Taking Strategic Interactions Seriously: A Rationalist Approach to Power Transition Theory

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CONTENTS

ABSTRACT

This study addresses the mechanisms and consequences of shifts and transitions at the apex of the international hierarchy of power. It begins with the assessment that in spite of recent advances, progress in this area has been limited by lack of theoretical consistency and rigor. To remedy this problem, a game-theoretic model is developed which conceives of power shifts as transitions in preferences and learning processes. The model is then tested against the case of the pre-World War I British-German power shift. Findings provide new insight into the dynamics of prewar European diplomacy, and suggest that the war fundamentally resulted from a German challenge to the British-led international order. As regards the current Sino-American power shift, this study suggests that relations between China and the U.S. are headed towards a Cold War-like pattern, the severity of which could be alleviated by a successful U.S. policy of engagement towards Beijing.

RÉSUMÉ

Cette étude s'intéresse aux mécanismes et aux conséquences des transitions au sommet de la hiérarchie internationale de puissance. En dépit de progrès récents, l'avancée des connaissances dans ce domaine s'est butée à un manque de rigueur théorique et de cohérence. Pour y remédier, un modèle d'interactions stratégiques est présenté, dans lequel les transitions de puissance sont conçues comme des transitions de préférences et des processus d'apprentissage. Le modèle apporte un nouvel éclairage sur la transition germano-britannique qui précéda la Première Guerre mondiale et sur la diplomatie européenne d'avant-guerre. L'analyse proposée suggère que la Première Guerre mondiale résulta d'une tentative allemande de renverser l'ordre international établi par la Grande-Bretagne. Quant à l'actuelle transition de puissance entre les États-Unis et la Chine, cette étude avance que les relations sino-américaines se dirigent vers une logique de guerre froide, dont la sévérité dépendra principalement du succès de la politique américaine d'engagement envers Pékin.

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ABBREVIATIONS FOR PRIMARY DOCUMENTS

BD — *British Documents on the Origins of the War, 1898-1914.* 1926-1938. 11 vols. Edited by G. P. Gooch and H. Temperley. London: His Majesty's Stationery Office.

GD — *Outbreak of the World War. German Documents Collected by Karl Kautsky.* 1924. Edited by Max Montgelas and Walther Schücking (Carnegie Endowment for International Peace). London: Oxford University Press.

INTRODUCTION: REVISITING POWER TRANSITION THEORY

Research puzzle, objectives, and thesis overview

Power shifts and transitions[1], when they take place at the apex of the international hierarchy of power, are among the most momentous events to ever occur in international politics. Although anarchy – i.e., the absence of a "world government" – has been a constant feature of world politics, dominant powers have often, in the course of history, imposed a significant measure of order (or, following Waltz, hierarchy) to the international system (Waltz 1979, 114-116; see also Kugler and Lemke 1996, 8); so much so that some have given their name to entire historical eras precisely for this reason (e.g., *Pax Romana*, *Pax Britannica*, *Pax Americana*, etc.). Because the international distribution of such goods as wealth, prestige, influence and even security is largely determined by the international order, which in turn is powerfully shaped by the interests of the dominant power, the stakes of any power shift that takes place at the summit of the international hierarchy are very high (Organski 1968). Based on the premise that nations are always more likely to fight, all other things being equal, to defend or promote their vital interests, power shifts are typically seen as carrying a high risk of major war. The rise of a potential challenger to the leading power for world dominance is therefore often regarded with disquiet, as is, today, China's. As Organski bluntly put it, "one could almost say that the rise of such a challenger guarantees a major war" (*Ibid.*, 361). Of course, however, some power shifts remain relatively peaceful and never escalate to major war. The historical record provides at least two – the British-American and the Soviet-American – relatively recent cases of peaceful power shifts. The question thus arises: what are the necessary and sufficient conditions for a power shift to result in war? One can

[1] Early theorists of power shifts restricted their study to a certain subclass of power shifts, namely power *transitions*, whereby a rising challenger overtakes in power the dominant nation of the international system (Organski 1968; Organski and Kugler 1980). More recent works address all power shifts, irrespective of whether a transition occurs (Copeland 2000; Powell 1999; Levy 1987), including cases where weaker nations decline in power relative to stronger ones. I do not address this special case here. In this study, power shifts are defined as progressive changes in the distribution of power through which a potential challenger rises in power relative to the dominant power of the international system, regardless of whether a transitions occurs.

have legitimate doubts about our ability as political scientists to give a definite answer to this question. It certainly is more realistic to seek a probabilistic theory of power shifts, thus allowing some room for the many relevant variables and historical idiosyncrasies that a reasonably parsimonious model must inevitably omit. This thesis attempts to do so.

Motivating this research endeavor is the assessment that the low level of theoretical specification and the lack of logical rigor applied to the elaboration of many existing models of power shifts and transitions have impeded previous attempts to answer this question. Needless to say, internally inconsistent theories cannot, strictly speaking, offer a plausible explanation for a given class of events. On the other hand, underspecified theories generally make only vague predictions regarding the covariation of two or more variables; therefore, richer and more rigorous methods of within-case analysis, such as process-tracing, with their emphasis on causal mechanisms, cannot be advantageously used to assess the validity of such theories – which are as a result frequently difficult to falsify. Underspecified theories are thus merely amenable to testing by way of Mill's methods of agreement and difference or statistical techniques, which are often not practicable given the problem of "many variables, too little cases" which pervades our discipline. In the words of George and Bennett (2004, 182), "the priority is not to test such theories, but to refine them if possible so that they can be tested", which is probably even truer for formal models (Braumoeller and Sartori 2004, 138).

The game-theoretic model of power shifts expounded in the following pages is meant as such a refinement: by making explicit and synthesizing the assumptions and causal mechanisms suggested by earlier theorists of power shifts (Organski 1968; Gilpin 1981; Copeland 2000), I make them vulnerable to closer scrutiny and empirical testing (Bates *et al.* 1998, 16-17). This effort at formalization not only helps give more solid foundations to the study of power shifts and transitions, it also leads to new testable insights into the mechanisms of these phenomena. Such shifts, I argue in this study, entail a contest for control of the international order whose dynamic is driven by the uncertainty of the

dominant power and the challenger about their own and one another's future preferences – more specifically, about their willingness to use force to, respectively, uphold or overthrow the prevailing international order. I also posit that, by moving up the ladder of abstraction, power shifts can be usefully recast as shifts in preferences and as learning processes. As the subsequent chapters should make clear, this approach wields greater explanatory and analytical power than the existing alternatives, and opens up new paths of research into the dynamics of power shifts.

My argument unfolds as follows: in the next section, I make a case for the use of the rationalist approach and formal models as the most productive tools to study strategic interactions between states, and *a fortiori* power shifts. Chapter I critically reviews existing theories of power shifts and major war, devoting special attention to their unstated or unacknowledged assumptions and internal inconsistencies. In the second chapter, I present an alternative model of power shifts, discuss its assumptions as well as predictions, and expound my research method. Chapter III applies the model to the case of the British-German power shift from the time of German Unification in 1871 to the outbreak of the First World War, and discusses important findings. Finally, the concluding chapter assesses the contribution of the argument to the study of power shifts and major war, explores avenues for future research, and considers the implications of the model for the current power shift between China and the United States. Among other things, I argue that Sino-American relations might be headed towards a new cold war, but that the American policy of engagement vis-à-vis Beijing, if successful, may help avoid a repetition of the high tensions and periodic crises that characterized Soviet-American relations for more than forty years.

Rational choice theory, strategic interactions, and formal models

Much of social science is about explaining the individual and group behavior of human beings conceived of as purposive. Unless one takes the improbable view that most social phenomena result not from the decisions of individuals or groups of individuals, but merely "happen", social events ought to

be interpreted at least in part through some form of "intentionalist" explanation (Stein 1999, 200). Within this approach, a sustainable and stand-alone alternative to rational choice theory has yet to be fleshed out (Bates *et al.* 2000a, 697)[2]. Notwithstanding the many criticisms leveled against it, the rationality assumption has served as the basis for many of the most significant developments in the discipline of international relations (IR) since its inception, and remains at the core of many research programs. The oldest and probably still dominant school of thought in IR, realism, is predicated on the idea that state leaders take the best means available to maximize the "national interests" of their state, including, above all, their likelihood of survival; as James Fearon forcefully expressed it, "if no rationalist explanation for war is theoretically or empirically tenable, then neither is neorealism" (1995, 380). Likewise, most variants of liberalism (e.g., its republican, commercial, military and institutional trends), in spite of being traditionally portrayed as the main theoretical alternative to realism, also posit the rationality of state leaders (Matthew and Zacher 1995).

Critiques of the rationality assumption and of rational choice models have mostly come from champions of the newer paradigms in IR, notably constructivism and cognitivism. The main protest articulated by constructivist scholars against rationalist analyses, as pointed out by Fearon and Wendt (2002), is that they often treat actor preferences as exogenously given. Most do not, however, reject the idea that, after actor preferences have been "problematized", there is some value in trying to explain actor behavior by reference to a rationalist framework. For its part, the cognitivist approach has emphasized that state leaders necessarily simplify the overly complex international political world when making decisions, and that their deep-seated emotional biases lead to distorted perceptions of reality. Hence, belief systems, analogical reasoning, the desire to avoid value trade-offs, and stress, cause misperceptions which are essential to explaining state behavior (Jervis, 1968; Tetlock 1998, 874-889). Some have also

[2] Prospect theory, which contends that state leaders and other actors value losses more than gains (McDermott 1998), is a promising development, although it is arguably only a derivative of rational choice theory. Similarly, the concept of "bounded rationality" offers the prospect of more realistic assumptions about individual rationality (Kahler 1998, 939-41). However, it remains at best unclear how much "bounded" rationality should be assumed to be.

attacked rational choice theory as a normative ideal divorced from the real workings of the human mind (Mercer 2005) – in fact, it seems that much of the scholarly controversy in this debate derives from its moral underpinnings (Van den Berg and Meadwell 2004, 10).

In the final analysis, however, these criticisms fall a long way short of dealing a fatal blow to rational choice theory and the rationalist approach, although they certainly point to ways to improve them. While rational choice models have, probably too often, finessed the problem of multiple equilibria by assuming away actor preferences (Stein 1999), this need not be the case. Similarly, although it seems prudent to abstain from models which bestow "hyper-rational" capabilities upon decision-makers and to recognize that irrationality necessarily pervades human behavior, there is still much value in using rational choice as a "heuristic" device for understanding state behavior in international relations (Van den Berg and Meadwell 2004, 6-9). Irrationality can hardly ever be systematized, except perhaps in experimental settings; rationality can. Given the lack of a practicable alternative, and in view of the proven capacity of rationalism to bridge long-standing theoretical divides in IR (e.g., Powell 1991), to subsume insights from various schools of thought, and to deepen our analysis of diverse political phenomena (Kydd 2004), the ontological arguments raised against this approach, while frequently constructive, should not be received with too much distress.

The analytical and explanatory power of the rationalist approach in the security subfield of IR has been enhanced considerably by the use of formal models, and in particular game theory. Although the growing popularity of this analytical method has created some discomfort and skepticism among proponents of "natural language" theories (e.g., Walt 1999), its advantages are numerous. In the words of Andrew Kydd, "if game theory is useful anywhere in political science, it should be useful in security studies", given the small number of actors involved in many security problems (sometimes only two), the high stakes involved, and the typically great experience of decision-makers with the issues at hand (2004, 345-48; see also Shapiro 2004, 197) – which reduce the relative costs

of amassing and processing information as well as the risks of irrational miscalculation. The analysis of strategic interactions between states, which makes up the bulk of security studies, typically involves the carrying through of complex chains of deductive reasoning, something for which game-theoretic models are markedly superior to natural language theories. In addition, game-theoretic models are – in principle at least – less prone to internal inconsistency or theoretical underspecification, since the methodological rigor of game theory requires that all assumptions be clearly stated and that, together with one or more initial conditions (or independent variables), they logically imply the event to be explained (Nicholson, 2002). Given the greater complexity of strategic interactions which take place in the context of shifting power, as in the problem of concern here, the advantages of a rationalist, formal approach seem if anything even more compelling.

Formal models of rational choice have been rightly criticized for being often "method-driven" rather than "problem-driven" and for frequently eschewing empirical testing (Green and Shapiro 1994). With a view to addressing these concerns, in the next chapter I show why the advancement of knowledge about power shifts would benefit from the sort of formal modeling proposed in chapter II, while chapter III provides at least preliminary empirical testing of the model.

I - PROBLEMS WITH EXISTING THEORIES OF MAJOR WAR

Two general observations stand out from even a cursory examination of the main existing theories on the causes of major wars: the first is that nearly all of them conceive of major war as the result of the conscious decisions of state leaders in a context of strategic choice. Secondly, most if not all rest at least tacitly on the assumption that decision-makers are rational to some extent. The latter two features make theories of major war especially propitious for critical examination from the perspective of what has been termed the "accounting standards" of formal modeling (Powell 1999, 32). As contemplated from this standpoint, however, most theories appear somewhat underspecified or even inconsistent: many of their conclusions do not follow from stated assumptions, suggesting that the deductive reasoning that underpins them is deficient. Further, when the unacknowledged assumptions that underlie these theories are made explicit, the former often appear problematic and in need of further justification.

I differentiate two major theoretical approaches to studying major war: in the first, the international system is conceived of as more or less a self-regulating organism, for which global war is a "normal", if tragic, cyclical adjustment mechanism; it includes the theory of hegemonic war, long cycle theory, and power cycle theory. The second category comprises less ambitious and more explicitly rationalist theories which more directly address major war as an independent phenomenon; it comprises power transition theory, balance of power theory, and dynamic differentials theory. Finally, I conclude this review by examining an influential game-theoretic model of power shifts built by Robert Powell. I criticize each theory or model in turn, concentrating mostly on the plausibility of their assumptions and their internal consistency, owing partly to constrains of space, but also because these are arguably the first criteria, in a logical order, against which theories should be evaluated.

Cyclical theories of major war

Gilpin's (1981) *theory of hegemonic war* integrates the sociological approach to social science theorizing with an explicitly rationalist one. Gilpin posits that states pursue their interests within an international political system, or order, whose rules reflect primarily the preferences of its most powerful members, and above all those of the hegemon, that is the most powerful state in the system. Hence, while individual nations have limited influence over the rules and norms of the international order, rising power gives a state the opportunity to seek to shape the international order in a way that better accommodates its interests. Moreover, states are thought to pursue this goal, in line with rational choice theory, on the basis of cost/benefit calculations, as two of the theory's central assumptions illustrate well:

> 2 A state will attempt to change the international system if the expected benefits exceed the expected costs (i.e., if there is an expected net gain).
> 3 A state will seek to change the international system through territorial, political, and economic expansion until the marginal costs of further change are equal to or greater than the marginal benefits (*Ibid.*, 10).

If the disequilibrium caused by a changing distribution of power cannot be resolved by the hegemon's efforts to bring its capabilities and commitments in balance, Gilpin argues, it will be resolved by war, at the end of which a new equilibrium will be established. War may alternatively result if the hegemon attempts to forestall the rise of a challenger through preventive military action (*Ibid.*, 187-91).

Gilpin's work provides a useful theoretical framework to apprehend the rise and fall of dominant powers as well as hegemonic wars. However, its main shortcoming is that it does not genuinely go beyond the initial step of analyzing interstate relations at the actor level: more formally, it employs a *decision-theoretic* approach to the study of great power politics, as opposed to a *strategic-interaction* one. A decision-theoretic approach posits an actor faced with a set of possible actions and assumes that the latter makes decisions based on a cost-benefit calculus, which however overlooks the role of other actors. A strategic-

interaction approach, by contrast, goes further by explicitly taking into account in the calculus of each actor the expected or possible reactions of all other parties to the strategic interaction. Of course, it goes without saying that only strategic-interaction models can truly grasp the causal mechanisms that lead great powers to war. The "expected benefits" or "expected costs" for the rising challenger of changing the international system evidently depend on the willingness of the status quo states to resist such changes, militarily or by other means. Similarly, the hegemon's decision whether to initiate preventive war against the challenger, or to seek to contain it, must necessarily take into account the perceived intentions of the rising power, or the expected ultimate magnitude of the power shift. Although it would be unfair to suggest that Gilpin does not recognize this, he does not specifically problematize international *interactions* per se either, a limitation which renders his theory of hegemonic war somewhat incomplete. For this reason, Gilpin's theory is only a first step, although an important one, towards a better specified rationalist explanation of power shifts and major war.

Another problem with Gilpin's thesis is one which also pervades many other realist theories of IR, namely the tendency to view power as nearly the only relevant independent variable, which virtually amounts to treating uniformly all states as "billiard balls" which differ only in size. While this is doubtless useful for the sake of parsimonious theorizing in IR, it is a strong assumption. It implies, for instance, that the benefits of controlling the international order, as well as the willingness to bear the costs of major war, are identical for all states and invariant across space and time. It is difficult, in this light, to explain American isolationism during the first half of the 20th century, when it was by far the most powerful state in the international system. Similarly, in spite of its rationalist credentials, Gilpin's argument seemingly rejects the costs of hegemonic war as a possible deterrent against their initiation, a contention difficult to sustain in our modern, nuclear age. Indeed, after criticizing long cycle theory for being overly deterministic in contending that century-long cycles of global war and peace exist, Gilpin curiously maintains that there exists an unavoidable pattern of rise and decline of great powers, inevitably punctuated by

hegemonic wars, suggesting that "it has always been thus and always will be" (*Ibid.*, 205, 210).

In addition, Gilpin views change in the governance of the international system as an incremental process, and control over the international order as a conveniently divisible good. Although he mentions the strategic problems inherent, for instance, in a strategy of appeasement for the declining dominant power, Gilpin contends that most of the change in the international order can occur in a peaceful and gradual manner (*Ibid.*, 45-49). There are good reasons, however, to take the opposite view and posit that governance of the international order is a mostly *indivisible* good, or at least an imperfectly divisible one. As expounded in more detail below, this assumption is both more realistic and analytically fruitful for explaining major war. To begin with, many components of the international order cannot be practically divided. Furthermore, because concessions generally increase the power of the challenger, leading to further demands which are ever more difficult to resist, and because they incite rivals and allies alike to believe that the dominant power is unwilling to defend the international order, appeasement is a hazardous policy rarely employed.

Lastly, the theory of hegemonic war maintains an ambiguous relationship with rationality: at the same time as Gilpin contends that the decisions of great powers to increase or relax their control over the international system draw on cost-benefit calculations, he argues that a necessary condition of hegemonic war is that "the course of events begins to escape human control" (*Ibid.*, 202). This is a strange assertion, as Gilpin thus implicitly suggests that, while state behavior on the world stage should be seen as the product of rational choice, the most important events to be explained in international relations, namely hegemonic wars, cannot be interpreted in this manner.

Long cycle theory (Modelski 1987; Modelski and Thompson 1989; Thompson 1988) is another hegemonic theory of IR, but which sees the dominant power as a provider of public goods. More specifically, Modelski posits the existence of "global problems", which, in order to be resolved, require global leadership. There is thus a "demand" on the part of the international system for a

number of services to be provided by a global leader: "(i) agenda formation, (ii) mobilization, (iii) decision-making, (iv) administration, and (v) innovation" (Modelski 1987, 14). A global cycle begins with the end of a global war and the emergence a new global leader – which possesses overwhelming supremacy in sea power – to "manage" global problems. The strength of this leadership decreases as new global problems arise which the latter cannot deal with successfully. The progressive erosion of the relative power, leadership, and legitimacy of the world power, coupled with the concomitant rise in power of a challenger, eventually necessitates a new "macrodecision" on the part of the international system, which has up until now always taken the form of global war.

