Population (POP), Foreign Direct Investment (FDI), Human Development Index (HDI), Corruption Perception Index (CPI), Rule of Law (RL), Control of Corruption (CC), Economic Freedom (EF), Public Institution Index (PII), and Government Effectiveness (GE). Export/ GDP (%) provided by the World Bank (2005) represents the export oriented Countries ranging from 0 to 100. Population (unit: million) and GDP per capita (US$) are also obtained from the World Bank (2005). Economic growth was calculated as the difference of GDP per capita between in 1990 and in 2009. *Economic growth = (GDP per capita in 2009 – GDP per capita in 1990) / GDP per capita in 1990.

As a proxy for the U.S. hegemony, Trade Balance with the U.S was applied by obtaining from the US Census Bureau. The Inter-American Development Bank (2009) is the source of data for Political Stability (PS), Foreign Direct Investment (FDI), Economic Freedom (EF), Government Effectiveness (GE), Corruption Perception Index (CPI), Control of Corruption (CC), Public Institution Index (PII), and Rule of Law (RL). If the country has Free Trade Agreement with the U.S., or is a member of the Organization for Economic Cooperation and Development (OECD), it is 1 as ETUS (Economic Ties with US), otherwise 0. The data of the OECD membership is provided by the OECD official site (http://www.oecd.org). The US Energy Information Administration (2009) provides the data on natural resource such as oil and gas. Resource is recoded as follows; 0 if the country has natural resource either less than both 1 million of barrels per day in oil or less than 1 trillion cubic feet in natural gas, 1 if the country produces one of natural resource (gas or oil) either more than 1 million of barrels per day in oil or more 1 trillion cubic feet in natural gas. Oil from the US Energy Information Administration (USEIA) is the proved reserves of crude oil (unit: billion barrels) while gas from the USEIA is the natural gas proved reserves (unit: trillion cubic feet).

Hypotheses: The theoretical part in the paper concentrates on *how and why* the U.S. hegemon has a different impact on economic performance in different regions. The experimental estimates using the OLS model are mainly designed to show *what* effects the U.S. hegemon influences on economic performances.
The research questions are divided into three categories:
1) The first is whether the U.S. hegemony has an effect on economic growth to all countries in the world.

2) The second is whether resource is a significant factor for economic growth without the U.S. hegemony.
2) The third is what effects the U.S. hegemony has on economic performance in two different areas (the MENA, and East Asia).

Hypothesis 1: H_0: The U.S. hegemony does not affect economic growth in the world. H_1: The U.S. hegemony affects economic growth in the world.

The regression models are as follows.
Model 1> Economic growth = $\beta_0 + \beta_1$TRADEWITHUS + β_2 RESOURCE$_i$ +β_3 PS$_i$ + β_4 EXPORTGDP$_i$ + β_5 POP$_i$ + β_6 FDI$_i$ + β_7 EF$_i$ + β_8 HDI$_i$ + ε_i

Model 2> Economic growth = $\beta_0 + \beta_1$TRADEWITHUS + β_2 RESOURCE$_i$ +β_3 PS$_i$ + β_4 EXPORTGDP$_i$ + β_5 POP$_i$ + β_6 FDI$_i$ + ε_i

Hypothesis 2: H_0: Resource does not have an effect on economic growth without the US hegemony. H_1: Resource has an effect on economic growth without the US hegemony.

The regression models are as follows.
Model 1> Economic growth = β_0 + β_1 RESOURCE$_i$ + β_2 ETUS$_i$ + β_3 GE$_i$ + β_4 CPI$_i$ + β_5 RL$_i$ + β_6 CC$_i$ + β_7 PII$_i$ + β_8 EF$_i$ + β_9 PS$_i$ + β_{10} HDI$_i$ + β_{11} EXPORTGDP$_i$ ε_i

Model 2> Economic growth = β_0 + β_1 RESOURCE$_i$ + β_2 TRADEWITHUS$_i$ + β_3 GE$_i$ + β_4 CPI$_i$ + β_5 RL$_i$ + β_6 CC$_i$ + β_7 PII$_i$ + β_8 EF$_i$ + β_9 PS$_i$ + ε_i

Hypothesis 3: H_0: The U.S. hegemony does not have a different effect on economic growth in two different regions (i.e. the MENA and East Asia).

