Peace, Prosperity, and Politics

EDITED BY

John Mueller
Introduction:
Prospects and Problems in the New Century

JOHN MUELLER AND ARTHUR A. STEIN

As we abandon the old century and enter a new one, it seems clear that there are at least four international developments that could have crucial consequences.

First, the leading countries confront no compelling or immediate major threats of a military sort; that is, there is little or no danger that anything resembling World War III will break out. The end of the Cold War transformed the distribution of global power with the collapse of the Soviet Union. Russia is smaller and less powerful than the Soviet Union was, and it doesn’t have the imperial control over Eastern Europe the Soviet Union had (though it does still possess much of the nuclear weapons capacity that some international relations theorists have seen to be determining of international structure). And arguments heard as recently as the early 1990s about the decline of U.S. power have been replaced by ones that characterize the United States as the sole remaining superpower and the international system as unipolar.

Second, the Cold War concluded with the demise of a dramatic ideological struggle in world affairs. As Fascism died in World War II, the end of the Cold War witnessed the collapse of state Communism. The result seems to constitute the triumph of liberalism—democracy and market capitalism—and the recognition of the failure of alternative economic and political systems. Currently at least, all the leading countries see the world in essentially the same way.
Third, and substantially in consequence of the first two developments, there has been an enormous expansion of international trade and of multinational economic interconnections. Of considerable potential importance, these interconnections in many cases supersede—and perhaps render obsolete—older relationships of a political sort. The Cold War, like hot war, disrupted the flows of capital, commerce, and people, and its collapse makes possible the creation of a truly global marketplace, one in which exchange leads to the most efficient allocation of resources.

And fourth, the prospects for growth and economic development are further enhanced by rapidly expanding technological improvements in communications and in information flows that facilitate economic and non-economic international interconnections, ones that substantially skirt standard political arrangements.

The combined effect of these developments is to transform world affairs. The security environment in which states operate seems radically to have changed, and this makes possible a reallocation of national effort from security to material concerns. Thus there is a reasonable prospect for an unparalleled era of prosperity and peace.

But less benign forces also persist. The collapse of the Soviet multinational empire has witnessed the rise in some places of ethnic conflict and has perhaps created new political space for such conflicts to flourish. In addition, it is possible that we are merely enduring a brief hiatus before a new challenge to the international order is launched, perhaps by China or Russia or by another emergent or resurgent state.

Some states thus face the prospect of a virtuous circle in which reduced threat stimulates greater prosperity which in turn heightens the degree of security and peace. Yet other states may confront a vicious cycle in which conflict and turmoil destroy wealth and reduce investment that in turn fosters still greater violence, and in which ethnic conflicts, religious feuds, and border wars may fill the vacuums left by the diminished role of the distant and distracted superpowers. Similarly, the positive prospects of the global economy are not yet, and may not soon be, available for all nations and all regions of the world. The result is that politics—political choice—remains important.

The new international condition poses problems for policymakers and scholars alike. Both now find a world quite different from that which they experienced during the Cold War. What often seemed to be the certainty of bipolarity, and of military and ideological superpower competition, has been replaced with a less anchored and perhaps more fluid environment. Moreover, the ability of states to control outcomes may grow weaker under the onslaught of global economic forces. Scholars face new challenges to the adequacy of their formulations for explaining the end of the old world and the beginning of the new one being born.
In this book, a group of political scientists, economists, and historians assess these important developments. Despite disciplinary and other differences, the authors are in broad agreement that important historical changes are occurring in the nature of international politics, and they agree about some of the ways to think about them. They differ in their perspectives and proffer different speculations about the new era and about the consequences and difficulties of the emergent relationship between politics and economics. They also vary in the degree to which they are optimistic or pessimistic about the way things appear to be going.

The Rosecrance Connection

This collection began with a call to colleagues, students, and friends of Richard Rosecrance to delineate the factors that will be central to world politics in the next century. The resulting essays were written in his honor, and, not surprisingly, they form a testament to themes that run through his work and to his intellectual contributions as an author, colleague, and teacher.

The essays deal with a variety of issues of history, of national security, and of political economy—areas with which Rosecrance has been concerned throughout his career. In particular, the essays focus on the need for a dynamic perspective, a recurrent theme in his work and a regular admonition to his colleagues and students. His first book, Action and Reaction in World Politics, looked at the changing role of domestic politics on international politics during the last two centuries. His The Rise of the Trading State focused on the changing relationship between commerce and conquest. And his new The Rise of the Virtual State extends the analysis into a new technological era. In various ways, the essays explore that analysis and its implications for the next century. In his contribution, Rosecrance himself pursues the analogy of states with firms and explores the implications for international politics.

