Realism is now both the dominant paradigm in the study of international relations and the most challenged. During the 1970s, critics turned to bureaucratic politics and cognitive process models to question realism’s emphasis on the unitary rational state, and to interdependence models to challenge its acceptance of the utility and fungibility of military power. The beginning of the 1990s brought a renewed wave of criticism, as realists were faulted with failing to predict or anticipate the end of the Cold War and the peaceful transition to a new era.

In the immediate aftermath of the Cold War, the dark expectation of some realists of renewed security conflict among major powers has not yet been realized, leading critics to the conclusion that realism’s days are numbered and that it is more sensible to place bets on domestic politics, international institutions, or constructivism to explain state behavior in the international arena.

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Is that conclusion warranted? This article takes seriously the challenge of the critics and assesses whether realism is useful in explaining U.S. foreign policy after the Cold War. The Cold War's passing provides an ideal opportunity to examine the impact of international structural change—a variable of central importance to realism—on state behavior. I focus on the United States because realism's traditional emphasis has been on the great powers, and after the Cold War the United States has been the dominant power in the international system.

It is critical to stress at the outset that there is no single "theory of realism" and that realism per se cannot be tested, confirmed, or refuted. Realism is a research program that contains a core set of assumptions from which a variety of theories and explanations can be developed. Progress within the research program requires the elaboration and testing of specific realist theories, not only against non-realist alternatives but also, in the case of competing realist theories, against each other.

Below I focus on two prominent realist theories that offer competing predictions for U.S. behavior after the Cold War. The first is balance-of-power theory, developed most explicitly by Kenneth Waltz. The second is a modified version...
of the balance-of-threat theory developed by Stephen Walt.\footnote{Stephen M. Walt, \textit{The Origins of Alliances} (Ithaca, N.Y.: Cornell University Press, 1987). In extending Walt's theory I draw on the classical realist distinction between status quo and revisionist states. See, for example, Hans J. Morgenthau, \textit{Politics Among Nations: The Struggle for Power and Peace}, fifth ed. (New York: Knopf, 1978), chaps. 4 and 5.} I elaborate the logic of each theory and from each I extrapolate specific sets of predictions for U.S. security policy and for U.S. foreign economic policy.\footnote{Extrapolation is necessary because balance-of-power and balance-of-threat theory were developed to explain systemic outcomes. Instead, I use them to infer predictions and explanations for the foreign policy of a particular state. And, both theories are usually applied to national security issues. I extend their logic and apply them to U.S. foreign economic policy as well as to U.S. national security policy.} I then test these predictions against the (necessarily preliminary) evidence of the post–Cold War era.\footnote{Obviously, there are plausible non-realist explanations of post–Cold War U.S. foreign policy. In this article I confine myself to developing and testing competing realist explanations.}

The evidence neither fully supports nor fully contradicts either theory. It does reveal a striking pattern: U.S. post–Cold War security and economic strategies are each explained effectively, but by different realist theories. Balance-of-threat theory accounts for the dominant tendency in U.S. security policy: an effort to preserve America's position at the top of the international hierarchy by engaging and reassuring other major powers. Balance-of-power theory explains the dominant tendency in U.S. foreign economic policy: an effort to mobilize for national economic competition against other major powers. Since each theory provides a plausible explanation for a central aspect of post–Cold War U.S. foreign policy, it would be imprudent to follow the advice of realism's harshest critics and abandon the core paradigm. Yet, realists are hardly in a position to declare victory and go home. The evidence from this single case suggests a need for the further refinement and testing of competing realist theories and for the testing of the stronger realist theories against non-realist alternatives.

In substantive terms, the realist framework illuminates two key developments in contemporary U.S. foreign policy. First, contrary to those who see U.S. security policy after the Cold War as incoherent or directionless, I argue that U.S. officials have in fact followed a consistent strategy in pursuit of a clear objective—the preservation of the United States' preeminent global position.\footnote{In a recent article, Barry Posen and Andrew Ross lay out five possible grand strategies for the United States after the Cold War: neo-isolationism, selective engagement, collective security, containment, and primacy. I argue that the United States has in fact chosen to pursue primacy. See Posen and Ross, "Competing Grand Strategies," in Robert J. Lieber, ed., \textit{Eagle Adrift: American Foreign Policy at the End of the Century} (New York: Longman, 1997), pp. 100–134.} This grand strategy of preserving primacy has spanned the Bush and Clinton
administrations, notwithstanding differences in their foreign policy rhetoric. It has decisively shaped U.S. relations with Japan, Germany, Russia, and China. Second, U.S. foreign economic policy has worked at cross-purposes with U.S. national security strategy. In relations with other major powers, the United States, in effect, has been trying simultaneously to play “economic hardball” and “security softball.” U.S. officials have been forced to manage the resulting contradiction in order to prevent the friction generated by its foreign economic policy from spilling over and frustrating the attainment of its primary national security objective.

The next two sections of this article examine U.S. security strategy after the Cold War. I lay out balance-of-power theory, generate predictions, and assess them in light of the available evidence. I then do the same for balance-of-threat theory. The following two sections take up U.S. economic strategy after the Cold War. I apply each theory in the area of foreign economic policy, generate predictions, and compare the predictions to the available evidence. A final section discusses theoretical and policy implications.

**Balance-of-Power Theory and Post–Cold War U.S. Security Strategy**

Waltz’s balance-of-power theory remains the most prominent neorealist theory of international relations. From the premises that the international system is anarchic and that states are “like units,” Waltz derives the behavioral expectation that balances of power will form and recur. Variations in the distribution of capabilities across states produce different configurations of the balance of power. Multipolar balances are likely to be more war-prone than bipolar balances, and in the latter configuration great powers will rely more on internal than external balancing to assure their survival and protect their interests.

Waltz is careful to emphasize that the purpose of his theory is to explain international outcomes, not the foreign policies of particular states. He claims that “the behavior of states and statesmen is indeterminate.” This is not entirely convincing, however, because the international structure provides opportunities and constraints that shape state behavior significantly, even if they do not determine it entirely. In a recent article, Waltz himself argues that “neorealist, or structural, theory leads one to believe that the placement of states in the international system accounts for a good deal of their behavior.”

12. Ibid., p. 68.
He suggests, for example, that the similar structural placement of the United States and the Soviet Union in bipolarity should have led to "striking similarities" in their behavior. As evidence, he points to convergence in their armaments policies, military doctrines, and intervention habits. International structural theory, then, should be useful in explaining the foreign policies of particular states.

States respond to the particular features of their international structural environment. The end of the Cold War and the collapse of the Soviet Union as one pole in a bipolar system clearly represent significant changes in the international environment. What expectations follow with regard to the national security strategy of the United States?

**BALANCE-OF-POWER LOGIC AND PREDICTIONS**

The first task is to characterize the new structure. This is not straightforward, due to the imprecision of measurement that is characteristic of much of the realist literature on polarity. Waltz complicates the issue by suggesting that after the collapse of the Soviet Union, “bipolarity endures, but in an altered state” because “militarily Russia can take care of itself.” This is hard to square with the more common assessment of realists, shared explicitly by Waltz, that to be a great power a state needs to excel not in one area but across a range of capability attributes. For Hans Morgenthau, the list includes geography, industrial capacity, military preparedness, and more elusive categories such as national character, morale, and the quality of government. Waltz tells us that great power rank depends on how states score on a combination of attributes—
size of population, resource endowment, economic capability, military strength, and political stability and competence—although he does not propose anything to serve as a scorecard.  

Even without precise measurement, to focus on a range of power attributes leads to the conclusion that the United States is now in a category by itself. Only the United States currently excels in military power and preparedness, economic and technological capacity, size of population and territory, resource endowment, political stability, and “soft power” attributes such as ideology. All other would-be great powers are limited or lopsided in one critical way or another. Thus many commentators and theorists have concluded that the current structure is unipolar. In an article extending Waltz’s theory to the post–Cold War era, Christopher Layne opens with the assertion that “the Soviet Union’s collapse transformed the international system from bipolarity to unipolarity.”

Balance-of-power theory is very clear about the behavioral implications of unipolarity. States seek to balance power, and thus the preponderance of power in the hands of a single state will stimulate the rise of new great powers, and possibly coalitions of powers, determined to balance the dominant state. Layne writes that “in unipolar systems, states do indeed balance against the hegemon’s unchecked power.” The question is not whether new powers will rise and balance, but when, and to Layne the answer is similarly clear—“fairly quickly.” Waltz and Layne both anticipate a rapid transition, and each suggests that unipolarity will be transformed into multipolarity early in the next century, or within 10–20 years of the end of the Cold War. Since neorealists expect a multipolar world to be more conflictual than a bipolar world, it is not surprising that they tend to be pessimistic regarding the prospects for peace and cooperation among great powers.

25. See Mearsheimer, “Back to the Future.” Layne argues that “neorealist theory leads one to the expectation that the world beyond unipolarity will be one of great power rivalry in a multipolar setting.” Layne, “The Unipolar Illusion,” p. 40. Waltz does argue, however, that nuclear deterrence reduces the probability of war, even in multipolar settings.
The overall logic of this argument directs neorealists to focus attention on the calculations and capabilities of those states most likely to rise up and balance the power of the preponderant state. Waltz concentrates on Japan, which he views as "ready to receive the mantle [of great power status] if only it will reach for it," and on the prospects for Germany, China, the European Union, and Russian revival. John Mearsheimer, playing out the implications of balance-of-power logic in the regional context, analyzes the incentives for Germany to acquire nuclear capabilities. Layne looks backward as well as forward in seeking to establish that unipolar systems existed in the past and stimulated the rise of new challengers. Like Waltz, he considers Japan to be America's most likely future geopolitical rival and does not count out the possibility of a future hegemonic war between the two.

