

Soft Power

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SOFT POWER

by Joseph S. Nye, Jr.

The Cold War is over and Americans are trying to understand their place in a world without a defining Soviet threat. Polls report that nearly half the public believes the country is in decline, and that those who believe in decline tend to favor protectionism and to counsel withdrawal from what they consider “overextended international commitments.”

In a world of growing interdependence, such advice is counterproductive and could bring on the decline it is supposed to avert; for if the most powerful country fails to lead, the consequences for international stability could be disastrous. Throughout history, anxiety about decline and shifting balances of power has been accompanied by tension and miscalculation. Now that Soviet power is declining and Japanese power rising, misleading theories of American decline and inappropriate analogies between the United States and Great Britain in the late nineteenth century have diverted our attention away from the real issue—how power is changing in world politics.

The United States is certainly less powerful at the end of the twentieth century than it was in 1945. Even conservative estimates show that the U.S. share of global product has declined from more than a third of the total after World War II to a little more than a fifth in the 1980s. That change, however, reflects the artificial effect of World War II: Unlike the other great powers, the United States was *strengthened* by the war. But that artificial preponderance was bound to erode as other countries regained their economic health. The important fact is that the U.S. economy’s share of the global product has been relatively constant for the past decade and a half. The Council on Competitiveness finds that the U.S. share of world

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product has averaged 23 per cent each year since the mid-1970s. The CIA, using numbers that reflect the purchasing power of different currencies, reports that the American share of world product increased slightly from 25 per cent in 1975 to 26 per cent in 1988.

These studies suggest that the effect of World War II lasted about a quarter century and that most of the decline worked its way through the system by the mid-1970s. In fact, the big adjustment of American commitments occurred with then President Richard Nixon's withdrawal from Vietnam and the end of the convertibility of the dollar into gold.

The dictionary tells us that power means an ability to do things and control others, to get others to do what they otherwise would not. Because the ability to control others is often associated with the possession of certain resources, politicians and diplomats commonly define power as the possession of population, territory, natural resources, economic size, military forces, and political stability. For example, in the agrarian economies of eighteenth-century Europe, population was a critical power resource since it provided a base for taxes and recruitment of infantry.

Traditionally the test of a great power was its strength in war. Today, however, the definition of power is losing its emphasis on military force and conquest that marked earlier eras. The factors of technology, education, and economic growth are becoming more significant in international power, while geography, population, and raw materials are becoming somewhat less important.

If so, are we entering a "Japanese period" in world politics? Japan has certainly done far better with its strategy as a trading state since 1945 than it did with its military strategy to create a Greater East Asian Co-Prosperity Sphere in the 1930s. On the other hand, Japan's security in relation to its large military neighbors, China and the Soviet Union, and the safety of its sea routes depend heavily on U.S. protection. While they may diminish, these problems will not vanish with the end of the Cold War. One should not leap too quickly to the conclusion that all trends favor economic power or countries like Japan.

What can we say about changes in the distribution of power resources in the coming decades? Political leaders often use the term “multipolarity” to imply the return to a balance among a number of states with roughly equal power resources analogous to that of the nineteenth century. But this is not likely to be the situation at the turn of the century, for in terms of power resources, all the potential challengers except the United States are deficient in some respect. The Soviet Union lags economically, China remains a less-developed country, Europe lacks political unity, and Japan is deficient both in military power and in global ideological appeal. If economic reforms reverse Soviet decline, if Japan develops a full-fledged nuclear and conventional military capability, or if Europe becomes dramatically more unified, there may be a return to classical multipolarity in the twenty-first century. But barring such changes, the United States is likely to retain a broader range of power resources—military, economic, scientific, cultural, and ideological—than other countries, and the Soviet Union may lose its superpower status.

The Great Power Shift

The coming century may see continued American preeminence, but the sources of power in world politics are likely to undergo major changes that will create new difficulties for all countries in achieving their goals. Proof of power lies not in resources but in the ability to change the behavior of states. Thus, the critical question for the United States is not whether it will start the next century as the superpower with the largest supply of resources, but to what extent it will be able to control the political environment and get other countries to do what it wants. Some trends in world politics suggest that it will be more difficult in the future for any great power to control the political environment. The problem for the United States will be less the rising challenge of another major power than a general diffusion of power. Whereas nineteenth-century Britain faced new challengers, the twenty-first century United States will face new challenges.