Elements of Agreement and Disagreement

The contributors are drawn from different disciplines. Although the majority are political scientists, the authors include economists (Lal, Kayser, and Yardeni) and a historian (Schroeder). Most are academics, but they include one whose analysis is done predominantly in the private sector (Yardeni), and some of the academics have had extensive experience in international institutions (Lal at the World Bank) and in national government.

Notwithstanding the disparate subjects and approaches developed, the essays in this volume all discuss and describe a variety of ways in
which international politics is changing and assess forces whose consequence will be a much different international politics in the next century. This stands in marked contrast to the static nature of much theorizing in international relations where scholars often argue that, since it is unlikely that international anarchy will be replaced by world government, the only thing that can change is the distribution of power: The balance of power works in this century, it is claimed, and will work in the next century the way it has worked in prior centuries. This type of theorizing, static and synchronic, can be found in all the social sciences. Even when such scholars recognize that their propositions are temporally bounded or specific to some particular structure, they do not focus on what factors lead to change over time.

Many of the essays in the volume also forecast continued differentiation between, and specialization of, states. Rosecrance has long argued against the conventional realist view that all states, except for their relative power, are fundamentally alike in their international perspective. Instead, he has sought to apply the insights of trade theory and to see the international system as one in which states could exchange and specialize. In this view, states can adopt particular strategies and change their foreign policy emphases in their allocation of resources and effort, and can allow a division of labor to emerge between them. Interdependence can and has existed between states in the international system.\(^4\)

Many of the essays emphasize the importance of domestic politics for international cooperation and conflict.\(^5\) For some, the centrality of the provision of wealth to the domestic politics of modern states has spilled over into their international politics. Others argue that the absence of a domestic political alternative to market capitalism is a driving factor in international politics and that domestic politics remains central to foreign policy.

The contributors sometimes focus on different prospective motivating forces of historical change. Some emphasize the political, some the economic, and some the technological. Moreover, some point to the globalization of international politics while others stress its tendency to bifurcate the international arena.

Many of the essays envision greater opportunities for enhancing state power, wealth, and status in the altered international environment.\(^6\) And some suggest that prosperity and the continued pursuit of material wealth will likely by itself make for a more peaceful world. Indeed they emphasize that economic globalization is limiting the scope of the political, a development they find to be all to the good because the reduced ability of states to interfere in market transactions makes for the more efficient creation of wealth, something that limits and constrains political conflict and may reduce the prospects for war.
Others are more inclined to stress that peace and prosperity depend on politics. Historically, patterns of stability often seem to be determined by the political arrangements among the leading countries and by the conception of peace they happen to agree on. In addition, some argue that an international society has emerged in which states must necessarily justify and explain their actions. Central to a more pacific global order may be the existence of quasi-judicial international institutions that provide the social lubricant necessary in any society in which actors face exigent circumstances.

Some of the essays emphasize the development of ideas as the motor forces behind the economic policies that underlie globalization: The maturation of economics as a science has been a hallmark of the twentieth century and, by virtue of this science, policymakers now know what to do. For others, the twentieth century has been an era of economic experimentation that has left in its wake many failures and economic basket cases, and those states that have made the greatest strides are the ones that have learned and adopted the appropriate policies, a path that is open to others. Thus, the growth of economic science and the emergence of what may be a scholarly consensus about appropriate economic policies could be a progressive vision of intellectual growth and development. Or it could be a return to a more classical set of economic arguments after a century of failed experiments with alternatives to liberalism, a product not so much of intellectual advance as of painful learning.

Most of the essays seem to suggest that states will remain the central actors of world politics. Nevertheless, a number of the essays stress that the states of the next century will be different, and they see market forces as changing the nature of states as they increasingly become constrained by global economic and technological forces beyond their control. In some cases, states will opt, or be forced to opt, for international institutions and arrangements that will diminish their sovereignty.

There is also some disagreement about the implications of, and the continued prospects for, the depoliticization of markets. Some see the continued triumph of market capitalism and a reduced role for the state. Others voice misgivings about the consequences of a return to laissez-faire through globalization and about the instabilities of global capitalism. They are concerned about the social costs of rising inequality, domestically and internationally, and see the prospect of a world increasingly divided between the haves and the have-nots with attendant increases in domestic and international conflict.

Even more generally, some of the essays raise the possibility of a dangerous rift between the political and the economic. They ask, for example, how we can square an economically successful China with a politically dissatisfied one.
The authors thus disagree about whether international politics is witnessing increased globalization and integration or fragmentation and regionalization. Some of the essays suggest that the transformations that are occurring are systemic and global, and they argue that the growth of market exchange and the new communications revolution has impelled much of this process. Others emphasize that globalization, prosperity, and institutionalized international cooperation apply only to a subset of nations. The rich, advanced industrial nations are indeed interested in getting wealthy and now confront a quite benign security environment. Yet large parts of the world are economically backward, falling behind, and embroiled in a variety of intra- and interstate conflicts.

