

# Book Review: The Reckoning: Debt, Democracy and the Future of American Power

by Blog Admin

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*The age of American global dominance is ending. In recent years, risky economic and foreign policies have steadily eroded the power structure in place since the Cold War. And now, staggering under a huge burden of debt, the country must make some tough choices—or watch its creditors walk away. In **The Reckoning**, Michael Moran explores how a variety of forces are converging to challenge U.S. leadership. Maria Kuecken recommends this ambitious book, with its comprehensive assessment of the evolving position of the United States in the world.*



**The Reckoning: Debt, Democracy and the Future of American Power. Michael Moran. Palgrave Macmillan. May 2012.**

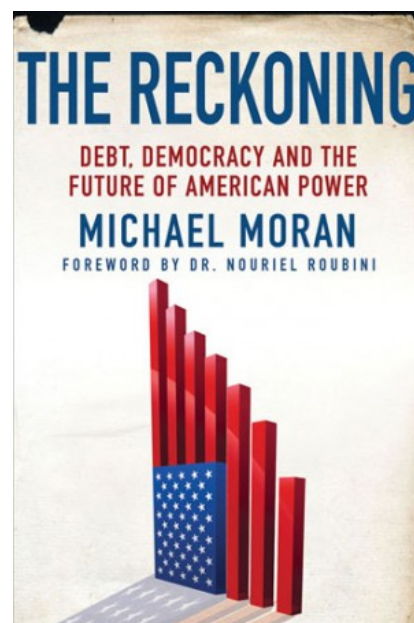
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Nowadays, things aren't looking rosy in America. Domestically, the US faces a host of problems. Economic woes are front and centre as politicians of all stripes clash over how best to boost employment and reduce debt, all the more clamorous in the run-up to the November presidential election. But the economy is not the only thing to worry about. If the recent bout of anti-American violence across the Muslim world is any indicator, public opinion of the US in large swaths of the global community is shaky. Rising powers like China, India, and Brazil are exerting increased influence. The America-as-superpower status quo is on the way out.

So whose fault is this decline? According to journalist and self-described "historian by temperament" Michael Moran, no one escapes blame as he takes down Republicans and Democrats alike. Moran, widely published and seasoned in international affairs, has ample geopolitical experience and research with which to construct an analysis of the US in both a domestic and international context. In *The Reckoning*, he paints a picture of an America up against a "crisis of capabilities and self-knowledge."

On the home front, the American economy needs a helping hand. However, Moran emphasizes that this is not going to happen if the choice to revive the economy lies between "hyperausterity without revenue increases" and "megastimulus without fiscal reform." Many economists, including Nouriel Roubini, Robert J. Schiller, and Joseph Stiglitz, argue that a medium-term mix of policies is necessary—something that most myopic, staunchly divided politicians ignore in the election fervour. Deleveraging is also a major issue. On a macroeconomic scale, such high debt (about a third of which is held by foreign sources) reduces credibility and limits flexibility against potential economic shocks.

And then there's the rest of the world, in which the US faces a reputation worsened by its flailing economic leadership and the aftermath of its recent military interventions, the Iraq War in particular. Moran highlights the proliferation of information technology as a mechanism that will further diminish US influence, arguing (albeit somewhat overzealously) that "nothing...has empowered individual people like the mass availability of Internet-capable cell phones and laptops" and pointing to the overthrows in Tunisia and Egypt by way of an example. He goes on to lambast the US for stubbornly adhering to outdated strategies to engage with a



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changing Middle East, particularly its reluctance to change Israel's expectations about American support. Furthermore, legislators scapegoat China when the real focus should be on global imbalances in such things as savings rates as well as areas in which America has the advantage, like innovation.

Lest the heap of obstacles completely overwhelm the reader, "it would be foolish not to be optimistic about America." The US isn't so out of touch that it is veering hopelessly for disaster. It would be remiss to ignore the many important qualities—international trade being denominated in US dollars, research excellence that spurs innovation, etc.—that make America capable of weathering major shifts in global dynamics. And indeed, some positive steps to improve US standing have already been taken, such as legislative changes to Medicare and Social Security—indeed, Moran admits that "Democrats currently come closer to a rational diagnosis of America's problems" than their conservative counterparts. Though the majority of the book is prescriptive, Moran also offers some advice on achieving the "right balance" of policies to help to ease the transition from US hegemony.

Domestically, Moran advocates a fiscal policy that will, in the short-run, boost national investment to spur growth, and initiate intelligently-designed austerity measures only once this growth appears sustainable. He argues that America needs to act aggressively to restore ratings and credibility in US regulators, reigning in the financial sector even via prosecution. While the government and households should deleverage, there should also be an overhaul of the US tax code to relieve burdens on the middle class while encouraging corporate investments to flow back into the economy.

As for foreign policy, Moran counsels the US to exercise some "tough love," shifting security priorities to enable regional powers as well as allies to fend for themselves without assurances of American intervention—for example, rebranding the US so as not to be seen as having unilateral responsibility for stability in the Middle East. This would coincide with a restructuring of the military so that it could remain powerful but more fiscally sustainable. Whipping the Security Council into shape by removing the infamous veto could help, too.

Evidently, this book is ambitious. But it makes good on its mission—providing a straightforward, comprehensive, and (most importantly) bi-partisan assessment of the evolving position of the United States in the world. It is accessible and easy to follow, providing context for those without strong backgrounds in history. At times, its broad aim glosses over historical nuances and alternative explanations. However, Moran's wide coverage of both domestic and international issues can appeal to Americans and non-Americans alike. In spite of policy advice, the question remaining in this hour of change is if "the United States learned the lessons of the past decade or will denial prevail?"

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**Maria Kuecken** is a Ph.D. candidate in Economics at the Paris School of Economics—Paris I Pantheon-Sorbonne University. Specializing in development economics, her research focuses on the determinants of educational quality in developing countries. She has blogged on a variety of development issues for the European Journalism Centre, worked on educational projects in Rwanda, and interned in the Health Division of the Organisation for Economic Co-operation and Development. [Read more reviews by Maria.](#)

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