Globalization and Governance

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In 1979 I described the interdependence of states as low but increasing. It has increased, but only to about the 1910 level if measured by trade or capital flows as a percentage of GNP; lower if measured by the mobility of labor, and lower still if measured by the mutual military dependence of states. Yet one feels that the world has become a smaller one. International travel has become faster, easier, and cheaper; music, art, cuisines, and cinema have all become cosmopolitan in the world's major centers and beyond. The *Peony Pavilion* was produced in its entirety for the first time in 400 years, and it was presented not in Shanghai or Beijing, but in New York. Communication is almost instantaneous, and more than words can be transmitted, which makes the reduced mobility of labor of less consequence. High-technology jobs can be brought to the workers instead of the workers to the jobs; foreigners can become part of American design teams without leaving their homelands. Before World War I, the close interdependence of states was thought of as heralding an era of peace among nations and democracy and prosperity within them. Associating interdependence, peace, democracy, and prosperity is nothing new. In his much translated and widely read book, *The Great Illusion* (1933), Norman Angell summed up the texts of generations of classical and neoclassical economists and drew from them the dramatic conclusion that wars would no longer be fought because they would not pay. World War I instead produced the great disillusion, which reduced political optimism to a level that remained low almost until the end of the Cold War. I say "almost" because beginning in the 1970s a new optimism, strikingly similar in content to the old, began to resurface. Interdependence was again associated with peace and peace increasingly with democracy, which began to spread wonderfully to Latin America, to Asia, and with the Soviet Union's col-

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lapse, to Eastern Europe. Francis Fukuyama (1992) foresaw a time when all states would be liberal democracies and, more recently, Michael Doyle (1997) projected the year for it to happen as lying between 2050 and 2100. John Mueller (1989), heralding the disappearance of war among the world's advanced countries, argued that Norman Angell's premises were right all along, but that he had published his book prematurely.

Robert Keohane and Joseph Nye in their 1977 book, *Power and Interdependence*, strengthened the notion that interdependence promotes peace and limits the use of force by arguing that simple interdependence had become complex interdependence, binding the economic and hence the political interests of states ever more tightly together. Now, we hear from many sides that interdependence has reached yet another height, transcending states and making *The Borderless World*, which is the title and theme of Kenichi Ohmae's 1990 book. People, firms, markets matter more; states matter less. Each tightening of the economic screw raises the benefits of economic exchange and makes war among the more advanced states increasingly costly. The simple and plausible propositions are that as the benefits of peace rise, so do the costs of war. When states perceive wars to be immensely costly, they will be disinclined to fight them. War becomes rare, but is not abolished because even the strongest economic forces cannot conquer fear or eliminate concern for national honor (Friedman 1999, 196–97).

Economic interests become so strong that markets begin to replace politics at home and abroad. That economics depresses politics and limits its significance is taken to be a happy thought. The first section of this paper examines its application domestically; the second, internationally.

The State of the State

Globalization is the fad of the 1990s, and globalization is made in America. Thomas Friedman's *The Lexus and the Olive Tree* is a celebration of the American way, of market capitalism and liberal democracy. Free markets, transparency, and flexibility are the watchwords. The "electronic herd" moves vast amounts of capital in and out of countries according to their political and economic merits. Capital moves almost instantaneously into countries with stable governments, progressive economies, open accounting, and honest dealing, and out of countries lacking those qualities. States can defy the "herd," but they will pay a price, usually a steep one, as did Thailand, Malaysia, Indonesia, and South Korea in the 1990s. Some countries may defy the herd inadvertently (the countries just mentioned); others, out of ideological conviction (Cuba and North Korea); some, because they can afford to (oil-rich countries); others, because history has passed them by (many African countries).

Countries wishing to attract capital and to gain the benefits of today's and tomorrow's technology have to don the "golden straitjacket," a package of policies including balanced budgets, economic deregulation, openness to investment and trade, and a stable currency. The herd decides which countries to reward and which to punish, and nothing can be done about its decisions. In September 1997, at a World Bank meeting, Malaysia's prime minister, Dr. Mahathir Mohammad, complained bitterly that great powers and international speculators had forced Asian countries to open their markets and had manipulated their currencies in order to destroy them. Friedman (1999, 93) wonders what Robert Rubin, then-U.S. treasury secretary, might have said in response. He imagines it would have been something like this: "What planet are you living on? . . . Globalization isn't a choice, it's a reality, . . . and the only way you can grow at the speed that your people want to grow is by tapping into the global stock and bond markets, by seeking out multinationals to invest in your country, and by selling into the global trading system what your factories produce. And the most basic truth about globalization is this: *No one is in charge*."