Albeit interesting, long cycle theory suffers from shortcomings often associated with essentially inductive and over-ambitious theorizing efforts in the social sciences. First, the theory is ambiguous regarding the way its multiple independent variables (the relative power of the world power, the "global problems", and the ability of the world power to manage these problems – the latter two being the most troublesome to operationalize) interact with each other to cause global war. For example, it is unclear whether global war should occur in case the world power fails to manage adequately global problems, even as it maintains its military supremacy. Second, the deterministic and inductive character of long-cycle theory leads it to rely on a large number of assumptions (the fact that new global problems will recurrently appear which the world power cannot deal with, the pre-eminence of sea power, etc.), some of which are very strong and unwarranted, while others rest on an idiosyncratic rendition of history (Kohout 2003, 55). Modelski interprets the modern historical record of international politics as a recurring pattern of events, and posits that this pattern will be repeated in the future. However, as explained by Gilpin, "the difficulties of long-wave theories in politics and economics is that no mechanism is known to exist to explain them. (...) Until the mechanism that determines and generates the cycles is defined, the idea must remain speculative, albeit interesting" (1981, 205). As pointed out by Almond and Genco (1977), political systems – and, one might argue, especially the relatively disorderly international system – cannot be

captured by the same deterministic models found in the natural sciences to explain, for instance, the succession of seasons. Finally, long cycle theory does not explain convincingly why the end of a long cycle is a sufficient condition for the outbreak of war: given the dire costs of global war, why is it that the world power and the challenger can never settle on a peaceful transition? Like the theory of hegemonic war, long cycle theory's failure to couch its argument in terms of strategic interactions prevents it from providing an answer to this intuitively obvious problem.

Less deterministic than long cycle theory, *power cycle theory* (Doran 1991) rests mainly on a simple but insightful proposition: systemic instability, a state of affairs which raises dramatically the probability of major war, is caused by the sudden realization by several great powers of a change of direction in their relative power curves. Indeed, Doran contends that the systemic power share of any given state evolves through time following a universal curve that consists of four phases: accelerating growth, decelerating growth, accelerating decline, and decelerating decline. Moreover, while states naturally value relative power for security reasons, from power also flows "foreign policy role", a concept which refers to "the extent of leadership or followership, the capacity to extend security to others or the dependence on external security", and that states value at least as much as power (*Ibid.*, 31). The scope of a state's foreign policy role is seen by Doran as a function of both its ability to perform the role (i.e., its relative power) and the system's "acceptance" of that role (1991, 100; 2003, 15). Furthermore, the evolution over the long term of a state's foreign policy role tends to lag behind its relative power curve because of the system's inability to adapt rapidly to changes in the systemic distribution of power. Hence, the role of a rising [respectively, declining] power will tend to be smaller [larger] than its systemic power share. Consequently, the perception by a state of the beginning of a new phase – dubbed "critical point" – in its power cycle leads it to adopt a more assertive or even aggressive foreign policy posture, in the hope either of preventing a further loss of role or of redressing a perceived discrepancy between relative power and role. This unexpected and radical change in expectations about

the future, or "structural uncertainty", combined with the overload of information regarding new systemic tendencies, Doran explains, leads to the irrational belief that the use of force can yield positive outcomes (1991, 108-110). When several great powers experience critical points in their power cycle within a short time interval, major war becomes likely[3].

Despite its impressive parsimony, power cycle theory faces several difficulties. Firstly, although Doran positions his theory within the realist paradigm (2003, 14), his substitution of foreign policy role in lieu of power as the object of interstate competition all but excludes power cycle theory from realist theory. Yet, power cycle theory fails to provide an alternative set of assumptions, structural or otherwise, which could account for the crucial importance of role for states. Neorealism, by clearly defining the consequences of international anarchy, is able to convincingly explain that states vie for power as the most reliable guarantee of survival – undoubtedly their foremost objective (Waltz 1979). No such persuasive justification is given in power cycle theory to explain the alleged competition between great powers for foreign policy role. As a result, the question of why states long so intensely for foreign policy role that they stand ready to pay the price of major war to retain or acquire it remains largely unanswered.

Of course, Doran finesses this problem by arguing that state rationality suddenly vanishes at critical points, and thus that major wars ultimately are the product of irrationality. While it is reasonable to suggest that irrationality plays a significant role in the onset of war, this leads the author to evade a closer investigation into the complexities of war initiation. To argue that war is caused by the irrationality of decision-makers is defendable. What is less defendable is to leave the matter at that: if important deviations from rationality appear in the decision-making of national leaders at critical points so as to engender war, then it is crucial to stipulate more specifically how and why their calculus deviates from rational standards, as is usually done in cognitivist explanations for war.

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[3] Interestingly, here Doran comes very close to Gilpin's (1981) theory of hegemonic war. Indeed, both see major war as resulting from a systemic disequilibrium between the distribution of power and, respectively, foreign policy role and the rules of the international system.

No less problematic in power cycle theory is the idea, left largely underspecified, that a state's role is somehow "ascribed" by the system – where "system" refers to the totality of the other great powers. Because any increase of role for one state entails a similar loss for another, such a view seems to imply that states see their own interests as subordinate to a systemic norm requiring that the systemic distribution of role be congruent with the distribution of power – a singular idea indeed, which runs counter to the generally accepted wisdom in realism that state behavior is self-interested. Until it can be shown how the "system" can collectively and willingly "grant" a certain amount of role to any given great power, the crude treatment of the "system" as a single decision-making entity is unwarranted. Similarly, the assumption in power cycle theory that critical points emerge to the conscience of decision-makers unexpectedly, suddenly, and without delay (posited as a necessary condition for major war), is difficult to accept. If decision-makers are able to perceive critical points, they certainly are able to also perceive relative power trends and thus to *anticipate* critical points. Finally, it is unclear whether decision-makers' notion of relative power corresponds to that favored by power cycle theory (i.e., systemic power share) or to the more intuitive – and, arguably, historically accurate – concept of relative power as measured against the power of one or a few adversaries. Should the latter view be the correct one, it would imply that decision-makers in fact do not perceive the critical points that Doran talks of, but different ones, thus casting further doubts on power cycle theory's historical relevance.

Non-cyclical theories of global war

Like hegemonic war theory and long cycle theory, Organski's *power transition theory* posits a hierarchic international system headed by a dominant power, defined as the system's most powerful state (Organski 1968; Organski and Kugler 1980; Kugler and Lemke 1996; Tammen *et al.* 2000). The international order, consisting of the set of formal and informal rules governing diplomatic, economic, as well as power relations among states, and around which the

expectations of all states converge[4], rests on the military supremacy of the dominant power, which is also its main architect and beneficiary (Organski 1968, 354). For Organski, major war is almost certain between the dominant power and the challenger – defined as a rising great power – when two independent variables interact: the challenger's dissatisfaction with the prevailing international order, and its overtaking in power of the dominant state in the course of a power transition. In this view, the former condition gives the challenger the will to try to overthrow this order through war, while the latter provides the challenger with the opportunity to do so (Werner and Kugler 1996, 202).

At the outset, one obvious difficulty with power transition theory is its failure to state clearly, let alone operationalize[5], what constitutes satisfaction as opposed to dissatisfaction vis-à-vis the international order. In the words of Oneal *et al.*, the "basic problem is that power transition theory does not identify what benefits the international system provides to states and over which they may fight" (1998, 518; see also de Soysa *et al.* 1997). Although the concept of satisfaction regarding the international order has intuitive appeal for explaining the outbreak of major wars, further refinements are necessary before it can become truly potent theoretically and fruitful. In addition, the insufficient consideration given by power transition theory to the enormous prospective costs of major war as an impediment to their instigation in our modern, interdependent (Rosecrance 1986; Way forthcoming), and nuclear era, is unjustifiable from a rationalist perspective – and all the more puzzling since the assumption that states are rational unitary actors is part of the theory's "hard-core" set of assumptions, in a Lakatosian sense (DiCicco and Levy 1999, 684)[6].

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[4] The resemblance between the definitions of an international order and that of an international regime (see, for instance, Keohane 1982, 325), is not accidental. In fact, one could say that the international order consists of all those international regimes upheld by the dominant nation and its major power allies.

[5] For recent attempts to roughly operationalize, in terms of military buildups, the challenger's dissatisfaction with the international order as well as the dominant power's commitment to its defense, see Kugler and Werner 1996; Lemke and Werner 1996.

[6] The argument, for instance, that the current "Long Peace" between major powers (1945-present) is due to the unacceptable costs of nuclear war (Brodie 1946) is received with much skepticism by power transition authors and criticized as empirically weak (Organski 1968, 335-337; Kugler and Lemke 2000, 149). While it is probably true that nuclear weapons are not a sufficient condition for peace, this criticism has led proponents of this theory to all but elude in their works the certain

Lastly and most importantly, power transition theory's sole focus on the behavior of the rising challenger is a serious flaw, which leads it to ignore the role of the dominant power as a potential initiator of war with the rising challenger. As DiCicco and Levy aptly put it, "this is theoretically problematic, since the outbreak of war is a question of strategic interaction between two states, and any analysis of the timing and initiation of war must focus not only on the challenger but also the dominant power and the strategic interaction between the two" (*Ibid.*, 694-95). Even recent modeling efforts in the power transition tradition have avoided this issue either by seemingly assuming that the game begins at the end of the power shift (Bueno de Mesquita 1996; Zagare 1996) or straightforwardly deciding to overlook the possibility that the dominant power might initiate the war (Morrow 1996; Kim and Morrow 1992). In view of this yawning theoretical gap, the current debate within the power transition research program, concerning whether war is more likely to occur immediately before or after a power transition has taken place (Kugler and Lemke 1996), appears trivial. Although Lemke (2003) has sought to support empirically the power transition assertion that declining dominant powers do not initiate preventive wars with the finding that the "preventive motive" is not a strong correlate of war, his argument is not convincing. Not only does he seem unable, yet again, to provide a theoretical basis for this claim, but his analysis spans all 68,853 "dyad years" of the Correlates of War (COW) data set, thus making it impossible to differentiate dominant power-challenger dyads from others.

Related to this problem is the power transition contention that a rising and dissatisfied great power is most likely to initiate a war of challenge at, or slightly after, the time it reaches parity with the dominant power. Since the rising state could, simply by letting the power shift run its span, confront the dominant state on much more favorable terms later, it would appear irrational for the latter to launch a challenge at the time of parity if its rise is expected to continue (Copeland 2000, 37). Only in the arguably exceptional case of an extremely

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deterrent effect of even a small nuclear arsenal in the hands of one's opponent on the decision to initiate major war.

short-sighted leadership, interested only in immediate payoffs and discounting utterly the future, could such a behavior be considered "rational". Here again, power transition theory provides no satisfactory answer to this compelling criticism.

Like power transition theory, *dynamic differentials theory* sees major war as a consequence of shifting power between a dominant power and a challenger, but takes an inverted view of this causal relationship. Whereas power transition theory, as explained above, is *challenger-centric*, Copeland's (2000) argument is *dominant power-centric*: major wars, for him, are initiated preventively by dominant but declining powers against rising challengers[7], and are more likely (1) in bipolar than in multipolar systems as well as (2) when decline is anticipated to be steep and inevitable (*Ibid.*, 15). In sharp contrast with power transition theory, Copeland contends that the incentive to initiate major war in the course of a power shift lies with the declining dominant power. As he cogently argues, whereas the rising challenger has every interest in maintaining a low profile when still rising, the dominant power has a strong incentive to forestall its relative decline by taking advantage of its waning military preponderance whilst it still can and initiate preventive military action against the challenger, for fear that the latter will attack it when more powerful[8]. Hence, as pointed out by Lemke, there is an almost irreconcilable contradiction between power transition theory and dynamic differentials theory, because if the latter theory is correct, then "wars should occur long *before* parity is reached" (2003, 276; emphasis original). To be sure, the logical strength of Copeland's thesis seems greater from a rationalist

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[7] For Copeland, Germany initiated the two World Wars for fear that Russia would be, upon completing its rise, in a position to threaten German security. Other instances of major wars seen by Copeland as driven by preventive motives include the Peloponnesian War, the Second Punic War, the French-Hapsburg wars of the 16th century, the Thirty Years War, the wars of Louis XIV, the Seven Years War, and the Napoleonic Wars (2000, 79-234).

[8] Dynamic differentials theory shares elements of offensive realism in the sense that states are assumed to worry about the mere possibility, rather than the subjective probability, of future aggression (Taliaferro 2001). Indeed, Copeland claims that it is strictly impossible for a declining dominant power to assess the intentions of a rising challenger. As I show in Chapter III, however, this argument is empirically weak. As Lebow eloquently put it about arguments equating power preponderance with certainty of aggression, Copeland is "guilty of conflating means [i.e., superior power] with end [i.e., aggressive intentions]" (1984, 149). Moreover, as Kydd (1997) has suggested, and is discussed at greater length in the next chapter, it is possible for a rising state to credibly signal its preferences to the dominant power.

perspective, which besides both theories share; in fact, Fearon suggests that the preventive motive, as a form of "commitment problem", is among the only three types of genuinely rationalist explanations for war (1995, 381).

Copeland's argument offers an interesting synthesis of some of the "rise and fall" theories reviewed above with neorealism (2000, 13): he concurs with the former that major wars result from long-term shifts in the systemic distribution of power, but posits, following neorealism, that greater power rivalry and war are driven by security concerns, rather than by a contest over the rules of the international order, or global leadership. However, given that Copeland accepts neorealism's assumptions that states are rational unitary actors who seek minimally to survive as well as that of anarchy (*Ibid.*, 30), and that these assumptions are thought to entail that balancing coalitions will emerge to oppose preponderant power (Waltz 1979), it remains unclear how dominant powers can emerge in the first place. While Copeland may be right that a collective action problem generally impedes the formation of balancing coalitions[9], it remains that if his thesis is correct, one should still see more instances in multipolar systems of "multilateral" preventive wars waged against a rising dominant power.

More troublesome in Copeland's argument is the claim that the foreign policy of states, in this case that of declining dominant powers, is geared towards the maximization of their "expected probability of survival (EPS)" (2000, 39) – which is determined, based on relative power trends, by the possibility of future aggression by the rising state and the likelihood of surviving the ensuing war. Because the whole of Copeland's model rests on this claim, it should suffice to demonstrate its implausibility to show why dynamic differentials theory is problematic. In assuming that states maximize their EPS, dynamic differentials theory takes an unacknowledged and difficult leap from neorealism – and its reasonable assumption that states seek *at a minimum* to survive – and asserts that states *only* want to survive. This reasoning seems to hinge on the very strong assumption that the extinction of a state is associated – in rational choice parlance

[9] An interesting complement to dynamic differentials theory might be found in Christensen and Snyder's (1990) argument that such collective action problems (also called "buck-passing") are more acute when the offense-defense balance favors the defensive.

– with nearly infinite negative utility for its leaders (as opposed to a utility of zero), the sole possibility of which dwarfs, relatively speaking, the utility associated with all other possible ends that a state might seek. Following this assumption, no matter how small the probability is of a future war leading to that state's elimination, expected utility theory effectively predicts that its leaders will seek to avert it at all costs – including by waging a preventive war, which, incidentally, can also be lost – at the expense of any other goal that they might otherwise have. Of course, in Copeland's defense, Waltz (1979, 117-118; see also Friedman 1953, 3-43) has argued that assumptions need not be true; rather, their appropriateness should be judged on their usefulness in producing empirically verified predictions. In this respect, however, other scholars have noted that the historical interpretation of the events that Copeland uses in support of his theory is controversial (Kaufman 2001; Taliaferro 2001). Moreover, it is at least unclear why it would be more useful to reduce state preferences to survival than to allow for a greater variety of state preferences, an assumption which appears both more realistic and theoretically fertile[10].

In contrast to the theories reviewed above, *balance of power theory* is not concerned specifically with power shifts. Nonetheless, it seems important to also discuss it here, since it runs directly counter to the idea that power shifts can lead to war. Admittedly, although the balance of power concept constitutes the bedrock of much realist thinking in IR, it has been used in such a maze of different meanings that it sometimes appears difficult to grasp the core of balance of power theory (Claude 1962, 12, 53-54; Lemke 2004, 52). In any case, the central argument that holds this theoretical tradition together probably is that war is least likely between two states or groups of states when they are at power parity – although no consensus exists around this idea. The most internally consistent and rigorous articulation of the theory is arguably found in Kenneth Waltz's seminal work (1979), who argues that, under the assumption that states are

[10] In this regard, Frieden (1999) interestingly remarks that the controversy over this realist assumption is primarily a product of the failure by neorealists in general to define adequately survival – a concept whose meaning is often taken to be different than the "continued existence of a society".

rational unitary actors who want at a minimum to survive, an anarchic interstate system will persistently tend towards a state of balance of power; given that the intentions of other states always remain uncertain, state leaders seek at least to ensure – through internal or external balancing – that no potentially adversarial state or coalition is powerful enough to destroy or seriously harm them. These balancing efforts only end when the system reaches a rough balance of power[11].

In a later article (1988) elaborating on "The Origins of War in Neorealist Theory", Waltz implicitly suggests that peace will be preserved as long as a stable balance of power is maintained. Moreover, war is more likely in multipolarity, since in that case all other states, including one's current allies, are potential threats, a situation which increases the amount of information that decision-makers have to process and thus the risk of miscalculation. What is more, the consequences of miscalculation are magnified in multipolarity by the tendency of coalition partners, interdependent for their security, to "chain-gang".

There are three distinct problems with Waltz's argument, two theoretical and one empirical. First, while balance of power theory is remarkably coherent internally[12], it is also remarkably imprecise in its predictions: as Waltz admits, "it is difficult to say that any given distribution of power falsifies the theory" (*Ibid.*, 124). When an obvious imbalance appears, balance of power theory does not say when the balance will be restored, let alone how and when states will react to this imbalance. Although, to be fair, Waltz's is a theory of the international system, not of foreign policy, he restates in a recent article that "the theory of balance of power [does] not lead one to expect that states will always or even usually engage in balancing behavior" (2000, 38). Such assertions seems to imply that balance of power theory is, like Waltz suggests in this very article about the democratic peace thesis, "irrefutable" (*Ibid.*, 10). The second, related difficulty is that, in

[11] Here, Waltz departs from classical realists (Morgenthau 1985) in arguing that "excessive strength may prompt other states to increase their arms and pool their efforts against the dominant state" (1988, 616). Because this would in turn endanger the latter's security, "states can seldom afford to make maximizing power their goal", as posited by classical realists (Waltz 1979, 127).

[12] There are dissenting voices on this, however. For instance, Charles Glasner contends that "the strong general propensity for adversaries to compete is not an inevitable logical consequence of structural realism's basic assumptions" (1994, 51). More to the point, Lake and Powell argue that "the assumptions of anarchy and that states seek to survive do not in themselves imply balancing" (1999, 24).

spite of their centrality in IR, Waltz talks surprisingly little about wars. While this is not *per se* a failing of his theory, which seeks above all to explain the formation of balances of power, it renders attempts to explain war from this theory's perspective difficult. While the hypothesis that miscalculation is more likely in multipolarity is interesting, if the former really is ultimately the cause of war, one would need to turn to theories of misperception to explain war, not to balance of power theory. Hence, Waltz's theory falls short as a theory of war causation.

Last but not least, it is debatable whether one of the two pillars of balance-of-power theory, that is, the condition of anarchy, has indeed been the dominant "ordering principle" in the modern international system. That an important measure of anarchy pervades world politics is uncontroversial. However, to ignore its hierarchical dimension seems theoretically infertile. The presence, especially obvious during the *Pax Britannica* and after World War II, of important elements of hierarchy within the international system, questions whether during these periods of heightened leadership, the international system is not more usefully conceived of as hierarchic than anarchic[13]. That hierarchy may well have been the ordering principle of the international system during these two eras does not necessarily in itself invalidate balance-of-power theory, but it does limit its historical applicability.