As world politics becomes more complex, the power of all major states to gain their objec-

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tives will be diminished. To understand what is happening to the United States today, the distinction between power over other countries and power over outcomes must be clear. Although the United States still has leverage over particular countries, it has far less leverage over the system as a whole. It is less well-placed to attain its ends unilaterally, but it is not alone in this situation. All major states will have to confront the changing nature of power in world politics.

Such changes, of course, are not entirely new. For example, the rapid growth of private actors operating across international borders, whether large corporations or political groups, was widely recognized in the early 1970s. Even Henry Kissinger, with his deeply rooted belief in classical balance-of-power politics, conceded in a 1975 speech that "we are entering a new era. Old international patterns are crumbling. . . . The world has become interdependent in economics, in communications, in human aspirations."

By the late 1970s, however, the American political mood had shifted. Iran's seizure of the U.S. embassy in Tehran and the Soviet invasion of Afghanistan seemed to reaffirm the role of military force and the primacy of the traditional security agenda. Ronald Reagan's presidency accentuated these trends in the early 1980s. The U.S. defense budget increased in real terms for five straight years, arms control was downgraded, and public opposition to nuclear forces and deterrence grew. Conventional military force was used successfully, albeit against the extremely weak states of Grenada and Libya. The shifting agenda of world politics discredited the 1970s' concern with interdependence and restored the traditional emphasis on military power. But interdependence continued to grow, and the world of the 1980s was not the same as that of the 1950s.

The appropriate response to the changes occurring in world politics today is not to abandon the traditional concern for the military balance of power, but to accept its limitations and to supplement it with insights about interdependence. In the traditional view, states are the only significant actors in world politics and only a few large states really matter. But today

other actors are becoming increasingly important. Although they lack military power, transnational corporations have enormous economic resources. Thirty corporations today each have annual sales greater than the gross national products (GNPs) of 90 countries. In the 1980s, the annual profits of IBM and Royal Dutch/Shell Group were each larger than the central government budgets of Colombia, Kenya, or Yugoslavia. Multinational corporations are sometimes more relevant to achieving a country's goals than are other states. The annual overseas production by such corporations exceeds the total value of international trade. In a regional context, a portrait of the Middle East conflict that did not include the superpowers would be woefully inadequate, but so would a description that did not tell of transnational religious groups, oil companies, and terrorist organizations. The issue is not whether state or nonstate actors are more important—states usually are. The point is that in modern times, more complex coalitions affect outcomes.

With changing actors in world politics come changing goals. In the traditional view, states give priority to military security to ensure their survival. Today, however, states must consider new dimensions of security. National security has become more complicated as threats shift from the military (that is, threats against territorial integrity) to the economic and ecological. For example, Canadians today are not afraid that U.S. soldiers will burn Toronto for a second time (as in 1813); rather they fear that Toronto will be programmed into a backwater by a Texas computer. The forms of vulnerability have increased, and trade-offs among policies are designed to deal with different vulnerabilities. The United States, for instance, might enhance its energy security by sending naval forces to the Persian Gulf; but it could accomplish the same goal by enlarging its strategic petroleum reserve, by imposing a gasoline tax to encourage conservation at home, and by improving cooperation in institutions like the International Energy Agency.

While military force remains the ultimate form of power in a self-help system, the use of force has become more costly for modern great powers than it was in earlier centuries. Other

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instruments such as communications, organizational and institutional skills, and manipulation of interdependence have become important. Contrary to some rhetorical flourishes, interdependence does not mean harmony. Rather, it often means unevenly balanced mutual dependence. Just as the less enamored of two lovers may manipulate the other, the less vulnerable of two states may use subtle threats to their relationship as a source of power. Further, interdependence is often balanced differently in different spheres such as security, trade, and finance. Thus, creating and resisting linkages between issues when a state is either less or more vulnerable than another becomes the art of the power game. Political leaders use international institutions to discourage or promote such linkages; they shop for the forum that defines the scope of an issue in the manner best suiting their interests.