The herd has no telephone number. When the herd decides to withdraw capital from a country, there is no one to complain to or to petition for relief. Decisions of the herd are collective ones. They are not made; they happen, and they happen because many investors individually make decisions simultaneously and on similar grounds to invest or to withdraw their funds. Do what displeases the herd, and it will trample you into the ground. Globalization is shaped by markets, not by governments.

Globalization means homogenization. Prices, products, wages, wealth, and rates of interest and profit tend to become the same all over the world. Like any powerful movement for change, globalization encounters resistance—in America, from religious fundamentalists; abroad, from anti-Americanists; everywhere from cultural traditionalists. And the resisters become bitter because consciously or not they know they are doomed. Driven by technology, international finance sweeps all before it. Under the protection of American military power, globalization proceeds relentlessly. As Friedman proclaims: "America truly is the ultimate benign hegemony" (375).

The "end of the Cold War and the collapse of communism have discredited all models other than liberal democracy." The statement is by Larry Diamond, and Friedman repeats it with approval. There is one best way, and America has found it. "It's a post-industrial world, and America today is good at everything that is post-industrial" (145, 303). The herd does not care about forms of government as such, but it values and rewards "stability, predictability, transparency, and the ability to transfer and protect its private property." Liberal democracies represent the one best way. The message to all governments is clear: Conform or suffer.

There is much in what Friedman says, and he says it very well. But how much? And, specifically, what is the effect of closer interdependence on the conduct of the internal and external affairs of nations?

First, we should ask how far globalization has proceeded? As everyone knows, much of the world has been left aside: most of Africa and Latin America, Russia, all of the Middle East except Israel, and large parts of Asia. Moreover, for many countries, the degree of participation in the global economy varies by region. Northern Italy, for example, is in; southern Italy is out. In fact, globalization is not global but is mainly limited to northern latitudes. Linda Weiss points out that, as of 1991, 81% of the world stock of foreign direct investment was in high-wage countries of the north: mainly the United States, followed by the United Kingdom, Germany, and Canada. She adds that the extent of concentration has grown by 12 points since 1967 (Weiss 1998; cf., Hirst and Thompson 1996, 72).

Second, we should compare the interdependence of nations now with interdependence earlier. The first paragraph of this paper suggests that in most ways we have not exceeded levels reached in 1910. The rapid growth of international trade and investment from the middle 1850s into the 1910s preceded a prolonged period of war, internal revolution, and national insularity. After World War II, protectionist policies lingered as the United States opened it borders to trade while taking a relaxed attitude toward countries that protected their markets during the years of recovery from war's devastation. One might say that from 1914 into the 1960s an interdependence deficit developed, which helps to explain the steady growth of interdependence thereafter. Among the richest 24 industrial economies (the OECD countries), exports grew at about twice the rate of GDP after 1960. In 1960, exports were 9.5% of their GDPs; in 1900, 20.5% (Wade 1996, 62; cf., Weiss 1998, 171). Finding that 1999 approximately equals 1910 in extent of interdependence is hardly surprising. What is true of trade also holds for capital flows, again as a percentage of GDP (Hirst and Thompson 1996, 36).

Third, money markets may be the only economic sector one can say has become truly global. Finance capital moves freely across the frontiers of OECD countries and quite freely elsewhere (Weiss 1998, xii). Robert Wade notes that real interest rates within northern countries and between northern and southern countries vary by no more than 5%. This seems quite large until one notices variations across countries of 10 to 50 times in real wages, years of schooling, and numbers of working scientists. Still, with the movement of financial assets as with commodities, the present remains like the past. Despite today's ease of communication, financial markets at the turn of the previous century were at least as integrated as they are now (Wade 1996, 73–75).