Indeed, it could be argued that Rosecrance’s delineation of a choice between commerce and conquest characterizes a bifurcation of the world and its politics. In one world, trading states exchange with one another in a secure environment while in the other states pursue territorial strategies and are embroiled in conflicts that preclude a choice of a trading strategy for them. A zone of peace and prosperity may come to prevail among the advanced societies, but this may fail, for reasons of structure or choice, to encompass the entire world in the medium-term future.

Finally, the papers vary in tone. Most are optimistic though some provide caveats and qualifications and express some pessimism. Most of the pessimists remain hopeful and most of the optimists remain cautious. Only a few are unabashedly triumphal.

Some see the future as technologically or economically determined, but most emphasize the role of political choice, and thus they stress possibilities rather than certainties. We now confront the prospect of a bright future, more prosperous and peaceful than the past century. But it will be accompanied by turmoil and conflict in many areas. And if those who emphasize politics are correct, a more prosperous and peaceful future remains a matter of choice. We retain the ability to foul it up, and we must attempt intelligently to manage the turbulence that remains.9

The Essays

The essays in this volume focus on the future, but are respectful of history and of the need for dynamic explanation.

Richard Rosecrance begins the discussion. Following the logic of the theory of international trade, he suggests that a new division of labor engendered by the process of market exchange is reshaping nations and their role in the world economy. It seems likely that countries, like firms, will increasingly come to specialize. Combined with new technological developments, this will lead to a situation in which the instruments available for combating or dissuading major military conflicts will be-
come far more numerous and powerful than in the past. Most importantly, Rosecrance argues that modern states are experiencing the same downsizing and flattening that firms are undergoing, with profound consequences for foreign policy and international stability.

Economist Deepak Lal argues that economic grief in the past has chiefly stemmed from the overruling of market forces by politicians. However, as the world market has expanded and become integrated, politicians are less able to interfere. Capital, including human capital, which is increasingly important, can simply pack up and leave and take the politicians' tax base with it. That is, bad economic policies can lead to an almost instantaneous reduction of a nation’s wealth and are accordingly readily punished. Partly as a result, the world may be returning to the classical liberal international order of the nineteenth century.

Political scientist John Mueller concludes that economists have now finally gotten on top of their subject so that the advice they render is more likely than not to be sound and that policymakers have, often reluctantly, become willing to accept that advice. The prospects for an unprecedented expansion of economic growth and well being accordingly seem high, although he argues that this development will not particularly enhance happiness, or at any rate professions of happiness.

Economist Edward Yardeni celebrates the ending of the fifty-year era embraced by World War II and the ensuing Cold War—a period he characterizes as an unprecedented trade barrier. With its eradication, the world market has been freed up and has massively expanded. Aided by quickly developing and massively improving new technologies, the world economy is in a good position to capitalize on these developments to the general benefit.

Lawyer and political scientist Alan Alexandroff assesses the blurring of national political sovereignty that must emerge as the world enters an era dominated by economics. As a prototype of things to come, he analyzes the relationship between the United States, Canada, and Mexico, in which a consensual, but politically controversial, economic rebalancing has led to a slow melting of sovereignty for all three states.

Economist Carl Kaysen reflects on the twentieth century and projects that we may be in for a half-century of peace and prosperity because of four ongoing transformations in the underlying forces shaping the world. These are changes in international political organization, changes in ideology (particularly the triumph of capitalism and democracy), changes in social organization toward a world society facilitated in part by improved communication technologies, and increasing sophistication of military technology and organization. At the same time he assesses some possibilities for breakdowns in this bright picture. Most plausible is the emergence of an aggressive and expansive China or Russia, but he
deems this unlikely on balance, in part because both countries are deeply dependent on international trade and investment. In all this, Kaysen holds, political choice will remain important.

Political scientist Joseph Grieco deals extensively with the atavistic—even economically irrational—way China sometimes has behaved in international affairs, and he compares this with the approaches taken by two major beneficiaries of the modern world order, Germany and Japan. He suggests China may show signs of territorial discontent because there has been so much turbulence in the relative capabilities of the countries of East Asia and because there is less regional social capital, or mutual trust, in the area.