As the instruments of power change, so do strategies. Traditionalists consider the goal of security and the instrument of military force to be linked by a strategy of balancing power. States wishing to preserve their independence from military intimidation follow a balancing strategy to limit the relative power of other states. Today, however, economic and ecological issues involve large elements of mutual advantage that can be achieved only through cooperation. These issues are often critical to the reelection of political leaders. A French president today would not interfere with Germany's increased economic growth because German growth is critical to French economic growth. The French decision to forego an independent economic policy and remain in the European monetary system in the early 1980s is one example of such interdependence.

Traditionalist accounts of world politics often speak of an international system that results from the balancing strategies of states. Although bipolarity and multipolarity are useful terms, today different spheres of world politics have different distributions of power—that is, different power structures. Military power, particularly nuclear, remains largely bipolar in its distribution. But in trade, where the European Community acts as a unit, power is multipolar. Ocean resources, money, space,

shipping, and airlines each have somewhat different distributions of power. The power of states varies as well, as does the significance of nonstate actors in different spheres. For example, the politics of international debt cannot be understood without considering the power of private banks.

If military power could be transferred freely into the realms of economics and the environment, the different structures would not matter; and the overall hierarchy determined by military strength would accurately predict outcomes in world politics. But military power is more costly and less transferable today than in earlier times. Thus, the hierarchies that characterize different issues are more diverse. The games of world politics encompass different players at different tables with different piles of chips. They can transfer winnings among tables, but often only at a considerable discount. The military game and the overall structure of the balance of power dominate when the survival of states is clearly at stake, but in much of modern world politics, physical survival is not the most pressing issue.

Converting Power

The fragmentation of world politics into many different spheres has made power resources less fungible, that is, less transferable from sphere to sphere. Money is fungible, in that it can be easily converted from one currency to another. Power has always been less fungible than money, but it is even less so today than in earlier periods. In the eighteenth century, a monarch with a full treasury could purchase infantry to conquer new provinces, which, in turn, could enrich the treasury. This was essentially the strategy of Frederick II of Prussia, for example, when in 1740 he seized Austria's province of Silesia.

Today, however, the direct use of force for economic gain is generally too costly and dangerous for modern great powers. Even short of aggression, the translation of economic into military power resources may be very costly. For instance, there is no economic obstacle to Japan's developing a major nuclear or conventional force, but the political cost both at home and in the reaction of other countries would be

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considerable. Militarization might then reduce rather than increase Japan's ability to achieve its ends.

Because power is a relationship, by definition it implies some context. Diminished fungibility means that specifying the context is increasingly important in estimating the actual power that can be derived from power resources. More than ever, one must ask the question, "Power for what?" Yet at the same time, because world politics has only partly changed and the traditional geopolitical agenda is still relevant, some fungibility of military power remains. The protective role of military force is a relevant asset in bargaining among states. The dependence of conservative oil-producing states on the United States for their security, for example, limited their leverage on the United States during the 1973 oil crisis. The United States is still the ultimate guarantor of the military security of Europe and Japan, and that role is a source of bargaining power in negotiations with its allies. In general, the allies' need for protection strengthens American influence, and may continue to do so even with a reduced Soviet threat. During the Cold War, the United States often worried about the frailty of its allies and tended to sacrifice some economic interests in its effort to contain the perceived Soviet menace. Despite the waning of that threat, if the United States worries less than its allies do, it may be able to demand more of them.

To evaluate power in a post-Cold War world, it is necessary to recognize instruments and balance-of-power strategies necessary for a successful policy. But new elements in the modern world are diffusing power away from all the great powers. Thus, any successful strategy must incorporate both continuity and change.

The great powers of today are less able to use their traditional power resources to achieve their purposes than in the past. On many issues, private actors and small states have become more powerful. At least five trends have contributed to this diffusion of power: economic interdependence, transnational actors, nationalism in weak states, the spread of technology, and changing political issues.