A game-theoretic model of power shifts and war

The general model of power shifts put forward by Powell (1999, 115-148, see also Appendix 4) offers a possible answer to some of the problems outlined above by allowing for the possibility that war may be initiated either by the rising or declining state. It is difficult to do justice to Powell's argument in a brief review, and hence I will only discuss here his main assumptions and ensuing conclusions. For the same reason, I only examine his complete information

[13] The maritime, financial and commercial supremacy of Great Britain after the final defeat of Napoleon, and the accompanying world order that she imposed, including above all freedom of the seas, arguably amounted to a vertical and functional differentiation between herself and other great powers (Kennedy, 1976, 149-175). Similarly, it seems clear that the dominance of the United States since the end of World War II, and even more since the end of the Cold War, has given America a quasi-status of authority over most other states in the international system.

model rather than his more complex incomplete information model, which should prove sufficient to show the problematic aspects of both. Powell's most striking conclusion is that under complete information, war should never occur during power shifts or transitions. In contrast with preventive war theories, he argues that the preventive motivation for war in power shifts by and large[14] does not exist under these conditions. The equilibrium strategy in complete information for the dominant state is appeasement: the latter offers successive concessions to the rising state, which are accepted, and thus neither the declining nor the rising state have an incentive to wage war. Only incomplete information can cause war in the model, and even then the time of the actual transition is in no way associated with a higher risk of war, *contra* power transition theory (*Ibid.*,133, 142).

Powell begins by positing one rising and one declining state competing over the distribution of a certain good. The power shift occurs at a uniform pace, and its final magnitude as well as duration, divided by a certain number of "periods", are known in advance to the players. The game begins with the declining power deciding whether to offer a concession to the rising state (which can be nil) or to launch a preventive war. If the former option is chosen, the rising power then has a choice between accepting the offer or attacking. If it does not attack, the game moves on to the following period, identical to the first but where the rising state is relatively more powerful. The game continues as long as no state attacks. In case of war, the victor reaps the totality of the good in dispute. Finally, as rational actors, states seek to maximize their total utility, obtained by cumulating their per-period payoff for an infinite number of periods[15].

However, a number of Powell's assumptions are controversial. First, he assumes that the good over which the two states content is infinitely divisible, which, as I argue in the next chapter, might be unrealistic in the case of a contest

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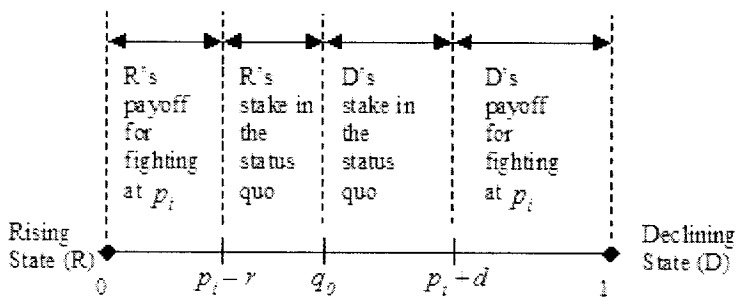
[14] That is, in all cases except those where the declining state has "little or no stake in the status quo" or where the power shift occurs implausibly fast (Powell 1999, 131, 133 n13).

[15] However, because states discount the future to a certain degree (i.e. the payoff that they derive from a certain outcome is worth to them more in the present period than during the next period, and so on), the utility of any outcome as measured for an infinite number of periods can be mathematically converted into a finite number (see *Ibid.*, 101 n14). This permits to avoid the nonsense of an outcome with infinite utility.

for the control of the international order[16]. He also assumes that the concessions offered by the declining state to the challenger do not affect the power ratio between them, which is equally unrealistic. Further, the costs of fighting are posited to be constant across the power shift, whereas it is obviously less costly to fight a opponent twice as weak than one twice as strong, all other things being equal. Finally, Powell assumes that the relationship between a state's relative power and its likelihood of prevailing in war is linear (i.e. the probability of A prevailing over B equals $Power_A/(Power_A + Power_B)$; *Ibid.*, 89), while it seems more reasonable to posit, following balance of power *as well as* power transition theorists, that this relationship is exponential – i.e., that a substantial preponderance of power nearly guarantees a victory to the stronger state, *ceteris paribus* (Kugler and Lemke 1996, 19; for conditions where this might not hold, see Paul 1994). One can easily see how the latter three assumptions, in particular, serve to underplay in the model the real weight of the "preventive motive for war", therefore undercutting Powell's conclusion that this motive has little basis in reality. Beyond these quite disputable elements, however, the model is rendered downright flawed by Powell's implausible assumptions about the initial distribution of benefits and the costs of fighting. To show this, I reproduce in Figure 1.1 a simple illustration drawn from Powell's model (*Ibid.*, 129).

Figure 1.1: Initial per-period distribution of benefits, costs of fighting, and distribution of power for the declining and rising states



[16] This permits him to push to the background the problem of issue indivisibilities, which Fearon (1995, 382) identifies as among the only three "rationalist" explanations for war, and which is essential for explaining how the challenger may initiate a war at the end of the power shift, as discussed in more detail in the next chapter.

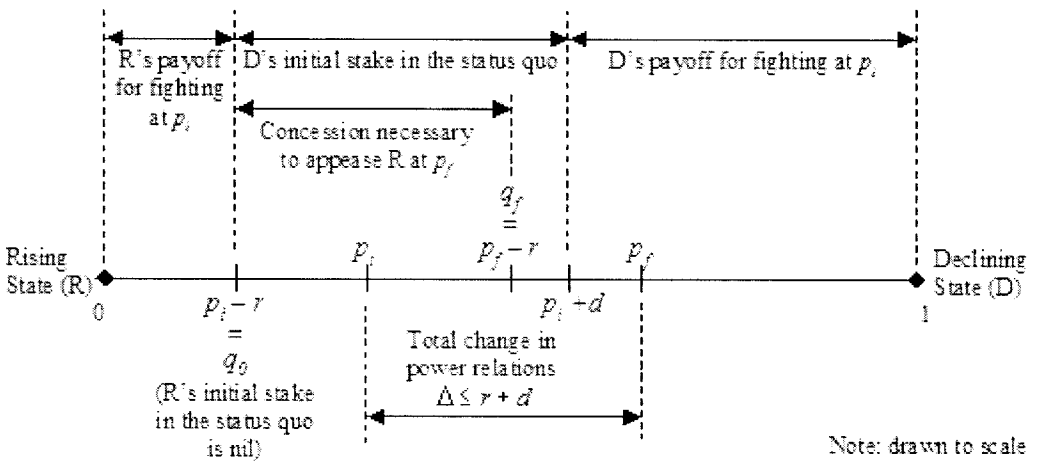
Note first that in the figure, d and r symbolize, respectively, the declining and rising state's costs for war, and are conceptualized as the fraction of the good in dispute corresponding to the amount of resources spent by each side during the war. Since these resources are destroyed permanently, they represent in each period subsequent to the fighting a recurring cost. The initial distribution of power, p_i, denotes at the same time the rising state's likelihood of prevailing and its gross expected utility for war – since the total value of the good under contention has been normalized (i.e., equals 1). For the declining power, $1 - p_i$ is defined analogously. Finally, q_0 indicates the initial distribution of benefits.

Powell assumes that, at the onset of the power shift, the rising state is at least indifferent between the status quo and trying to overthrow it through war – i.e., its stake in the status quo is zero or more. More formally, Powell posits that $p_i - r \leq q_0$, which is equivalent to (1) $p_i - q_0 \leq r$. However, Powell *also* assumes that the declining state's initial stake in the status quo is at least equal to its own per-period costs of war plus those of the rising state (*Ibid.*, 118, 277), and hence that $p_i + d - q_0 \geq d + r$ which, once simplified, yields (2) $p_i - q_0 \geq r$. Now, it should be obvious that inequalities (1) and (2) will simultaneously hold only if $r = p_i - q_0$, which signifies that the rising state's stake in the status quo is *exactly* zero; consequently the declining power's stake, denoted σ in Powell's model, is *exactly* $d + r$: (3) $\sigma = d + r$. Of course, this equality is just about impossible in reality, but let us disregard this difficulty for now in order to consider the model's assumptions concerning the costs of war relative to the rapidity of the power shift.

In the model, the per-period change in power relations (Δ), that is, the total magnitude of the power shift divided by the number of periods over which it takes place, is assumed to be inferior or equal to the total per-period costs of fighting, that is, (4) $\Delta \leq d + r$. This seems at first glance like a reasonable supposition; indeed, if the power shift occurs over many periods (of, say, one year), then it appears sensible to suggest that the total amount of resources destroyed by war – which can be represented as a fraction of the good in dispute – is superior to the per-period change in power relations – which can also be represented as such a fraction. However, this reasoning is mistaken, as explained below.

The problem with the assumptions described above becomes readily apparent when considering the simpler example of a power shift occurring over a single period, which is depicted in Figure 1.2 (note that this presumes nothing about the actual duration of the power shift, since a period can be defined as covering any timespan). In this figure, p_f represents the final distribution of power, that is, after the one-period power shift has taken place, and is defined similarly as p_i. Likewise, p_f - r denotes the rising state's expected utility for war at the end of the power shift and is equal to q_f, which indicates the final distribution of the good should the declining state choose to appease the rising state – since the former, to prevent war, must offer the latter at least as much as it could obtain by fighting. A quick look at the figure reveals that a power shift, as conceptualized in the model, could *never*, by assumption, result in war: if $\sigma = d +$ r and $\Delta \leq d + r$, then $\Delta \leq \sigma$. The declining power's stake in the initial status quo is simply posited to be always larger than (or, at the most, equal to) whatever concession is necessary to discourage the rising power from war throughout the power shift. In other words, Powell specifies the initial distribution of the good to be so drastically favorable to the declining state relative to the distribution of power, and the costs of fighting so high relative to the size of the power shift, that no "preventive motive" could possibly ever exist in the model.

Figure 1.2: A one-period power shift in Powell's (1999) model



To show that one-period power shifts are not merely a "special case" of Powell's model and to generalize the latter argument, one needs only consider that, for any number of periods $N > 1$, both Δ *as well as* d and r need simply be divided by N – indeed, the per-period cost to both states represented by the destruction of resources *is born for a duration N times shorter*[17]. It now appears clear that by positing, seemingly sensibly, that the per-period shift in power relations was equal or greater than the per-period costs of fighting, Powell *really* assumed that the *total* costs of fighting were equal or superior to the *total* size of the power shift; equally, his – unacknowledged – assumption that the declining state's initial stake in the status quo was equal to the per-period costs of fighting *really* meant that this stake was equal to the *total* costs of fighting. When put together, these two assumptions signify quite simply that what the dominant power stands to loose from the power shift is posited to be lesser than the risks entailed by the war it would have to wage to prevent this shift. One can then easily see how Powell's conclusions are preordained by his – obviously unrealistic – assumptions, and therefore that his conclusions about the prevalence of preventive wars can be safely rejected.

[17] I do not take into account here the extent to which states discount the future – that is, their "discount factor" (δ) which, in Powell's model, is allowed to vary fully in the interval $0 \leq \delta < 1$. However, since all costs or benefits for a given state are affected by the same discount factor, doing so would not affect the validity of the present argument, no matter how large or small the discount factor is assumed to be.

II - A STRATEGIC-INTERACTION MODEL OF POWER SHIFTS

The preceding chapter has identified various shortcomings with existing theories of power shifts and major war. I follow here with a game-theoretic model which seeks to redress some of these shortcomings, while building on the insights of previous theorists. More specifically, my argument is based on the structural assumptions of power transition theory and the theory of hegemonic war, but integrates the preventive motive for war put forward in dynamic differentials theory, thus offering a synthesis of the challenger- and dominant power-centric approaches to power shifts and major war. Simply put, I argue for a conception of power shifts as both shifts in preferences and learning processes. The model is one of double-sided incomplete information (Powell 1988), and draws on the strategic choice approach proposed by Lake and Powell (1999). I expound the model by first enunciating its structural assumptions about the strategic environment, (i.e. the set of possible actions available to each actor) and actor preferences. I then describe information structures, that is what the actors can know for sure about one another's preferences, as well as the model's assumptions about actor beliefs (*Ibid.*, 8-13). Subsequently, I elaborate a more complex model investigating the mechanisms whereby actors' private information about their preferences is shared during the power shift.

The international system as hierarchic: the dominant power and the international order

The present model's primary assumption is that the international system is far from being as anarchic as neorealism or classical realism would have it (Waltz 1979; 1988; Morgenthau 1985), but is more fruitfully apprehended as hierarchic. This assumption is a far-reaching one, and its empirical validity is the object of an important controversy between realists on the one hand and power transition as well as other hegemonic stability theorists on the other. Since an extensive discussion of the validity of the hierarchy assumption would lie beyond the scope of this study, I will limit myself to making a case for its plausibility by reviewing

the arguments advanced by proponents of power transition theory, long-cycle theory, world-system theory, and the theory of hegemonic war.

All four theories attribute more or less explicitly the hierarchical organization of the international system to increasing economic interdependence and faster growth, especially following the Industrial Revolution. For Organski, greater interdependence between states meant that alliances, which had been so flexible in the pre-industrial, balance-of-power world, acquired a more permanent nature as, from then on, breaking an alliance entailed the costly severing of established commercial ties. Similarly, the rising sophistication and costs of modern armament resulted in specialization within alliances in the production of military hardware, which in turn created interdependence among alliance partners in defense industries. Equally, democratization and new means of mass communication increased the political salience of public opinion, which made it more difficult for state leaders to switch alliance partners swiftly (1968, 351-354). As a consequence of stabilized alliance patterns, it became possible for the dominant state of the system "to set up a system of [asymmetrical] relations with lesser states that can be called an 'order'" (*Ibid.*, 354). For Modelski also, it is the rising interdependence between states which led to their vertical differentiation, characteristic of the condition of international hierarchy (1987, 23). In world system theory, in which hegemony is defined as the economic exploitation of peripheral and semi-peripheral nations by the dominant and other "core" states, vertical differentiation and hierarchy are given even greater emphasis (Wallerstein 1984; 2000). Gilpin, lastly, offers a similar explanation for the emergence of international hierarchy: in his view, the emergence of the nation-state, the development of the world economy, and faster economic growth, "resulted in the nineteenth century in the displacement of the cycle of empires by a succession of hegemonies" (1981, 144). Unsurprisingly, moreover, all four theories concur on the identity of the dominant powers since the Industrial Revolution: Great Britain at least since 1815 and until the First Word War, and the United States after World War II.

Whether a single great power has continuously provided governance to the international system, or whether periods of leadership by a single state have alternated with anarchic, balance-of-power systems, is not of crucial import here. At the most, the different answers that could be given to this question would only serve to expand or limit the historical applicability of the assumption of hierarchy, and hence of the present model[18]. Neither does this assumption entail that only one international order existed at any single point in history. Rather, the important stipulation is that one of these orders be dominant over the others (presumably established by challengers in their own sphere of influence) that might exist concurrently[19]. Also, the hierarchic organization of states under an international "order" of course does not imply the absence of armed conflicts. What is does imply, however, is that large-scale wars threatening the stability of the international system are bound to be rare and to pit the dominant nation against a challenger for governance of the international order.

In keeping with Organski (1968), I define the dominant international order as a set of explicit and tacit rules governing economic, diplomatic, alliance, and power relations between its members which also encompasses, following Gilpin (1981), the hierarchy of prestige and the distribution of territory[20]. Stated differently, this order embodies a particular – and generally asymmetrical – distribution of the benefits (wealth, influence, prestige, security, etc.) of interstate interactions. The dominant power, as its main architect and defender, generally derives the greatest advantages from the international status quo – although this is

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[18] Indeed, the international system of the pre-industrial era might be seen, following Organski (1968), as devoid of any dominant power or hierarchic order, as could be, perhaps, the 1919-1939 interwar period (Carr 1946). Alternatively, the hierarchic structure of the international system can be thought of as an "initial condition" set by the model rather than a universal statement about the nature of this system, much like Waltz (1979) treats international anarchy.

[19] One obvious example that comes to mind is the order established by the Soviet Union during the Cold War in Eastern Europe, parts of East Asia, and other areas of the world, which competed with the dominant international order established by the United States.

[20] This definition is purposely open-ended. Although a closer theoretical and empirical investigation of the concept of international order, which has been mostly evaded in existing works – including in particular the mechanisms through which its rules distribute various goods of value to states, such as those just mentioned, as well as the process whereby these rules emerge – would be greatly useful, I do not provide one here, as my focus is on the strategic contest over the distribution of these goods, whatever they may be. Hence, this versatile definition permits me to set aside this question, admittedly at my own risks, for future research so as to concentrate on the possible outcomes of this contest between declining dominant powers and rising challengers.

not a necessary condition of the model. The other great powers, as a group, typically also reap substantial gains from the established order; since the stability of this order, like many political structures, ultimately rests on power, the dominant power is as a rule well-advised to take their interests into account in devising it. However, there may still be a great disparity in the extent to which various great powers profit from the international order. In particular, latecomers in the industrialization process or other recently risen great powers may find their ambitions thwarted by the prevailing status quo, due to the unwillingness of the dominant state and other established great powers to accommodate their interests (Organski 1968, 366-67).

The stability of the international order, as suggested above, rests mostly on the power preponderance of the dominant state and its allies. However (and at this juncture I depart significantly from power transition theory), the dominant power need not by definition be the most powerful state in the international system – although it usually is. The reason is that what really ultimately underlies the stability of an international order, more than the mere relative power of the dominant power and its allies, is their willingness to fight in order to defend the status quo, jointly with the unwillingness of any other state or group of states to attempt to overthrow this order through war. In power transition theory, power and satisfaction are used as convenient yet imprecise proxies for the preferences of states: power parity with the dominant power combined with dissatisfaction *vis-à-vis* the international order (which together constitute a sufficient condition for a power transition war) are used as a surrogate for the challenger's preference for a war to topple the established order over the continuation of the status quo. In turn, the challenger's dissatisfaction is seemingly thought to imply that the dominant power would be unwilling to accept the challenger's preferred order, and thus that it also prefers to fight rather than yield to the challenge.

However, such a reasoning presents difficulties. Indeed, it seems perfectly possible that a challenger, whose interests are seriously harmed by the prevailing order and which has reached power parity with the dominant power, might view the expected costs of a power transition war as prohibitively high, and hence

refrain from a direct challenge. Power transition theory seems hard put to account for this and other similarly plausible behaviors. Therefore, it is far more fruitful to conceive of satisfaction and power as feeding into the preferences of states, as explained in greater detail below. As Organski expressed it, "no nation is ever completely satisfied" (*Ibid.*, 327). Yet this reasonable argument only begs the question: *how much* dissatisfied should a challenger be to risk war to try to overthrow the international order? In line with expected utility theory, the answer and refinement proposed here is that (assuming that the challenger is certain that the dominant power will resist a challenge by force) the expected benefits and costs of war for the former must be superior to the utility derived from the status quo. As discussed below, this refinement does not solve the problem of *measuring* preferences, but it at least provides hints in this regard.

Actors, possible actions and associated outcomes

The model posits three actors: (1) the declining dominant power; (2) the challenger, minimally defined as a rising great power; and (3) the great power allies of the dominant power[21], defined as preferring the prevailing international order to that proposed by the challenger, and considered for simplicity as a single player (hereafter referred to as "great power allies"). Put differently, the latter are assumed to be willing to bear some costs in order to preserve the existing order against a challenge (possibly, but not necessarily, the costs of major war)[22]. Hence I use the term "ally" here in a broad sense not limited to the more conventional meaning associated with formal alliances.

The power shift game has two "periods", separated by a dotted line in Figure 2.1, which may also be conceived of as two successive games. The figure represents the basic complete information model in extensive, or "game tree", form. During what I refer to as the "power shift period" of the game, the

[21] The role of any major allies that the challenger may have in the power shift period is limited as they are expected, following Organski (1968, 365-66), to be less numerous and to wield much less power. Their role is therefore not modeled here for reasons of parsimony. In contrast, the allies of the dominant power, as explained below, may play a decisive role in the latter's decision to preventively attack the challenger, which justifies their explicit inclusion in the model.

