Expectations, Shifting Tides, and Asian Power Cycles: Implications for the Emerging World Order*

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"Uncertainty is the watchword of contemporary world politics. In the last decade of the century as in the first, the international system confronts transformation. During bipolarity and the Cold War, the markers for strategic policy were clear, containment worked, and Soviet expansion turned inward upon itself, feeding reform. But what are the guides for policy now? What is the threat? Is the Soviet Union acquiescing in decline with diminished foreign policy ambitions? Or is the Kremlin merely throwing out ballast in preparation for a new surge of growth in power and influence? Is Japan perhaps growing too fast, threatening its own, as well as the system's ability to adjust when its ebullience suddenly bumps against the limits of relative power growth? How are China's awkward surges to be explained and to be assimilated? How far and how fast will Europe coalesce under the strains of structural adjustment occurring inside and outside West and East? Might the Cold War return? Clearly, the uncertainties of systems transformation are not the ordinary kind, but monumental structural uncertainties that reach deep into the core of cherished ideological preferences and domestic policy.

"With systems change comes new hope but also new fear...."

Taken from the Preface of my new book from Cambridge University Press, *Systems in Crisis: New Imperatives of High Politics at Century's End* (appearing July 1991), these remarks address the concerns of this conference from the perspective of "power cycle analysis." Power cycle analysis is dynamic, assessing the process of relative power change. It is holistic, encompassing state and system in a single historical dynamic and thereby capturing the "shifting tides of history" that are absent from other concepts and yet have been most traumatic. It is behavioral, showing how role expectations are tied to change on the state power cycle. It is a key for probing the unique international political perspective of statecraft.

The power cycle paradigm thereby unifies, simplifies, clarifies, and corrects. It shows that rise and decline are not so simple. Indeed, relative power change is sometimes insidiously counterintuitive: the "shifting tides of history" are structural undercurrents that can counter even the

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* Prepared for the international conference on "The Post-Cold War World Order," organized by the Institute of Social Sciences at Seoul National University, March 22, 1991, Seoul, Korea.

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strongest tides of change in absolute power. The points of shock and surprise that correspond in the state's experience to "shifting tides of history" are the so-called "critical points" on the power cycle where the prior trend of relative power change — and hence the prior trend of future foreign policy expectation — suddenly undergoes an inversion.(1) Power cycle theory shows that relative power cannot be understood outside the context of the full relative power dynamic.(2) Most seriously, incomplete understanding of relative power supports dangerous fantasies regarding future power and role.

In this regard, the most seriously misunderstood power cycle today is that of Japan. Paul Kennedy's erroneous assessment of the power cycles of both Germany (1984, 1988) and Japan (1988) reveals a fundamental conceptual confusion about the dynamic of relative power. Kennedy's analysis is in fact sensitive only to the shifting tides of *absolute* power change. As noted above, even though a state is riding with those shifting tides of absolute change, undercurrents within this same matrix of structural change may be pulling the state in another direction on its *relative* power trajectory.

In absolute terms, the tides of history most certainly have shifted to the Pacific region. Dynamic growth will continue. But that does not mean that all Asian power cycles will continue to rise. As Young-Kwan Yoon (1990) observed in a footnote of a recent article in *World Politics,* I have argued (1983a) that the periodicity of state power cycles is shorter today than in the past. One must ask: What underlies this shortened periodicity? Likewise, as Richard Rosecrance (1991) footnoted in another recent article in *World Politics,* my empirical study showed that Japan passed through the "first inflection point" on its power cycle in the late 1960's. One must ask: What does this imply regarding the present stage of Japanese growth on its power cycle, and about the hidden undercurrents that create the shifting tides of relative power change? Probing the complexities of the power cycle will eliminate many confusions and errors

(1) The critical points in the relative power dynamic are the lower and upper turning points and the two inflection points.

(2) The principles of the power cycle (changing systems structure) were first presented in Doran (1971), related to power-role equilibrium in Doran (1972, 1974, 1976, 1980, 1989a), empirically tested in Doran and Parsons (1980), and further explored in Doran (1983a, b, 1985, 1989b). Simulations depict the power cycle "thought experiments" in Doran (1990a, 1990b, 1991). Formal mathematical statements and proofs are in Doran (1991).

confounding analysis of structural change — and policy decisions.