Obviously, the world is not one. Sadly, the disparities of the North and South remain wide. Perhaps surprisingly, among the countries that are thought of as being in the zone of globalization, differences are considerable and persistent. To take just one example, financial patterns differ markedly across countries. The United States depends on capital imports, Western Europe does not, and Japan is a major capital exporter. The more closely one looks, the more one finds variations. That is hardly surprising. What looks smooth, uniform, and simple from a distance, on closer inspection proves to be pock marked, variegated, and complex. Yet here, the variations are large enough to sustain the conclusion that globalization, even within its zone, is not a statement about the present, but a prediction about the future.

Many globalizers underestimate the extent to which the new looks like the old. In any competitive system the winners are imitated by the losers, or they continue to lose. In political as in economic development, latecomers imitate the practices and adopt the institution of the countries who have shown the way. Occasionally, someone finds a way to outflank, to invent a new way, or to ingeniously modify an old way to gain an advantage; and then the process of imitation begins anew. That competitors begin to look like one another if the competition is close and continuous is a familiar story. Competition among states has always led some of them to imitate others politically, militarily, and economically; but the apostles of globalization argue that the process has now sped up immensely and that the straitjacket allows little room to wiggle. In the old political era, the strong vanquished the weak; in the new economic era, "the fast eat the slow" (Klaus Schwab quoted in Friedman 1999, 171). No longer is it "Do what the strong party says or risk physical punishment"; but instead "Do what the electronic herd requires or remain impoverished." But then, in a competitive system there are always winners and losers. A few do exceptionally well, some get along, and many bring up the rear.

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States have to conform to the ways of the more successful among them or pay a stiff price for not doing so. We then have to ask what is the state of the state? What becomes of politics within the coils of encompassing economic processes? The message of globalizers is that economic and technological forces impose near uniformity of political and economic forms and functions on states. They do so because the herd is attracted only to countries with reliable, stable, and open governments—that is, to liberal democratic ones.

Yet a glance at just the past 75 years reveals that a variety of political-economic systems have produced impressive results and were admired in their day for doing so. In the 1930s and again in the 1950s, the Soviet Union's economic growth rates were among the world's highest, so impressive in the '50s that America feared being overtaken and passed by. In the 1960s President Kennedy got "the country moving again," and America's radically different system gained world respect. In the '70s, Western European welfare states with managed and directed economics were highly regarded. In the late '70s and through much of the '80s, the Japanese brand of neomercantilism was thought to be the wave of the future; and Western Europe and the United States worried about being able to keep up. Imitate or perish was the counsel of some; pry the Japanese economy open and make it compete on our grounds was the message of others. America did not succeed in doing much of either. Yet in the 1990s, its economy has flourished. Globalizers offer it as the ultimate political-economic model—and so history again comes to an end. Yet it is odd to conclude from a decade's experience that the one best model has at last appeared. Globalization, if it were realized, would mean a near uniformity of conditions across countries. Even in the 1990s, one finds little evidence of globalization. The advanced countries of the world have enjoyed or suffered quite different fates. Major Western European countries were plagued by high and persistent unemployment; Northeast and Southeast Asian countries experienced economic stagnation or collapse while China continued to do quite well; and we know about the United States.

Variation in the fortunes of nations underlines the point: The country that has done best, at least lately, is the United States. Those who have fared poorly have supposedly done so because they have failed to conform to the American Way. Globalizers do not claim that globalization is complete, but only that it is in process and that the process is irreversible. Some evidence supports the conclusion; some does not. Looking at the big picture, one notices that nations whose economies have faltered or failed have been more fully controlled, directed, and supported governmentally than the American economy. Soviet-style economies failed miserably; in China, only the free-market sector flourishes; the once much-favored Swedish model has proved wanting. One can easily add more examples. From them it is tempting to leap to the conclusion that America has indeed found, or stumbled onto, the one best way.

Obviously, Thomas Friedman thinks so. Tip O'Neill, when he was a congressman from Massachusetts, declared that all politics are local. Wrong, Friedman says, all politics have become global. "The electronic herd," he writes, "turns the whole world into a parliamentary system, in which every government lives under the fear of a no-confidence vote from the herd" (1999, 62, 115).