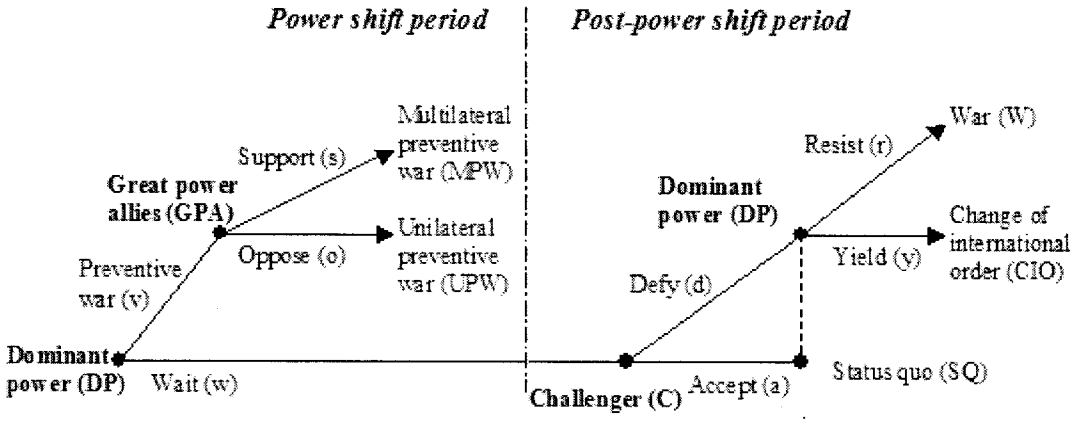
[22] If no great power in the international system fits this definition – in any case a very improbable situation – the actor dubbed "great power allies" can merely be dropped from the model.

challenger's relative power rises and that of the dominant power declines. The former does not seek to overthrow the international order, as it can expect to do so at less cost and risk when it reaches its relative power peak. In formal terms, this argument rests on the assumption that the rising power discounts lightly enough the future relative to the pace of its rise (i.e., is patient enough), or that it is uncertain enough about the dominant power's likely reaction to a challenge, that the expected benefits of challenging the international order earlier do not outweigh the benefits of doing so when it is more powerful[23]. Rather, it is the dominant power which must decide in this period whether or not to initiate a preventive war against the challenger. If it chooses to, its great power allies in turn decide whether they wish to support such a course of action. If they decide to join, the result is a "multilateral" preventive war; otherwise, the preventive war is "unilateral". Should the dominant power decide against preventive military action, the onus of initiative passes on to the challenger during the "post-power shift" period of the game, at which point the relative rise of the challenger ends – and may even be reversed. In this post-power shift period, the latter has a choice between mounting a challenge to the international order, or definitively accepting it, in which case the status quo prevails. If, however, the rising state opts for a challenge, the dominant power must decide whether to resist militarily or yield. In the latter case, the outcome is a peaceful change of international order; else, a war for control of the international order occurs. Note that the model assumes unrealistically that the dominant power cannot observe the decision of the challenger, as represented conventionally by the dotted line linking the dominant power's two decision nodes (which amounts to assuming that the two decisions are taken simultaneously; I discuss the benefits of this assumption below). Also, the role of the great power allies is not represented in the post-power shift period, and their possible support of the dominant power in case of war is simply taken to be included into the latter's expected benefits and costs for war. The basic model

[23] This is a simplifying assumption, but it would not affect the predictions or validity of the model to allow for the possibility that the challenger might defy the international order while still rising if it strongly expects the dominant power to yield, or if it discounts more heavily the future relative to the rapidity of its rise.

thus integrates the dominant power-centric and challenger-centric approaches by positing that both can initiate a war, includes the role of the dominant power's allies in the latter's decision about preventive war, and admits of the possibility both of a peaceful change of international order and of the challenger renouncing to challenge the international order.

Figure 2.1 : The sequence of choices in the basic power shift model



Actor preferences

Each of the possible outcomes of the power shift depicted in Figure 2.1 represents a certain expected utility (E) for the dominant power and challenger, which are assumed to be rational unitary actors[24]. My assumptions about the basic preferences of the challenger and dominant power[25] rest on three intuitively obvious postulates: (1) war is costly; (2) it is less costly and risky to fight a weaker opponent than a stronger one; (3) each state prefers its proposed international order to its rival's. The resulting limits on the possible preference orderings of the different actors appear in Table 2.1. In less formal language, I assume that the dominant power's most preferred outcome is the peaceful continuation of the status quo, while the challenger's is the peaceful establishment

[24] Rational actors must (1) be able to order the possible outcomes in terms of the utility or expected utility that they attach to them; (2) this ordering must be transitive, so that if A is preferred to B and B to C, then A is also preferred to C; finally (3), rational actors always take decisions that maximize their expected utility, i.e., they makes choices that respect their order of preferences (Bueno de Mesquita 1989).

[25] Note that preferences of the great power allies of the dominant power over the different outcomes of the model, apart from those of unilateral and multilateral preventive war, are irrelevant as the latter's decisions have no influence on their occurrence.

of a new international order in accordance with its own interests. Also, the dominant state prefers a multilateral preventive war to a unilateral one, as the former entails less risks and costs (which are shared by the great power allies). For the challenger, this preference ordering is reversed. As Table 2.1 also indicates, the model makes no assumption about whether the dominant power [respectively, the challenger] prefers war to a change of international order [the continuation of the status quo]. Hence both players have two possible "types". More precisely, if the dominant power [respectively, the challenger] prefers war to a change of international order [the continuation of the status quo], it is defined as "hard" (denoted $\overline{DP}$ [$\overline{C}$]); otherwise, it is defined as "soft" (DP [C]; Zagare and Kilgour 1993).

Table 2.1: Assumptions about the preference orderings of the actors

Actor	Limits on possible preference orderings
Dominant power	$E_{DP}(SQ) > E_{DP}$(any other outcome) $E_{DP}(MPW) > E_{DP}(UPW)$ $E_{DP}(MPW) > E_{DP}(W)$ $E_{DP}(W)$?? $E_{DP}(CIO)$
Challenger	$E_C(CIO) > E_C$(any other outcome) $E_C(UPW) > E_C(MPW)$ $E_C(W) > E_C(MPW)$ $E_C(W)$?? $E_C(SQ)$

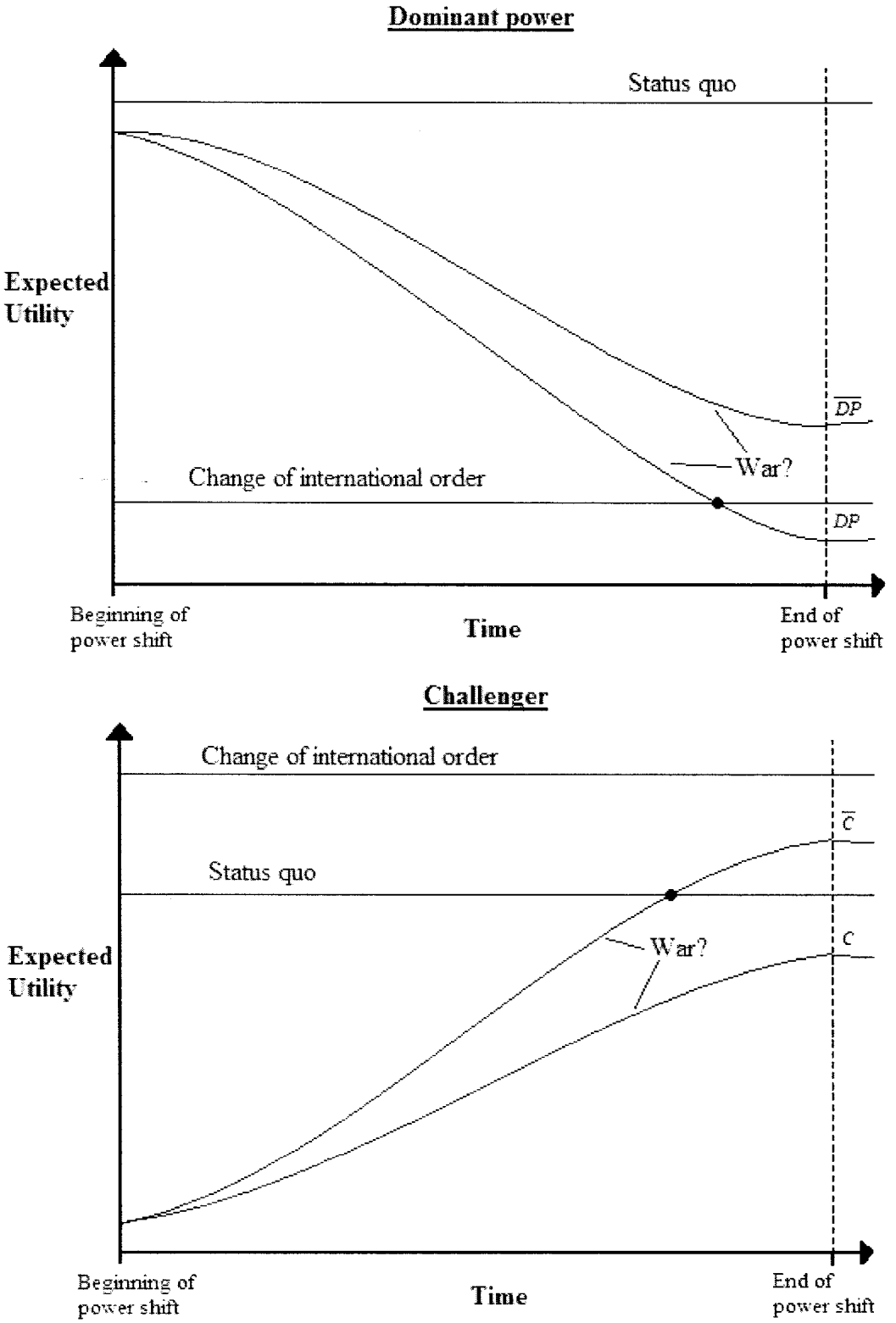
As regards the question of the origins of state preferences, I follow the "boxes within boxes" conception of preference aggregation of the strategic choice approach in positing that they result from strategic interactions and bargaining between sub-national groups (bureaucracies, interest groups, political parties, etc.). In other words, while I do not treat preferences as exogenously given – apart from the restrictions on possible preference orderings indicated above – I do not model the domestic-level processes that generate them. As most macro-level models must do, I exogenize some micro-level explanatory variables, without however relying on unduly unrealistic assumptions about them (George and Bennett 2004, 142-43). Moreover, focusing on a single strategic problem (namely, power shifts), as advocated by this approach, permits to better

understand the distinct role of the different causal factors at play (Lake and Powell 1999, 17). Therefore, while I recognize the great potential relevance to the present puzzle of the work on two-level games (Putnam 1988) and the agent-principal problem (Goemans 2000), I overlook these problems here in order to concentrate on the strategic, interstate aspect of power shifts – which I believe carries much of the explanatory weight.

Many "real-world factors" (Braumoeller and Sartori 2004, 138) contribute to the utility attached by the actors to the different outcomes. As explained above, there is a variety of benefits that a state may derive from controlling the international order, the most important of which are economic or security-related (Organski 1968; Gilpin 1981): the ability of influencing the terms of international trade, control of certain markets and sources of raw materials, as well as dominance over international economic institutions, all bring great potential economic gains. On the security side, formal or informal control of certain key territories and strategic points, alliance networks, influence or outright control over security-related international institutions, favorable treaties on arms proliferation and the like, yield important security advantages. As regards the costs of war (which I take to include the risks and costs of defeat), one's power relative to its adversary, but also absolute levels of military capabilities, the destructiveness of the existing military technology (including, above all, nuclear weapons technology), the costs resulting from disrupted commercial and financial flows, as well as various domestic political costs, are foremost.

As regards the latter, it is generally assumed, following Kant, that democracies are more sensitive to the costs of war, and especially preventive war (Schweller 1992; 1999). Because much of the costs of war are borne by the citizenry, and since citizens of democratic states by definition have the capacity to oust from power their leaders, the latter's decision to initiate a war, especially against a powerful opponent, can often have serious political costs – in particular if the rationale for war is remote from the daily preoccupations of the population, as is usually the case in preventive wars. Indeed, the pacifist populations of democratic regimes are generally characterized by a "liberal complaisance" and a

Figure 2.2 : The evolution of their preferences as seen at the beginning of the power shift by the dominant power and the challenger



Note: not drawn to scale

moral repulsion at the idea of preventive war. The populace, moreover, is simply more short-sighted than its leaders and often impervious to the logic of fighting a war sooner on better terms rather than running the risk of a future war on worse terms (Schweller 1992, 243, 244). Similarly, the initiation of a preventive war may also entail what might be called "international legitimacy costs", since the initiator's democratic or semi-democratic allies and partners, under popular pressure or for other reasons, might be forced to "punish" the latter.

Information structures and beliefs

Now that the assumptions about the set of possible actions by all three players have been described, I turn to the assumptions made about "information structures", that is what the players can know for certain about their own and one another's preferences, and what they can only have rational beliefs about[26]. Firstly, both the dominant power and the challenger are initially unsure about the ultimate magnitude of the power shift, and hence about their likelihood of victory in war when their power relations have stabilized (see Figure 2.2). Also, each is uncertain about its own future costs for war, since such costs are dependent on the changing power balance as well as absolute levels of military capability, which also evolve during the power shift. As a result, both actors are originally uncertain whether they will be "hard" or "soft" in the post-power shift period. Equally, both are uncertain in the power shift period about the type of their opponent.

However, the dominant power and the challenger possess information concerning their own inherent *tolerance* to the costs of war as well as the utility they attach to the status quo and to a change of international order – which are assumed to remain stable during the power shift[27] – that their rival does not (i.e.,

[26] Note that the beliefs of the great power allies are irrelevant in this game.

[27] This assumption may appear unrealistic. Indeed it seems plausible that changes in the "inherent" or basic preferences of the dominant power or challenger may occur during a power shift as a result for instance of regime change (the Russian and Chinese Revolutions are good cases in point) or for other reasons. However, it is reasonable to suppose that actors calculate and

in game theory language, "private information"). As a result, while the two actors ignore both their own future type and that of their rival, this private information makes their estimate of the former more reliable than their beliefs about the latter. Also for this reason, whereas the end of the power shift reveals to both players their own type, some uncertainty remains regarding their rival's. More generally, both players' beliefs are rendered more accurate by the mere progression of the power shift. The symbols denoting these beliefs appear in Table 2.2.

Table 2.2: Beliefs of the players about types							
Dominant power's (DP) initial beliefs				**Challenger's (C) initial beliefs**			
C is hard	C is soft	DP is hard	DP is soft	C is hard	C is soft	DP is hard	DP is soft
$dp^{\overline{C}}$	$1-dp^{\overline{C}}$	$dp^{\overline{DP}}$	$1-dp^{\overline{DP}}$	$c^{\overline{C}}$	$1-c^{\overline{C}}$	$c^{\overline{DP}}$	$1-c^{\overline{DP}}$
Note: All beliefs are modeled as probability distributions and allowed to vary in the interval [0,1], with 1 representing full certainty that the given actor is "hard".							

The second assumption about information structures is that the limitations on preferences orderings depicted in Table 2.1 are common knowledge (i.e., both know these limitations, both know they know, and so on). Thirdly, as is usual in models of double-sided incomplete information, the beliefs held by each actor about the type of their rival at the beginning of the game are also defined as common knowledge, as are the preferences of the great power allies (whether they would join a preventive war or not)[28]. Finally, the basic model assumes (for now), admittedly unrealistically, that both players know at the end of the power shift their opponent's type. I discuss the benefits and limitations of this assumption below.

The specification of the actors' beliefs and information structures completes the description of the basic model, which is represented in extensive

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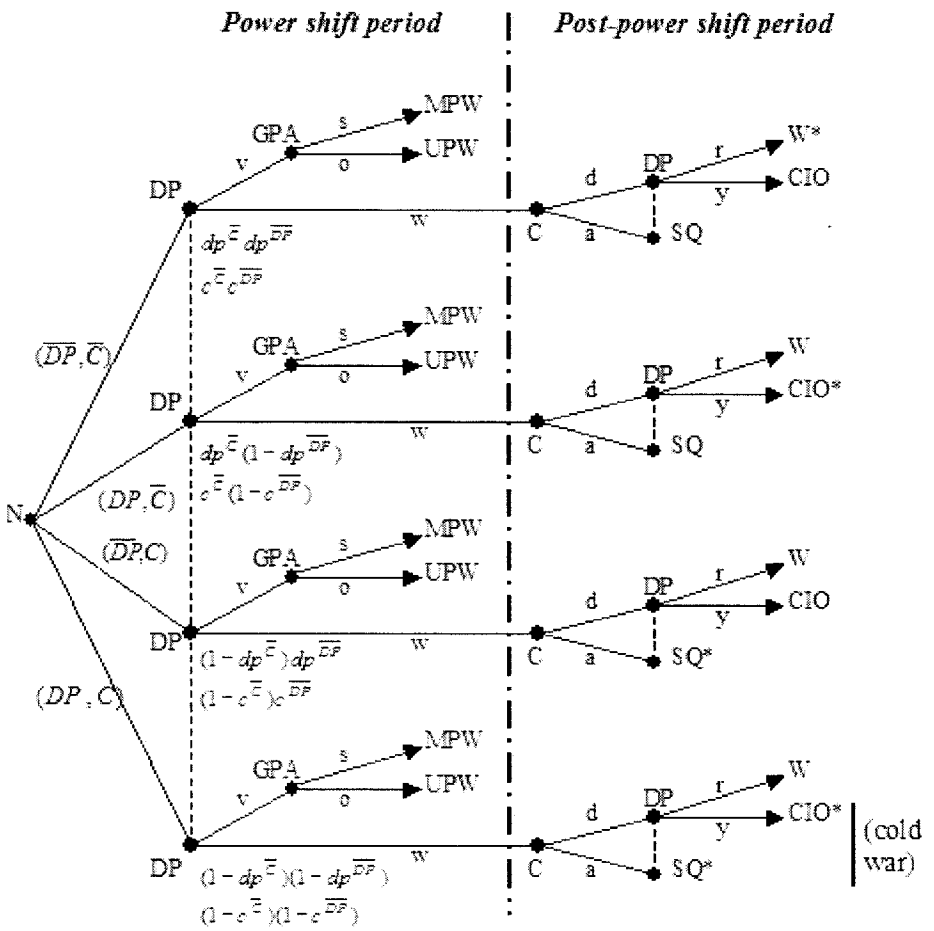
make decisions based on their *current* "inherent" preferences (it would seem illogical for a decision-maker to consider, while doing so, the preferences of a possible successor). In any case such occurrences would not affect the internal consistency of the model under the assumption that their consequences on the preferences of the relevant actor are well-known by others.

[28] Indeed, even allies have incentives not to disclose some of their preferences to each other or to bluff (Fearon 1995, 395-401). A more realistic model could posit that the dominant power is uncertain and has beliefs about the preferences of its allies, too. However, because it would further complicate the model while not illuminating much more the dynamic of power shifts, I decided to opt for this simpler representation of the role of great power allies.

form in Figure 2.3. Following a game-theoretic convention, the game is depicted as beginning by a move by Nature (N), which assigns randomly the types of the players – of course every player really has only one type, and only one of the four main branches of the game tree is really "played". The decision nodes linked together by a dotted line represent the dominant power's uncertainty regarding its own and the challenger's type. The asterisks indicate the Nash equilibria of the different subgames of the post-power shift period if this period is reached, that is if no preventive war is waged.