In the space of this paper, we can explore only a few of the complexities of structural change illuminated by power cycle analysis. Once understood, the power cycle paradigm can provide a useful foundation for assessing the monumental structural changes confronting international relations, and international political economy, today.

Contrasting Views of Authority and Order within International Politics and International Political Economy

1. Pluralism and balance, versus hegemonic conceptions of authority, as the principal attribute of decentralized nation-state systems

A struggle to maintain the pluralistic, decentralized nature of authority within the international system has been the principal preoccupation of high politics since the origin of the modern system. That has been its leitmotif, its purpose of being. While for the individual statesman the primary objective was territorial security and peace (absence of major war), for the system of states as a whole the objective was preservation of the *decentralized* character of that system. This struggle to preserve pluralism is manifested in the political and economic activity of states. But the great military cataclysms of history have revealed the struggle most poignantly. In every case, piuralism and balance have prevailed over attempted hegemony.

Curiously, this most fundamental and pervasive aspect of international political behavior has been obscured in the recent literature, supplanted by a hegemonic view of authority and order maintenance. While the hegemonic view undoubtedly has many intellectual ancestors, the writings of British historian E. H. Carr (1949) before and immmediately after World War II have left as legacy that unfortunate, perhaps unintended broader interpretation of history: "The working hypothesis of an international order was created by a superior power. ... The British fleet is no longer strong enough to prevent war..." (p. 232). Carr made the curious, somewhat ethnocentric, assumption that the British navy was responsible for creating world order in the 19th century. Like colonialists of the age, he perpetrated the view of Pax Britannica and tried mistakenly to extend it to the affairs of the central system. So applied to the central system, this

view has been projected forward and, in the mid-20th century, has become that of Pax Americana. But that view is wrong. Never in history has a dominant power been singly responsible for establishing regimes or maintaining world order.

In the 19th century, the system was a five-actor balance of power system among Britain, France, Russia, Prussia (Germany after 1871), and Austria-Hungary. Comparative equality among the states, absence of ideological difference, and alliance fiexibility were the chief attributes of the system. Britain was first among equals in terms of overall power, but this reality only reinforced the dynamics of the balance of power.

Britain was the principal maritime, trading state of the European system. It had a large navy but not much of an army. The Continental powers all had large armies but, until the end of the century, not one of them had a navy to match that of Britain. Thus the classical geopolitical distinction between the maritime, island states and the Continental land powers was very apt. Britain could not hope to influence events directly in military terms on the land-mass of Europe; the Continental powers had very little capability to influence politics in the colonial areas where Britain more than anyone else held sway. Britain sought "splendid isolation" which meant a policy of staying out of Continental politics and wars as much as possible. It sought to influence affairs on the Continent at the margin by shifting its weight carefully in coalitions to balance and preserve order without committing itself to military defense of any of the central-European territories.

Pluralism characterizes the mid-20th century system, just as much. Analysts are correct when they define that international system as essentially bi-polar. Its principal characteristic has been the presence of two states much more powerful than anyone else which, through most of the Cold War, have been opposed to each other. But balance again existed between the two poles. This balance did not much include third states since they could not make a significant difference in the military equation between the United States and the Soviet Union. Yet no one should doubt that a deterrent balance and an overall military balance has been chiefly descriptive of world order under bipolar tutelage. Nor should one doubt the pluralism of the Western alliance; indeed, the United States was a relative late-comer to the idea of a large multilateral alliance and was reluctant to make long-term military commitments to Europe's defense.

Does this mean that there was no difference in the overall power of the

United States and of the Soviet Union, and in the respective foci of that power? Of course not. The United States was the most powerful in economic terms and in military terms, certainly regarding its navy and air force, but possibly also in terms of its army and overall nuclear strike force, although this is more conjectural. But similarity of power position and polarity were more important than the power difference of the two states.