But what does a unipolar structure imply for the behavior of the state situated at the top of the international hierarchy? The answer suggested by balance-of-power theory is somewhat ironic. On the one hand, the preponderant state in a unipolar system is in an enviable position. It is significantly unconstrained and enjoys wide discretion in its statecraft. The contrast with a bipolar structure, within which that same state is compelled to react to events and tailor policies according to their impact on the bipolar competition, is striking. Yet on the other hand, the preponderant state is helpless to perpetuate this attractive state of affairs. The mere fact of its preponderant power guarantees the rapid rise of competing powers. In short, we should expect the dominant state to savor the unipolar moment, but recognize that it will not last.

Balance-of-power theory suggests further that efforts to preserve unipolarity are bound to be futile and likely to be counterproductive. Instead, the rational strategy for the dominant state is to accept the inevitability of multipolarity and maneuver to take advantage of it. Layne develops the logic most explicitly, and explains the futility of any U.S. effort to preserve its preponderance: "A policy of attempting to smother Germany's and Japan's great power emergence would be unavailing because structural pressures will impel them to become great powers regardless of what the United States does or does not do." Waltz

26. Waltz, "Emerging Structure of International Politics." This phrase is quoted at p. 55.
takes a similar position, reflected in his often-quoted statement that “NATO's days are not numbered, but its years are,” because potential great powers such as Germany will not tolerate the constraints of a U.S.-dominated institution.\textsuperscript{30} Instead of seeking to preserve its preponderance, Layne argues that it is rational for the United States to adopt a posture of “strategic independence,” taking on the role of “offshore balancer.”\textsuperscript{31} Specifically, the United States should extricate itself from its security commitments and forward deployments in Europe and Northeast Asia. It should depend on the dynamics of global and regional balances, and should commit itself militarily as a “last minute” balancer if and only if the balancing efforts of other states fail to prevent the emergence of a new global hegemon.

To summarize, the logic of balance-of-power theory leads plausibly to three predictions of relevance to U.S. security policy in the post-Cold War era. First, we should see the United States, liberated from the confines of the bipolar structure, behaving as an “unconstrained” great power with considerable discretion in its statecraft. Second, we should find evidence that other major powers are, in Waltz’s words, “edging away” from the United States and balancing or preparing to balance against it. Third, we should see evidence that the United States accepts the inevitability of multipolarity, which would lead it rationally to disentangle itself from its Cold War commitments and move toward a posture of strategic independence. The evidence at this stage can only be preliminary, but the general tendencies should be clear.

**BALANCE-OF-POWER EVIDENCE**

There is support for the first prediction, and the evidence is clearest in U.S. intervention policy. Although balance-of-power theory may not be able to predict where and when the United States will intervene, we should see significant differences in the pattern of intervention as the international structure changes from bipolarity to unipolarity. More precisely, in the bipolar structure we actually should be able to find a pattern, because the United States was responding to strong constraints and a consistent set of signals from the international system. There was indeed a pattern: the United States intervened fairly consistently to support anti-Soviet or anticommunist regimes around the world.\textsuperscript{32}

\textsuperscript{30} Waltz, “The Emerging Structure of International Politics,” p. 76.
\textsuperscript{31} Layne, “The Unipolar Illusion,” pp. 45–51.
In the unipolar structure the international constraints have been lifted, and, in the absence of clear signals from the international structure, intervention policy should become more haphazard and episodic. The U.S. response to the breakup of Yugoslavia is instructive. If that breakup had occurred during the Cold War, managing the ensuing conflict would have been an immediate and overwhelming priority for U.S. foreign policy. The prestige and resolve of the United States and the Soviet Union would have been engaged, and there would have been a strong temptation to line up support for opposing sides and engage in a proxy war. In contrast, the collapse of Yugoslavia after the Cold War left the United States with considerably more room to maneuver. As the single dominant power, the United States was free to redefine the problem over a five-year period as one not of vital interest, as one of vital interest, as a European problem, as a humanitarian problem, as a war of aggression and genocide, and as a civil war requiring an honest broker to make peace.

The lack of significant constraint is evident in other ways as well. In the bipolar system U.S. officials worried greatly, some would say obsessively, about the costs to U.S. credibility and prestige of failed or aborted interventions. After the Cold War, U.S. officials seem far less concerned about such less-than-successful interventions. In Somalia, the United States moved quickly from a humanitarian mission to a more ambitious nation-building exercise, but abruptly ended its efforts after taking relatively light casualties in a firefight. In Haiti, a U.S.-led intervention attempt was initially turned back by a rock-throwing mob. Subsequently, the United States engaged its prestige publicly with a clear ultimatum to Haiti’s rebellious military, only to scramble at the deadline it set itself for a face-saving compromise with the same rebellious leaders in order to avoid a military encounter.

Commentators have searched in vain for a pattern to U.S. intervention policy since the end of the Cold War. After the Persian Gulf intervention, some anticipated that the United States would take on the role of “global policeman” to enforce order in the international system. But U.S. intervention in Iraq was followed by a clear reluctance to intervene in Bosnia, leaving many to speculate that the presence or absence of oil may have been the determining factor. There was no oil in Somalia, but there was U.S. intervention, clearly driven by humanitarian concerns. Yet similar concerns, even more prominently on display in Rwanda, were met by U.S. resistance to intervention.33

There is much less evidence in support of the second and third predictions of balance-of-power theory. Since balance-of-power theorists expect the transition to multipolarity to be rapid, by now we should observe other major powers edging away from and balancing the United States, and we should see the United States disentangling itself from its Cold War commitments, or at least hedging its bets.

Layne and Waltz each provide suggestive evidence of other powers distancing themselves from the United States. Both cite isolated examples of remarks by public officials and academics in the relevant countries suggesting that unipolarity is not a desirable state of affairs. They also point to the desire of Japan and Germany for seats on the UN Security Council, their initial participation in UN peacekeeping efforts, and the role of Germany in forcing European Community recognition of Croatia's and Slovenia's break from the former Yugoslavia.34

The bulk of the evidence to this point, however, does not support balance-of-power theory and suggests that a stronger case might be made for the opposite of the theory's predictions. Rather than edging away from the United States, much less balancing it, Germany and Japan have been determined to maintain the pattern of engagement that characterized the Cold War. German officials continue to view the persistence of NATO and forward deployment of U.S. forces within NATO as the cornerstone of their national security strategy. Japan's official strategy continues to be oriented around maintaining and strengthening, for a new era, the U.S.-Japan security treaty. Neither China nor Russia, despite having some differences with the United States, has sought to organize a balancing coalition against it. Indeed, a main security concern for many countries in Europe and Asia is not how to distance from an all-too-powerful United States, but how to prevent the United States from drifting away.

For its part, the United States has been determined to remain engaged. Rather than prepare for multipolarity by disentangling itself from Cold War commitments, the central thrust of post-Cold War U.S. strategy in Europe, Northeast Asia, and the Middle East has been to reinforce and even deepen those commitments. The United States is seeking to preserve the status quo in security relations with its Cold War allies, and is seeking to engage and integrate its Cold War adversaries, Russia and China, into an order that con-

tinues to reflect the design and preserves the dominant position of the United States.

**Balance-of-Threat Theory and Post–Cold War U.S. Security Strategy**

The inability of balance-of-power theory thus far to predict effectively U.S. behavior (or that of other major powers) should not lead to the conclusion that "realism" is a useless framework for analyzing international relations after the Cold War. Other theories from within the realist research program may provide more effective explanations. In this section I elaborate the logic and extrapolate predictions for balance-of-threat theory, and apply those predictions to U.S. security strategy.

**BALANCE OF THREAT LOGIC AND PREDICTIONS**

Stephen Walt expects balancing behavior to be the general tendency in international relations, but he departs from Waltz and his followers on the motivation underlying balancing behavior. Walt argues that balancing behavior is most usefully understood as a response to threat.  The extent to which states appear as threatening to others depends on a variety of factors, including, but not limited to, the aggregate power resources of the state. Power and threat overlap, but are not identical. Geographic proximity, offensive capability, and aggressive intentions are also relevant considerations. For Walt, "states that are viewed as aggressive are likely to provoke others to balance against them."  

The implications of Walt’s revision of balance-of-power theory are significant. In a world in which balancing behavior is the norm and balancing is a response to threat, it is often rational for states to pursue policies that signal restraint and reassurance. Walt argues that “foreign and defense policies that minimize the threat one poses to others make the most sense in such a

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36. Layne disagrees, and seeks to disarm Walt’s argument and its implications by asserting that “in unipolar systems there is no clearcut distinction between balance of threat and balance of power . . . in a unipolar world, others must worry about the hegemon’s capabilities, not its intentions.” Layne, “Unipolar Illusion,” p. 13.
37. The fact that Walt includes intentions as one aspect of threat moves balance-of-threat theory away from the purely systemic level. Balance-of-power theory is purely systemic; balance-of threat theory includes both systemic factors and the kind of unit-level variables that were present in classical realism.
world.”  

Jack Snyder similarly contends that aggression that threatens other great powers diminishes a state’s security in a balance-of-power system.  