I find it hard to believe that economic processes direct or determine a nation's policies, that spontaneously arrived at decisions about where to place resources reward or punish a national economy so strongly that a government either does what pleases the "herd" or its economy fails to prosper or even risks collapse. We all recall recent cases, some of them mentioned above, that seem to support Friedman's thesis. Mentioning them both makes a point and raises doubts.

First, within advanced countries at similar levels of development that are closely interrelated, one expects uniformities of form and function to be most fully displayed. Yet Stephen Woolcock, looking at forms of corporate governance within the European community, finds a "spectrum of approaches" and expects it to persist for the foreseeable future (1996, 196). Since the 1950s, the economies of Germany and France have grown more closely together as each became the principal trading partner of the other. Yet a study of the two countries concludes that France has copied German policies but has been unwilling or unable to copy institutions (Boltho 1996). GDP per work hour among seven of the most prosperous countries came close together between the 1950s and the 1980s (Boyer 1996, 37). Countries at a high level of development do tend to converge in productivity, but that is something of a tautology.

What I found to be true in 1970 remains true today: The world is less interdependent than is usually supposed.

Second, even if all politics have become global, economies remain local perhaps to a surprising extent. Countries with large economies continue to do most of their business at home. Americans produce 88% of the goods they buy. Sectors that are scarcely involved in international trade, such as government, construction, nonprofit organizations, utilities, and wholesale and retail trade employ 82% of Americans (Lawrence 1997, 21). As Paul Krugman says, "The United States is still almost 90% an economy that produces goods and services for its own use" (1997, 166). For the world's three largest economies—the United States, Japan, and the European Union—taken as a unit, exports are 12% or less of GDP (Weiss 1998, 176). What I found to be true in 1970 remains true today: The world is less interdependent than is usually supposed (Waltz 1970). Moreover, developed countries, oil imports aside, do the bulk of their external business with one another, and that means that the extent of their dependence on commodities that they could not produce for themselves is further reduced.

Reinforcing the parochial pattern of productivity, the famous footloose corporations in fact turn out to be firmly anchored in their home bases. One study of the world's 100 largest corporations concludes that not one of them could be called truly "global" or "footloose." Another study found one multinational corporation that seemed to be leaving its home base: Britain's chemical company, ICI (Weiss 1998, 18, 22; cf., Hirst and Thompson 1996, 82–93, 90, 95ff.). On all the important counts—location of most assets, site of research and development, ownership, and management—the importance of a corporation's home base is marked. And the technological prowess of corporations corresponds closely to that of the countries in which they are located.

Third, the "*transformative capacity*" of states, as Linda Weiss emphasizes, is the key to their success in the world economy (Weiss 1998, xii). Because technological innovation is rapid, and because economic conditions at home and abroad change often, states that adapt easily have considerable advantages. International politics remains inter-national. As the title of a review by William H. McNeill (1997) puts it, "Territorial States Buried Too Soon." Global or world politics has not taken over from national politics. The twentieth century was the century of the nation-state. The twenty-first will be too. Trade and technology do not determine a single best way to organize a polity and its economy. National systems display a great deal of resilience. States still have a wide range of choice. Most states survive, and the units that survive in competitive systems are those with the ability to adapt. Some do it well, and they grow and prosper. Others just manage to get along. That's the way it is in competitive systems. In this spirit, Ezra Taft Benson, when he was President Eisenhower's secretary of agriculture, gave this kindly advice to America's small farmers: "Get big or get out." Success in competitive systems requires the units of the system to adopt ways they would prefer to avoid.

States adapt to their environment. Some are light afoot, and others are heavy. The United States looked to be heavy afoot in the 1980s when Japan's economy was booming. Sometimes it seemed that MITI (Ministry of International Trade and Industry) was manned by geniuses who guided Japan's economy effortlessly to its impressive accomplishments. Now it is the United States that appears light afoot, lighter than any other country. Its government is open: Accurate financial information flows freely, most economic decisions are made by private firms. These are the characteristics that make for flexibility and for quick adaptation to changing conditions.

Competitive systems select for success. Over time, the qualities that make for success vary. Students of American government point out that one of the advantages of a federal system is that the separate states can act as laboratories for social-economic experimentation. When some states succeed, others may imitate them. The same thought applies to nations. One must wonder who the next winner will be.

