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Hegemony and international alignment

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KIEL WORKING PAPER

Hegemony and International Alignment



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ABSTRACT

HEGEMONY AND INTERNATIONAL ALIGNMENT

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This article explores the interplay between economic hegemony and political alignment. Using theoretical and empirical insights from Broner et al. (2024), we posit that hegemonic states, such as the U.S., foster political alignment, which enhances globalization. We use UN voting data to proxy for international alignment and show that hegemons induce alignment. This data has shortcomings, however. UN voting only covers the post-WWII period, refers to a narrow set of issues, and displays little time variation. As for military alliances, they were not widely used before the mid-20th century. We propose an alternative measure of alignment based on international treaties.

Keywords: Hegemon, globalization, trade integration, international treaties, alignment, cooperation, multipolar world

JEL classification: F4, F1, F3, P00

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Modern history has seen two main waves of globalisation: the first era of trade and financial globalisation in the late 19th century, and the second in recent decades. It is striking that both episodes took place in the shadow of a dominant, hegemonic power — Britain then and the United States now. More recently, however, the rise of China and growing geopolitical tensions have raised concerns about the potential fragmentation of the world economy.

These observations raise a number of questions. What, if any, is the relationship between the presence of a hegemon and globalization? Does the transition from a unipolar to a multipolar world strengthen or weaken globalization? And, depending on the answer, who gains and loses from this transition?

In this short piece, we discuss some of these questions in light of the recent work of Broner et al. (2024), who develop a theory of hegemonic globalization. Here, we use standard datasets on UN voting and military alliances and provide preliminary empirical support for one of the theory’s main predictions: great powers appear to induce political alignment. We acknowledge, however, that these existing measures of alignment are imperfect. and discuss some of their limitations. We conclude by proposing the use of bilateral and multilateral treaties as a richer and more encompassing measure of alignment as described in Broner et al. (2024).

1 The argument: Economic hegemony and political alignment

Broner et al. (2024) propose a theoretical model in which hegemons play the role of a coordination device, generating alignment among nations and increasing trade and financial integration.

The model hinges on two key features. First, countries are heterogeneous in their preferences regarding political and regulatory actions, which could include the type of government (democracy vs. autocracy), the rule of law (including international law), industry standards and regulations, human rights records, and the choice of currency, among others. Second, the gains from trade between any two countries is increasing in the similarity of their actions. This

captures well-established empirical regularities. For instance, democracies trade more with one another (Yu, 2010), the adoption of harmonized standards increase trade (Schmidt and Steingress, 2022), and the adoption of a common currencies is associated with higher trade (Rose, 2000). In equilibrium, similar countries adopt more similar actions and they thus trade more with one another, which is consistent with the evidence of Guiso et al. (2009).

In the model, the presence of a hegemon – defined as a large economy – prompts alignment in actions and thus the emergence of a common global “order”. The idea is simple: all else equal, each country in the world has an incentive to align its actions with those of the hegemon to benefit from the higher gains from trade. In this sense, the hegemon fosters globalization. However, not all countries benefit from it: This is because countries that have different preferences from those of the hegemon find it costly to align themselves with the ensuing order. The model also sheds light on the effects of transitioning to a multipolar world, which may strengthen or weaken globalization depending on whether the preferences of the rising hegemon are similar to or different from those of the incumbent hegemon.

The implications of the model resonate well with the traditional “hegemonic stability” theory of Kindleberger (1973) and others, which stated that an integrated global economy required a hegemon to function properly. Despite its influence, this literature remained largely descriptive. Political scientists have of course noted the role of hegemons in fostering alignment, although they have focused predominantly on military threats and balance of power as core drivers of alliance formation and alignment (Jervis, 1978; Waltz, 1979; Walt, 1985).