The logic of balance-of-threat theory suggests that whether or not states balance a dominant state will depend at least in part on the foreign policy behavior of the dominant state. In the current unipolar context, the rapid rise of new powers to balance the United States is not a foregone conclusion. U.S. behavior can affect the calculations of other major states and may help to convince them that it is unnecessary to engage in balancing behavior. By this logic, a rapid transition from unipolarity to “great power rivalry in a multipolar setting” is not inevitable. Unipolarity will not be preserved forever, but balance-of-threat theory implies that it may be sustainable for a meaningfully longer period than balance-of-power theorists anticipate.  

This implication is important because unipolarity is a preferred world for the United States. In a unipolar world, security threats to the United States are minimized and foreign policy autonomy is maximized. According to realist logic, any great power should prefer to be a unipolar power, regardless of whether or not it possesses expansionist ambitions. For the state at the top, unipolarity is preferable to being a great power facing either the concentrated hostility and threat of a bipolar world or the uncertainty and risk of miscalculation inherent in a multipolar world.  

If balance-of-threat theory is correct in positing that states weigh intentions, and not just capabilities, in deciding whether to balance, what predictions follow with regard to post-Cold War U.S. foreign policy? The most important prediction one can infer from the theory is that, as an overall security strategy, the United States will attempt to prolong the “unipolar moment.” If unipolarity is the preferred world for the United States, and if the rapid collapse of unipolarity is not inevitable because balancing is a response to threat, then we should anticipate that U.S. officials will pursue policies aimed at dissuading other states from rising to great power status and, singly or in combination, balancing against the United States.

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39. Ibid., p. 27.
40. Snyder, Myths of Empire, pp. 6–9.
41. Waltz concedes something to this argument by suggesting that the “forebearance of the strong [might] reduce the worries of the weak and permit them to relax.” Waltz, “The Changing Structure of International Politics,” p. 79. Robert Gilpin reminds us that “an international system is stable if no state believes it is profitable to attempt to change the system.” Robert Gilpin, War and Change in World Politics (Cambridge: Cambridge University Press, 1981), p. 50.
It is difficult to pin down the specific policies the United States would pursue in the effort to preserve its preeminent position. It is possible, however, to infer general policy predictions from the logic of the theory. For example, it is reasonable to expect that the dominant state in a unipolar setting will rely on multilateralism in its international undertakings. Multilateral decision-making procedures may be less efficient, and powerful states are often tempted to act unilaterally. But multilateral procedures are more reassuring to other states and may help to convince them that their preferences matter, and that they are not simply being coerced or directed to follow the dictates of the dominant state.

We must also infer from balance-of-threat theory a set of predictions regarding how the dominant state will deal with potential challengers. Again, intentions matter. Just as the behavior of potential challengers will be affected by how they view the intentions of the dominant state, so, too, the behavior of the dominant state will be influenced by its understanding of the foreign policy intentions of potential challengers. The distinction made in classical realism between status quo and revisionist states is useful here. Morgenthau contrasts the status quo nation, whose foreign policy is oriented toward not challenging the existing distribution of power at a particular time, with the imperialist nation, whose foreign policy seeks a reversal of existing power relations. Imperialist or revisionist states tend to be unhappy with the rules governing the international system and the distribution of benefits within that system. Many other realists have built upon this distinction, including Jack Snyder in his analysis of empire, Randall Schweller in his explanation for World War II, Robert Gilpin in his account of hegemonic war and change, and William Wohlforth in his explanation for the end of the Cold War.

43. This is counterintuitive in that realists generally play down the significance of international institutions. See, for example, Mearsheimer, “The False Promise of International Institutions.” Balance-of-threat theory may lend some insight into why dominant states rely on international institutions even though, as Mearsheimer argues, such institutions do not seem to matter in determining war and peace outcomes.
44. David Fromkin wrote recently that “a recurring theme of international politics throughout 6000 years of recorded history is that when a country becomes far more powerful than its neighbors, its greatness is resented and its neighbors band together against it. We ought to anticipate that reaction by acting whenever possible through multilateral groupings, especially the United Nations, because this assures almost every country a sense of participation in making decisions.” Fromkin, “We Can Go It Alone. We Shouldn’t,” New York Times, September 29, 1995, p. A31.
We can infer that the response of the dominant state will be shaped by whether other states are revisionist or status quo-oriented in their foreign policy orientation. Balance-of-threat theory should predict policies of accommodation and reassurance from the dominant state in its dealings with status quo states. The purpose of these policies is to reinforce in status quo states the conviction that they are secure and do not need to expand military capabilities significantly and challenge the existing order. Specifically, we should expect the dominant state to avoid, in its own foreign policy, behavior that would be perceived as threatening by status quo states; to help to deter or deflect other threats to the security of status quo states; and to help to provide “outlets” or opportunities for status quo states to demonstrate power or enhance prestige without challenging the existing order.47

In dealings with revisionist states, we should anticipate that the dominant state will adopt policies of containment and confrontation. Revisionist states are committed to upsetting the existing international order, and in that sense threaten the primary foreign policy objective of the dominant state. We should expect from the dominant state an effort to organize diplomatic and military coalitions, and at the extreme military action, against revisionist states.48

Some potential challengers may be neither status quo nor revisionist. They may be “on the fence,” uncertain which way their foreign policy will eventually fall. Balance-of-threat theory leads us to anticipate that the dominant state will approach these challengers with policies of accommodation in the hope of nudging them to support the status quo, rather than with policies of confrontation that would drive them unambiguously into the revisionist camp. We should expect the dominant power to adopt the same set of policies predicted for status quo states, and additionally to take steps to integrate these “undecided” states more fully into the existing order so that, by sharing the benefits of that order, they will have less incentive to destabilize or transform it.

The dominant state in a unipolar structure is in a relatively good position to accept the risks inherent in a foreign policy orientation that errs on the side of reassurance. As the sole dominant power it is best able to afford, at least in the short run, accommodating a state masking revisionist intentions. What would

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47. Joffe frames a similar set in the form of policy prescriptions for the United States after the cold war. See Joffe, “Bismarck or Britain?” p. 117.
48. As a practical matter, it is critical for state officials to detect a potential challenger’s intentions effectively and respond appropriately to them. This classic problem of the security dilemma is a difficult one, given uncertainty and the potential for deception. Morgenthau considered it the “fundamental question” of statecraft, and suggested that the answer determines the “fate of nations.” Morgenthau, Politics Among Nations, pp. 67-68.
be a "fatal" mistake for a state facing a challenger of equal or greater power is more likely to be a costly but recoverable mistake for the preponderant power in a unipolar setting.

To summarize, the logic of balance-of-threat theory leads to three predictions for U.S. security policy after the Cold War. First, we should expect, as the centerpiece of U.S. grand strategy, an effort to prolong the unipolar moment. Second, we should anticipate that the United States will adopt policies of reassurance toward status quo states, policies of confrontation toward revisionist states, and policies of engagement or integration toward undecided states. Third, we should see the United States emphasizing multilateral processes in its foreign policy undertakings. Before examining the evidence, it is necessary as a preliminary step to discuss the foreign policy orientations of America's potential challengers.

THE STATUS OF POTENTIAL CHALLENGERS

In the current international system, the United States is in the enviable position of not facing any state, or coalition of states, that combines great power capability with clear intent to destabilize the existing order. Instead, the United States faces two potential great powers whose international situation and foreign policy behavior suggest a preference for the status quo, and two others who sit on the fence, with foreign policy intentions and aspirations more uncertain.

Japan and Germany are part of the victorious coalition that prevailed over the Soviet Union in the just-concluded hegemonic struggle. Rather than challenge U.S. hegemony, they are currently status quo powers, content to play a subordinate role within a U.S.-dominated system. The cornerstone of German security policy is the perpetuation of NATO, including the maintenance of U.S. forces in Europe and the U.S. nuclear guarantee. In 1994 German Chancellor Helmut Kohl described the U.S. presence as an "irreplaceable basis for keeping Europe on a stable footing," and that sentiment is echoed routinely by high German officials.49 German participation in the Western European Union and the Eurocorps has been based on the presumption that European military

forces must be integrated into NATO rather than standing as autonomous
units.50

Japan continues to reaffirm the centrality of the U.S.-Japan Security Treaty,
which obliges the United States to defend Japan, if necessary with nuclear
weapons, and which leaves Japan a partial military power. A comprehensive
report on Japan’s post–Cold War security strategy put forth in late 1994 by the
Defense Issues Council, a prominent advisory body to the prime minister,
called for the two countries to “perfect” their bilateral security relationship,
which continued to be “indispensable both for the purpose of making Japan’s
own safety still more certain and for the purpose of making multilateral
security cooperation effective.”51 Despite the fact that its neighbors have been
increasing their military spending, Japan’s official long-term planning docu-
ment, released in 1995, called for a reduction in military forces and equipment,
strongly suggesting a preference for continued reliance on the United States to
address regional security threats.52

For both Japan and Germany, continuities in foreign policy strategy after the
Cold War outweigh major differences. Each state was a major beneficiary of
the previous international order, and Germany also shared significantly in the
“spoils” of the Cold War settlement by recovering the former East Germany.
Future intentions are uncertain, but in the absence of unforeseen threats to their
security, Japan and Germany are more likely to support the existing order than
to challenge or undermine it.53

Russia’s predicament and behavior suggest a different assessment. Since
1993 Russia has pursued a more assertive foreign policy, most evident in its
coercive and interventionist behavior in the “near abroad” and in its desire to
influence events in territorially proximate regions such as the Balkans and the
Persian Gulf. None of this should come as a shock: the decline in Soviet/
Russian prestige and influence was so sharp over such a short period of time