States adapt; they also protect themselves. Different nations, with distinct institutions and traditions, protect themselves in different ways. Japan fosters industries, defends them, and manages its trade. The United States uses its political, economic, and military leverage to protect itself and manipulate international events to promote its interests. Thus, as David E. Spiro elaborately shows, international markets and institutions did not recycle petrodollars after 1974. The United States did. Despite many statements to the contrary, the United States worked effectively through different administrations and under different cabinet secretaries to undermine markets and thwart international institutions. Its leverage enabled it to manipulate the oil crisis to serve its own interests (1999, chap. 6).

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Many of the interdependers of the 1970s expected the state to wither and fade away. Charles Kindleberger wrote in 1969 that "the nation-state is just about through as an economic unit" (207). Globalizers of the 1990s believe that this time it really is happening. The state has lost its "monopoly over internal sovereignty," Wolfgang H. Reinecke writes, and as "an externally sovereign actor" it "will become a thing of the past" (1997, 137; cf., Thurow 1999). Internally, the state's monopoly has never been complete, but it seems more nearly so now than earlier, at least in well-established states. The range of governmental functions and the extent of state control over society and economy has seldom been fuller than it is now. In many parts of the world the concern has been not with the state's diminished internal powers but with their increase. And although state control has lessened somewhat recently, does anyone believe that the United States and Britain, for example, are back to a 1930s level, let alone to a nineteenth-century level of governmental regulation?

States perform essential political social-economic functions, and no other organization appears as a possible competitor to them. They foster the institutions that make internal peace and prosperity possible. In the state of nature, as Kant put it, there is "no mine and thine." States turn possession into property and thus make saving, production, and prosperity possible. The sovereign state with fixed borders has proved to be the best organization for keeping peace and fostering the conditions for economic well being.[1] We do not have to wonder what happens to society and economy when a state begins to fade away. We have all too many examples. A few obvious ones are China in the 1920s and '30s and again in the 1960s and '70s, post-Soviet Russia, and many African states since their independence. The less competent a state, the likelier it is to dissolve into component parts or to be unable to adapt to transnational developments. Challenges at home and abroad test the mettle of states. Some states fail, and other states pass the tests nicely. In modern times, enough states always make it to keep the international system going as a system of states. The challenges vary; states endure. They have proved to be hardy survivors.

Having asked how international conditions affect states, I now reverse the question and ask how states affect the conduct of international political affairs.

The State in International Politics

Economic globalization would mean tht the world economy, or at least the globalized portion of it, would be integrated and not merely interdependent. The difference between an interdependent and an integrated world is a qualitative one and not a mere matter of proportionately more trade and a greater and more rapid flow of capital. With integration, the world would look like one big state. Economic markets and economic interests cannot perform the functions of government. Integration requires or presumes a government to protect, direct, and control. Interdependence, in contrast to integration, is "the mere mutualism" of states, as Emile Durkheim put it. It is not only less close than usually thought but also politically less consequential. Interdependence did not produce the world-shaking events of 1989–91. A political event, the failure of one of the world's two great powers, did that. Had the configuration of international politics not fundamentally changed, neither the unification of Germany nor the war against Saddam Hussein would have been possible. The most important events in international politics are explained by differences in the capabilities of states, not by economic forces operating across states or transcending them. Interdependers, and globalizers even more so, argue that the international economic interests of states work against their going to war. True, they do. Yet if one asks whether economic interests or nuclear weapons inhibit war more strongly, the answer obviously is nuclear weapons. European great powers prior to World War I were tightly tied together economically. They nevertheless fought a long and bloody war. The United States and the Soviet Union were not even loosely connected economically. They coexisted peacefully through the four-and-a-half decades of the Cold War. The most important causes of peace, as of war, are found in international-political conditions, including the weaponry available to states. Events following the Cold War dramatically demonstrate the political weakness of economic forces. The integration (not just the interdependence) of the parts of the Soviet Union and of Yugoslavia, with all of their entangling economic interests, did not prevent their disintegration. Governments and people sacrifice welfare and even security to nationalism, ethnicity, and religion.