Political scientist Ronald Rogowski voices misgivings about some aspects of international economic developments. As the world economy comes more and more to depend on the effective development and efficient use of human capital, there will be great benefit for many, but he anticipates that this process will also lead to an economic divergence of nations and regions. He sees immigration, particularly of the most able, from backward regions and a heightened welfare cost to political failure (caused by an underinvestment in human capital) even as great social benefits accrue to those areas well governed. This could lead to an increasing division between wealthy democracies and impoverished non-democracies and to military turmoil in what used to be known as the Third World.

Political scientist Michael Brown focuses on the last of these problems: internal and communal conflict. However economically irrational they may often be, such conflicts remain the most pervasive—indeed, almost the only—form of armed violence in the world. At times, he argues, these can have important and problematic implications—economic and otherwise—for the wealthy leading countries. He assesses policies those countries might apply to deal with the turmoil, and he also considers the effects of economic development—or the lack thereof—in causing or exacerbating such conflicts.

Political scientist Cherie Steele considers the effects on the international system of technological change which, she argues, is often determining. A new system, she suggests, is indeed emerging, and most of the incentives increasingly favor economic strategies—trading perspectives rather than territorial ones. As a result, states may well become smaller and more specialized and, perhaps, culturally based. However, unequal resources, uneven economic growth, and a continuing shift from traditional manufacturing toward information-based technologies may exacerbate core-periphery problems, sometimes leading to the violent flaunting of emerging international norms by those left behind. Moreover, technological imperatives could change and begin to promise greater returns for military strategies than for cooperative, economic ones.
Political scientist Arthur Stein asks why states justify their behavior. As he puts it, "anarchy should mean not having to say you are sorry." He lays out reasons why states might want to explain their choices. He argues that justification in international politics demonstrates the importance of domestic politics to foreign policy and the existence of an international society with shared values. He also argues that justification is an important component of international institutions and regimes and the basis of an international society that approximates how domestic society functions.

Historian Paul Schroeder compares the end of the Cold War to similar international periods following 1643 and 1811. During the Cold War, he argues, the major contestants were working out their differences within an essentially peaceful context—peaceful coexistence was a central purpose from its very beginning. He finds the permanent pacification and integration of Western Europe during the Cold War to be particularly important because the very concept of peace was redefined, expanded, and transformed in the process. From this perspective the end of the Cold War can be characterized as the adoption by the Communist world to this expanded and transformed definition of peace. Because this process is supported by such institutions as democracy, free trade and communication, market-based economics, and the rule of law, this could be a real breakthrough to general world peace, unlike the temporary and partial ones that took place in earlier centuries. Historical experience suggests, however, that this breakthrough could still break down—ideas remain important and bad ones can still be developed and gain acceptance. The chief dangers, as in the past, are from internal decay and disintegration, and Schroeder suggests that the unfettered market place is a bad and dangerous master in world affairs and that eternal politics will be the price of peace.

International relationships can remain largely static for long stretches of time, and then change dramatically at critical points. The world is now at one of those historic turning points, and a new structure is being born—or invented. The essays in this volume suggest that the coming century poses both challenges and opportunities in international politics, and that there is political and economic space for important new possibilities. We may be moving into an era of peace and prosperity, but attaining that result requires getting the politics right.

Notes

1. Important in this process were the work and contributions of Martin Sherwin. Additionally, the contributors owe thanks to Michael Blakley for exemplary work on arrangements for a memorable and productive conference in January 1997.

3. Rosecrance’s interdisciplinary orientation has also included psychology. He is the only political scientist, for example, to have noted the importance of structural balance theory for international relations. See Richard Rosecrance, International Relations: Peace or War?; and H. Brooke McDonald and Richard Rosecrance, “Alliance and Structural Balance in the International System: A Reinterpretation,” Journal of Conflict Resolution 29 (March 1985): 57–82.


6. Rosecrance has long emphasized the importance of reward and positive inducements in contrast to threat and sanctions as the basis for altering state behavior. During the Cold War, he noted that deterrence could be more easily achieved by increasing the payoffs states obtained in the status quo and thereby reducing their incentive to challenge the status quo. This conclusion emerged readily from the standard deterrence equations that others used merely to determine which weapons systems were more or less stabilizing. Richard Rosecrance,
**Introduction: Prospects and Problems in the New Century**


7. This emphasis also picks up on a Rosecrance theme, namely the importance of the relations forged between great powers at the end of major global wars. For his arguments about the prospect for a new concert of powers in the wake of the Cold War, see Richard Rosecrance, “A New Concert of Powers,” *Foreign Affairs* 71 (Spring 1992): 64–82. For earlier reflections, see Richard Rosecrance, ed., *America As an Ordinary Country: U.S. Foreign Policy and the Future* (Ithaca, NY: Cornell University Press, 1976).