50. See Robert J. Art, “Why Western Europe Needs the United States and NATO,” Political Science
51. Defense Issues Council, Recommendations for Japan’s Security and Defense Capability, August 12,
52. See Eric Heginbotham and Richard J. Samuels, “Mercantile Realism and Japanese Foreign
Policy,” in Ethan Kapstein and Michael Mastanduno, eds., Realism and International Relations After
the Cold War, unpublished manuscript.
53. On Japan, see Peter Katzenstein and Nobuo Okawara, “Japan’s National Security: Structures,
Norms, and Policies,” and Thomas Berger, “From Sword to Chrysanthemum: Japan’s Culture of
Anti-Militarism,” in International Security, Vol. 17, No. 4 (Spring 1993), pp. 84–150. On Germany,
see Timothy Garten Ash, “Germany’s Choice,” Foreign Affairs, Vol. 73, No. 4 (July/August 1994),
pp. 65–81, and Smyser, “Germany’s New Vision.”
that one would expect Russia to seek, in the wake of the collapse, to restore some elements of its former great power status and exercise influence as a regional power. Yet, whether that effort will lead ultimately to a renewed strategy of global revisionism is certainly not a foregone conclusion. Russia does not currently possess an expansionist ideology. It has an ongoing need to attend to pressing economic problems at home, and requires international assistance in that effort. And, after decades of being perceived as a destabilizing force, Russia’s leaders have a desire to be treated and respected as responsible players in the international system, and to share the benefits, especially economic, of that system. Although tensions between Russia and the West have increased since the “honeymoon period” of 1990–91, Russia’s overall approach to the West has remained a cooperative one, and Russia has shown little inclination to enlist others to balance the preponderant power of the United States.54

China’s combination of rapid growth, international ambition, and a history of discontent with what it perceives as humiliation at the hands of great powers makes it a more likely candidate to launch a global revisionist challenge. China’s per capita GDP has almost quadrupled since 1978; it continues to develop and modernize its military capability; and it seems increasingly willing to threaten the use of force to achieve its foreign policy objectives, particularly with regard to Taiwan and the South China Sea.55 China has the potential for a destabilizing combination of capabilities and intentions. Yet even in this case, a revisionist challenge is not inevitable. China’s power position depends on sustaining rapid economic growth over many years, which, in turn, depends on maintaining political stability. Neither are guaranteed. While China, like Russia, seems determined to throw its weight around regionally, it has also exhibited a desire to be respected as a responsible great power and to share the benefits of the existing international order. And, although U.S.-Chinese relations have been strained by the 1989 Tiananmen Square incident, China’s post–Cold War military acquisition pattern does not reflect a strategy of balancing the United States, it has not tried to organize an anti-American united front, and its economic dependence on the United States has increased.56

54. See S. Neil MacFarlane, “Realism and Russian Strategy After the Collapse of the USSR,” in Kapstein and Mastanduno, Realism and International Relations After the Cold War. He argues Russia’s cooperation with the West actually has been strongest in the area of security policy.
56. Iain Johnston, “Realism and Chinese Security Policy in the Post-Cold War Period,” in Kapstein and Mastanduno, Realism and International Relations After the Cold War.
BALANCE-OF-THREAT EVIDENCE

U.S. security policy since the end of the Cold War has conformed, although not completely, to the predictions of balance-of-threat theory. U.S. officials have sought to preserve the United States' dominant position through efforts to convince the status quo states of Japan and Germany to remain partial great powers, and to integrate the undecided states of Russia and China into a U.S.-centered international order. U.S. officials have emphasized multilateral coalitions and decision-making processes, particularly in cases of military intervention.

To be sure, neither the Bush nor the Clinton administration has advertised, in foreign policy pronouncements, the goal of preventing other states from challenging the preeminent position of the United States. The grand strategy of preserving unipolarity, however, was laid out clearly in the much-discussed Defense Planning Guidance leaked to the press in 1992. The paper concluded that, following the defeat of the Soviet Union, "our strategy must now refocus on precluding the emergence of any future global competitor." The United States "must establish and protect a new order that holds the promise of convincing potential competitors that they need not aspire to a greater role." It must "retain the pre- eminent responsibility for addressing those wrongs which threaten not only our interests, but those of our allies or friends, or which could seriously unsettle international relations." Although U.S. officials publicly distanced themselves from the Guidance at the time it was leaked, its logic and arguments have in fact shaped U.S. security policy.

57. As balance-of-threat theory would expect, U.S. officials have responded to regional powers that have revisionist agendas with confrontation rather than engagement. The war against Iraq, the Clinton administration's subsequent "dual containment" strategy towards Iran and Iraq, and the administration's determination to gain collective support for a confrontational approach toward "rogue" or "backlash" states demonstrate this point. See Anthony Lake, "Confronting Backlash States," *Foreign Affairs*, Vol. 73, No. 2 (March/April 1994), pp. 45-55.
For example, U.S. policy has been dedicated to dissuading Japan from becoming a “normal” great power by deflecting threats to Japanese security, providing avenues for Japan to exhibit international responsibility despite lacking great power status, and assuring that U.S. behavior does not exacerbate Japanese insecurity. The bilateral security treaty remains the key to the relationship for the United States. Shortly after the collapse of the Soviet Union, U.S. officials had announced plans for a continual reduction in troop levels in Asia, but in 1994, the Pentagon called for a halt in the process in order to allay anxieties among Japanese and Asian officials that the United States might be contemplating a phased withdrawal. On the contrary, U.S. officials have termed their strategy for Asia “deep engagement.” It calls for the maintenance of the forward deployment of U.S. forces and a commitment to a stabilizing regional role over the indefinite future. In the words of Joseph Nye, then Assistant Secretary of Defense, “For the security and prosperity of today to be maintained for the next twenty years, the United States must remain engaged in Asia, committed to peace in the region, and dedicated to strengthening alliances and friendships. That is what we propose to do.”

The U.S. strategy is designed to convince Japan that the United States will deter possible threats from Russia or China, and that although Japan should contribute to that effort, there is no need for Japan to replicate the U.S. effort by becoming a full great power. The U.S. presence is intended to reassure Japan’s neighbors as well, and to dampen incentives for regional arms races generated by insecurity.

U.S. officials have responded to threats that might, if left unattended, create incentives for Japan to develop independent military capabilities. The U.S.-led war in Iraq served multiple purposes, one of which was to maintain predictable access to Persian Gulf oil, on which Japan depends far more for its economic prosperity than does the United States. The U.S. effort to thwart North Korea’s nuclear ambitions was consistent with U.S. nonproliferation strategy in general, and also with the regional strategy of reassuring Japan and discouraging it from having to acquire nuclear capabilities itself. U.S. officials have also been eager to encourage Japan to take on greater international responsibilities that do not require the full attributes of a great power. They have urged Japan to play a greater role in the management of international economic and environmental problems, and have encouraged Japan to take on international peacekeeping obligations, particularly in Southeast Asia but in Africa as well.

“Deep engagement” is similarly an apt characterization of the post–Cold War U.S. security strategy in Europe. During the Cold War, the unstated assumption was that NATO’s purpose was threefold: to keep the Americans in, the Russians out, and the Germans down. NATO and the European Community were the critical mechanisms to bind Germany and France together and to anchor Germany in a transatlantic political and security community. Following the Cold War and German unification, the United States has continued to pursue a strategy designed to harness the great power potential of Germany while providing for German security in Europe. For U.S. officials, support for German unification and the preservation of NATO, with Germany as a full partner within it, went hand in hand as crucial elements in the post–Cold War settlement. Rather than “edging away” from NATO and the security obligations it imposes, U.S. officials have made clear their intention to transform the alliance and maintain it indefinitely.

The United States has also continued to support European integration, even as members of the European Union contemplate deeper commitments such as monetary and political union and the coordination of foreign and defense policies. Deeper integration has raised the potential for conflict between NATO and emerging European defense cooperation in the Western European Union and Eurocorps. The United States has been willing to support intra-European defense initiatives as long as they remain subordinated to NATO commitments. U.S. officials engineered an arrangement with their European counterparts in 1994 to assure that the Western European Union would utilize rather than replicate NATO’s military structure, and that the Eurocorps would come under NATO command during crisis or wartime.

Balance-of-threat theory would anticipate U.S. intervention in conflicts that threaten regional stability and carry the potential for other major powers to develop and project independent military capabilities. America’s reluctant and

61. Michael Mandelbaum, for example, argues that NATO is still needed “to reassure Germany that it need not arm itself more heavily to remain secure, something that would make Germany’s neighbors feel less secure.” Mandelbaum, “Preserving the New Peace,” Foreign Affairs, Vol. 74, No. 3 (May/June 1995), p. 13.
62. See Philip Zelikow and Condoleezza Rice, Germany United and Europe Transformed (Cambridge, Mass.: Harvard University Press, 1995), and Art, “Why Western Europe Needs the United States and NATO.”
63. As then-Assistant Secretary of State Richard Holbrooke argued, “It would be self-defeating for the WEU to create military structures to duplicate the successful European integration already achieved in NATO . . . a stronger European pillar of the alliance can be an important contribution to European stability and transatlantic burden sharing, provided it does not dilute NATO.” Holbrooke, “America, A European Power,” Foreign Affairs, Vol. 74, No. 2 (March/April 1995), p. 47, emphasis added.
64. Art, “Why Western Europe Needs the United States and NATO.”
vacillating policy toward the Bosnian conflict between 1991 and 1994 does not square with this expectation. By 1995, however, U.S. strategy coalesced and U.S. officials placed the cohesiveness of NATO at the top of their Bosnian policy agenda. In a critical National Security Council meeting late in 1994, the Clinton administration decided, in the words of one official, that “NATO is more important than Bosnia,” and, in deference to its allies, backed away from its commitment to use air power to protect the safe area of Bihać. Subsequently, in an effort to unite NATO and assure that German and Russian involvement was closely coordinated with the United States, U.S. officials hosted and orchestrated a peace settlement among the warring parties and backed their diplomacy with a commitment of 20,000 ground troops.