Political explanations weigh heavily in accounting for international-political events. National *politics*, not international markets, account for many international *economic* developments. A number of students of politics and of economics believe that blocs are becoming more common internationally. Economic interests and market forces do not create blocs; governments do. Without governmental decisions, the Coal and Steel Community, the European Economic Community, and the European Union would not have emerged. The representatives of states negotiate regulations in the European Commission. The Single-Market Act of 1985 provided that some types of directives would require less than a unanimous vote in the Council of Ministers. This political act cleared the way for passage of most of the harmonization standards for Europe (Dumez and Jeunemaître 1996, 229). American governments forged NAFTA; Japan fashioned an East and Southeast Asian producing and trading area. The decisions and acts of a country, or a set of countries arriving at political agreements, shape international political and economic institutions. Governments now intervene much more in international economic matters than they did in the earlier era of interdependence. Before World War I, foreign-ministry officials were famed for their lack of knowledge of, or interest in, economic affairs. Because governments have become much more active in economic affairs at home and abroad, interdependence has become less of an autonomous force in international politics.

The many commentators who exaggerate the closeness of interdependence, and even more so those who write of globalization, think in unit rather than in systemic terms. Many small states import and export large shares of their gross domestic products. States with large GDPs do not. They are little dependent on others, while a number of other states heavily depend on them. The terms of political, economic, and military competition are set by the larger units of the international-political system. Through centuries of multipolarity, with five or so great powers of comparable size competing with one another, the international system was quite closely interdependent. Under bi- and unipolarity the degree of interdependence declined markedly.

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States are differentiated from one another not by function but primarily by capability. For two reasons, inequalities across states have greater political impact than inequalities across income groups within states. First, the inequalities of states are larger and have been growing more rapidly. Rich countries have become richer while poor countries have remained poor. Second, in a system without central governance, the influence of the units of greater capability is disproportionately large because there are no effective laws and institutions to direct and constrain them. They are able to work the system to their advantage, as the petrodollar example showed. I argued in 1970 that what counts are states' capacity to adjust to external conditions and their ability to use their economic leverage for political advantage. The United States was then and is still doubly blessed. It remains highly important in the international economy, serving as a principal market for a number of countries and as a major supplier of goods and services, yet its dependence on others is quite low. Precisely because the United States is relatively little dependent on others, it has a wide range of policy choices and the ability both to bring pressure on others and to assist them. The "herd" with its capital may flee from countries when it collectively decides that they are politically and economically unworthy, but some countries abroad, like some firms at home, are so important that they cannot be allowed to fail. National governments and international agencies then come to the rescue. The United States is the country that most often has the ability and the will to step in. The agency that most often acts is the IMF, and most countries think of the IMF as the enforcement arm of the U.S. Treasury (Strange 1996, 192). Thomas Friedman believes that when the "herd" makes its decisions, there is no appeal; but often there is an appeal, and it is for a bail out organized by the United States.

The international economy, like national economies, operates within a set of rules and institutions. Rules and institutions have to be made and sustained. Britain, to a large extent, provided this service prior to World War I;

no one did between the wars, and the United States has done so since. More than any other state, the United States makes the rules and maintains the institutions that shape the international political economy.

Economically, the United States is the world's most important country; militarily, it is not only the most important country, it is the decisive one. Thomas Friedman puts the point simply: The world is sustained by "the presence of American power and America's willingness to use that power against those who would threaten the system of globalization. . . . The hidden hand of the market will never work without a hidden fist" (1999, 373). But the hidden fist is in full view. On its military forces, the United States outspends the next six or seven big spenders combined. When force is needed to keep or to restore the peace, either the United States leads the way or the peace is not kept. The Cold War militarized international politics. Relations between the United States and the Soviet Union, and among some other countries as well, came to be defined largely in a single dimension, the military one. As the German sociologist Erich Weede has remarked, "National security decision making in some . . . democracies (most notably in West Germany) is actually penetrated by the United States" (1989, 225).

Oddly, the end of the Cold War has raised the importance of the American military to new heights. The United States continues to spend at a Cold War pace. In real terms, America's 1995 military budget approximately equaled the 1980 budget, and in 1980 the Cold War reached its peak. That other countries have reduced their budgets more than the United States has heightened the military dominance of one country. To say that the world is unipolar and that the world is becoming one through globalization is all too suggestive. Some say that the world is not really unipolar because the United States often needs, or at least wants, the help of others (see, e.g., Huntington 1999; Nye 1999). The truth, however, remains: The stronger have many more ways of coping with adversities than the weak have, and the latter depend on the former much more than the other way around. The United States is the only country that can organize and lead a military coalition, as it did in Iraq and in the Balkans. Some states have little choice but to participate, partly because of the pressure the strong can bring to bear on the weak and partly because of the needs of the latter. Western European countries and Japan are more dependent on Middle Eastern oil than the United States, and Western European countries are more affected by what happens in Eastern Europe than the United States is.