Again the maritime-land power dichotomy fits and explains much regarding the power focus of each superpower. As the great "island" state, the United States was most influential on the peripheries of the Eurasian land mass. Its navy and air force carried its influence to the "four corners" of the earth, just as the British navy had guaranteed Britain's trade routes and its links to its colonies or former colonies. Soviet power in the form of its army reinforced U.S. presence in Europe and Asia, where no event could occur without Soviet and U.S. factors influencing the outcome.

On the principal matters of world order, the United States was always extremely wary of the enormous weight of the Soviet Union. In Eastern Europe, for example, or in South-East Asia, the United States was fully cognizant of the military might of the Soviet Union. No unilateral military hegemony ever existed in the period prior to 1991. And even in the hour of internal economic and political reform and corresponding internal weakness, the Soviet Union was always the principal "other" in the international system, always capable of vetoing a matter of high politics or of making that event possible by positive support or benign indifference. The United States did not arbitrate alone.

Moreover, the United States was the leader within major alliance systems characterized by the voluntary nature of their participation. It did not, as Joseph Nye (1988, 1990) observes, exercise hegemony over its allies. The North Atlantic Treaty Organization was not the Warsaw Pact. The chief, all-important difference in the way authority was implemented by the United States was that the members of NATO were most concerned that the United States *would* pull out, whereas the members of the Warsaw Pact were most concerned that the Soviet Union *would not.* Yet, in a general sense, although the Soviet Union did create a coercive empire in Eastern Europe, even the Soviet Union did not establish far-reaching hegemony world-wide.

But did the United States have an hegemony of a political economy

sort? If such economic hegemony existed, it surely did not go much beyond trade or links with territories on which its multinational corporations operated (Gilpin, 1975), and then only in a very partial fashion. Moreover, in the trade and economic sphere, the United States, perhaps because of its own internal ideology of democracy, and because its initial power disparity in 1945 did not require further dominance, surely did not seek to establish hegemony. Indeed, its leadership was positive. It rebuilt Europe and Japan. It sought to reestablish the prosperity and stability of the international trading system. It helped to create institutions and a trading regime that were so benign that ultimately they could be used to some extent against the United States. The European Community that emerged with an America blessing became a powerful economic rival. Japan, South Korea, and Taiwan — all of whom benefitted from access to the American market, and a positive American attitude toward trade with them — could become significant economic challenges. Despite its leadership, the United States did not attempt to devise (with the assistance of others) a trading system in which American hegemony and control was to dominate world economic relations to the comparative disadvantage of trading partners. Its Western trading partners surely benefitted as much as the United States did.

In short, in each modern state system, pluralism and balance was to vie with hegemony for the definition of process and structural outcomes. In terms of international political matters involving high politics, pluralism and balance always won. No single state was capable of dominating the system, although in the modern period there were five attempts to impose hegemonic will by force: France tried twice, Germany tried twice, and Japan made one attempt. Neither the United States nor the Soviet Union dominated politics after 1945, although through their interaction and more often opposition, the bulk of international political behavior, especially in the center of the system, and around the most ernest matters of nuclear deterrence, could be determined. Authority has always been decentralized and shared. Therefore the system itself remained decentralized, and vice-versa.

The upshot is that visions of Pax Americana are as mythological as were attributions of Pax Britannica in some quarters historically. Expectations that a single power could dominate the international system, write its rules, and control its general stability were mistaken. Such expecta-

tions disappointed proponents and misguided potential aspirants.(3)

What about the post-Cold War system? Those who believe today that the United States is alone at the helm of world politics, merely because it is able to concert eighteen nations to force a delinquent Iraq to withdraw from occupied territory, do not fully understand the underlying arrangements of bargain and of financial promise that have made such a coalition possible. Moreover, admirable and necessary as is the maintenance of world order vis-a-vis a country of 18 million people, the maintenance of world order in the central system against the likes of the huge continental and technologically sophisticated states is quite a different matter. Balance and pluralism is the only way that world order can be preserved in the central system, not Pax Americana, or any other unilateral Paxes, emerging out of hegemonic vision. While this reality is important for Americans to understand, it is perhaps even more important for future systemic rivals contemporarily to see, so that they not delude themselves into believing that systems-wide hegemony is possible for any actor, past, present-day, or future.