New forms of communications and transportation have had a revolutionary effect on economic interdependence. A century ago, it took two weeks to cross the Atlantic; in 1927, Charles Lindbergh did it in 33 hours; today, the Concorde flies across in three and a half hours. Modern telecommunications are instantaneous, and satellites and fiber-optic cables have led to a tenfold increase in overseas telephone calls in the last decade. The declining costs of transportation and communication have revolutionized global markets and accelerated the development of transnational corporations that transfer economic activity across borders. World trade has grown more rapidly than world product, becoming more important in all major economies. Trade has more than doubled its role in the U.S. economy over the past two decades. Changes in financial markets are even more dramatic. International monetary flows are some 25 times the world's average daily trade in goods. The rapid expansion of Eurocurrency and Eurobond markets (that is, currencies held outside their home country) has eroded the ability of national authorities to control their capital markets. In 1975, foreign exchange markets handled some \$10–15 billion daily; by 1986, they handled \$200 billion.

Governments can intervene in such markets; but if they do so with a heavy hand, they will incur enormous costs in their own economic growth and risk unintended effects. For instance, efforts by the U.S. government in the 1960s to slow the export of capital by U.S.-based multinational firms encouraged those firms to keep and borrow dollars outside the United States. The result was the rapid burgeoning of Eurocurrency markets outside U.S. controls.

In addition to constraining the way states pursue their national interests, transnational actors affect the way such interests are initially defined. Transnational investment creates new interests and complicates coalitions in world politics. For example, Honda of America is steadily turning into an American car maker. It plans to export 50,000 cars annually to Japan in the early 1990s. American officials are now pressing Europeans to open their market to Japanese automobiles produced in the United

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States. In other words, transnational investments have changed an American interest.

The American case is not unique. For years, France restricted Japanese automobiles to 3 per cent of the French market and restricted investment by Japanese companies in France. When Japanese automakers began to establish plants in other European countries that could export to France, the French government dropped its restrictions. Transnational investments changed a long-standing French policy. The diffusion of power to private transnational actors and the resulting complication of national interests is likely to continue even though it is not recognized in many comparisons of the power resources of major states.

More than ever, one must ask the question, "Power for what?"

Modernization, urbanization, and increased communication in developing countries have also diffused power from government to private actors. Military power is more difficult to apply today than in the past because a social awakening has stirred nationalism in otherwise poor or weak states. This increased social mobilization makes military intervention and external rule more costly. The nineteenth-century great powers carved out and ruled colonial empires with a handful of troops. In 1953, the United States was able to restore the Shah of Iran to his throne through a minor covert action. It is hard to imagine, however, how many troops would have been needed to restore the Shah in the socially mobilized and nationalistic Iran of 1979. The United States and the Soviet Union found the costs of maintaining troops in Vietnam and Afghanistan unsupportable. In each case, the cause was less an increase in the power of a weaker state than the costliness for outsiders of ruling actively antagonistic populations.

Another trend in the diffusion of power is the spread of modern technology, which has enhanced the capabilities of backward states. While the superpowers have kept a large lead in military technology, the forces that many

Third World states can deploy in the 1990s make regional intervention more costly than in the 1950s. In addition, at least a dozen Third World states have developed significant arms-export industries. Meanwhile, many arms recipients have sought to diversify their purchases in order to gain leverage over the major or sole supplier. When arms are supplied from outside, the supplier often has leverage through technical assistance, spare parts, and replacements. The growth of indigenous arms industries removes that leverage.

In addition, more countries are acquiring sophisticated weapons capabilities. Today about 20 countries have the capability to make chemical weapons, and by the year 2000 an estimated 15 Third World countries will be producing their own ballistic missiles. Five states had the bomb when the Nuclear Non-Proliferation Treaty was signed in 1968; India, Israel, Pakistan, and South Africa have since developed some nuclear capability. Within the next decade Argentina, Brazil, and several others might also develop military nuclear capability. However, a small nuclear capability will not make these states contenders for global power; in fact, it may increase the risks they face if their neighbors follow suit or if the weapons fall into the hands of rebel or terrorist groups. On the other hand, nuclear capability would add to these states' regional power and increase the potential costs of regional intervention by larger powers. Technology also increases the power of private groups. For instance, handheld anti-aircraft missiles helped guerrillas in Afghanistan and new plastic explosives are effective tools for terrorists.