The theory is also closely related to a number of recent contributions in economics, in which economic forces are key drivers of international alignment and influence, such as Camboni and Porcellacchia (2024), Clayton et al. (2023, 2024), and in particular Kleinman et al. (2024). While we stress the role of hegemons in fostering alignment and globalization, Clayton et al. (2023) focus on countries’ use of market power to coerce others to attain economic or geopolitical objectives. Perhaps the paper that is closest to ours is Kleinman et al. (2024), who argue that as countries become more economically dependent on a trade partner, they realign politically

toward that trade partner. Our theory also implies a positive correlation between alignment and trade, but it has a number of distinct implications. Two central ones are that hegemons foster alignment and that, by doing so, they lead to the formation of trade blocs: namely, countries that align themselves with the hegemon do not just increase their bilateral trade with the hegemon but also with other countries that align themselves with the hegemon.

2 Hegemons and alignment: UN voting data

The theory outlined above has two key implications: hegemons generate alignment, and alignment generates trade. Assessing the empirical relevance of the theory therefore requires having a measure of alignment. Perhaps the most common such measure in the literature is joint voting in the UN General Assembly, which begins in 1946. In particular, most researchers now use the “ideal point” measure by Bailey et al. (2017), which “reflects state positions toward the US-led liberal order” on a scale from +3 (full alignment) to -3 (least alignment).

Several papers have already shown that alignment in UN voting is positively and significantly correlated with trade (most recently Gopinath et al., 2025). Thus, we focus here on the first implication of the theory, namely that hegemons generate alignment.

Consider a specific event of recent history: the dissolution of the Soviet Union. Through the lens of the theory, it can be interpreted as the collapse of a hegemon with very different preferences from those of the US. In equilibrium, therefore, we should observe a realignment of countries towards the US. Figure 1 shows that this is indeed what appears to have happened in Eastern Europe, where countries’ US-orientation increased sharply after 1990.

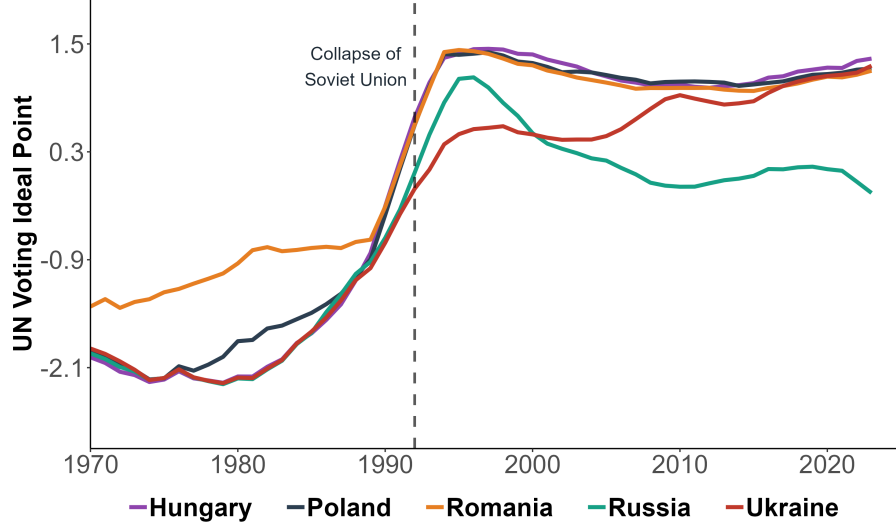


Figure 1: Eastern Europe Realigns Towards the US

Going beyond this specific episode, we next study more systematically whether countries' alignment with an hegemon is increasing in the hegemon's power. We focus on on the US (1947-2020) and China (1970-2020) using ideal points and co-voting (share of UN voting overlap) as dependent variables. As a measure of hegemonic power we include the hegemon's Global Power Index (GPI) value as measured by Moyer et al. (2024). This index measures a country's relative global power on a scale from 0 (no global power) to 100 (complete global power) by combining 21 economic, demographic, and military indicators. We use trend GPI, constructed using an HP filter with smoothing parameter 6.25. We also control for the hegemon's share of world GDP and for the country's exports to the hegemon. The data is obtained from TRADHIST (Fouquin and Hugot, 2016), Direction of Trade Statistics (IMF) and World Bank data. All values are averaged in 5-year intervals.