In addition, the false image of hegemonic control in the central system has another very damaging impact on world order. It creates free-riders among groups of rising states, states capable of playing a larger role in economic, financial, political and order-maintenance activities but unwilling to do so because the United States seems to be carrying the burden without them. States that ought to do more instead do less. This self-interested policy actually works to the detriment of the free-rider, for free-riding causes power-role gaps. These same states dream of postponing their responsibility, if not of abdicating it totally. They also dream of far greater status and self-directed leadership in the future. But by postponing this political gratification, they exaggerate future expectations, and build up frustration internally about being left out of past opportunity for influence. This frustration and false expectation can then explode upon state and system at some future time, under the stress of re-oriented

(3) The hegemonic assumption of world order is based on conditions that arose *after the collapse of world order in massive world war.* It is an assumption arising out of the *failure* of peaceful change rather than out of successful peaceful change. Power cycle theory, which was derived from a study of the efforts by statesmen after each of those failures to develop a more viable order maintenance (Doran, 1971), asserts that the dilemma of peaceful change can have no resolution unless order maintenance is recognized as a shared responsibility. Only thereby can a just and stable equilibrium prevent a collapse into world war during systems transformation (Doran, 1991).

foreign policy outlook in the crisis of shifting tides at a critical point, where expectations of future relative power and role are suddenly countered by a new trend.

2. A liberal trade order versus hierarchic trade and commercial specialization as the mode of organization for the international trading system

Unprecedented growth and prosperity has accompanied the expansion of the international trading system since mid-century, guided more or less by the diffuse rules of the General Agreement on Tariffs and Trade and by a liberal trade regime. This regime was not without shortcomings. It allowed, but did not guarantee, that trade would be the engine of growth for individual countries. It permitted specialization according to comparative advantage, but did not assure that everyone would benefit. It facilitated the expansion of the multinational corporation, but provided very few rules of conduct. It saw the dismantling of tariffs and most quotas, but not the destruction of non-tariff barriers or the elimination of countervailing duties. But the shortcomings of this regime were outweighed by the benefits. It paralleled the de-centralization of the nation-state system in terms of authority and balance, with a de-centralized trading order in which smaller and less-industrialized countries could choose their own routes to development. Trade liberalization was led by the United States, but at no stage controlled by it.

Hierarchic trade and commercial specialization is now proposed by Japan as an alternative to the liberal trade order, especially for countries operating within the Japanese shpere. In brief, its principles seem to be (1) provisions of Japanese capital for the production of goods lower down on the scale of technological sophistication such as the Proton car in Malaysia, (2) management assistance and a limited transfer of technology in exchange for acceptance of a particular role of specialization defined by Japan, and (3) reservation of the leading edge of technologically sophisticated industry for Japan itself, where the value-added is likely to be highest but where the cost of innovation is also likely to be greatest. Thus this neo-mercantilist trading and commercial order is hierarchic and controlled from the top.

These principles suggest that, irrespective of its other peculiarities, the hierarchic trade and commercial order is likely to face a number of problems internationally, despite initial success spawned by the provision of

Japanese capital and management skills. First, once the countries receiving the investment have mastered the manufacturing tasks involved, they will want to control the operations themselves, creating tensions with the originators. Second, countries that have the industrial capacity will not want to limit themselves to the role of less-sophisticated technological industry. Third, outside production from third parties not within the Japanese sphere will compete and will fill niches otherwise assigned to certain countries within that sphere, thus affecting the comparative profitability of the enterprises in ways that have nothing to do with the countries' own industrial performance. If they had picked their own roles in a less regularized and external way, they probably could have done a lot better. Fourth, unpredictable political tensions may arise from such a highly centralized and hierarchic form of industrial and trade organization internationally.

Finally, the relationship between states and firms in a decentralized trading regime is sufficiently anarchic so that rigid lines of tension between producers and consumers and between exporters and importers do not form. But in a very centralized and hierarchic system, producer and exporting nations are clearly grouped together. Consumers and importers of manufactured goods are similarly isolated. Such a trading system is probably subject to greater tension and focussed conflict, especially for smaller members heretofore unidentified with major lines of strife, than the more decentralized and anarchic market relationships of the liberal trading regime.