Turning to the undecided powers, balance-of-threat theory would predict a U.S. attempt to steer Russian foreign policy away from a possible revisionist challenge and toward support for the status quo. We should expect U.S. efforts to avoid threatening Russian security, to provide opportunities for Russia to recover lost prestige, and to integrate Russia into the existing international order. Indeed, the United States was careful not to provoke or humiliate Russian leaders as the Soviet Union collapsed: recall President Bush’s concern that the West not be perceived as dancing triumphantly on the ruins of the Berlin Wall. U.S. officials have also reacted cautiously to Russia’s internal security problems and have resisted any temptation to encourage or exploit political instability. They essentially condoned Yeltsin’s 1993 assault on the Russian Parliament, and their response to Russian aggression in Chechnya has been critical although restrained. Statements of disapproval have been accompanied by the notable absence of sanctions, despite obvious human rights concerns, and by public acknowledgments that Chechnya is part of the Russian federation.

66. See Roger Cohen, “Why the Yanks are Going. Yet Again,” New York Times, November 26, 1995, sec. 4, p. 1. Reflecting on the administration’s Bosnia policy, Assistant Secretary Holbrooke conceded that “it took some time to realize that we are still part of the balance of power in Europe. We are needed now to bring stability to the vast land mass from the eastern German border to the western Russian border.”
67. Zelikow and Rice, Germany United and Europe Transformed, p. 105
68. Holbrooke states that “the Chechnya conflict, terrible though it is, has not changed the nature of U.S. interests.” See “America, A European Power,” p. 49. Secretary of State Warren Christopher, seemingly struggling to find something positive to say, wrote in 1995 that public debate in Russia over Chechnya and independent media coverage were “reflections of Russia’s emerging democracy and civil society.” See Warren Christopher, “America’s Leadership, America’s Opportunity,” Foreign Policy, No. 98 (Spring 1995), p. 11.
U.S. officials have also tried to bolster Russia's prestige through initiatives intended to highlight Russia's stature as an international actor. Invitations to Russian leaders to attend G-7 summits is one example, and the decision to grant Russia status as the "co-chair" of the U.S.-led Madrid peace conference on the Middle East is another. The Clinton administration worked out a delicate compromise to allow Russian forces to participate in the Bosnian peacekeeping effort under U.S. command when it became evident that Russia desired participation but was unwilling to do so under NATO command.69 The United States also undertook a major diplomatic effort to ensure Russia's role as a "founding member" and major partner in the construction of a new export control regime, the successor to CoCom, designed to stem the flow of technology and weapons to dangerous states in the developing world. In the interest of furthering Russian economic reform, U.S. officials have facilitated Russia's access to the resources of the International Monetary Fund (IMF), to the point of raising questions as to whether Russia has been treated more generously than other recipients.70 And they have sought to deepen cooperation with Russia in a revitalized United Nations and in the ongoing nuclear and conventional arms control processes.

One apparent anomaly for balance-of-threat theory is the U.S. commitment to NATO expansion. Russian leaders view NATO expansion as a political affront and a threat to Russian security. In the absence of an imminent threat from Russia, balance-of-threat theory would predict that the United States would resist rather than promote the expansion of NATO to Russia's doorstep.71 Nevertheless, U.S. officials have encouraged NATO expansion and called for extending full membership to an initial group of East European countries in 1999.

The rationale for NATO expansion is multifaceted and complex, and on reflection the initiative is not wholly inconsistent with the U.S. grand strategy of preserving preponderance. NATO expansion extends and institutionalizes

70. See Richard Stevenson, "Did Yeltsin Get a Sweetheart Deal on I.M.F. Loans?" New York Times, March 11, 1996, p. A11. During 1996 IMF negotiations with Russia over a $9 billion loan, President Clinton stated publicly that he wanted the deal to go through. IMF officials denied any U.S. influence or that Russia's treatment or conditions were any less stringent that was the usual practice.
71. Michael Mandelbaum accepts this logic in arguing that Russia is "not destined" to disturb the balance of power in Europe and that NATO expansion is "at best premature, at worst counterproductive." See Mandelbaum, "Preserving the New Peace," pp. 9-12.
the U.S. presence in the historically turbulent zone of instability between Russia and Germany. Rather than as the harbinger of a new containment strategy, it is a hedge not only against future Russian expansion, but also against an independent German Ostpolitik and possible German-Russian conflict.\textsuperscript{72} The U.S. desire to stabilize Eastern Europe yet not offend Russia has forced U.S. officials into a delicate balancing act. They have stressed publicly that Russia does not hold a veto over NATO expansion, but have clearly been influenced by Russia’s concerns. U.S. officials have sought to make NATO “Russia-friendly” through Russian participation in the Partnership for Peace, and they have searched with Russian leaders for a formula that would make NATO expansion politically acceptable to Russia.\textsuperscript{73}

For China, as for Russia, balance-of-threat theory would predict a U.S. policy that stressed engagement and integration rather than containment. The overall U.S. approach to China is consistent with this prediction. Assistant Defense Secretary Nye argued in 1995 that “it is wrong to portray China as an enemy. Nor is there reason to believe China must be an enemy in the future. . . . A containment strategy would be difficult to reverse. Enmity would become a self-fulfilling prophecy.”\textsuperscript{74} The Clinton administration has termed its alternative strategy “comprehensive engagement,” and its primary objective, as Kenneth Lieberthal has noted, is to facilitate China’s integration into the existing international order on the condition that China accept the rules of that order and not seek to undermine it.\textsuperscript{75} In short, the strategy seeks what to many seems improbable: to turn China into a status quo power.

\textsuperscript{72} Barry Posen and Andrew Ross reach a similar conclusion. They argue NATO expansion is being driven less by the need to respond to an imminent Russian threat, and more to “preserve and widen [U.S.] involvement in European affairs,” and “to forestall even a hint of an independent German foreign policy in the east.” NATO expansion is essentially “the adaptation of a politically familiar vehicle to the task of preserving U.S. primacy.” Posen and Ross, “Competing U.S. Grand Strategies,” p. 117.


\textsuperscript{74} Nye, “The Case for Deep Engagement,” p. 94.

\textsuperscript{75} Lieberthal, “A New China Strategy,” p. 43. Warren Christopher writes that it is up to China to decide whether it will be a destabilizing force, but that “American engagement can help encourage it to enjoy the benefits—and accept the obligations—that come with membership in international institutions and adherence to international norms.” Christopher, “America’s Leadership, America’s Opportunity,” p. 12.
A key element of the U.S. approach is closer defense and security cooperation with China. U.S. officials helped to convince China to join the nuclear nonproliferation regime and have engaged Chinese leaders in high-level dialogues on regional security and defense conversion. In the interest of a broader cooperative relationship, the Clinton administration in May 1994 backed away from the priority it had granted to human rights concerns in China policy and explicitly severed the connection between human rights and the granting of most-favored-nation (MFN) status for China.

Although U.S. officials believe that Chinese “misbehavior” continues to strain the bilateral relationship, their response has been muted. Early in 1996, the Clinton administration determined that Chinese sales of nuclear technology to Iran and Pakistan violated nonproliferation rules, but worked to soften the sanctions it was required by law to impose on China. In March 1996, as China threatened military action against Taiwan, the administration responded with “strategic ambiguity,” a display of naval force it hoped would be sufficient to deter China and reassure others in the region without provoking a confrontation with China. In a strong signal of the administration’s preference for business as usual, National Security Adviser Anthony Lake stated publicly in the midst of the crisis that the administration planned to renew MFN status for China, even though the State Department’s annual human rights report was strongly critical of China.

This review of U.S. relations with potential challengers suggests that balance-of-threat theory provides a strong explanation for U.S. security policy after the Cold War, and one that is more persuasive than that offered by balance-of-power theory. Balance-of-threat theory also anticipates the emphasis in U.S. security policy on multilateral decision-making procedures. To be sure, “multilateralism,” and especially the United Nations, became targets of opprobrium in the U.S. Congress and in U.S. public opinion after the aborted intervention in Somalia. Nevertheless, as the Persian Gulf and Bosnian crises illustrate, the preferred strategy of the U.S. executive after the Cold War has been to rely on the UN Security Council to authorize the use of force or strong diplomatic initiatives, and then to proceed with U.S.-orchestrated military or diplomatic coalitions. Multilateral decision-making processes help the United States to

exercise its dominant power with legitimacy. They are key instruments of statecraft—indeed, of realpolitik—for a dominant state that is seeking, in a unipolar setting, to convince other states to cooperate with it rather than to balance against it.