The ability of great powers with impressive traditional power resources to control their environments is also diminished by the changing nature of issues in world politics. Increasingly, the issues today do not pit one state against another; instead, they are issues in which all states try to control nonstate transnational actors. The solutions to many current issues of transnational interdependence will require collective action and international cooperation. These include ecological changes (acid rain and global warming), health epidemics such as AIDS, illicit trade in drugs, and terrorism. Such

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issues are transnational because they have domestic roots and cross international borders. As the nuclear accident at Chernobyl in the USSR demonstrated, even a domestic issue like the safety of nuclear reactors can suddenly become transnational.

Although force may sometimes play a role, traditional instruments of power are rarely sufficient to deal with the new dilemmas of world politics. New power resources, such as the capacity for effective communication and for developing and using multilateral institutions, may prove more relevant. Moreover, cooperation will often be needed from small, weak states that are not fully capable of managing their own domestic drug, health, or ecological problems. For example, the United States cannot use its traditional power resources to force Peru to curtail the production of cocaine if a weak Peruvian government cannot control private gangs of drug dealers. And if the U.S. government cannot control the American demand, a transnational market for cocaine will survive. Although the traditional power resources of economic assistance and military force can assist in coping with terrorism, proliferation, or drugs, the ability of any great power to control its environment and to achieve what it wants is often not as great as traditional hard power indicators would suggest.

The changing nature of international politics has also made intangible forms of power more important. National cohesion, universalistic culture, and international institutions are taking on additional significance. Power is passing from the "capital-rich" to the "information-rich."

Information is becoming more and more plentiful, but the flexibility to act first on new information is rare. Information becomes power, especially before it spreads. Thus a capacity for timely response to new information is a critical power resource. With the rise of an information-based economy, raw materials have become less important and organizational skills and flexibility more important. Product cycles are shortening and technology is moving toward highly flexible production systems, in which the craft-era tradition of

custom-tailoring products can be incorporated into modern manufacturing plants. Japan has been particularly adept at such flexible manufacturing processes; the United States and Europe need to do more, and the Soviet Union and China lag seriously behind.

Timely response to information is not only important in manufacturing but also in critical services such as finance, insurance, and transportation. In the past, markets were defined by the limits of transportation and communication between buyers and sellers. Today, however, the new means of communication convey immediate information on market trends to buyers and sellers worldwide. Satellites and fiber-optic cables instantaneously and continuously link people watching little green screens in London, New York, and Tokyo. That China and the Soviet Union do not significantly participate in these transnational credit markets seriously limits their access to intangible aspects of power. In the 1980s, other governments such as Britain and Japan had to follow the United States in the deregulation of money markets and financial operations in order to preserve their positions in these important markets.

Intangible changes in knowledge also affect military power. Traditionally, governments have invested in human espionage. But now major powers like the United States and the Soviet Union employ continuous photographic and electronic surveillance from space, providing quick access to a variety of economic, political, and military information. Other countries, such as France, are beginning to make low-resolution satellite information commercially available, but the United States leads in high-resolution information.

Another intangible aspect of power arises from interdependence. The overt distribution of economic resources poorly describes the balance of power between interdependent states. On the one hand, the influence of the ostensibly stronger state may be limited by the greater organization and concentration of its smaller counterpart. This difference helps to account for Canada's surprising success in bargaining with the United States. On the other hand, if a relationship is beneficial to both parties, the

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possibility that the weaker side might collapse under pressure limits the leverage of the seemingly stronger partner. The “power of the debtor” has long been known: If a man owes a bank \$10,000, the bank has power over him. But if he owes \$100 million, he has power over the bank. If Mexico or some Caribbean states became too weak to deal with internal poverty or domestic problems, the United States would face a new foreign policy agenda involving larger influxes of migrants, drugs, or contraband. Similarly, the failure of developing countries to prevent destruction of their forests will affect the global climate; yet those states’ very weakness will diminish other countries’ power to influence them. The current U.S. neglect of weak Third World countries may reduce its ability to affect their policies on the new transnational issues. The United States will have to devote more attention to the paradoxical power that grows out of political and economic chaos and weakness in poor countries.