Figure 2.3: Basic model with incomplete information



Predictions of the basic model

Deducing the predictions of the model amounts to finding its equilibria, or in other words describing the conditions under which each of the model's possible

outcomes would emerge. In order to do this, I proceed through backward induction, as rational players are assumed to do. I therefore begin by deducing the possible equilibria of the post-power shift period, if it is reached. As their decisions are assumed to be simultaneous, the situation facing the dominant power and the challenger in this period can be best represented using the strategic form of the game, which is given in Figure 2.4. Also, because a decision by the challenger to accept the status quo results in the preservation of the status quo no matter the decision of the dominant power, the two bottom squares of this figure represent the same outcome. Moreover, as shown in Figure 2.5, since by assumption the dominant power and the challenger respectively prefer the status quo and a change of international order to any other outcome and because war is costly, only four configurations of preference orderings (or "subgames") can arise in the post-power shift period. As in Figure 2.3, the Nash equilibria of these games are represented by an asterisk (*).

Figure 2.4: The post-power shift period in strategic form

		Dominant power (DP)	
		Resist	Yield
Challenger (C)	Defy	War	Change of international order
	Accept	Status quo	Status quo

In the first situation of Figure 2.5 (upper left corner), the dominant power is hard and the challenger is soft; in other words, the former is willing to go to war to defend the international order, while the latter is not ready to fight to overthrow it. Knowing that a challenge will result in a war it is not willing to wage, the challenger accepts the status quo. In this case, the power shift is peaceful and the initial stability of the international order remains. In the second situation (upper right corner), preference orderings are reversed: the challenger prefers war to the status quo (is hard), while the dominant power is unwilling to bear the costs of

war to defend it (is soft). Therefore, the rising state challenges the international order, and the declining state yields before the threat of war. The challenger thus has a free hand in replacing the established order with one more in accordance with its interests. The third and fourth situations closely resemble respectively the well-known games of Prisoner's Dilemma and Chicken (Snyder and Diesing 1977). In the third (bottom left corner), the challenger would rather fight than suffer the established international order any longer; equally, the dominant power prefers to bear the costs of war rather than see the challenger overthrow the prevailing international order (both are hard). As a result, the latter mounts a challenge to the international order, and the former responds with war.

Figure 2.5: Possible configurations of preference orderings in the post-power shift period and associated outcomes

I – Status quo

		Dominant power (DP): Resist	Dominant power (DP): Yield
Challenger (C)	Defy	(2^{nd}, 3^{rd})	(3^{rd}, 1^{st})
	Accept	(1^{st}, 2^{nd})*	(1^{st}, 2^{nd})

II – Change of int. order

		Dominant power (DP): Resist	Dominant power (DP): Yield
Challenger (C)	Defy	(3^{rd}, 2^{nd})	(2^{nd}, 1^{st})*
	Accept	(1^{st}, 3^{rd})	(1^{st}, 3^{rd})

III – War

		Dominant power (DP): Resist	Dominant power (DP): Yield
Challenger (C)	Defy	(2^{nd}, 2^{nd})*	(3^{rd}, 1^{st})
	Accept	(1^{st}, 3^{rd})	(1^{st}, 3^{rd})

IV – Cold war

		Dominant power (DP): Resist	Dominant power (DP): Yield
Challenger (C)	Defy	(3^{rd}, 3^{rd})	(2^{nd}, 1^{st})*
	Accept	(1^{st}, 2^{nd})*	(1^{st}, 2^{nd})

Notes: (1) (x, y) = (dominant power's payoff, challenger's payoff) (2) (1^{st} = best outcome, 3^{rd} = worst outcome)

In the fourth situation (bottom right corner), as in the game of Chicken, there are two possible equilibria. Both players would like to maintain/establish their preferred international order, but neither is willing to bear the costs of war to achieve this goal, and since both know this, neither's threat to resort to war is credible (both players are soft). At first glance it would seem that the model yields no definite prediction as to the outcome of the power shift in this case, which could be either the status quo or a change of international order. However,

the strategic situation that the dominant power and challenger are really facing is a "cold war" (CW), akin to that faced by the two superpowers after World War II and described most famously by Schelling (1966); it is best analyzed as a distinct outcome of the power shift, to which the actors can attach a certain expected utility (denoted $E_{DP}(CW)$ for the dominant power and $E_C(CW)$ for the challenger).

Such a configuration of preferences certainly is not a guarantee of peace between the dominant power and the challenger, let alone in the international system as a whole. The history of the early Cold War, and especially of the 1962 Cuban Missile Crisis, is a sobering reminder of the risks that a cold war-like situation might escalate to general war (Lebow and Stein 1995). Yet, the fact that war never broke out between the U.S. and the U.S.S.R. over a period of more than 40 years, notwithstanding several crises, indicates at the same time that a Chicken-like configuration of preferences provides an important measure of stability to a bilateral relationship[29]. However, a cold war outcome is different from the mere continuation of the status quo. Indeed, the stability of the international order rests in part, as explained above, on the willingness of the dominant power to fight in order to defend it (as in situation I in Figure 2.5). In a cold war situation, it is unwilling to do so, and the challenger knows this. Hence, as in the actual Cold War, the challenger may seek to bring about certain changes in the status quo – short of a complete change of international order – by initiating destabilizing and risky crises.

However, what I call a cold war-like configuration of preferences need not result in intense bipolar competition as well as grave and recurrent crises, as suggested by the existence of periods of détente during the Cold War. For describing such periods, "cold peace" (Kozyrev 1995) might be a better choice of terms. While it lies beyond the scope of this study to investigate the conditions where a Chicken-like situation may lead to intense strategic competition or be

[29] This need not be true for the international system as a whole. Indeed, Brecher and Wilkenfeld (1991) have pointed out that the absence of direct military hostilities between the Soviet Union and the United States during the Cold War contrasts sharply with the high level of conflict and war outside of the central system of states during this period. Also, there is some controversy among scholars about whether the "Long Peace" really was an exceptional occurrence and whether it really was a consequence of mutual nuclear deterrence (Siverson and Ward 2002; Vasquez 1991).

more benign, it seems reasonable to posit that the severity of the clash of interests between the dominant power and the challenger is a determining factor. In other words, if the difference between the established international order and that preferred by the challenger is small, a cold peace may be more likely, since the challenger has a lower incentive to instigate risky crises in the hope of bringing about favorable changes in the status quo; similarly, the dominant power may in that case be more willing to grant minor concessions to the challenger, provided that they do not strongly affect the balance of power. Finally, it seems also logical to presume that the cold war (or cold peace) outcome is more profitable, relatively speaking, for the dominant power than for the challenger, since the international status quo, even if it changes as the cold war evolves, originally reflects the interests of the former.

The beliefs of the dominant power about the likely outcome of the post-power shift game strongly affect its decisions in the power shift period. All other things being equal, the more it believes that the challenger will be hard at the end of the power shift and that itself will be soft, the more likely it is to initiate a preventive war. More generally, the dominant power's expected utility for each of the four possible outcomes of the post-power shift period, weighted by the estimated likelihood of their occurrence, together with its expected utility for preventive war, determine its decision. In turn, its expected utility for preventive war depends on whether it expects support from its great power allies in such an endeavor, as this decreases its expected costs and increases its likelihood of victory. In case the dominant power expects support from its allies (i.e., if $E_{GPA}(MPW) > E_{GPA}(UPW)$), it will initiate a preventive war iff (if and only if):

$$E_{DP}(MPW) > E_{DP}(SQ)dp^{\overline{DP}}dp^{C} + E_{DP}(CIO)dp^{DP}dp^{\overline{C}} + EU_{DP}(W)dp^{\overline{DP}}dp^{\overline{C}} + EU_{DP}(CW)dp^{DP}dp^{C}$$

Conversely, in case it knows it can count on no such support, it will opt for preventive war iff:

$$E_{DP}(UPW) > EU_{DP}(SQ)dp^{\overline{DP}}dp^{C} + E_{DP}(CIO)dp^{DP}dp^{\overline{C}} + E_{DP}(W)dp^{\overline{DP}}dp^{\overline{C}} + EU_{DP}(CW)dp^{DP}dp^{C}$$

Simply put, these inequations indicate that the more the dominant power values the status quo relative to the change of international order the challenger is thought to desire, the deeper it expects its relative decline to be, the more tolerant it is to the costs of war, and the more it perceives the challenger as revisionist, the more likely it is to instigate preventive military action against the latter. The importance of the role played by its great power allies in the dominant power's decision depends on the difference between its utility for unilateral and multilateral preventive war. If this difference is small, possibly because the former are militarily weak and unable to provide much financial or other assistance, or because the dominant power cares little about the legitimacy and other costs associated with unilateral preventive action, their importance will be limited. If, on the other hand, its great power allies are powerful and able to offer useful – if not crucial – assistance, or if the domestic and legitimacy costs of unilateral preventive action are high, their role will be critical. While I do not problematize the great power allies' preferences here, their incentive to participate in a preventive war, and suffer some costs in the process, may be due to a desire to benefit from the spoils of war, from expected rewards/punishments by the dominant power conditional on their decision, or from a shared incentive to prevent a change of international order, from which they profit by definition.

Extension to the basic model: power shifts as learning processes

Now that the logic of the basic model has been expounded, I supplement the latter with a less formal model of the ways the dominant power and the challenger can convey information to each other about their preferences. As explained earlier, while the players are uncertain during the power shift about their future type, they possess private information about what I call their "inherent" preferences – tolerance to the costs of war, utility for a change of international order and for the status quo. Their beliefs about their own future

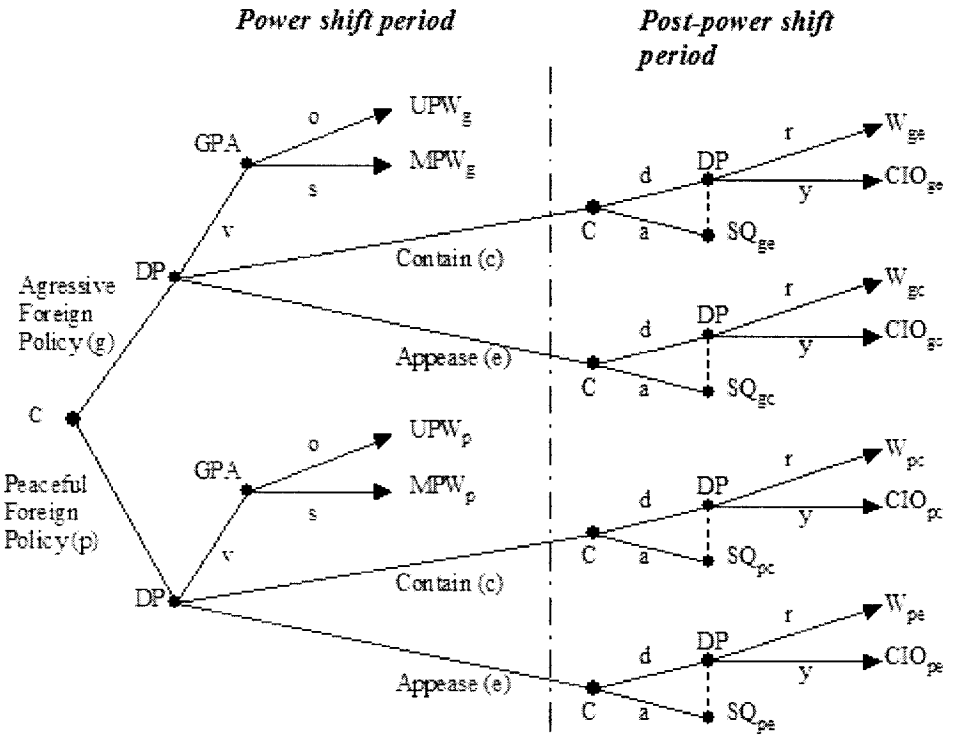
type are thus better informed than their rival's, who has no access to this information. Without going into mathematical details, I suggest here, based on the concept of "costly signalling"[30], a possible mechanism whereby this private information is shared between the players. Whereas the beliefs of the challenger were irrelevant to the equilibria of the basic model, their importance becomes apparent in this extended model – which drops the assumption of complete information in the post-power shift period.

Costly signals are actions which reveal information about their author's type because they are more costly for some types than others (Fearon 1994; Kydd 1997). I posit two possible costly actions respectively for the dominant power and the challenger during the power shift period: the choice of "waiting" for the dominant power is subdivided into the options of containment and appeasement, while the challenger has a choice between adopting what I call an "aggressive" or a "peaceful" foreign policy. An aggressive foreign policy for the challenger is minimally defined as involving an attempt to further alter power relations between itself and the dominant power by way of military buildup (especially of offensive weapons), diplomacy (seeking formal allies or breaking alliance ties between the dominant power and other states), territorial aggrandizement, or harming economically its rival. A peaceful foreign policy, conversely, means that the challenger refrains from such actions, generally reduces its military capabilities, or adopts a defensive military posture (Glasner 1995, 60-64). On the other hand, I take a policy of containment for the dominant power to be an effort to restrain or halt altogether the rise in power of the challenger by similar military, diplomatic or economic means. Appeasement, in turn, entails making concessions to the challenger in order to discourage it from challenging the international order. I integrate these four options in the model, with the challenger first deciding between an aggressive or peaceful foreign policy, and the dominant power subsequently choosing between containment, appeasement, or preventive war. These policies constitute costly signaling because they significantly influence for

[30] James Fearon (1994, 580) identifies three types of costly signals: physical (mostly financial) costs, costs related to an increased risk of war, and audience (domestic and international) costs. Of these three types, the first two are most relevant to my argument here.

the players the utility of the model's various possible outcomes (I use indexes composed of the letters symbolizing power shift-period policies in Figure 2.6 to differentiate similar outcomes).

Figure 2.6: The sequence of choices in the extended power shift model



It should be emphasized at the outset that the challenger, whatever its type, has as a general rule an enormous interest during the power shift period to profess benign and non-revisionist intentions. Doing otherwise would only raise the probability of preventive aggression or containment by the dominant power's coalition. That being said, there may be circumstances where it is rational for a challenger to adopt policies which betray this peaceful rhetoric. If the challenger finds that efforts to accelerate and increase the final magnitude of the power shift outweigh the aforementioned risks, it will adopt what I call an aggressive foreign policy. By so further altering power relations, the challenger knowingly makes war a relatively more attractive course of action for itself at the end of the power shift and a more costly and risky one for the dominant power. Consequently the

continuation of the status quo becomes less likely and the three other possible outcomes of the post-power shift game more likely (cf. Figure 2.5) Therefore, the dominant power's incentive to contain the latter or even to launch a preventive war is increased. Moreover, when it implies an internal military buildup, a challenger's aggressive foreign policy diverts to the military sphere scarce financial and human resources. If, therefore, the challenger knows it is intolerant towards the costs of war, or that the added utility of imposing its preferred order relative to the status quo is not large (i.e., it will likely be soft in the post-power shift period), it makes little sense to adopt an aggressive foreign policy stance. In such a case, the marginal benefits associated with further altering the power balance probably do not outweigh the increased risk of preventive war or the economic costs of a military buildup. On the other hand, for a challenger greatly dissatisfied with the prevailing international order and less concerned by the costs of war (i.e., which will likely be hard), the converse is true. As a result, by adopting an aggressive foreign policy, the challenger reveals to the dominant power that it will more likely be hard at the end of the power shift. Knowing this, ironically, the dominant power is even more tempted to contain the challenger or to take preventive action.

The opposite reasoning applies to the option of peaceful foreign policy for the challenger. This policy restrains to some extent the rise in power of the challenger, and hence makes it more likely, all other things being equal, that the status quo will prevail at the end of the power shift. Hence, a hard challenger is less likely to adopt it. Accordingly, a dominant power is in turn less likely to take preventive action against a challenger embracing such a foreign policy posture. One can then see that the policy decisions of the challenger at the beginning of the game crucially depend on its beliefs regarding the dominant power's disposition toward preventive war, which in turn hinge on the challenger's assessment of the dominant power's inherent preferences and future type.

However, the information revealed by the dominant power's containment or appeasement of the challenger is less straightforwardly interpreted. Indeed, such policies not only affect the magnitude of the latter's rise (and hence the

likelihood of victory in war for both sides), but also impact on the satisfaction of the challenger with the international order. A containment strategy, by curbing the change in power relations, makes a future war less appealing to the challenger and more so to the dominant power, and thus increases the likelihood that the status quo will endure. However, it also makes the challenger more dissatisfied with the prevailing order, and hence, paradoxically, more likely to challenge it. As a result, the impact of containment on the challenger's likely type at the end of the power shift varies, depending on its effectiveness in restraining the rise of the challenger, and on the degree to which it further dissatisfies it. Thus, containment does not necessarily represent such a "costly" signal of the dominant power's preferences, notwithstanding its economic costs. The net result, in any case, is to increase the dominant power's chances of prevailing in case of war.

Again, a reversed reasoning underpins the appeasement policy. On the one hand, appeasement lessens the challenger's desire to change the international order and thus its incentive to wage war to attain this goal. However, concessions to the challenger, depending on their nature, might also increase the latter's power and hence its chances of being victorious in case of war, thus making war relatively more attractive (Wagner 1994; Fearon 1997; Powell 2004). Conversely, concessions, depending on their type, may lessen the dominant power's incentive to defend what remains of the international order, while diminishing its power and ability to do so. Such a course of action is therefore frequently counterproductive: its effect on the challenger's willingness to wage war to overthrow the international order might be limited or even nil, and it may even encourage a challenge, since the rising power can expect less opposition from a relatively less powerful dominant power with a lower stake in the international order. Moreover, many components of the international order are not easily divisible for practical reasons (e.g., control of a key territory or sea) or because some consistency among its parts is required for its smooth functioning. What is more, concessions to a rising challenger give the impression of a weak dominant power, thus inciting some of the latter's allies to withdraw support or even switch sides, further altering the power balance. Concessions might

therefore be rational only (1) if granted to a rising state whose support is desired to counter the rise of a more dangerous challenger – as Great Britain did with the United States when faced with a rising Wilhelmine Germany (Perkins 1968); or (2) if they satisfy the challenger much more than they affect the power balance.

Hence, while an appeasement policy generally tells the challenger to expect a soft dominant power, a containment policy signals the dominant power's more probable "hardness". In turn, this information about the dominant power's type influences the challenger's decision whether or not to initiate a challenge in the following period. However, this signalling can be misleading, since uncertainty about type never completely disappears. For instance, Chamberlain's appeasement of Germany during the 1930s probably increased Hitler's confidence that his invasion of Poland would not be resisted by the Allies, and incited him to make a decision he might not have taken otherwise. Therefore, by introducing uncertainty in the post-power shift period, the extended model allows for the possibility that the challenger might misperceive the dominant power's determination to resist a challenge and cause a war it did not want to fight[31].

Discussion

Admittedly, the model presented above is one of many possible ways to formalize power shifts between rational dominant powers and challengers. However it presents several advantages in comparison with existing theories. Firstly, it integrates in a deductively consistent model challenger-centric and dominant-power centric arguments by allowing for both the possibilities of preventive war and of a challenge to the dominant state by the rising power. Therefore, contrary to Copeland (2000), who argues that declining dominant states almost always launch preventive wars against rising challengers before a transition occurs, the model explains why windows of opportunity for preventive action are not always "jumped through" (Lebow 1984). The uncertainty of the

[31] Of course I have described here only the general pattern. The extent to which private information is shared during the power shift period naturally depends on how "costly" the signals are: a modest armament program by the challenger, which entails less economic costs and risks of leading to preventive war, does not provide the same information to the dominant power as a massive military buildup does.

dominant power regarding the challenger's "inherent" preferences and the ultimate magnitude of the power shift are critical in this respect. Moreover, dominant states and challengers in power shifts are not only uncertain about the future preferences of their adversary; they also do not know for certain what their own future preferences will be. The above analysis therefore moves beyond previous conceptions of power shifts which solely insisted on the dominant power's uncertainty about the future preferences of the challenger. This double uncertainty might make it rational for a declining state to refrain from a less costly but certain war earlier in the power shift, even at the risk of having to fight a later war on worse terms.