As expected, the beneficiaries resent their benefactor, which leads to talk of righting the imbalance of power. Yet, when the imbalance between one and the rest is great, to catch up is difficult. French leaders, especially, bemoan the absence of multipolarity and call for greater European strength, but one cannot usefully will the end without willing the means. The uneven distribution of capabilities continues to be the key to understanding international politics.

To an increasing extent, American foreign policy relies on military means. America continues to garrison much of the world and to look for ways of keeping troops in foreign countries rather than ways to withdraw them as one might have expected at the Cold War's end.[2] The 1992 draft of the Pentagon's *Defense Planning Guidance* advocated "discouraging the advanced industrialized nations from . . . even aspiring to a larger global or regional role." The United States may at times want help from others, but not too much help lest it lose its leading position in one part of the world or another. The document, when it was leaked, provoked criticism. In response, emphasis was placed on its being only a draft, but it continues to guide and describe America's policy.

William J. Perry and Ashton B. Carter, respectively the former secretary and assistant secretary of defense, have recently offered the concept of "preventive defense" as a guide to American policy. Preventive defense is conducted by American defense officials engaging in "security and military dialogue with regional states"; it calls for "a more robust defense to defense program" (1999, 9. 11; cf., Carter, Perry, and Steinbruner 1992). Bismarck tried to keep Germany's military officials away from their opposite numbers in foreign countries lest the military's military policy become the country's foreign policy. In part, World War I resulted from his successors' failure to do this. In the United States, Treasury and Defense now make as much or more foreign policy than State does.

Conclusion

In a system of balanced states, the domination of one or some of them is prevented by the reaction of others acting as counterweights. The states of Europe held each other in balance through the first 300 years of the modern state system. In the next 50 years, the United States and the Soviet Union balanced each other, each protecting its sphere and helping to manage affairs within it. Since the end of the Cold War, the United States has been alone in the world; no state or combination of states provides an effective counterweight.

What are the implications for international politics? The more interdependent the system, the more a surrogate for government is needed. Who can supply it? Some Americans believe that the United States benignly provides a necessary minimum of management of the system and that, because of its moderation, other states will continue to appreciate, or at least to accept, its services (see, e.g., Ikenbery 1998/99, 77–78). Benign hegemony is, however, something of a contradiction in terms. "One reads about the world's desire for American leadership only in the United States," a British diplomat has remarked. "Everywhere else one reads about American arrogance and unilateralism" (quoted in Huntington 1999, 42).

McGeorge Bundy once described the United States as "the locomotive at the head of mankind, and the rest of the world the caboose" (quoted in Gardner 1995, 178). America's pulling power is at a peak that cannot be sustained, for two main reasons. First, America is a country of 276 million people in a world of six billion. It represents 4.6% of the world's total population. The country's physical capabilities and political will cannot sustain present world burdens indefinitely. Second, other countries may not enjoy being placed at the back of the train. Both friends and foes will react as countries always have to the threatened or real predominance of one from among them by working to right the balance (Waltz 1998). The present condition of international politics is unnatural. Both the predominance of America and, one may hope, the militarization of international affairs will diminish with time.

Many globalizers believe that the world is increasingly ruled by markets. Looking at the state among states leads to a different conclusion. The main difference between international politics now and earlier is not found in the increased interdependence of states but in their growing inequality. With the end of bipolarity, the distribution of capabilities across states has become extremely lopsided. Rather than elevating economic forces and depressing political ones, the inequalities of international politics enhance the political role of one country. Politics, as usual, prevails over economics.

Notes

1. The picture of the purpose and the performance of states is especially clear in Thomson and Krasner (1989).

2. For example, Hans Binnendijk has urged Americans to develop a case for leaving American troops in South Korea even if the North should no longer be a threat (1996, 2).

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