**Balance-of-Power Theory and Post–Cold War U.S. Economic Strategy**

All realists assume that economic relations are a function of and subordinate to political relations; that the state is a distinct actor with its own goals; and that states, in their economic relationships, must remain sensitive to the possibility of military conflict. Both balance-of-power and balance-of-threat theory build on these assumptions, but, as with security strategy, each generates different predictions for U.S. economic strategy after the Cold War. Balance-of-power theory predicts that the primary focus of U.S. foreign economic policy will be to improve America’s relative position in economic competition with other major powers. Balance-of-threat theory predicts that the United States will use its economic relationships and power as instruments of statecraft to reinforce its security strategy toward other major powers. In security strategy, post–Cold War U.S. behavior has been more consistent with the predictions of balance-of-threat theory. In economic strategy, however, U.S. behavior has been more consistent with the predictions of balance-of-power theory.

**BALANCE-OF-POWER LOGIC AND PREDICTIONS**

Realists emphasize that international economic interactions among states are inherently competitive, most importantly because of the close connection between economic and military power. Throughout history, the military capabilities of a state have depended on the size and level of development of its economy; great economic powers have become great military powers. If economic power is the basis for military strength, then states that are competitive in the military arena will naturally compete, with a sensitivity to relative position, in the economic arena.

In the contemporary era, however, the connection between economic and military capability is not as tight. Nuclear weapons make it possible to develop formidable military power without having great economic capability. Further-

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80. The point is made strongly in Waltz, “The Emerging Structure of International Politics.”
more, in a nuclear era the prospects for hegemonic war among great powers may be remote, which further diminishes the strategic importance of relative economic position. Do these considerations, for balance-of-power theorists, imply that international economic competition no longer matters?

The answer is clearly no. Waltz, for example, argues that “economic competition is often as keen as military competition, and since nuclear weapons limit the use of force among great powers at the strategic level, we may expect economic and technological competition among them to become more intense.” Balance-of-power theorists point to four reasons. First, the prospects for war among major powers may be remote, but they never disappear completely. Today’s benign security environment is tomorrow’s threatening one, and today’s stalemate in military technology is tomorrow’s unforeseen breakthrough in military technology. Economic growth rates and technological advantages cumulate, so that small gaps in the present may become large gaps in the future. Second, even in the absence of threats to military security, states worry about foreign policy autonomy. Increases in relative economic capability expand foreign policy autonomy, because economic resources can be used to influence other states and to minimize vulnerability to the influence attempts of others. Third, states compete to enhance national economic welfare. Prosperity, like security, can be shared, and the pursuit of it is not necessarily a zero-sum game. When scarcities exist, however, international economic relations necessarily become more competitive, and states may struggle over access to capital, natural resources, markets, jobs, or advanced technologies. Finally, success in economic competition brings to a state intangible but potentially important benefits in international status and prestige. Governments, like individuals, are probably more concerned with relative rankings than they are inclined to admit. Not every state is obsessed with being “number one,” but most states are likely to derive some benefit from a higher ranking in economic competition (or in education, or sports) relative to states they consider to be their peers.

For balance-of-power theory, international economic relations remain an integral part of the ongoing struggle for power and influence among nation-states. But to infer specific predictions for a state’s foreign economic policy requires us to recognize again that states respond to the opportunities and constraints of the international structural environment they face. Foreign economic policy depends on the position of the state in the international economic structure, and the international security structure.

During the Cold War, U.S. foreign economic policy responded to the incentives of both structures. The emergence of the United States as the dominant economic power led U.S. officials to abandon their traditional policies of economic nationalism in favor of a commitment to construct and maintain a liberal international economy. Bipolarity reinforced this approach in America’s economic relations with its principal allies in Western Europe and East Asia. In the interest of strengthening the coalition balancing the Soviet Union, U.S. officials even permitted their allies to maintain trade (and in the case of Japan, investment) policies that discriminated against the United States.

What should balance-of-power theory predict for U.S. foreign economic policy in the post-Cold War era? The key point is that the U.S. position in both the international economic and security structures has changed. The bipolar structure has given way to unipolarity and the U.S. position in the international economic structure has been in relative decline. The United States remains very powerful in absolute terms, but its economic position relative to Japan, Germany, and the European Union is less advantageous now than it was from 1945 to 1970.


We can infer from the combination of unipolarity and declining hegemony that the United States will become more sensitive to relative position in economic competition with other major powers. The Cold War situation was anomalous in two ways. First, when the United States was far ahead, it could afford not to worry too much about how to play—and how others were playing—the game of international economic competition. As others catch up, however, the United States should become more concerned with defending and advancing its relative economic position. Second, the need to meet the Soviet threat prompted the United States to subordinate its relative position in international economic competition to the greater good of fostering the overall economic strength of the Western coalition. In the absence of the Soviet threat, the United States should be less inclined to emphasize overall coalition strength and more inclined to treat other major powers as economic, and potentially geopolitical, competitors.

The logic of balance-of-power theory suggests that in the new structural environment, the position of the United States in international economic competition should become a central foreign policy priority. Specifically, we can infer three types of response. First, we should anticipate an effort by U.S. officials to cut down the economic costs of foreign policy commitments. At a minimum, expect burden-sharing to become a priority in foreign policy commitments; at a maximum, expect the United States to alter and diminish the commitments themselves. Second, we should expect the United States to become more like other advanced industrial states in terms of assistance to national firms in international competition, with increased emphasis on export promotion policies, industrial policies, and government-industry collaboration. Third, we should expect U.S. officials to try to reverse or at least adjust the "generous" foreign economic policies characteristic of hegemony and bipolarity. They should be less tolerant of asymmetrical trade, technology, and exchange rate policies that gave advantages to principal economic competitors. And, we should expect their commitment to the multilateral free trade system, which was a critical element in the U.S. Cold War strategy, to diminish.

**Balance-of-Power Evidence**

There is sufficient evidence to support each of these predictions as well as the more general expectation of balance-of-power theorists that changes in the

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international economic and security structures will prompt the United States to become more sensitive to relative position in economic competition with other major powers.

First, burden-sharing—the effort to convince other states to pick up a greater share of the costs of U.S. foreign policy commitments—has become increasingly prominent in U.S. statecraft since the end of the Cold War. U.S. officials have pushed Japan to pay all the yen-based costs and roughly 70 percent of the total costs of maintaining U.S. forces in Japan. During the Gulf War, the Bush administration extracted contributions from other coalition members with a zeal and effectiveness that led some observers to calculate that the United States made a net profit on the intervention, and others to characterize U.S. forces as mercenaries. The 1994 deal on nonproliferation struck between the United States and North Korea obliges Japan and South Korea to accept a significant part of the cost of providing alternative energy sources to North Korea. U.S. officials have made clear that they expect the members of the European Union to bear the burden of Bosnian reconstruction. No post–Cold War “Marshall Plan” was devised for Russia and Eastern Europe; burden-sharing disputes characterized the Western aid effort for Russia, and for the most part the United States deferred the economic initiative on Eastern Europe to Germany and its European partners.

Second, U.S. officials have taken a series of aggressive steps to assist U.S. firms in international competition. The Clinton administration has elevated export promotion to the very top of the U.S. foreign policy agenda, including the routine use of diplomatic leverage at the highest levels to create opportunities for U.S. firms. The Commerce Department has emulated the Pentagon in dedicating a “war room” to track international competition for major export contracts around the world. A high priority has been placed upon improving the U.S. position in competition for emerging markets across the developing world, and in 1994 President Clinton himself was instrumental in helping U.S. aircraft suppliers outcompete their European rivals for a $6 billion order from Saudi Arabia. U.S. officials have made the relaxation of national security export

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controls—which traditionally disadvantaged U.S. firms more than firms in other industrial states—a high priority, especially in areas of U.S. competitive advantage such as computers and electronics. Commercial motivations have also led the Clinton team to weaken restraints on conventional arms sales.

Compared to the governments of other advanced industrial states, the U.S. government still lags in its enthusiasm for civilian industrial policies. Yet an evolution over time is apparent. "Atari Democrats" pushed the idea during the early 1980s without political success. By the late 1980s it became legitimate in the U.S. policy context to promote industrial policy, as long as the primary purpose was defense applications. The Reagan and Bush administrations devoted resources to SEMATECH and encouraged the Defense Advanced Research Projects Agency (DARPA) to fund defense-related civilian technologies such as flat computer-display panels and high-definition television. By the middle of the 1990s, executive officials embraced explicitly the idea of industrial policy directly for commercial applications. DARPA's name dropped "Defense" to become ARPA, and the Clinton administration launched of series of initiatives involving government-business partnerships in industry and advanced technology. The president's often-quoted depiction of economic relations among the United States and other advanced industrial nations as analogous to "big corporations competing in the global marketplace" captures the sentiment underlying these and similar initiatives.

Third, accelerating a pattern that began during the 1970s and 1980s, U.S. officials have become far less tolerant of trade, technology, and exchange rate asymmetries that lend advantage to its primary competitors. Aggressive demands for market access have become the centerpiece of U.S. trade strategy. Struggles with the European Union over aircraft subsidies, broadcasting quotas, and agricultural restrictions reflect this priority, and the concern drove former U.S. Commerce Secretary Robert Mosbacher to demand a "seat at the table" for the United States in order to influence the design of the single European market. Japan, to this point the United States' most intense industrial and technological competitor, has been an even more prominent target. In trade

disputes over satellites, supercomputers, and semiconductors, U.S. officials have sought to disrupt Japan’s home market “sanctuary” by countering Japanese infant industry protection and collusive arrangements among Japanese firms and between Japanese government and industry. U.S. behavior in the highly public automotive sector dispute in 1995 was driven in part by similar concerns, as U.S. officials sought to break open the long-term supplier and distributor relationships that shut U.S. firms out of the Japanese market.