The introduction of the great power allies of the dominant power in the model, moreover, suggests an additional explanation. As explained earlier, since these states are defined as preferring the existing international order to that privileged by the challenger, they have some interest in eliminating the potential threat represented by the rising power, possibly through preventive war. However, this motivation is lesser than the dominant power's, as might be their assessment of the risk posed by the challenger. Moreover, great power allies may be deterred from participating in preventive war by the domestic political costs associated with such an action (Schweller 1992), discussed above. Besides, allies of the dominant power have an obvious incentive to "free-ride" on the latter's efforts to thwart prospective challenges to the status quo. However, the aforementioned considerations may change in the case of a war brought about by a challenge from the rising state: there is no longer any uncertainty as to the intentions of the challenger, and failure to support the dominant power may result in a change of international order detrimental to their interests or to sanctions from the latter. Consequently, the fact that ally support will be more likely forthcoming in the case of a war initiated by the challenger than in preventive action offers another reason for the dominant power's hesitance towards preventive war, which power transition theory and other essentially dyadic

theories of power shifts cannot explain[32]. Lastly, while it is admittedly unrealistic to assume, for parsimony, complete information about the preferences of the dominant power's allies and treat to them as a single actor, it does not affect the general logic of this argument.

The model also suggests that the mere progression of the power shift, because it provides information about future preferences, may cause policy changes as it goes on if this progression runs counter to the prior expectations of the players. Hence, a dominant power which had, based on its estimates of the final magnitude of the power shift, abstained from containment or preventive war, may change its mind if recent developments suggest its decline relative to the challenger might be deeper that initially anticipated – however, such a war would also be costlier than if initiated earlier. Similarly, a challenger previously confident that it could achieve its objective of toppling the international order by simply waiting, upon realizing that its rise may be more moderate than expected, might decide that a more aggressive foreign policy is required. Moreover, the model suggests, contrary to power transition theory, that there is nothing special about the time where a challenger overtakes the dominant state in power (see also Powell 1999); rather, in accordance with dynamic differentials theory (Copeland 2000), the decisive moment occurs when the former reaches its relative power peak, that is, when the conditions for successfully overthrowing the international order are most favorable.

The theoretical argument presented in this chapter also runs counter to the claim made by offensive realists and others (Mearsheimer 2001; Copeland 2000; Waltz 1979) that since it is impossible for states to know with certainty the intentions of potential adversaries, the mere *possibility* of future aggression determines their foreign policy. As the following case study should make clear, decision-makers do form beliefs about the preferences of other states, and adjust

[32] Power transitions theory acknowledges the importance of other great and middle powers, but their role is limited to the assumption that they join either side if and when war comes, depending on their degree of (dis)satisfaction with the international order. Organski and Kugler (1980) also posit that the more powerful coalition of the dominant state explains why challengers are always defeated in power transition wars, although they usually start such wars after having overtaken the dominant nation in power.

their behavior accordingly[33]. Presuming the reverse does not permit to explain why the actions of rising powers are so scrupulously scrutinized by established great powers, as is currently the case with the rise of China, which I address in the last chapter. Moreover, emphasizing the importance of the dominant power's and challenger's behavior during a power shift as attempts to influence the future course of events and as costly signals of their likely future preferences widens the explanatory range of the model in comparison with existing theories.

The most disputable assumptions in the basic model probably are that the dominant power and the challenger have complete information about each other's preferences in the post-power shift period, and that decisions in this period are taken simultaneously. In reality this is obviously not the case. Assuming that the challenger is certain of the dominant power's reaction to a challenge precludes the very real possibility of major war breaking out due to misperception, (although the extended model, by abandoning the latter assumption, opens the door to such an eventuality). However, these assumptions also have many advantages. Firstly, they permit to explain parsimoniously, by representing the post-power shift game in strategic form (cf. Figures 2.4 and 2.5), the possible outcomes of a power shift, including a cold war – which would not have been possible in a sequential game. Moreover, sequential games of incomplete information may often lead to unstable, "misperception-induced" equilibria, or in other words, transitory equilibria which rest on the misperception by one of the players of another's preferences. Such equilibria cannot be sustained in the long run since actors constantly update their beliefs about one another's preferences. In the present case, this might take the form of a soft dominant power yielding to a bluffing soft challenger, thinking that the latter's threat to wage war is real, therefore leading to a change of international order. In such an eventuality, a cold war would emerge sooner or later (as shown in Figure 2.5) upon the dominant state's realization of its mistake. Therefore, while sequential games of incomplete information are

[33] Defensive realists such as Walt (1987) argue along these lines that it is the subjective probability of future aggression which determines state behavior. In this probability/possibility divide that separates defensive from offensive realists (Taliaferro 2001), my argument therefore sides with the former.

more realistic and best explain the outcomes of punctual events such as international crises, the strategic form used here for the post-power shift period arguably yields larger analytic dividends for explaining the outcomes of historical phenomena and long-term, gradual changes in preferences, such as power shifts.

Methodology

In conducting the following chapter's case study, I follow the principles of the method of structured, focused comparison (George 1979; George and Bennett 2004): the collection of the data is theory-driven, and data requirements are specified in advance, so as to ensure that theory, rather than the data, guides the explanation. Moreover, in order to alleviate the pitfalls of small-N research, I, like many qualitative researchers nowadays, turn to process-tracing. This approach to case study research consists in disaggregating, as much as reasonably possible, the causal mechanism, and then tracing the hypothesized explanation through every step of the causal process. Because it permits the researcher not only to measure whether the dependent variable varies in the direction or to the extent predicted by the value of the explanatory variables, but also to check if the hypothesized causal *mechanism* did in fact take place, this approach cannot be reduced to merely "making many observations from few" (King *et al.* 1994, 217-228)[34].

In the post-industrial era, to which I limit myself here for reasons of data availability, only two states have managed to build and maintain a hierarchic order in the international system: Great Britain from the end of the Napoleonic Wars and at least until the First World War (and possibly the Second) and the

[34] Because my method consists in testing a game-theoretic model against macro-historical phenomena, it also bears a close resemblance to the recently developed method of "analytic narratives" (Bates *et al.*, 1998, 2000a, 2000b; Levi, 2002). As in this method, greater emphasis will be put on theory in structuring the case studies, or "narratives", as the model establishes the principal actors, their goals and the constraints under which they operate. However, rather than inductively iterating back and forth between the model and the evidence – as in analytic narratives – I prefer a deductive approach. Doing so not only helps better assess the potential generalizability of the model, but also permits to avoid the risks of falling into mere "curve fitting" (Dessler, 2000). In the words of Büthe, "In order to enable the model – rather than the narrative – to do the explanatory work, (...) the model should be epistemologically prior to, and independent of, the narrative(s) used to 'test' it" (2002, 490).

United States after 1945. Because the model's key antecedent condition is that a large-scale and long-term power shift take place within such an order between the dominant power and a potential challenger, only a handful of cases compose the subclass of events that the model seeks to explain: the power shifts between (1) the U.S. and Great Britain from the end of the American Civil War up until the turn of the 20th century; (2) Germany and Great Britain from this period through the First World War; (3) the U.S. and Great Britain during the 1920s; (4) Germany and Great Britain from then on until the Second World War; (5) and the U.S.S.R. and the U.S. from 1945 up until the peak of Soviet relative power in the 1970s. Finally, although it would be premature to use the ongoing Sino-American power shift as a test case, it will be addressed in the concluding section of this study. One might frown upon my omission from the universe of testable cases the rise of Russia/USSR prior to the two World Wars. It is justified in my view by Russia's internal weakness (after defeat at the hands of the Japanese and subsequent Revolution in 1905, and again after its 1917-1922 Civil War) and because the Russian challenge was soon, in both cases, overshadowed by the German one – as was a possible American challenge.

In choosing among these five cases, I sought to test as many of the model's predictions and implications as possible and to avoid using overdetermined cases or cases where domestic factors do most of the explanatory work – that is, cases where the pressing question is not how strategic interactions caused the studied outcome, but rather what brought about the relevant domestic-level variables. From the latter criterion's perspective, the two episodes of shifting power between the United States and Great Britain presented difficulties: in accordance with democratic peace theory, a war between the two, hot or cold, would have appeared highly unlikely after both began to perceive each other as democracies after the American Civil War (Owen 1994, 110-118). Similarly, the choice of the pre-World War II British-German case seemed hazardous, partly because it is controversial whether Britain can really be considered dominant in this period, but also because Hitler's personality and Nazi ideology may confine strategic interactions-based explanations of World War II to a secondary role

(Kaufman 2001). Finally, albeit potentially very interesting, the Soviet-American case was discarded due to the concern that the pattern of mutual nuclear deterrence between the two after 1949 would partly obscure the dynamics of the power shift. Following this process of elimination, it appeared that the pre-World War I British-German case best satisfied the two criteria.

The data requirements set by the model are admittedly high. Decision-makers, in their memoirs, private correspondence or discussions, rarely if ever expound their reasoning and motives in the same degree of detail as a thorough test of the model would require. For instance, cardinal utility and beliefs can hardly be quantitatively measured in the real world. Notwithstanding this caveat, the exceptional amount of data available concerning the outbreak of World War I, as well as great power relations during prewar years, should prove sufficient to permit at least a confirmation (or invalidation) of the general logic of the model. It is possible to observe roughly, for example, how beliefs impact on the decisions of an actor, how they interact with an actor's preferences in doing so, and even how beliefs are "updated" based on an adversary's behavior.

In line with the strategic choice approach described earlier, relevant causal variables are separated between the categories of strategic environment (available actions and information structures) and actors (their preferences and beliefs). Available actions and information structures do not vary in the model, and can thus be thought of as parameters. The model's assumptions about them have been explained earlier, and my task in the next chapter will mainly be to assess their realism (e.g., was some action taken which significantly affected the outcome of the power shift but was not expected by the model?), as well as that of those assumptions restricting the actors' possible preference orderings. At a very general level, the key question is whether the outcome of the power shift, as well as the strategies chosen by actors, conform to the predictions of the model, given observed preferences and beliefs. Equally important is to determine whether the factors taken into account in the actors' decision-making and strategic calculations during as well as after the power shift correspond with those expected. In other words, not only must the strategies chosen by the players

match those anticipated by the model; the reasoning underlying actors' decisions must also reflect the logic of the model.

Finally, some attention will be given to alternative explanations. The few most prominent explanations for World War I will be identified, and their plausibility compared to that provided by the model. Unfortunately, there is no space here to build a process-tracing narrative for each alternative explanation, as some authors would require the researcher to provide (George and Bennett 2004, 80). Rather, I will briefly discuss each such explanation in light of the relevant evidence. In the case of alternative explanations which parallel mine, I will compare their respective explanatory power with that of the model.

III - THE BRITISH-GERMAN POWER SHIFT AND THE ORIGINS OF THE FIRST WORLD WAR, 1871-1914

World War I is among the most studied cases of war in international relations. There are so many more or less competing or complementary explanations for its occurrence that they cannot all be recalled here. Nevertheless, they tend to fall along three categories: (1) the war was an "accident" due to the misperception of available information, interlocking mobilization schedules and military plans, the "cult of the offensive" or other mistaken beliefs, secret diplomacy, and the lack of sangfroid manifested by certain key decision-makers, such as Kaiser Wilhelm II (Van Evera 1991; 1985; Friedlander and Cohen 1975) ; (2) the driving cause of the war, in line with the *Primat der Innenpolitik* (primacy of domestic policy) school, lies in the domestic political and economic climate as well as the decision-making structure of the Second Reich (Fischer 1967; Kehr 1977; Gordon 1974; Calleo 1978, 57-84; Snyder 1991a; 1991b, 66-111); and (3) the causes of the war are structural and relate to the rigidity of alliance systems, the inherent war-proneness of multipolarity, and the German fear of a rising Russia (Waltz 1988; Copeland 2000). Most of these explanations are not mutually exclusive, and many can claim to provide one piece of the explanatory puzzle. From this perspective, the pressing question becomes that of the primacy of causes: faced with such a myriad of plausible causal accounts of the war, and with a view to preventing future major wars, it becomes crucial to understand which factors were most consequential, and which were of marginal importance.

Drawing largely on the work of Kennedy (1980) and Fischer (1975; 1967), I argue in this chapter that the Anglo-German power shift, which began before German Unification in 1871 and ended around 1912, should be seen at least as a necessary condition for the outbreak of Word War I. I suggest that the evolution of the strategic context brought about by this power shift, in accordance with the model proposed in the last chapter, permits to explain convincingly not only the occurrence of the war but also its timing, as well as Anglo-German relations and much of European diplomacy during the last twenty years of peace. Moreover, I

contend that the model provides a theoretical framework from which the relative significance of many "partial" explanations for the war can be usefully assessed.

The chapter is structured as follows: first, the emergence of Britain as a dominant power after Napoleon's downfall and the key components of her international order are briefly discussed. I then turn to the causes of Britain's relative decline vis-à-vis other great powers, and explain how Imperial Germany came to be identified by London as the greatest potential threat to the prevailing international order. Subsequently, I describe how the German leadership, under the new Kaiser Wilhelm II, driven by their ambition to establish a new European and world order, implemented an "aggressive foreign policy", despite the risks of preventive war and diplomatic encirclement. Next, I explore how Britain, perceiving the purposes of German policy, proceeded to contain Germany diplomatically and through naval arms racing. Finally, the peaking of German relative power, Berlin's ensuing decision to challenge the international order, and the July Crisis, are discussed.

1815-1914: Britain as the dominant power

Britain emerged out of the Napoleonic Wars with by far the strongest navy and largest empire in the world, in control of a number of strategic bases scattered throughout the globe, and with a considerable industrial lead over the other great powers. In 1815, the Royal Navy numbered 214 ships of the line (flanked by some 792 cruisers), almost three times as much as its nearest competitor, France. And although its formal colonial empire – Newfoundland, parts of Canada, India, New South Wales, and a number of islands and coastal settlements – was only a fraction of the size it would attain at its peak around 1900, Great Britain already held, in the later words of Admiral Fisher, the "keys" which "locked up the world" (Kennedy 1976, 174)[35]. Equally impressive was the relative position of Britain in trade and industry. Napoleon's Continental System (1806-1815), together with the British blockade of French and allied ports, starting in 1807,

[35] The continental powers, for their part, had surrendered many of their overseas colonies to British control at the Congress of Vienna, and in any case were much too preoccupied with internal reconstruction to compete with the British either in colonies or in naval power.

thwarted the primitive industrialization and overseas trade of the Continent. In contrast, Britain had by then achieved an "absolute ascendancy" and "overwhelming superiority" in industrial efficiency, such that "no Continental industry, except silk, could be competitive with its English rivals" (Crouzet 1964, 579).

Over the next several decades, Great Britain was to take advantage of this favorable position. Between 1815 and 1865, it is estimated that her empire expanded at a pace of 100 000 square miles per year, and that at her peak Great Britain controlled a quarter of the globe's territory and a third of the world's population, although her informal influence was exerted far beyond (Shaw 1970, 2)[36]. In the productive, technological, and commercial realms, Britain's relative position continued to improve through the 1860s. As one economist has put the matter, "with 2 percent of the world's population and 10 percent of Europe's, the United Kingdom would seem to have had the capacity in modern industries equal to 40-45 percent of the world's potential and 55-60 percent of that in Europe" (Crouzet 1982, 4-5)[37]. Britain's commercial preeminence was also impressive: she accounted for one-fifth of world trade, two-fifths of the trade in manufactures, and by 1890 her merchant marine accounted for more tonnage than the rest of the world put together (Kennedy 1976, 151). Lastly, the financial supremacy of Great Britain, which attained its peak even as its industrial and commercial relative strength was eroding, was perhaps the most impressive of all: by 1875, British capital invested abroad reached the prodigious sum of one billion pounds, which in 1887 earned returns of 80 million pounds annually. At the turn of the century, Britain was responsible for three-fourths of all international capital movements; in

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[36] Indeed, many British, in view of the costs of conquering and defending official colonies, had recognized the advantages of informal rule. It is significant in this regard to note that, for the entire 19th century, almost 70 percent of Britain's emigrants, over 60 percent of its exports and 80 percent of its foreign investment went to areas outside its formal empire (Kennedy 1976, 154)

[37] According to one estimation, Britain's share of world manufacturing output in 1860 (exclusive of her colonies) was around 20%, equal to the combined totals of the German states, France and the United States combined (Bairoch 1982, 296). During the same period, she produced 53 percent of the world's iron and 50 percent of its coal while consuming half of the world's raw cotton output. In addition, her energy consumption from modern sources (i.e., oil, coal, lignite), a good – if imperfect – indicator of industrialization, was five times that of her closest rival and 155 times that of Russia (Kennedy 1989, 151).

short, London was the financial center of the world (Kennedy 1976, 151; Brawley 1994, 139).

Whether Great Britain really was a hegemon in the military sense of the term and whether, to what extent, and during which period it provided international public goods – as expected by hegemonic stability theory (e.g., Krasner 1976) – is disputed (Stein 1984; Latham 1997), but immaterial for my purposes. More important is that, as a dominant power, Britain established after the Napoleonic Wars, and increasingly in the latter half of the 19th century, an international order which determined a number of "rules of the game" for interstate relations among great and lesser powers. As analyzed by Robert Gilpin, the *Pax Britannica* consisted in two political "subsystems" (1981, 135-7). On the continent, the status quo was maintained by the distribution of power among European great powers, the "balance" of which had been ensured at the Congress of Vienna through a redistribution of territory, and by Britain's role as balancer. In the extra-European world, the supreme Royal Navy exerted London's influence in almost every corner of the globe – with the important exception of the United States. This privileged position permitted Britain, selflessly or not, to supply what may be called international public goods[38]. More important for the other great powers, however, British interests had to be taken seriously into account in all issues where "naval pressure" could be brought to bear. And so Britain led the offensive against the Turkish fleet at Navarino in 1827 (the destruction of which led to the independence of Greece), prevented the continental powers from intervening in the revolutions of Latin America, protected Portuguese interests, and frustrated the ambitions of Mehemet Ali in Egypt against French will. In this case and again at Fashoda in 1898, the threat of war forced France to give in to British interests. What is more, because of her command of the strategic points controlling the access to the seas and oceans of the world, London could literally

[38] For instance, the Royal Navy took the leading part in efforts at suppressing piracy and slave trade against local chieftains, as well as in the charting of the oceans. Britain also increasingly promoted the emergence of a free trade regime in the late 1840s, on the one hand by unilateral decrees, the most important of which were the repeal of the Corn Laws in 1846 and of the Navigation Act in 1849, and on the other by forcing open foreign markets to British goods, as it did in China in 1842 and again in 1860 (Brawley 1994, 114-7).

deny overseas colonies to her European rivals. To be sure, there were limits to the application of sea power[39]; what is indisputable, however, is the enormous influence wielded by Britain in the international politics of the 19th century, with obvious consequences for the other great powers (Gilpin 1981, 136; Kennedy 1989, 153-6). With Britain ready to resist any direct threat to her international order, and other great powers unable or at least unwilling to challenge her, the stability of the international order was ensured (i.e., in terms of the model, a status quo configuration of preferences existed).

1871-1897: which challenger?

Toward the close of the nineteenth century, however, Britain entered a phase of relative decline vis-à-vis the rising economic weight of the United States, Germany, and to a lesser extent Russia and Japan. The "freer" trade regime established by Britain and the diffusion of British technical knowledge had the inevitable consequence, unfortunate for Britain's relative position, of encouraging the later industrialization of rivals[40]. Whereas in 1860 Britain's production in manufactures amounted to 19.9% of the world's total, compared to 7.2% for the U.S. and 4.9% for Germany, by 1900 her share had diminished to 18.5% and been overtaken by America's 23.6%, with Germany not far behind at 13.2% (Kennedy, 1976, 184-5; Bairoch 1982, 296). As a result, the prime basis of British power, namely the ability to build warships faster and sustain a fleet larger than any other rival, began to erode[41]. By the beginning of the 20th century, the Royal Navy had relinquished its supremacy in the Western hemisphere to the navies of the United

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[39] Indeed, the British had to watch from the sidelines the French invasion of Spain in 1825; the 1859 French-Austrian confrontation over the fate of Piedmont; the Prussian victories over Austria and France, which significantly altered the balance of power in Europe (Bueno de Mesquita 1990, 46-9); and they could do very little to check the unabated Asian expansion of the Russian Empire (Kennedy 1976, 164-9).

