This article explains the nature of America’s unique inadvertent empire, and the prospects of maintaining or losing America’s hegemonic position. It argues that this empire consists largely of states whose Liberal institutions provide a stable constitutional order at home, and which interact via a network of international economic, judicial, and military institutions. The rule-based decision making in these international institutions facilitates growth, enhances security, and lowers the costs to the United States of wielding influence and managing its unique empire. The paper suggests that during the post-WWII era, American leaders displayed remarkable skill at using U.S. hegemony in ways that promoted its durability and yielded positive results. Since the 1990s, however, and particularly since 2002, this trend has reversed as American leaders belittled international organizations and increasingly indulged a counterproductive, unilateralist inclination. It also argues that the invasion of Iraq is the ultimate, most graphic display of how not to use American hegemony, and that consequently, this war will likely go down as the greatest strategic mistake in American history.