U.S. officials have resorted increasingly to the use of exchange rates as a trade weapon in competition with Japan. Since the Plaza Accord of 1985, and in a reversal of the Cold War pattern, the United States has forced Japan to accept a dollar-yen exchange rate that enhances the attractiveness of U.S. exports to Japan and discourages Japanese sales to the United States. The FSX fighter dispute demonstrated dramatically that U.S. officials are no longer willing to encourage, as they did during the Cold War, the transfer to Japan of sensitive U.S. technologies that have commercial significance. The United States wants to stem the flow of critical commercial technologies to Japan and to encourage the “flowback” of Japanese technologies to the United States.98

The United States has also begun to counter and emulate the industrial espionage practices that have long been an element of its competitors’ national economic strategies.99 Early in 1995 the French government asked the CIA station chief and his assistants to leave the country in light of accusations that the CIA had been recruiting French officials with responsibilities for General Agreement on Tariffs and Trade (GATT) negotiations and telecommunications policy. U.S. officials criticized the very public French response as unprecedented in relations among allies—but did not deny the allegations.100 Subsequently, a similar diplomatic controversy broke out with Japan over suspicions that CIA officials had eavesdropped on Japanese officials in an effort to gain advantage for the United States during the auto negotiations. Japan, too, was indignant and demanded explanations. For Japan and France to protest too vigorously is somewhat ironic, but does reflect their discomfort with the idea that the United States might reorient some of its formidable intelligence assets from military collaboration to international economic competition.

Finally, there have been changes in the nature of the U.S. commitment to multilateral free trade. To be sure, U.S. officials continue to support the multilateral system. The successful completion of the Uruguay Round and the replacement of the GATT with the more ambitious World Trade Organization (WTO) were high priorities for both the Bush and Clinton administrations. Nevertheless, the strength and durability of the U.S. commitment to the multilateral system have been questioned by its trading partners, and with good reason. The Bush administration was willing to risk the collapse of the Uruguay Round at its 1990 deadline, and pinned the blame on its European competitors for refusing to accede to U.S. demands for radical liberalization in the agricultural sector. An uneasy compromise was reached and the round was finally completed in 1993. Subsequently, the United States dealt serious blows to the nascent WTO by refusing to meet deadlines set under the Uruguay Round for new agreements to liberalize trade in telecommunications, financial services, and maritime transport because the proposed accords did not provide sufficient advantages to U.S. firms in overseas markets. U.S. Trade Representative Charlene Barshefsky defended this stand in 1996 by arguing that “with the Cold War over, trade agreements must stand or fall on their merits. They no longer have a security component. If we do not get reciprocity, we will not get freer trade.”

The United States’ multilateral commitment has also coexisted uneasily since the mid-1980s with the clear determination of U.S. officials to rely on “aggressive unilateralism” in trade policy, notwithstanding the fact that U.S. tactics have been widely perceived abroad as damaging to the credibility of U.S. diplomacy and the multilateral system. Aggressive unilateralism exploits the advantages of U.S. economic power and produces quicker results than the more consensual multilateral process. U.S. officials have also devoted considerable diplomatic effort to regional liberalization efforts such as the expansion of the North American Free Trade Agreement (NAFTA), while at the same time questioning the need for another comprehensive round of multilateral trade negotiations.


102. See Bhagwati and Patrick, *Aggressive Unilateralism*.

103. In the words of Deputy U.S. Trade Representative Jeffrey Lang, “I’m not sure the WTO needs glamorous, big negotiating rounds; we should aim for steady, small steps every year.” See Lewis, “Is the U.S. Souring on Free Trade?”

Earlier I inferred, from the logic of balance-of-threat theory, the prediction that U.S. security strategy after the Cold War would center on the effort to preserve primacy through policies of reassurance and engagement. To develop predictions for U.S. economic strategy requires a bolder extrapolation, because thus far balance-of-threat advocates have devoted relatively little systematic attention to international economic relationships.104

**BALANCE-OF-THREAT LOGIC AND PREDICTIONS**

Balance-of-power theorists expect intensified economic competition after the Cold War to be a logical counterpart to the renewal of security rivalry among great powers in a multipolar setting. From the perspective of balance-of-threat theory, however, neither the rapid transition to multipolarity nor security conflict among rival great powers is inevitable, because states respond not only to capabilities but also to perceptions of threat and foreign policy intention. Balance-of-threat realists foresee the potential for great power cooperation; they worry that preparation for great power rivalry and possible war might lead to a self-fulfilling prophecy according to the logic of the security dilemma.105

Two implications follow for international economic relations. First, if great power rivalry can be held in abeyance and the prospects for war are remote, states can afford to be less concerned about relative gains and relative position in international economic competition. There are other reasons for states to be concerned about relative position, but for balance-of-threat theorists these are less pressing than the likelihood of war.106 Second, attempts to pursue relative economic advantage might actually prove counterproductive, because states respond to perceptions of threat. The pursuit of relative advantage might appear provocative or threatening to other states, triggering the spiral of political tension and rivalry that balance-of-threat theorists hope states will avoid.

We can infer from this logic the general prediction that states will tailor their foreign economic policies to complement and reinforce their national security strategies. Realists generally believe that economic relations are subordinate to

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104. An important exception is Jervis, "International Primacy: Is the Game Worth the Candle?"
105. Ibid., pp. 56–57, and Stephen Van Evera, "Primed for Peace: Europe After the Cold War," in Sean M. Lynn-Jones and Steven E. Miller, eds., The Cold War and After: Prospects for Peace, rev. ed. (Cambridge, Mass.: MIT Press, 1993), pp. 193–243. Van Evera writes (p. 218): "If all states accept the status quo and none wish to change it, wars are far fewer. Indeed, if no aggressor state is on the scene, war can only occur by accident or misunderstanding."
political relations; if balance-of-threat theory is correct, we should anticipate that states will use economic relationships as instruments to serve broader political goals.\textsuperscript{107} We should expect a state that pursues political confrontation in relations with a revisionist state also to pursue economic confrontation. Since the intentions of a revisionist state are already presumed to be hostile, the purpose of economic confrontation would be to isolate the revisionist state and weaken its capabilities. We should expect a state that pursues a political strategy of reassurance in relations with status quo or undecided states to reinforce that strategy by relying on cooperative economic policies. Economic cooperation might increase the capabilities of an undecided state, but might also shape its foreign policy intentions in a manner desired by the initiating state.\textsuperscript{108}

These guidelines suggest the following predictions for U.S. economic strategy after the Cold War. In relations with the status quo states of Japan and the European Union, we should expect the strategy of security reassurance to be reinforced by economic engagement. We should see U.S. officials seeking to minimize bilateral conflicts and to emphasize cooperative initiatives such as the launching of free trade agreements. In relations with Russia and China, states with uncertain foreign policy intentions, we should expect the U.S. political strategy of integration to be complemented by economic strategies of integration and cooperation, as part of the broader effort to steer these states to support the U.S.-centered status quo. For revisionist states, such as Iran and Iraq, we should expect economic containment to reinforce political containment.

\textbf{Balance-of-Threat Evidence}

To what extent have U.S. officials used economic statecraft to reinforce and promote their preferred post–Cold War security strategy? Although the evidence is mixed, the emphasis is clear. U.S. economic strategy thus far has reflected, consistent with balance-of-power theory, a greater concern for the pursuit of relative economic advantage than for using economic relations to


\textsuperscript{108} For a discussion of the use of economic statecraft to shape a target state’s capabilities and intentions, see Mastanduno, \textit{Economic Containment}, chap. 2.
support the preferred national security strategies of reassuring and engaging potential challengers.

The tension between security and economic strategy is strongest in U.S. relations with Japan. As Japanese officials sometimes comment, dealing with the United States in economics and security is like dealing with two different countries. The relationship among U.S. and Japanese security officials has been characterized by a sense of shared objectives, while relations on the economic side have been marked by mistrust and frustration. Disputes have been virtually continuous for a decade: the Toshiba and semiconductor disputes in 1987; the FSX, Super 301, and SII disputes in 1989–90; the Persian Gulf dispute in 1991; President Bush’s ill-fated auto sales trip in 1992; conflict over semiconductors again in 1992–93; the collapse of the Framework talks in 1994; and the automotive and economic spying disputes in 1995.\(^{109}\) Attempts to resolve these disputes call to mind the U.S.-Soviet arms control experience during the Cold War in the sense that each side approaches the other with suspicion and resentment, and fears its partner will exploit the smallest loopholes or ambiguities as an excuse to renege on commitments. Instead of the de-escalation of economic tensions that would complement the security strategy of reassurance, U.S. officials have applied almost relentless economic pressure on Japan.