The Changing Face of Power

These trends suggest a second, more attractive way of exercising power than traditional means. A state may achieve the outcomes it prefers in world politics because other states want to follow it or have agreed to a situation that produces such effects. In this sense, it is just as important to set the agenda and structure the situations in world politics as to get others to change in particular cases.

This second aspect of power—which occurs when one country gets other countries to *want* what it wants—might be called co-optive or soft power in contrast with the hard or command power of *ordering* others to do what it wants.

Parents of teenagers have long known that if they have shaped their child’s beliefs and preferences, their power will be greater and more enduring than if they rely only on active control. Similarly, political leaders and philosophers have long understood the power of attractive ideas or the ability to set the political agenda and determine the framework of debate in a way that shapes others’ preferences. The ability to affect what other countries want

tends to be associated with intangible power resources such as culture, ideology, and institutions.

Soft co-optive power is just as important as hard command power. If a state can make its power seem legitimate in the eyes of others, it will encounter less resistance to its wishes. If its culture and ideology are attractive, others will more willingly follow. If it can establish international norms consistent with its society, it is less likely to have to change. If it can support institutions that make other states wish to channel or limit their activities in ways the dominant state prefers, it may be spared the costly exercise of coercive or hard power.

In general, power is becoming less transferable, less coercive, and less tangible. Modern trends and changes in political issues are having significant effects on the nature of power and the resources that produce it. Co-optive power—getting others to want what you want—and soft power resources—cultural attraction, ideology, and international institutions—are not new. In the early postwar period, the Soviet Union profited greatly from such soft resources as communist ideology, the myth of inevitability, and transnational communist institutions. Various trends today are making co-optive behavior and soft power resources relatively more important.

Given the changes in world politics, the use of power is becoming less coercive, at least among the major states. The current instruments of power range from diplomatic notes through economic threats to military coercion. In earlier periods, the costs of such coercion were relatively low. Force was acceptable and economies were less interdependent. Early in this century, the United States sent marines and customs agents to collect debts in some Caribbean countries; but under current conditions, the direct use of American troops against small countries like Nicaragua carries greater costs.

Manipulation of interdependence under current conditions is also more costly. Economic interdependence usually carries benefits in both directions; and threats to disrupt a relationship, if carried out, can be very expensive. For example, Japan might want the United

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States to reduce its budget deficit, but threatening to refuse to buy American Treasury bonds would be likely to disrupt financial markets and to produce enormous costs for Japan as well as for the United States. Because the use of force has become more costly, less threatening forms of power have grown increasingly attractive.

Co-optive power is the ability of a country to structure a situation so that other countries develop preferences or define their interests in ways consistent with its own. This power tends to arise from such resources as cultural and ideological attraction as well as rules and institutions of international regimes. The United States has more co-optive power than other countries. Institutions governing the international economy, such as the International Monetary Fund and the General Agreement on Tariffs and Trade, tend to embody liberal, free-market principles that coincide in large measure with American society and ideology.

Multinational corporations are another source of co-optive power. British author Susan Strange argued in her 1988 book *States and Markets* that U.S. power in the world economy has increased as a result of transnational production:

Washington may have lost some of its authority over the U.S.-based transnationals, but their managers still carry U.S. passports, can be sub-poenaed in U.S. courts, and in war or national emergency would obey Washington first. Meanwhile, the U.S. government has gained new authority over a great many foreign corporations inside the United States. All of them are acutely aware that the U.S. market is the biggest prize.

This power arises in part from the fact that 34 per cent of the largest multinational corporations are headquartered in the United States (compared to 18 per cent in Japan) and in part from the importance of the American market in any global corporate strategy.