The Asian Power Cycles and Regional Security

Where on its power cycle is the United States, and where do the principal Asian countries lie on theirs? What are the implications for stability, inside and outside the region, of movement on each of these changing trajectories of power and role?

For the United States in the decade of the 1990s, two facts stand out concerning relative power. First, the United States in terms of relative overall power is by a considerable margin the most powerful state in the system. This conclusion is reached by combining economic considerations with mailitary ones, and by combining the two principal underlying analytic dimensions of power, namely, size and wealth. No other country in the system could have led an eighteen nation coalition to reverse the brutal

aggression in Kuwait, especially with the minimal input of resources involved and at such minimal human cost incurred, because no other government is able to the same degree to draw upon both economic and military strength reciprocally in a fashion that sustains leadership. Nor is any other government waiting on the doorstep to replace the United States in its present role, a role that it neither sought, nor after the events of World War Two, continued to abdicate.

Second, the United States is probably slightly past the peak on its relative power curve. That peak was reached somewhere in the 1965 interval, as both empirical evidence and observations by policy makers at the time suggest. Thus the United States on this basis of assessment can be said to be in "nascent decline." But the analyst should recognize that movement on the power cycle of a great state is measured in decades, not years. About a century and three-quarters was required for the United States to go from entry into the international system to its zenith. Many decades will be required for significant slippage to occur, affected very much by the type of policies industrially, financially, and militarily that the United States adopts. Much depends also upon what kind of policies other governments select for themsleves and on behalf of systems-wide security. Those who imagine immediate slackening of relative power on both of the principal power dimensions are bound to be disappointed. Neither total determinism, nor total free will, marks movement on a nation's power cycle. Hence much room for uncertainty regarding forecasts awaits the unwary social scientist.

Some analysts attribute the American "peak" to the collapse of Japan and of Europe at the end of the Second World War. This collapse did elevate the peak of the cycle somewhat, although the war simply interrupted the movement on the power trajectories of Germany and Japan; it did not change the direction of the trajectories. The U.S. peak came not in 1945, but two decades later, further calling into question the collapse hypothesis. Finally, by taking into account a century and one-half or so of systemic experience, the true outline of the American power cycle becomes apparent, both that prior to the mid-twentieth century, and that subsequent to it.

Inability to bring together the policy implications of these two facts regarding the American power cycle — that is, the reality that the U.S. power is preeminent by a considerable margin, but also that it is in apparent nascent decline — has befuddled many foreign policy accounts,

beginning perhaps with the final chapter of Kennedy (1988). Until the concept of relative power is clearly understood, confusion will saturate discussion. But when the full dynamic of the power cycle is taken into account, there is no mystery about the findings. As conceptual error and press exaggeration yield to careful scholarship, an accurate estimate of the power and role of the United States emerges unambiguously. Likewise evident is room for an economic renaissance in the United States in manufacturing, a recovery that has already started.

Compared to the debate over American power, the discussion concerning changes in the relative power of the Asian countries is somewhat muted. Yet that debate is no less important. China, for example, is characterized by an upward movement of awkward surges. The annual variance around the trend line of its power cycle is very great. Enormous policy shifts and changes epitomized by the Great Leap Forward, the Cultural Revolution, the opening to the West under Deng, and then the post-Tiananmen Square withdrawal have marked Chinese entry into world politics since the Chinese Revolution. These vacillations seem inherent in the Chinese approach to modernization and are not symptomatic of the bureaucratic response to rapid change in power situation for all states. Still the outline of the Chinese power trajectory is clear. China remains a regional heavy-weight. It is in the first stage of its power cycle evolution, prior to the first inflection point, where the increase in the level of power, despite China's great population inertia, is highest. Impact on global politics is as minimal, in this stage, as its diplomatic and cultural impact on the Asian region is perhaps enduring.

Japan confounds many political analysts. Is Japan likely to become Number One as Ezra Vogel (1979) has contended, and as Shintaro Ishihara (1991) now asserts, or is Japan likely to follow some other trajectory in absolute (and hence relative) power? Even if Number One, will Japan's power cycle continue to rise? How will Japan's role track with its changing absolute and relative power? What are the economic implications for Japan's relationship with its neighbors as well as for its relations with the United States and Europe? Will Japan remain content with a coastal navy and a well-armed but circumscribed national defense force, or will Japan reach out beyond the Asian region, and more extensively throughout the region, in a fashion that matches military power with economic muscle?