[40] Electricity and steam power, for instance, were much more advantageous for exploiting the vast resources of continental-sized great powers such as Russia and the United States, and to a lesser extent quasi-landlocked states like Germany, than those of island and coastal states like Great Britain, Spain or France (Kennedy 1989).

[41] Whereas in 1883 Britain possessed as many battleships as all its rivals combined, less than 15 years later this ratio had shriveled to roughly two-thirds, including ships under construction (Kennedy 1976, 208-9). The mere fact that in these years the famous "Two Power Standard" was established to counter the possible combination of any two rival navies is a testament to growing British concerns about the future of their naval primacy (Marder 1961).

States and of South American states, and in the Far East to the rising power of the Japanese fleet (Orde 1995; Gooch 1995, 278-288). Perhaps even more consequential, the advent of the railroad meant that sea power could no longer be used as successfully as before to exert economic and military pressure on rivals[42]. In colonial affairs, finally, stringent renewed competition resulted in the disappearance of Britain's "informal empire" of the mid-Victorian era. She had become, in the word of Colonial Secretary Joseph Chamberlain, "the weary Titan, staggering under the too-vast orb of its fate" (Friedberg 1988, 148-9, 213; Marder 1961, 123-5).

From the mid-1880s until the conclusion of the Russo-Japanese war in 1905, the most likely British opponent was Russia, whose ambitions in Central Asia were the source of much concern in London[43]. Also, up until the Fashoda episode, France was threatening Britain's control over the crucial Suez Canal. In the naval realm, especially after the conclusion of the Dual Alliance in 1894, a Franco-Russian combination was seen as the most serious threat. However, many British leaders progressively came to realize, during the 1890s and early 1900s, that Germany represented the most serious potential challenger to its international order. Of the two pillars of this order, the European balance of power was a precondition for Britain's supremacy at sea. If any power achieved domination of the Continent, as Germany increasingly appeared in a position to do, the Royal Navy's primacy would soon be contested, and England's national security endangered.

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[42] Indeed, since trade could now be carried on land much more effectively, naval blockades lost much of their efficiency. The railroad also meant that land powers could mobilize troops much more quickly and in greater numbers than had been the case earlier. Hence a relatively small British army, landed on one of Europe's coasts, could no longer decisively affect the outcome of continental conflicts, and Russia's new strategic railways in Central Asia rendered the defense of India a constant headache for British policy-makers.

[43] Over the centuries, the Russian czars had managed through successive campaigns to conquer most of the territory which separated their territory from the northern frontier of India, the "jewel" of the British imperial crown, vital both for British commerce and as a pool of manpower for the defense of the empire. When, in 1884-5, czarist troops reached the border of Afghanistan and Persia, the two "buffer states" separating the British from the Russian Empire, the possibility of war was very seriously contemplated by the British government. From then on until the outbreak of the Boer War, most of the British army's strategic planning was geared towards the defense of India in case of a Russian invasion (Friedberg 1988).

The extraordinary demographic, industrial, and commercial expansion of the newly unified German Empire after 1871, combined with Bismarck's skillful diplomacy and the tactical superiority of the German General Staff, was seriously threatening the European balance of power for the first time since Napoleon. From 1871 to 1914, Germany's population grew by more than 50%, and stood at 66 million before World War I (in sharp contrast to the French, which stagnated during the same period at less than 40 million). Greatly stimulated by the five billion marks of reparations paid by France after the Franco-Prussian war (Fischer 1975, 4-5), the Second Reich's economy was booming: during roughly the same period, coal production would multiply eightfold (whereas it only doubled in Britain), and that of crude iron, fivefold (versus a mere 30% increase in Britain); even more impressive, steel production increased thirteenfold from 1886 to 1910. Considering also her emerging dominance in key industries such as steel, chemicals, and electricity, Germany was becoming an "industrial giant" (Henderson 1975). Faced with a powerful and rising Germany, it became imperative for Britain to diminish the ranks of its rivals and swell those of its allies; "splendid isolation" was no longer possible.

The British strategy of global "retrenchment" proceeded in two steps. First, London sought closer ties with great powers in those areas of the globe where it felt it could continue to defend its interests only with great difficulties and at great cost. A new partnership with the United States[44] and an alliance with Japan[45] resulted, in 1898 and 1902 respectively – both of which would join Britain in World War I. Subsequently, with the German threat looming, Britain concluded more specifically anti-German Ententes with France in 1904 and

[44] The British-American partnership began after the Spanish-American War of 1898, during which Britain adopted an officially neutral but effectively pro-American stance (Perkins, 35, 43-47). Whereas four years earlier there appeared to be a distinct possibility of another Anglo-American war (Order 1995, 10), future President Theodore Roosevelt could say in 1899: "I am greatly mistaken if we ever slide back into the old condition of bickering and angry distrust" (Perkins 1968, 63). Upon defeating Spain and seizing Guam, Puerto Rico and the Philippines, the U.S. had finally asserted itself a great power, and it had done so to a large extent, as many Americans realized, thanks to Britain's – negative – support. While no formal treaty resulted, there was much talk of an alliance.

[45] Although this alliance was originally directed against Russia, it permitted London to concentrate its naval resources in home waters in order to better meet the German challenge (Nish 2002; Gooch 1995)

Russia in 1907. Contrary to the American and Japanese partnerships, the latter two Ententes can best be described as part of an effort to contain Germany, and thus I discuss them at more length in the next section.

1897-1914: the twin dilemmas of rising and declining power

Germany adopts an "aggressive foreign policy"

In 1890, after Bismarck's forced resignation from his position of Imperial Chancellor by the new Emperor, Wilhelm II, Germany embarked upon a "new course" in foreign policy. The new Chancellor, Leo von Caprivi, proceeded to destroy the Bismarckian system of alliances, judged too risky. Only a few days after the departure of the "Iron Chancellor", Caprivi convinced the Kaiser that the secret Reinsurance Treaty with Russia should be allowed to lapse without renewal. The purpose of this strategic realignment was to substitute Britain to Russia in the German alliance system (Kagan 1995, 121-123). Indeed, the recent Treaty of Zanzibar, whereby Britain ceded Heligoland to Germany in exchange for British control over Zanzibar, carried the hope of better relations between the two, after a period of deep mistrust (Kennedy 1980, 204). However, Germany's embrace in 1897 of *Weltpolitik* (world policy), which included an ambitious program of naval buildup and colonial expansion, soon shattered these hopes.

The relationship had already started to deteriorate after 1892, though, due to a number of colonial quarrels and a growing commercial rivalry. While their object seems sometimes trivial[46], the proportions taken by these conflicts and the attitude of the parties are revealing of an early consciousness in London and Berlin of the growing strategic competition between the two: "neither the British nor the German governments were willing or able to make concessions; slights, whether real or imagined, were deeply resented; and each was hyper-sensitive to rumors of apprehended gains, whether territorial or economic, by the other" (*Ibid.*, 218). Following the angered British reaction to the Kaiser's "Kruger Telegram"[47]

[46] For instance, a dispute erupted between the two governments over the possibility of employing Singapore coolies for the German New Guinea Company's plantations (Kennedy 1980, 215-218).
[47] The German Kaiser, infuriated at the raid conducted by an administrator of the British South Africa Company into the Transvaal in order to incite a revolt against Boer rule, sent a telegram to

in 1896, many nationalist circles called for a *Weltpolitik* of world expansion, and it became apparent that such a policy would likely have to be conducted against England. In a memorandum, Admiral von Müller, the future chief of the naval cabinet, professed the determination of the German people to destroy "England's world domination so as to lay free the necessary colonial possessions for the central European states [i.e., Germany] who need to expand". In the same way that British world dominance had rested on the maintenance of a balance of power in Europe, Germany's hegemony in Europe would serve as the basis for her world expansion. As the Kaiser told the Austrian ambassador, Germany "had great tasks to accomplish outside the narrow boundaries of old Europe". Her fate lay "less in Europe than in the rest of the entire world" (*Ibid.*, 215, 221, 229).

Hence, the German leadership's ambition to establish a "German" international order, which would likely entail a conflict with Britain, was already apparent before 1897. The significance of this year derives from Germany's decision at that time to adopt what the model terms an "aggressive" foreign policy, and the appointment of new officials to carry it out: Admiral von Tirpitz was appointed State Secretary of the Navy, and Bernhard von Bülow State Secretary for Foreign Affairs. In Albertini's blunt words, "under these two Ministers Germany plunged into a policy which would lead her to disaster" (1952, I, 95). The cornerstone of this new policy was the building of a powerful High Seas Fleet, which alone could ensure a successful challenge to the international order, and hence to British dominance. As explained by Tirpitz during his first audience with the Emperor:

> For Germany the most dangerous enemy at the present time is England. It is also the enemy against which we most urgently require a certain measure of naval force as a *political power factor* (...). Our fleet must be so constructed that it can unfold its greatest military potential between Heligoland and the Thames (...). The military situation against England demands battleships in as great a number as possible (Kennedy 1980, 224; my emphasis).

Transvaal President Paul Kruger to congratulate him on resisting the attack. While London quickly disavowed its administrator, the telegram greatly angered British official and public opinion, who saw it as interference in the affairs of their empire and probably helped to crystallize the perception of Germany as a challenger to Britain's world dominance (Kagan 1995, 131-132).

This strategy stemmed from the realization by German leaders that, notwithstanding her impressive industrial, demographic and commercial rise, Germany could not successfully overthrow the international order without first neutralizing the power of the Royal Navy. As explained by the Kaiser to the Württemberg minister in Berlin, "only when we can hold out our mailed fist against his face will the British lion draw back" (*Ibid.*, 224). If they succeeded in this endeavor, at best Britain would not be able to afford resisting Germany's ambitions (this goal clearly underpinned Tirpitz's "risk theory", which held that building a fleet approximately 70% as strong as Britain's would suffice to deter the latter from joining a war against the Central Powers; Steinberg 1966, 140). At worse, the German navy would have a fair chance of prevailing over its British counterpart. In making and implementing this decision, German officials were aware of the concomitant risks[48]. As expected by the model, they knew that their greater naval power would increase Britain's incentive to forestall their rise through preventive war. In turn, the fact that they were willing to take such a risk only further raised Britain's concerns about their ambitions. A fear of preventive war was clear in Tirpitz's repeated concerns about the "danger zone"[49] that the Navy had to go through in its development. Moreover, in the winter of 1904-5, and again in 1907, the possibility of their fleet being "Copenhagen-ed" appeared ever more likely to German leaders[50]. Nevertheless, the expected gains in relative power, which would facilitate a later challenge to the international order, outweighed these risks. As the Kaiser blustered in 1909:

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[48] Indeed, reports from the German ambassador in London, as well as the British press, made plain to the German leadership the concerns in Britain that their naval buildup was causing (Marder 1961, 109).

[49] Tirpitz believed that 1904 would be the high point of this danger zone: "Round about that time the German navy would become strong enough to arouse jealousy and acute disquiet in England. After that moment, which might be regarded as the most critical, the danger of an English attack would gradually diminish; the English would then understand that war with Germany would involve a disproportionate risk to themselves" (Albertini 1952, I. 151).

[50] In 1904-05, German alarm was due to the coincidence between certain articles from the British press and public declarations by British officials, to the effect that should war be declared against Germany, the British fleet "would get its blow in first, before the other side had time even to read in the papers that war had been declared", and the concentration of British warships in home waters. This scenario appeared likely enough for the Kaiser to order the partial mobilization of his fleet. In 1907, the war scare led to a panic in Kiel, the main base of the German fleet, and in the Berlin stock exchange (Marder 1961, 111-114).

> I have no desire for a good relationship with England at the price of the development of Germany's Navy. If England will hold out her hands in friendship only on condition that we limit our Navy, it is a boundless impertinence to the German people and their Emperor (...). The Navy Law will be carried out to the last detail; whether the British like it or not does not matter! If they want war, they can begin it, we do not fear it![51]

In avoiding this scenario, Bülow's role was critical. As he explained in his memoirs, "the task which was given to me in summer 1897 was: development of our commerce, transition to *Weltpolitik* and especially the creation of a German fleet *without a collision with England*, whom we were in no way a match for" (1916, 7; my emphasis).

After the First Navy Law, adopted in the Reichstag in 1898, had fixed the number of first-class battleships of the German navy at 19 and provided for the building of many large and small cruisers, the Second Navy Law, adopted only two years later, effectively doubled the size of the German navy to be achieved by 1920 (Marder 1961, 106-107). This buildup only accelerated after Admiral Fischer introduced the *Dreadnought*, and in 1908 the possibility even arose that Germany's fleet might surpass Britain's by 1911 (Taylor 1954, 458). Also, while the growth of the navy inevitably put some limit on the growth of the army's budget allowances, the latter was not neglected, either. In order to maximize short-time power prior to the war, Germany boosted army expenditures from £40.8 million to £88.4 million between 1910 and 1914 – whereas, by comparison, the French army's budget only increased by a mere £1.8 million during the same period to attain £39.4 million in 1914 (Fischer 1975, 290-1). What is more, the military law of 1913 alone called for increases in peacetime manpower nearly equivalent to the whole series of German military laws over the 1871-1911 period (Dennis 1914, 35).

Hence, the first dimension of the aggressive foreign policy pursued by Germany after 1897 was its ambitious armament program. There were two other aspects to this policy, frequently intertwined (Taylor 1954, 362-63), which also caused much disquiet in Britain, namely: Berlin's efforts to acquire colonies and

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[51] Comment of the Kaiser on a report by the London ambassador, on July 6th, 1909, cited in Marder 1961, 143.

spheres of influence at the expense of Britain, or at least to weaken her hold on her overseas empire[52], and her attempts to drive a wedge between London and the Dual Alliance, especially after the conclusion of the Triple Entente. Of the two, the latter was of course most consequential for the balance of power. Bülow in particular was convinced of the desirability – but also of the inevitability – of a war between Russia and Britain due to their conflicting interests over, on the one hand, India, Persia and Afghanistan, and on the other, China. Already in 1886, while *chargé d'affaires* in St-Petersburg, Bülow confessed to Herbert Bismarck that his intention was to set "Russia and France away from each other, Russia and England against each other, Russia and Austria with each other". As he again clearly put it with a friend of the Kaiser some nine years later, "I consider an Anglo-Russian collision not as a tragedy but as an aim to be most fervently desired" (Kennedy 1980, 226). Ideally, France would join Russia's side, further weakening Britain. The 1902 Anglo-Japanese Alliance, which had clear anti-Russian motives, was thus very well received in Berlin. Similarly, German leaders could hardly conceal their joy when, during the Russo-Japanese War, the Russian fleet, en route to meet the Japanese, attacked a flotilla of British fishing ships, mistaken for Japanese submarines. With an Anglo-Russian confrontation a distinct possibility, Bülow instructed Holstein, a senior member of the *Auswärtiges Amt* (the Imperial Foreign Office), "to decide whether and how – without uncovering ourselves and provoking suspicion in any way that we were encouraging a war! – we can hinder the mediation which Delcassé [the French Foreign Minister], in his effort to prevent the outbreak of war in the Orient, seems earnestly to want". Likewise, during the Fashoda crisis, Wilhelm maneuvered to bring about an Anglo-French war: one the one hand, he assured Britain of Germany's support against a Russo-French combination, predicting an easy

[52] The first significant instance of the latter behavior occurred in 1898, when Britain and Portugal were negotiating for a loan which, if Portugal failed to pay back, would give Britain control of Portugal's African colonies. Germany's sudden intervention in the negotiations and demand for compensations further confirmed the British Prime Minister, Lord Salisbury, in his deep and constant suspicion of Germany's intentions. The following year, another dispute erupted over Samoa in which Germany forcefully demanded – and obtained – control of the archipelago's main island (Kennedy 1980, 235-238).

British victory, and on the other he pledged Germany's neutrality to Russia (*Ibid.*, 249, 268, 271).

Of course, if Germany was hoping to fuel Anglo-Russian antagonism, her ultimate objective was to win the czarist colossus's support in her competition against England. As explained by Albertini, "Berlin, and above all the Kaiser, was confident of overcoming all difficulties and creating a hegemony not only on land but also on sea, by means of the renewal of good relations with Russia (...), an alliance which would eventually draw in France" (1952, I, 151). In 1905, the Kaiser almost succeeded in detaching Russia from the Anglo-French Entente by preparing an – abortive – treaty of defensive alliance with Czar Nicolas II at Björkö. These tactics were not merely security-driven: as Kennedy expressed it, "overall, Bülow believed, he had to eliminate Britain's global predominance in order to secure Germany's 'place in the sun'" (1980, 227). Germany's policy was remarkably consistent with this objective in at least three of the four major international crises that preceded the outbreak of the war: the first and second Morocco crises in 1905 and 1911 as well as the 1908-1909 Bosnian crisis. In 1905 and 1911, Berlin's goal was twofold: to obtain colonial concessions and to win France's favors, by convincing her of London's inability to defend her interests against Germany. In the Bosnian crisis, Germany exploited the unwillingness of France and Britain to go to war for Russia's interests in the Balkans to try to weaken the Triple Entente and strengthen her Austrian ally. Her efforts to prop up Ottoman power by modernizing the Sultan's army were similarly moves in the European balance of power (Kagan 1995, 158-175; Fischer 1967, 21).

Berlin's diplomatic maneuvers, like her naval buildup, signaled to London her revisionist preferences, and in turn increased the latter's incentive to contain or preventively wage war against Germany, a possibility which greatly worried Holstein (Albertini 1952, I, 151). Because both contingencies, and of course especially the latter, would have wrecked Bülow's foreign policy, every effort was made to placate British concerns. "If we betray no touchiness, demand nothing, show ourselves accommodating in outward form, and discreetly cultivate public opinion here, people in England will think less and less about a conflict

with us", wrote Bernstorff, the future ambassador to Washington, to Bülow (Kennedy 1980, 266). In particular, directives were repeatedly issued to the increasingly Anglophobe German press as to what could and could not be published. Germany's peaceful and status quo rhetoric during prewar years was purposively deceptive, however. As the Kaiser declared to the French ambassador at the time of the Second Navy Law with surprising frankness, "In 20 years' time, when [the fleet] is ready, I shall speak another language" (*Ibid.*, 239). It seems that German leaders were imbued with a sense of "manifest destiny" for their country, which is apparent in Bülow's observation that "the question is not, whether we want to colonize or not, but that we must colonize, whether we like it or not" (...) We can't do anything but to carry out Weltpolitik!" (*Ibid.*, 311). This commitment to establishing a German order in Europe and the world seemingly outstripped any concern about the costs and risks of a world war (i.e., involving Britain), which in any case was seen as likely: Germany's expansion was viewed as inevitable, and the British, it was believed, were bound to oppose Germany's bid for world dominance. To win such a war, as well as to encourage the – however dim – possibility of deterring Britain, a fleet able to compete with the Royal Navy appeared necessary, whatever the attendant risks. The Austrian ambassador to Berlin, Szögyeny, perhaps best captured the basis of German policy in those years:

> The leading German statesmen, and above all Kaiser Wilhelm, have *looked into the distant future* and are striving to make Germany's already swiftly-growing position as a world power *into a dominating one*, reckoning hereby upon becoming the genial *successor to England in this respect*. (...) Germany is already preparing with speed and vigour for its self-appointed future mission. In this connection I may permit myself to refer to the constant concern for the growth of German naval forces (...) England is now regarded as *the most dangerous enemy* which, at least *as long as Germany is not sufficiently armed at sea*, must be treated with consideration in all ways (*Ibid.*, 241; my emphasis).