U.S. economic strategy toward China and the U.S.-China economic relationship have begun to resemble the Japan situation. Concern over China’s mounting trade surplus and frustration over obstacles to market access have led to political acrimony and threats of economic sanctions and trade wars. U.S. trade officials speak openly of China as the “next Japan.” They view China as adopting Japan’s adversarial economic practices as part of its development strategy, and they are determined not to make the “same mistake” of subordinating economic interests to security concerns. Then-U.S. Trade Representative Mickey Kantor expressed the view explicitly in 1995 that the United States must practice economic confrontation against China earlier and more aggressively than it did against Japan. He and other trade officials convinced the White House in early 1996, over the objections of the State Department, that the United States should continue to confront China over its intellectual property

practices even though confrontation might jeopardize the ability of U.S. officials to moderate China’s behavior in its conflict with Taiwan.110

U.S. economic relations with members of the European Union also have been more a source of tension than of reassurance, with sustained disputes over agriculture, broadcasting, aircraft, telecommunications, government procurement, and other issues played out bilaterally and multilaterally. Even U.S. pressure on Japan has tended to have negative repercussions, as European officials have objected that Japanese accommodation to U.S. market access demands will only force European firms to bear the adjustment costs. By the mid-1990s these festering economic conflicts, compounded by the United States’ apparent turn away from Europe in favor of Latin America and Asia, led to concerns on both sides of the transatlantic relationship regarding its long-term stability. In May 1995 the United States responded, as balance-of-threat theory would predict, with economic statecraft, in the form of a proposal for a transatlantic free trade agreement. In proposing the agreement, U.S. officials cautioned that in the absence of “new economic architecture” across the Atlantic, “natural economic juices may force us much further apart than anyone conceives of right now.”111 As of the beginning of 1996, however, plans for a “trans-Atlantic NAFTA” were downgraded to a more modest dialogue on non-tariff barriers, as both U.S. and EU officials conceded that they were not quite prepared for the arduous negotiations that would be required to launch a free trade agreement.112

U.S. economic strategy toward Russia has come closest to meeting the predictions of balance-of-threat theory. As part of the larger effort to encourage Russia to sustain political and economic reforms and a pro-Western foreign policy, U.S. officials have facilitated Russia’s dealings with the IMF and the G-7, and have provided funds and technical support to assist Russia in dismantling nuclear weapons and in making the transition to a market economy.113 The fact that Russia is not a serious economic competitor (or, like China, an emerging

competitor) has made it easier for U.S. officials to avoid the kinds of economic conflicts that have characterized U.S. relations with other major powers. Yet, even in this case, U.S. economic statecraft offers only a partial complement to the political engagement strategy. U.S. officials have not offered Russia anything resembling the preferential trade arrangements provided to Western Europe and Japan in their postwar recovery phases, and the U.S. aid program for Russia has caused considerable resentment, with Russian officials complaining that the effort is being driven by U.S. export interests and that the main beneficiaries have not been Russians but U.S. corporations and consulting firms.  

**Conclusion: Realism and the Future of U.S. Grand Strategy**

Realists might be tempted to conclude from this analysis that “realism explains everything,” while critics might counter that, by generating contradictory expectations, realism actually explains nothing. Both comments miss the point. Realism per se is not an explanation, but a research program from which particular realist explanations can be derived and tested. I assessed two realist theories in this article, and the evidence neither fully supports nor fully refutes either one. However, each theory does provide strong insight into a central aspect of post–Cold War U.S. foreign policy and, taken together, they point to an important tension within overall U.S. strategy.

As both realist theories would predict, U.S. strategy has been responsive to the constraints and opportunities of the international structure and to the U.S. position within it. Bipolarity concentrated U.S. attention on the Soviet challenge and drove economic and security strategy in complementary directions. Unipolarity imposes less of a constraint and affords the United States more room to maneuver. After the Cold War, U.S. security and economic strategy have diverged. Security strategy has been more consistent with the predictions of balance-of-threat theory, while economic strategy has followed more closely the expectations of balance-of-power theory.

Further refinement and testing of each theory is needed. Balance-of-power theory confronts a central puzzle in international relations after the Cold War—the absence of balancing at the core of the international system. Unipo-

larity may indeed prove to be a transition, but for balance-of-power theory, the longer unipolarity persists, the more imperative it will become to reconsider the logic of balancing behavior and to reassess the historical evidence that presumably supports the theory.\textsuperscript{115} Balance-of-threat theory can explain the persistence of unipolarity, but to do so it must focus on both on the distribution of capabilities and, at the unit level, on foreign policy intentions and behavior. Further advances in balance-of-threat theory require sustained attention to the conceptual and empirical challenges of studying images, intentions, and perceptions of threat in relations among states.\textsuperscript{116}

For U.S. officials, the appeal of the security strategy predicted by balance-of-threat theory is not surprising. The temptation to prolong the unipolar moment and the luxuries it affords is a powerful one. That temptation is reinforced by the typical American belief that U.S. power does not threaten anyone, and that the U.S.-led international order provides sufficient benefits so that it is unnecessary for other states to seek to undermine it. The appeal of preserving primacy is also reinforced by inertia—it is easier for U.S. officials to maintain and adjust the practices and institutions of a U.S.-centered international system than to shift to the uncertainty of “strategic independence” in preparation for a multipolar world.

If balance-of-threat theory is correct, then the duration of the unipolar moment will depend not only on the relative distribution of capabilities but also on the effectiveness of U.S. diplomacy. Through policies of engagement and reassurance, U.S. officials can dissuade or at least delay other states from challenging U.S. hegemony and balancing against the United States. The effectiveness of engagement and reassurance, however, will depend on the ability of U.S. officials to meet the following three challenges.

First, U.S. officials must continue to manage the tension between their international economic and security strategies so that economic conflicts do not erode security relationships and eventually trigger a balancing response.\textsuperscript{117}


\textsuperscript{117} A forceful argument on the need to bring current U.S. foreign economic policy in line with foreign and security policy is Henry R. Nau, \textit{Trade and Security: U.S. Policies at Cross-Purposes} (Washington, D.C.: AEI Press, 1995). Nau argues (pp. 1–2) that “trade policy has been increasingly isolated from other U.S. foreign policy interests in a single-minded pursuit to capture exports and high-wage jobs for the American economy.” Economic nationalists argue the opposite: U.S. economic interests are being compromised in the interest of maintaining a questionable security strategy, and security strategy should line up behind the more aggressive international economic
Thus far, U.S. officials have tried to square the conflicting demands of their two strategies by resorting to economic brinksmanship, especially in relations with Japan. Their tactic is to extract economic benefits by threatening sanctions, only to search for face-saving compromises under the pressure of deadlines to avoid actually having to initiate or escalate trade wars. Brinksmanship can be effective but it is also risky, especially with trading partners who can muster the resolve to resist.\textsuperscript{118}

The next several years should bring a respite in economic tensions with Japan, because U.S. competitiveness has recovered strongly since the late 1980s and at the same time the economic threat from Japan has waned.\textsuperscript{119} If China does come to replace Japan as America’s principal economic competitor, however, management of the conflicting strategies of economic hardball and security softball will become all the more delicate. More so than Japan has been, China is likely to resist U.S. pressure as a matter of national pride. And, from the perspective of U.S. grand strategy, the security stakes are higher because China is an undecided state rather than a long-standing ally that supports the status quo.

Second, U.S. officials must maintain support at home for the preferred policies of engagement and reassurance. This will not be easy because, as Robert Tucker recently observed, the “great issue” of contemporary U.S. foreign policy is “the contradiction between the persisting desire to remain the premier global power and an ever deepening aversion to bearing the costs of this position.”\textsuperscript{120} The U.S. public indeed has displayed an increasing reluctance to bear the costs of a global engagement strategy, especially when it involves the need to risk American lives in faraway places for the purpose not of meeting an identifiable threat but of maintaining “stability.” But that risk is difficult to avoid, because the pursuit of primacy induces the United States to be the stabilizer of last resort in regional crises. In a two-week period early in 1996,
U.S. officials found themselves managing the insertion of 20,000 U.S. troops in Bosnia, prepositioning equipment for a possible renewed Iraqi attack against Kuwait, mediating a crisis on the brink of war between Greece and Turkey, and responding to China's military intimidation of Taiwan.\textsuperscript{121}

U.S. officials have responded to the domestic constraint by emphasizing "pragmatism" in military interventions—the attempt to avoid excessive commitments, minimize casualties, and emphasize "exit strategies" even at the risk of leaving unfinished business. But the current intervention in Bosnia can still turn sour, and future interventions are inevitable if the United States continues to pursue the engagement and reassurance of other major powers. It is hard to imagine that the domestically acceptable Persian Gulf formula—clear threat, low casualties, quick settlement, ample external support and financing—can be replicated across a series of regional crises.

Third, U.S. officials must manage what might be called the arrogance of power. The dominant state in any international order faces strong temptations to go it alone, to dictate rather than to consult, to preach its virtues, and to impose its values. In the case of the United States, these temptations are compounded by a democratic political tradition that tends to imbue foreign policy with the values of society and to assure that moral considerations are never far from the surface in discussions of foreign policy.

The United States does succumb to the arrogance of power, as demonstrated by recent conflicts with China over human rights and with America's closest trading partners over the unilateral extension of U.S. sanctions to foreign firms doing business in Cuba, Iran, and Libya.\textsuperscript{122} The risks to U.S. grand strategy should be evident. Efforts to impose values or to preach to other states create resentment and over time can prompt the balancing behavior U.S. officials hope to forestall. It is ironic that in a unipolar setting the dominant state, less constrained by other great powers, must constrain itself.

No realist can sensibly expect the current international system to remain in place indefinitely. Eventually, power will check power. But whether or not the transition to a new international order will be prolonged will depend, at least in part, on the skill and resourcefulness of U.S. foreign policy officials. Balance-of-threat theory reminds us to appreciate the classical realist insight that statecraft matters.

\textsuperscript{121} As Posen and Ross note, "Primacy is notoriously open-ended." Posen and Ross, "Competing Grand Strategies," p. 124.