In power cycle terms, Japan is at a well-identified stage past its first inflection point but below its upper turning point. Although its rate of

absolute growth is still very rapid (about 4 per cent per year for GNP), its rate of relative growth is falling off. Economists would describe this part of the curve as a period of "diminishing marginal returns" in relative growth. Power cycle analysis reveals internal and external reasons for this decline in relative growth rate. Internally, Japan's absolute growth rate, while still sizeable, is less than in earlier decades for a variety of reasons: an aging population whose productivity is slowing while its dependency cost is increasing; its industrial shift to services that have an inherently lower growth rate in terms of output; an increasing preference for consumption and leisure on the part of a much richer generation of workers; greater competition from the NICs for import substitution and for exports such as in automobiles and in electronics; and, far tougher penetration of advanced industrial markets where Japanese investors replace Japanese exporters but find that they must use the less efficient factors of production available in local markets world-wide. Externally, Japan is increasingly feeling the "bounds of the system" (limited percentage shares) which constrain *relative* power growth even as absolute growth continues unchanged.(4) Thus, Japan is in a phase of its development where confusion between very rapid absolute growth, and a declining relative rate of growth, is setting up conflicting sets of economic and foreign policy expectations within Japanese elites.

From the power cycle perspective, the key implications for regional security, and for structural change, are as follows. There is a fear in some quarters that in the aftermath of detente between the United States and the Soviet Union, and in the wake of imagined accelerated American decline, the United States either will not be able to continue its global role or will not desire to continue that role. Many assumptions transfuse this anxiety. But the essence of the fear is that a less great and direct threat from the Soviet Union will remove the urgency from the American global agenda.

In Asia the fear is that this American withdrawal will cause a restructuring of relationships among the big states. The one state whose role is clearly asymmetric to its present power is Japan. This means that Japan

(4) This fundamental aspect of relative power change (changing systems structure) lies at the heart of power cycle theory. It must not be confused with the logistic of absolute power growth (Gilpin, 1981, 1987). Understanding this distinction is necessary to resolve "puzzles of history" and to make the paradigm shift to the perspective of statecraft (Doran, 1991).

will either rush to expand its political and security presence within the region or will trigger some reorientation of coalitions within the region around China or the Soviet Union. The fear is that the room for maneuver of the smaller states, accustomed to the laissez faire policies of a global power that is external to the region and does not exact such accountability, is room that will soon diminish. Worse, from the view-point of the Asian NICs and ASEAN countries, the economics of close commercial dependence on Japan will merely reinforce the possibility of Japanese political and military dominance.

Some restructuring of roles is inevitable, indeed desirable, perhaps necessary. Gaps between power and role are invitations to major systemic instability in the future. Better that this restructuring occur gradually and with foresight than precipitously and coercively later. But as power cycle analysis reveals, massive transformation is not imminent. Even if one accepts at face value the vastly over-valued securities and assets of Japan, and compares them with those of North America and Europe, the Japanese GNP is about 60% the size of that of the United States. Moreover, as power cycle theory demonstrates, even assuming a continuation of existing trends in rate of absolute growth throughout the system, Japan's growth in relative share will increasingly counter the trend of its absolute growth and approach its peak. At the same time, the interdependence on almost every dimension of foreign policy behavior between Japan and the United States is extraordinary. No less, the interdependence between Korea, for example, and the United States, is profound and is an excellent deterrent to ill-considered restructuring, or attempts at forced restructuring, by any other big powers. Finally, Japan is likely to expend as much effort and as many resources on its global interests as on its regional ones, in part because it will recognize the counterproductive result of a too-visible regional presence, while the global reaction to an expanded Japanese presence is likely to be more benign.