H_1: The U.S. hegemony has a different effect on economic growth in two different regions (i.e. the MENA and East Asia).

The regression models are as follows.
Model 1> Economic growth = $\beta_0 + \beta_1$TRADEWITHUS$_i$ + β_2 TRADEWITHUSMENA$_i$ + β_3 MENA$_i$ + β_4 EXPORTGDP$_i$ +β_5 FDI$_i$ + β_6 EF + β_7 HDI$_i$ + β_8 RESOURCE$_i$ + β_9 PS$_i$ + β_{10} POP$_i$ + ε_i

Model 2> Economic growth = $\beta_0 + \beta_1$TRADEWITHUS$_i$ + β_2 TRADEWITHUSEastAsia$_i$+β_3 EastAsia$_i$ + β_4 EXPORTGDP$_i$ +β_5 FDI$_i$+β_6 EF + β_7 HDI$_i$ + β_8 RESOURCE$_i$ + β_9 PS$_i$ + β_{10} POP$_i$ + ε_i

*East Asia and the Middle East and North Africa include countries defined by the World Bank.

CC; Control of Corruption, CPI; Corruption Perception Index, Economic Growth; (GDP per capita in 2009 – GDP per capita in 1990) / GDP per capita in 1990, EF; Economic Freedom, ETUS; 1 if a country has Free Trade Agreement with the U.S., or is a member of the OECD (Organization for Economic Cooperation and Development), otherwise 0, EXPORTGDP$_i$; Export/GDP (%), FDI; Foreign Direct Investment (Unit: Billion), GE; Government Effectiveness, HDI; Human Development Index, PII: Public Institution Index,POP; Population (Unit: Million), PS$_i$; Political Stability, RESOURCE$_i$; where 0 if the country has no natural resource, 1 if the country has one of them (gas or oil), RL: Rule of Law, TRADEWITHUS; Trade balance with US

Results and Discussion

Table 1 tests the hypothesis 1 noting that the U.S. hegemony significantly affects economic growth in the countries in the world. Table 1 includes the variable that measures the influence of the U.S. hegemony, Trade Balance with US variable. In model 1, Trade Balance with US, Human development Index (HDI), and Export/GDP are positive and statistically significant. Export/GDP increases the probability of being successful economically. Furthermore, it also highlights the fact that achieving economic success is also conditioned by human development. In model 1, other four variables (political stability, population, FDI, and economic freedom) do not affect the probability of economic success showing insignificant estimates. Model 2 presents the case when two variables, Human Development Index and Economic Freedom that cause multicollinearity are deleted. In this case, Trade with US and Export/ GDP (%) are still significant at the level of 1% and 5% respectively. Here, the interesting point is that resource is not a significant factor in economic growth with the U.S. influence. It indicates that a country with abundant natural resource does not have an effect on the probability of economic success when there is the U.S. influence. Regarding the insignificant effect of Resource, table 2 continues to estimate whether this is due to the U.S. hegemonic effect or not. If the U.S. influence is not a significant factor, what are other factors in the effect of Resource on economic growth?

Table-1
Regressions on Economic Success of the US influence in the world

Variable	Model 1	Model 2
TradewithUS	0.03*** (3.27)	0.03***(3.62)
Resource	-0.17(-0.50)	0.05(0.17)
Political Stability	-0.13(-0.57)	-0.009(-0.05)
Export/GDP(%)	1.23** (2.32)	1.13**(2.18)
Population	0.002 (1.12)	0.001(0.76)
FDI	-0.01(-1.26)	-0.009(-1.18)
Economic Freedom	-0.32 (-1.20)	-
HDI	2.58*(1.77)	-
Adj R^2	0.2179	0.2088
N	113	113

Asterisks denote significance levels: *=10%, **=5%, ***=1% (p values in parentheses)