American culture is another relatively inexpensive and useful soft power resource. Obviously, certain aspects of American culture are unattractive to other people, and there is always danger of bias in evaluating cultural sources of power. But American popular cul-

ture, embodied in products and communications, has widespread appeal. Young Japanese who have never been to the United States wear sports jackets with the names of American colleges. Nicaraguan television broadcast American shows even while the government fought American-backed guerrillas. Similarly, Soviet teenagers wear blue jeans and seek American recordings, and Chinese students used a symbol modeled on the Statue of Liberty during the 1989 uprisings. Despite the Chinese government's protests against U.S. interference, Chinese citizens were as interested as ever in American democracy and culture.

Whereas nineteenth-century Britain faced new challengers, the twenty-first century United States will face new challenges.

Of course, there is an element of triviality and fad in popular behavior, but it is also true that a country that stands astride popular channels of communication has more opportunities to get its messages across and to affect the preferences of others. According to past studies by the United Nations Educational, Scientific, and Cultural Organization, the United States has been exporting about seven times as many television shows as the next largest exporter (Britain) and has had the only global network for film distribution. Although American films account for only 6–7 per cent of all films made, they occupy about 50 per cent of world screen-time. In 1981, the United States was responsible for 80 per cent of worldwide transmission and processing of data. The American language has become the *lingua franca* of the global economy.

Although Japanese consumer products and cuisine have recently become more fashionable, they seem less associated with an implicit appeal to a broader set of values than American domination of popular communication. The success of Japan's manufacturing sector provides it with an important source of soft power, but Japan is somewhat limited by the inward orientation of its culture. While Japan has been

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extraordinarily successful in accepting foreign technology, it has been far more reluctant to accept foreigners. Japan's relations with China, for example, have been hampered by cultural insensitivities. Many Japanese are concerned about their lack of "internationalization" and their failure to project a broader message.

While Americans can also be parochial and inward-oriented, the openness of the American culture to various ethnicities and the American values of democracy and human rights exert international influence. West European countries also derive soft power from their democratic institutions, but America's relative openness to immigrants compared to Japan and Europe is an additional source of strength. As European scholar Ralf Dahrendorf has observed, it is "relevant that millions of people all over the world would wish to live in the United States and that indeed people are prepared to risk their lives in order to get there." Maintaining this appeal is important.

In June 1989, after President George Bush criticized the Chinese government for killing student protesters in China, ordinary Chinese seemed more supportive of the United States than ever before. Subsequently, by sending a delegation of too high a level to Beijing to seek reconciliation, Bush squandered some of those soft-power resources. When ideals are an important source of power, the classic distinction between *realpolitik* and liberalism becomes blurred. The realist who focuses only on the balance of hard power will miss the power of transnational ideas.

Americans are rightly concerned about the future shape of a post-Cold War world, but it is a mistake to portray the problem as American decline rather than diffusion of power. Even so, concern about decline might be good for the United States if it cut through complacency and prodded Americans to deal with some of their serious domestic problems. However, pollsters find that excessive anxiety about decline turns American opinion toward nationalistic and protectionist policies that could constrain the U.S. ability to cope with issues created by growing international interdependence. There is no virtue in either overstatement or understatement of American strength.

The former leads to failure to adapt, the latter to inappropriate responses such as treating Japan as the new enemy in place of the Soviet Union.

As the world's wealthiest country, the United States should be able to pay for both its international commitments and its domestic investments. America is rich but through its political process acts poor. In real terms, GNP is more than twice what it was in 1960, but Americans today spend much less of their GNP on international leadership. The prevailing view is "we can't afford it," despite the fact that U.S. taxes represent a smaller percentage of gross domestic product than those of other advanced industrial countries. This suggests a problem of domestic political leadership rather than long-term economic decline.

As has happened many times before, the mix of resources that shapes international power is changing. But that does not mean that the world must expect the cycle of hegemonic conflict with its attendant world wars to repeat itself. The United States retains more traditional hard power resources than any other country. It also has the soft ideological and institutional resources to preserve its lead in the new domains of transnational interdependence. In this sense, the situation is quite different from that of Britain at the century's beginning. Loose historical analogies and falsely deterministic political theories are worse than merely academic; they may distract Americans from the true issues confronting them. The problem for U.S. power after the Cold War will be less the new challengers for hegemony than the new challenges of transnational interdependence.