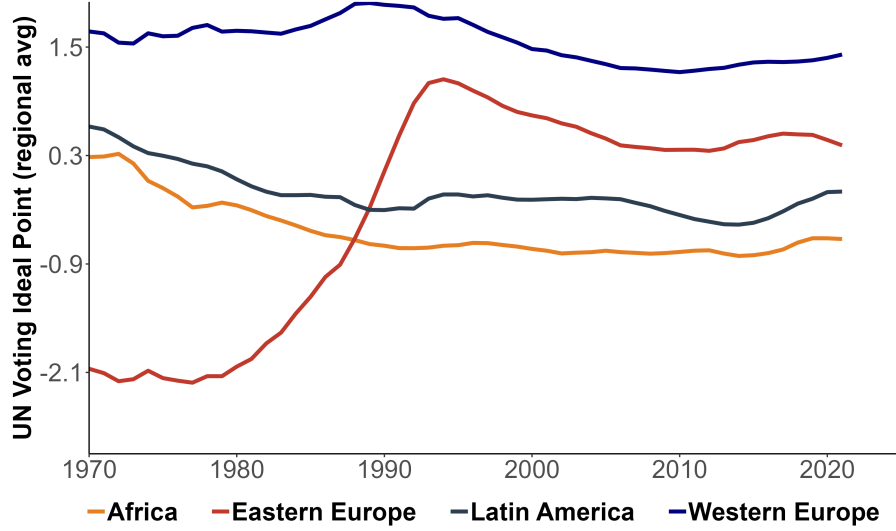


Figure 2: Alignment Towards the US by World Region

Table 1 shows the regression results. A country's alignment with the US appears to be strongly correlated with the economic and political power of the US, even after controlling for the country's exports to the US. This is reflected in the positive coefficients on co-voting and ideal point index. Similar results hold regarding alignment with China, as reflected in the positive and negative coefficients on co-voting and ideal point index, respectively.

Table 1: Hegemonic Power Correlates with Political Alignment (UN voting)

	US Power and UN Voting (5 year avg)		Chinese Power and UN Voting (5 year avg)	
	Co-Voting (1)	IdealPointIndex (2)	Co-Voting (3)	IdealPointIndex (4)
US Power (GPI trend)	0.706*** (0.141)	0.032*** (0.007)		
US GDP (% of global GDP)	1.236*** (0.101)	0.007 (0.005)		
Country Exports to US (% of country GDP)	-0.069 (0.081)	0.005*** (0.002)		
China Power (GPI trend)			2.459*** (0.256)	-0.111*** (0.019)
China GDP (% of global GDP)			-2.525*** (0.213)	0.073*** (0.016)
Country Exports to China (% of country GDP)			0.106*** (0.037)	0.001 (0.005)
Observations	1950	1947	1542	1542
R^2	0.601	0.695	0.853	0.788
Country FE	yes	yes	yes	yes

Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Despite these interesting patterns, the use of UN voting to measure alignment has important shortcomings (see also Alker, 1964). First, it has limited time coverage as it starts only after WW2. Second, UN votes are a narrow proxy of state relations because they capture country preferences on “global issues”, on which there tends to be considerable agreement even among countries in dispute, such as Pakistan and India (Voeten, 2012). For instance, about a third of all UN votes concern the Israel-Palestine conflict. Third, there is surprisingly little time-variation. This is evident in Figure 2, which shows the evolution of ideal points by world regions (GDP weighted, using GDP data from the World Bank). Besides Eastern Europe, there is no significant change in US-alignment throughout the 50-year sample - not even around 1990. Finally, a closer look at voting data reveals somewhat suspect patterns: starting already in the 1960s, for instance, more countries have been co-voting with China than with the US, including some of the closest US-allies Alker1964.