Power cycle analysis also reveals, however, two impending shocks that the region and the international system as a whole must assimilate. At some point, in no way at present predictable, China will pass its first inflection point. This is the point where its current heady average growth in relative power will suddenly begin to dissipate. How China will react to this discovery is not predictable. Committed to a larger world presence and continued increase in welfare for its citizens, the adjustment to such abrupt change in its fortunes will not be easy.

Likewise, at some point in the future, not now predictable, Japan will experience its peaking in relative power — it will pass through the upper turning point on its own power cycle. This event will not go unnoticed inside Japan or outside it. As the tides of history shifted at their respective upper turning point, both France (Napoleonic wars) and Germany (First World War) have gone through convulsions that have been made manifest as world war. France (Louis XIV's wars) and Japan (Second World War) also succumbed to the trauma of the first inflection point on their power cycle. The United States, Korea, and other like-minded countries must ease the task of adjustment for Japan when it passes its upper turning point. No one should underestimate the difficulty all will experience in managing this movement through an upper turning point on the Japanese power cycle, *especially since policy-makers in Japan today are so ill-prepared to contemplate such a zenith.*

Finally, the last great structural legacy of Yalta must receive attention. Three areas of the globe were left with divided societies on the heels of the war because the peace could not resolve the territorial and power disputes other than through arbitrary and not very durable division. These became the trouble-spots of the ensuing years: East and West Germany; North and South Vietnam; and North and South Korea. Vietnam ended in unification under the North because the South was not strong enough as a society to resist this advance. Germany ended in unification under the West because of the bankruptcy of the communist form of government throughout Eastern Europe and because of the excessive cost to an over-extended Soviet Union of maintaining its East European empire. Korea has been a vast success story, and has strong friends, but the matter of Korean unity still looms.

Perhaps the German model will prevail. If, with the passing of Kim Il Sung, the younger technocrats in North Korea have their way, and the desire of the society to modernize quickly in emulation of the South carries weight, unification may eventuate despite its rather bleak immediate prospects. A united Korea would act as a balancer between Japan and China. External affiliation with a global power having no territorial ambitions in the area would continue to be essential for such a Korea. But a united Korea, rapidly entering the industrial ranks of nations, would be an important addition to the Asian balance of power.

On the other hand, if unification cannot emerge on terms acceptable to South Korea, and if bellicosity amplified on the part of the North, the

American nuclear presence will continue to remain necessary in the South and with it a complement of American troops. The cost of billeting and supplying these troops will increasingly have to be borne by the government of South Korea, however, as the American Congress will insist. There should be no ambiguity about this financial matter. Nor should anyone doubt what is at the core of all serious strategic discussion involving Korea.

North Korea and possibly other powerful neighbors are most impressed by the presence of nuclear weapons that receive the most political attention. But present defensive arrangements envision the nuclear presence in a package with American troops. If American troops were to leave, so would the nuclear weapons, if the weapons go, the American troops are probably less politically relevant, although militarily perhaps more needed. Should South Korea itself acquire nuclear weapons, in the aftermath of an American withdrawal, or in some other context, the entire political equation in Asia would change. Japan would find further nuclear self-abnegation difficult, notwithstanding its Constitution, the attitude of the Socialists, and pacifist tendencies in certain parts of the population. Should both Korea and Japan acquire nuclear weapons, China could not but adjust its own defenses in a fashion that would add further strain to the international setting. Thus for all concerned, the status quo looks most attractive. Yet structural change will march onward, and with it, a shuffling of foreign policy roles will occur that may inevitably touch upon these extremely sensitive matters of nuclearity.

In sum, from the strategic perspective, the great issues of the day as far as Korea is concerned are the adjustments China faces regarding a major long-term shift in its own growth prospects (first inflection point on its own power curve), how Japan copes with a peaking of its relative capability, whether unification emerges or does not, and what the ultimate disposition of nuclearity may be in the region. Good Korea-U.S. relations are never to be taken for granted, but neither are they to be agonized over. They will persist. Adjustments are in the offing with respect to trade and financial matters, but these will acquire a tone set as much by the success of multilateral trade outcomes in Geneva, for example, and by relations between the trading blocs, as by bilateral discussion. Yet Korea has moved from a "significance of insignificance" status to the status of "significant," and with this ascendance comes new opportunity and responsibility.

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