According to the estimated result of Table 1, Resource is not a significant factor in economic growth. Table2 presents when Resource is effective significantly by reporting the test results of the effect of Resource on economic growth under some conditions different from table 1. Model 1 and Model 2 show the positive effect of Resource, which contrasts with the result of the insignificant effect of Resource on economic success in Table1 (Here, Model 3 in table 2). The effect of 'natural resource' on economic performance depends on some conditions. The first condition set in Model 1 is to substitute TradewithUS with ETUS (Economic Ties with US) for the purpose of controlling the US hegemony variable by ETUS. ETUS is a dummy variable, which is 1 if the country has Free Trade Agreement with the U.S., or is a member of OECD (Organization for Economic Cooperation and Development), and otherwise 0. Model 1 tests the result when one variable (ETUS) representing TradewithUS as a proxy is added to the model instead of TradewithUS. The estimation presents Resource has a positive effect on economic growth while ETUS is not statistically significant. This result demonstrates that natural resource has an effect on economic performance positively in the absence of the U.S. influence. In Model 1, political stability and human development index are also significant statistically both at the level of 10%. Given the U.S. strategic concern on natural resource, especially oil and gas, it is reasonable that the U.S. hegemony was involved in the condition in which natural resource would lead to the negative outcomes of the total economy in the country by supporting authoritarian regimes which are not interested in the country's poor democratic or economic performs. These reforms can help to improve the conditions of institutional environments (i.e. low level of corruption in public institutions, high level of governance, and so on).

The second condition presented in Model 2 is to investigate the role of institution factors in natural resource on economic success. A large number of papers argue with the logic of natural resource curse which produces the rentier state or rentier mentality. In the rentier economics, the person receives a share in the production even though he is not actively engaged in the economic production[6]. The natural resource abundance has the inimical effect on income through the process of affecting rent-seeking behavior. This rent seeking behavior occurs in the form of lobbying bureaucrats to get illegitimate benefits when the full discretionary authority is given to government, not to any private citizen or groups[30]. On the other hand, there is great emphasis on the important role of institution aspects in economic performance with natural resource. It is argued that institution environments with high level of accountability and good governance system help natural resource abundance to affect economic growth positively since good institutions can mitigate the negative effect of political inducement generated by natural resource endowments[31]. Model 2 includes institutional factors such as rule of law, political stability, corruption, and so on, and supports the argument of the importance of institutional factors in the effect of natural resource on economic growth. The results show that Rule of Law, Economic Freedom, and Political Stability are significant at the level of 10%, 10%, and 5% respectively. Despite the positive effect of TradewithUS shown in Model 2, Resource is still effective in economic growth in the world.

Table-2
Regressions on Economic Success of Resource

Variable	Model 1	Model 2	Model3
Resource	0.62*(1.61)	0.60*(1.92)	-0.17(-0.50)
ETUS	0.26(0.55)	-	-
TradewithUS	-	0.04***(5.82)	0.03*** (3.27)
Government Effectiveness	0.11(0.15)	-3.80(-0.79)	-
CPI	-0.25(-0.55)	-0.36(-1.30)	-
Rule of Law	0.56(0.76)	0.89*(1.62)	-
Control of Corruption	-0.96(-0.93)	-1.97(-0.87)	-
PII	-0.14(-0.49)	-0.25(-1.15)	-
Economic Freedom	0.12(0.36)	0.46*(1.68)	-0.32 (-1.20)
Political Stability	0.48*(1.60)	0.61**(2.43)	-0.13(-0.57)
FDI	-	-	-0.01(-1.26)
HDI	2.81*(1.46)	-	2.58*(1.77)
EXGDP	0.60(0.97)	-	1.23** (2.32)
POP	-	-	0.002 (1.12)
Adj R^2	0.0732	0.3242	0.2179
N	97	97	113

Asterisks denote significance levels: *=10%, **=5%, ***=1% (p values in parentheses)

Table 3 gives a result of testing the hypothesis 3 questioning whether there is difference in effects of the U.S. hegemony on economic growth in two different regions, especially the MENA and East Asia. In order to estimate the effects of the regions, two interaction variables such as TradewithUS*MENA and TradewithUS*EastAsia are included in Model 1 and Model 2 respectively. In Model 1, Export/GDP and HDI remain significant positively. While TradewithUS has significant effects on the probability of economic growth positively at the level of 1%, TradewithUS*MENA is significantly negative at the level of 5%. In other words, while an increase in TradewithUS, US influence, increases economic growth in the rest regions in the world, an increase in TradewithUS decreases economic growth in the MENA. It is interesting to see the negative effects of the U.S, hegemony on economic performance in the MENA. The result reinforces the hypothesis of the paper that the U.S. hegemony driven from geopolitical situations has contributed to the poor economy in the MENA. Model2 shows the case of the effect of the U.S. influence on economic growth in East Asia by including the interaction term of TradewithUS*EastAsia. Export/GDP and HDI are still significantly positive. The results indicate while TradewithUS in East Asia is significantly positive at the level of 5%, Tradewith US in the other regions is insignificant. Economic success in East Asia is induced by the U.S. hegemonic motive based on its geo-strategic logic.