3 Hegemons and alignment: Military alliances

A second widely used proxy of alignment - military agreements - is available for a much longer period of time. The ATOP dataset by Leeds et al. (2002), covers 789 military agreements from 1815 to 2018 including defensive, offensive, nonaggression and neutrality agreements.

Figure 3 uses ATOP data to show the rise of military agreements with the US after WW2. By the 1960s about half of independent countries in the world had formal military treaties with the United States and the figure is still above 30 percent today.

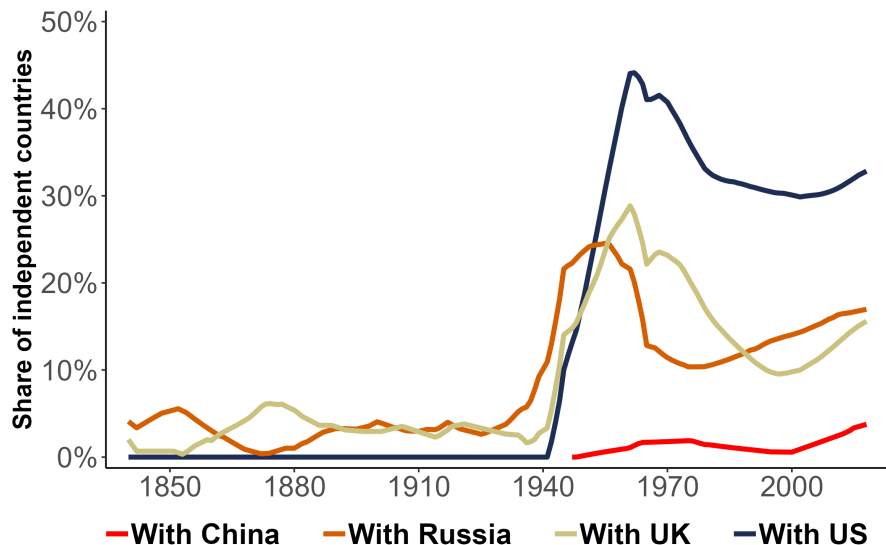


Figure 3: Military treaties with hegemons

While fascinating, Figure 3 also highlights the problems of using military alliances as a proxy of international alignment. The dominance of the British Empire, for example, is not properly captured by this data, as Britain in the 19th century formed few military alliances, focusing instead on naval and economic diplomacy. Similar issues arise for China today. Since 2001, China has signed several new military agreements through the Shanghai Cooperation Organization, but it has been far more active in building economic linkages, also as part of its global Belt and Road Initiative.

4 A new measure of alignment: International treaties

Broner et al. (2024) develops an alternative approach to measure alignment: international treaties, both between two sovereigns (bilateral) and among a group of countries (multilateral). Treaties have several important advantages compared to existing, narrower measures. First, they cover all dimensions of state-to-state relations, ranging from economic issues such as trade, finance, aid, or infrastructure to non-economic issues such as scientific and educational exchange, culture, asylum, or borders and security. Second, the data is available back 200 years, owing to the increased formalization of diplomacy in the late 18th century. Third, they

are available worldwide and show rich heterogeneity across countries, years, and topics.

Specifically, Broner et al. (2024) proposes to proxy alignment between countries with the number (and type) of treaties that they sign. To this end, it collects data on the universe of international treaties between 1800 and 2023, based on multi-national and country-specific treaty sources. The resulting *Global Treaty Database* includes approximately 78,000 bilateral and multilateral treaties between 1800 to 2020. The dataset offers a wealth of new possibilities for quantifying linkages and tracing cooperation between countries in history and today.

5 Conclusion

In line with the theory developed in Broner et al. (2024), the evidence suggests that hegemons play a pivotal role in shaping patterns of alignment. However, standard measures of alignment based on UN voting and military alliances have important shortcomings. In Broner et al. (2024) we propose an alternative measure based on a new historical dataset of international treaties.

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