Table-3
Regressions on Economic Success of the US influence in two regions

Variable	Model 1	Model 2
TradewithUS	0.03***(3.46)	-0.01(-0.70)
TradewithUS*MENA	-0.22**(-2.08)	-
MENA	0.85*(1.54)	-
TradewithUS*EastAsia	-	0.05**(2.21)
EastAsia	-	0.82*(1.45)
Export/GDP(%)	1.26**(2.41)	1.80**(1.91)
FDI	-0.009(-1.22)	-0.005(-0.64)
Economic Freedom	-0.39(-1.45)	-0.33(-1.26)
HDI	2.76*(1.88)	2.85**(2.01)
Resource	-0.21(-0.63)	-0.08(-0.25)
Political Stability	-0.11(-0.49)	-0.22(-1.01)
Population	0.001(1.07)	0.001(0.45)
Adj R^2	0.2421	0.2640
N	113	113

Asterisks denote significance levels: *=10%, **=5%, ***=1% (p values in parentheses)

Conclusion

This paper is an attempt to account for the opposite economic performances in different regions, especially East Asia and the MENA. Rather than other factors including “flying-geese” model, developmental state, resource curse, and rentier statism, the paper focuses on the effect of the U.S. hegemony on economic performance in these two regions. The U.S. hegemony has not only affected the East Asian successful economies, but also the MENA’s dismal economic performance. Geopolitical circumstances played a significant role by providing the condition for the U.S. hegemony to have its own motives of affecting economic performance in two different regions. Within the different geopolitical texts, the U.S. hegemony has had the adverse effects on economic performances in two regions. Under the threat from communist groups created by geopolitical situation since World War II in East Asia, the U.S. hegemonic power has generated the environment of intensifying the East Asia’s state-led development policies and extending regional trade in the region. Energy security and containment of the regional power provide the U.S. hegemon’s rationale for affecting economic performance in the MENA. The United States had influenced on the Middle East economy by supporting authoritarian regimes, and sanctioning the unfriendly regional power in a struggle with the U.S. interests in the region. On the ground of this geopolitical reason perceived by the U.S. hegemony, the prosperous economy of the MENA was not an appropriate outcome.

This paper also presents empirical estimates of the effect of the U.S. hegemony on the possibility of economic success in the world, using the OLS model which is cross-sectional of 113 countries data in 2009. The research hypotheses are divided into three categories as follows: i The first hypothesis is that the U.S. influence has a positive effect on economic success to all countries in the world. ii The second hypothesis is that resource is a significant factor for economic success without the U.S. influence. iii. The third hypothesis is there is a difference of the effects of the U.S. influence between the MENA and East Asia. According to the results of testing three hypotheses, economic success of all other countries in the world significantly depends on Trade with the U.S. which represents the U.S. hegemony. While an increase in the U.S. hegemony (TradewithUS) increases economic growth in the rest regions in the world, an increase in TradewithUS decreases economic growth in the MENA. The effect of Resource is quite complicated since it depends conditionally. When there is the U.S. hegemony (TradewithUS), Resource is not significant. However, when there are institutional factors, Resource can affect economic performance significantly even with the existence of the U.S. hegemony.

The results confirm my argument that the motive of the U.S. hegemony designs to have its effect on economic performance changes. The U.S. hegemony has helped East Asian countries to pursue their economic success while it has acted as a hinder to economic growth in the MENA. The decision whether to propel economic growth or to hinder economic success is in accordance with the U.S. benefits based on the regional geopolitical situation. The U.S. hegemony’s effect on economic success in East Asia and its counter-effect on economic failure in the MENA can be one of the most interesting factors in the comparative study on political economy. Further investigation on the relationship between the U.S. hegemony and economic growth in Asia would help us understand how the U.S. power has affected many Asian countries in the world and reshaped political economy in the contemporary world.

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