Britain's reaction: containment

As described above, starting in the 1870s Britain entered a phase of relative decline vis-à-vis not only Germany but also most other great powers.

Moreover, even as late as 1898, British rivalries with France and Russia were still running high. The memory of the Fashoda crisis – probably the high point of Anglo-French antagonism in this era – was still fresh, and reports were flowing of French moves in Africa and of the massing of Russian troops on the border of Afghanistan. Germany was only one (perhaps foremost) among a number of potential challengers to Britain's global primacy. As a result, the First Navy Law, introduced that year in the Reichstag, was initially received with little outcry in Britain (Albertini 1952, I, 95). To be sure, many prescient observers in Britain had by then identified Germany as representing the greatest danger to the British international order, but there apparently was no consensus to this effect. Among them, the Berlin correspondent of *The Times* remarked, "[I believe] that we shall have to reckon with this country long before anything like a decisive reckoning with Russia comes; and further that a *modus vivendi* with Russia is more easily attainable than with Germany both now and in the future". His chief at *The Times* agreed: "Germany is, in my opinion, more fundamentally hostile than either France or Russia, but she is not ready yet". In official circles, Prime Minister Salisbury, probably the most suspicious of German designs among senior cabinet members, was especially prompt to perceive the ultimate aims of German policy. As he explained to Balfour in 1898, "the one object of the German Emperor since he has been on the throne has been to get us into a war with France" (Kennedy 1980, 233, 237). By 1905, most if not all in the British government would have rallied to this view of Germany as Britain's archrival.

Nevertheless, up until 1901, many in the British administration thought closer cooperation with Germany, which many considered as her "natural ally", would greatly improve Britain's bargaining position vis-à-vis France and Russia. However, Joseph Chamberlain's repeated offers of alliance to Germany from 1898 to 1901 are better seen as part of a strategy of global retrenchment where Britain was "anxious to find allies" (Albertini 1952, I, 99). In fact, similar attempts at *rapprochement* were made with the Americans, Japanese, French and Russians in the same period (*Ibid.*, 95-101; Taylor 1954, 376; Kennedy 1980, 230). Bülow's reaction to these proposals, which were otherwise well received by

many members of the *Auswärtiges Amt*, was consistent with his knowledge of Germany's ulterior ambitions[53]. Thus, Bülow raised all kinds of objections to an eventual treaty, and, in Holstein's words, "clung to all obstacles which stood in the way of the alliance". Only when the possibility of an alliance had evaporated did Bülow resume his cooperative attitude towards London (Kennedy 1980, 246).

This failure of alliance negotiations perhaps hastened the ongoing shift in London's perception of Berlin. In 1900 and 1902 respectively, the War Office and the Admiralty independently concurred that Germany was Britain's most likely future opponent (Gooch 1995, 290); the government, as well as a large fraction of public opinion, reached a similar conclusion (Marder 1961, 107). In 1903, finally, future Foreign Secretary Edward Grey opined that "Germany is our worst enemy and our greatest danger" (Kennedy 1980, 259). Of course, Germany's naval buildup and diplomacy were critical in this perception shift[54]. Expressing a widely held view, Selborne, First Lord of the Admiralty, argued in a 1903 Cabinet paper that "the more the composition of the German fleet is examined the clearer it becomes that it is designed for a conflict with the British fleet". As one historian put it, "the English believed that the object of German sea power was less the security of Germany than the establishment of a German world hegemony" (Marder 1961, 107, 122). "They could find a rational explanation of this German building", Taylor writes, "only in a deliberate intention to destroy British independence" (1954, 447). Similarly, the German attempts to encourage Anglo-French and Anglo-Russian conflict, and later to tear the Triple Entente apart, were well recognized. Bertie, the British ambassador to Paris, clearly explained to the Foreign Secretary that the purpose of German policy during the

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[53] Knowing that at this very time Germany was preparing to double the size of its fleet in order to better compete with the Royal Navy, and that the new *Weltpolitik* entailed direct conflict with Britain, he could hardly accept a British alliance. The inevitable British disenchantment and feeling of betrayal might have led to ever greater distrust and animosity on the part of London. As well, such an alliance would have seriously undermined Berlin's attempts to mend relations with St-Petersburg and foster Anglo-Russian antagonism.

[54] Obviously the role of the press in both countries cannot be discounted here: despite the best efforts of Bülow and the Kaiser, an acute Anglophobia was then flowering in the German press, immediately reciprocated by the unrestrained Germanophobia of many British dailies and imperialist circles. In addition, from 1903 onwards a number of fiction novels proliferated which depicted a successful German invasion of Britain, and the triumphant arrival of Wilhelm in London (Kagan 1995, 153).

first Moroccan crisis was "to show to the French people that an understanding with England is of little value to them and that they had much better come to an agreement with Germany" (BD, III, no. 93). Similarly, Spring-Rice wrote to Grey that "in all these cases [the Anglo-French, Franco-Russian, Anglo-Russian and Franco-Italian agreements] Germany had been untiring in her efforts to destroy the force of all these agreements, while protesting publicly that she regarded them with favour" (BD, IV, no. 218). This impression was also shared in France, as the ambassador to Paris reported: "Monsieur Clemenceau says that it is evident that (...) the Emperor who is anxious to revive the *Drei Kaiser Bund* will endeavor to make terms with Russia behind our back [King Edward: Germany is certain to act against us – behind our back]" (BD, IV, no. 232). For Taylor, London "believed that Germany (...) was bidding for the domination of Europe and her chosen method was to isolate the independent Powers one from another" (1954, 457).

To this aggressive German behavior the British responded by attempting, through diverse means, to contain the German rise in power. Hence, as one historian expressed it, the encirclement of Germany, which so enraged the Kaiser, "is more aptly described as a reactive policy of containment" (Berghahn 1973, 47). The different facets of this policy included naval arms racing to preserve Britain's lead, the redistribution of the fleet, strengthening ties with Russia and France, and even perhaps economic containment. In 1904, the Conservative government in London proposed the annual building of four large armored warships per year. Soon Admiral Fischer was appointed First Sea Lord, and under his leadership the navy was concentrated in European waters and training, recruiting as well as battle tactics were thoroughly overhauled; most significant of all, he significantly escalated the naval race by introducing the *Dreadnought*, a new class of – much more expensive – battleships which rendered obsolete all existing ships (Marder 1961, 28-43). And while the new Liberal government after 1905 was anxious to limit defense spending in order to bolster social programs, it was forced to accept the building of eight new dreadnoughts in the 1909 budget, in the aftermath of the naval scares of 1908-1909. Also, as explained above, the alliance with Japan and the *rapprochement* with the U.S. permitted Britain to

redeploy sea and land forces to the European theater. At the same time, in view of its embarrassing counter-performance in the Boer war, the army was also shaken up, and after 1905 concentrated almost solely on how best to use the small British Expeditionary Force to help France in a war against Germany (Friedberg 1988, 211, 252-53; Gooch 1995).

Already in 1902, Spring-Rice was talking of the necessity to "come to some defensive understanding with other nations, equally threatened by the new German chauvinism" (Kennedy 1980, 253). This objective was realized in the Ententes with France and Russia in 1904 and 1907 respectively. In the case of the Anglo-French agreement, the term "Entente" probably does not do justice to the extent of the commitment between the two; what was originally a mere settlement of colonial disputes was progressively strengthened to become a *de facto* anti-German alliance. Already during the Algeciras Conference, following the first Moroccan crisis, the new British Foreign Secretary, Edward Grey, repeated Lansdowne's earlier warning to the German ambassador that in the event of a German strike on France, the pressure of public opinion would be so strong that "no British Government could remain neutral" – something which he repeated to the French ambassador, Cambon. While discussing the possibility of a defensive alliance, Grey suggested to the latter that "the force of circumstances bringing France and England together [might be] stronger than any assurance of word" (BD, III, no. 219, 216). Grey also allowed the initiation of military talks with France and Belgium, which were, according to one author, "the substitute for an alliance – and in some ways a more decisive one" (Taylor 1954, 439).

Whereas the Anglo-French Entente was not patently directed against Germany at the time of its signature, this was obvious in the Anglo-Russian case. In view of Germany's confrontational attitude during the Moroccan crisis and the ongoing Algeciras Conference, there was talk in Britain as soon as February 1906 of including Russia into an Anglo-French block to counter German expansionism. As Grey explained in a memo: "an entente between Russia, France and ourselves would be absolutely secure. If it is necessary to check Germany then it could be done" (BD, III, no. 299). And although the anti-German nature of the alliance

was never admitted publicly, this was obvious to the great power most directly concerned: around the time of its clinching in August 1907, "in Berlin the Russian Foreign Minister has been given to understand that Russia must take one side or the other" (BD IV, 239). But the ultimate rationale for the formation of both Ententes was probably most clearly expressed by a conservative MP in 1912: "if we wish to (...) preserve our supremacy on the sea, it is on the land that we must meet [Germany]. That is the real justification for and meaning of the entente. The entente is not a mere convenience, it is a matter of existence". The necessity of keeping the French on their side was such that Grey threatened to resign if Britain did not, during the Agadir crisis, give France "such support [which was ultimately given] as would prevent her from falling under the virtual control of Germany and estrangement from us", while warning the Admiralty that "the Fleet might be attacked at any moment" (Kennedy 1980, 428, 449).

Finally, one could say that economic containment was attempted to some extent. In the words of Kennedy, "the arch-nationalists in each country saw economic strength as two sides of the same coin", as it was Britain's commercial and economic relative decline which, at the most basic level, underlay the British-German power shift. The bitterness of the trade rivalry which characterized prewar British-German relations thus must be seen as integral to the broader strategic context of shifting power. Early signs of economic containment might be seen in the 1897 decision by London to denounce the free trade treaties concluded in 1865 between the British Empire and the *Zollverein* (which Germany had inherited after its unification in 1871), that had given Germany the same commercial privileges as Great Britain in British colonies. When a few years later British trade policy came under attack by the Tariff Reform movement, "tariff reform and germanophobia went hand in hand"; as one proponent of free trade remarked, "the keen will to forge a weapon by which to defeat those d—d Germans is very strong" (*Ibid.*, 231, 263, 315).

Why did the British opt for a policy of containment vis-à-vis Germany, rather than a waiting attitude, a strategy of appeasement, or the more radical option of preventive war? As explained above, Germany's intentions and

dissatisfaction with the international order were clearly perceived in London. For Crowe, the resident expert on Germany in the Foreign Office, Berlin was "aiming at a general political hegemony and maritime ascendancy, threatening the independence of her neighbors and ultimately the existence of England" (Kagan 1995, 206). Of course, it was one thing for Germany to have this ambition, and it was another for her to be willing to wage war against the Triple Entente to achieve it. The latter possibility, however, would become increasingly likely in the mind of British leaders – especially in imperialist circles (Kennedy 1980, 309) – during the last ten years of peace, as Germany's aggressive foreign policy caused them to progressively update their beliefs about German preferences. However, there was much less uncertainty as to what Britain would do in case of a direct German challenge to the European, and by extension international, order. Grey made plain in 1912 to Dominion representatives in 1912 how the preservation of the European balance was a *sine qua non* condition for the maintenance of Britain's primacy at sea, and thus of her international order:

> if a European conflict, not of our making, arose, in which it was quite clear that the struggle was one of supremacy in Europe, in fact, that you got back to a situation like that in the old Napoleonic days, then (...) our concern in seeing that there did not arise a supremacy in Europe which entailed a combination that would deprive us of the command of the seas would be such that we might have to take part in that European war. That is why the naval position underlies our European policy" (*Ibid.*, 428-9).

However, during the Algeciras Conference in 1906, Grey was still hopeful that no challenge would occur, but explained that in that eventuality, Britain would resist:

> there is a possibility that war may come before these suggestions of mine can be developed in diplomacy. If so it will only be because Germany has made up her mind that she wants war and intends to have it anyhow, *which I do not believe is the case*. But I think we ought in our minds to face the question now, whether we can keep out of war if war breaks out between France and Germany. The more I review the situation the more it appears to me that we cannot, *without* (...) *wrecking our position in the world* (BD, III, no. 299; my emphasis).

Germany's divisive tactics during the Conference, however, further convinced some that she was "hard", in the model's terminology. "There is no doubt", wrote lord Escher in 1907, "that within measurable distance there looms a

titanic struggle between Germany and Europe for mastery. The years 1793-1815 will be repeated, only Germany, not France, will be vying for European domination". Already in 1905, Cecil Spring-Rice, second-in-command at the Berlin embassy, had presciently framed Britain's strategic dilemma: "we are face to face with the same fate of things which existed in Europe under Charles V, Louis XIV and Napoleon. The only issue is submission to the dictator or defensive war". "Time and again", writes Kennedy, "there is a clear assumption about the inevitability of events which most catches the attention of the later historian" (Kennedy 1980, 310, 278, 309). Five years later, in the midst of the Agadir crisis – initiated by Germany's dispatch of the gunboat *Panther* to assert her claims in Morocco – Lloyd George, Chancellor of the Exchequer, expressed in even stronger words Grey's belief that Britain would resist a German challenge during his famous Mansion House speech – which had the approval of Grey, Churchill (First Sea Lord) and Asquith (Prime Minister):

> if a situation were to be forced upon us in which peace could only be preserved by surrender of the great and beneficent position Britain has won by centuries of heroism and achievement, by allowing Britain to be treated, where her interests were vitally affected, as if she were of no account in the Cabinet of nations, then I say emphatically that *peace at that price would be a humiliation intolerable* for a great country like ours to endure" (BD, VII, no. 412; my emphasis).

British leaders clearly recognized what the alternative entailed. Should Britain agree to Germany's hegemony in Europe, Hardinge (Permanent Under-Secretary of State for Foreign Affairs) explained, "the duration of the agreement would be strenuously employed by Germany to consolidate her supremacy in Europe, while England would remain a spectator with her hands tied. At the termination of the whole agreement, Germany would be free to devote her strength to reducing the only independent factor in Europe". His superior, Grey, agreed: "if we sacrifice the other Powers to Germany, we shall eventually be attacked" (BD, VI, 312, 261). That is not to say that British leaders would enthusiastically jump into a war with Germany. Indeed the prospective costs in lives and money were enormous. Many financial leaders in the City of London, testifying before a subcommittee of the Committee of Imperial Defence,

explained how "calamitous" and "ruinous" such a war would be. Even in August 1914, many inside and outside of the British government would militate against Britain joining the war (Kennedy 1980, 453, 459). However, the fact was that the alternative appeared even more costly.

In view of the evidence presented above that, towards the end of the power shift, London believed with a high degree of certainty that both itself and Germany would be "hard" upon its ending, it would seem surprising that no preventive war was waged. A partial answer is that it was not possible for British leaders to *know* that a challenge was coming. In addition, a key factor may have been that support from allies, and especially Russia, could hardly be expected. From the time of its defeat at the hand of the Japanese and subsequent revolution in 1905, Russia was internally and militarily weakened: as the ambassador to Berlin reported to Grey about his conversation with Isvolsky, the Russian Foreign Minister, "it would be ridiculous, he said, to suppose that Russia, considering her geographical position, and the internal condition of the country could deliberately seek a quarrel with Germany" (BD, IV, no. 234). Therefore, when Admiral Fisher urged Lansdowne in 1905 to consider this "golden opportunity for fighting the Germans in alliance with the French" (Kennedy 1980, 279), it is easily understandable why the latter did not take this advice very seriously. It might be, however, that the determinant factor was domestic, although there is little direct evidence that Britain's democratic politics, as would be expected by Schweller (1992), did impose prohibitive domestic costs on the option of preventive war. In Marder's words, Fisher "realized that such action by a British government was impossible". When he suggested preventive war to the King in 1904, the monarch retorted "My God, Fisher, you must be mad!"[55].

On the other hand, appeasing Germany was obviously out of the question. Given London's beliefs about German intentions, no concession short of a change of international order would have prevented Berlin from challenging the European

[55] However, King Edward was more receptive when Fisher tried again in 1908, suggesting a growing certainty as to Germany's ultimate motives and preferences. Balfour, for his part, is believed to have replied to Fisher: "we don't want to smash up the German navy – but to keep in readiness". In his memories, Fisher would later complain that "we possessed neither a Pitt nor a Bismarck to give the order" (Marder 1961, 113).

order. When, under the chancellorships of Bülow and Bethmann Hollweg, German diplomacy again sought an alliance with Britain from 1909 to 1911, only a settlement of colonial quarrels was contemplated in London, and even then only at the condition that the German naval buildup be halted (Kennedy 1980, 447). Grey believed that such an alliance "would serve to establish German hegemony in Europe and would not last long after it had served that purpose" (BD, VI, no. 174). Germany's aim of reaching an agreement with Britain, in the words of Bülow, "so as to pass through the danger zone which lies between today and the expansion of our navy", had thoroughly failed (Fischer 1975, 59). More generally, the unyielding character of negotiations between Germany and Britain in prewar years supports the model's prediction concerning the unattractiveness of appeasement for the dominant power. As Paul Kennedy remarks, "one remains struck by the difficulty which existed of hammering out any arrangement satisfying the 'national interests' of the two sides, and of the insignificance of the issues agreed upon (or nearly agreed upon) by 1914 in comparison to the more fundamental causes of disharmony" (1980, 415). Crowe's minutes on a report on German policy during the Agadir crisis is also revealing in this respect: "this is a trial of strength, if anything. Concession means not loss of interest or loss of prestige. It means defeat, with all its inevitable consequences" (BD, VII, no. 392).

Given the absurdity of trying to appease Germany, the impracticability of preventive war, and the high likelihood of future war, Britain turned to containment, which offered the prospect of tilting the balance of power in her favor, thus increasing the probability that Germany might be deterred from war, and, failing this, that war would be won. On the other hand, London was aware, as suggested by the model, that containment would further dissatisfy Berlin and, paradoxically, encourage a challenge. Therefore, the British leadership did what they could to diminish Germany's impression that she was encircled – perhaps contributing to her uncertainty about British preferences in July 1914 (Lynn-Jones 1986). For instance, Grey's refusal to encourage an Austrian defection to the Triple Entente in 1913 was driven by his fear that the desertion of her only ally would impel Germany to initiate war (Kagan 1995, 183). In any case, British

military leaders believed that "Germany's avowed aims and ambitions are such that they seem bound, if persisted in, to bring her into armed collision with us sooner or later, and therefore a little more or less enmity on her part is not a matter of great importance" (Monger 1963, 282).

The end of Germany's relative rise and the July Crisis: "now or never"

Based on a complex indicator of power, Doran (1991, 79-89) has shown that Germany, during the decade preceding the outbreak of the war, had attained a plateau in its relative power vis-à-vis Britain's coalition, due mainly to the rise of Russia, and that she had perhaps started to decline after 1913 – although the outbreak of war the following year leaves somewhat open this question. While this did not necessarily imply that the relative growth in German *military* power had ended, it meant that Berlin could no longer hope for a continued "natural" improvement of her relative position based on economic growth and industrialization alone. During the year 1905, with the prospect of relative decline in sight, the first calls from military leaders were heard that the moment had come to impose Germany's new order in Europe, especially in view of the weakness of Russia, embroiled in its war with Japan. However, while Germany's relative economic power had reached its zenith, the same was not true of her relative military power. The fleet was not ready for a war against Britain, Tirpitz warned, and the army was not yet "fully equipped" (Fischer 1975, 57). Finally, and perhaps most important, German leaders probably retained good hopes of breaking the Anglo-French Entente and of bringing Russia within their orbit, which they attempted to do soon after at Björkö (Kennedy 1980, 271-2). Simply put, the key dimensions of Germany's aggressive foreign policy, that is her naval buildup and diplomatic maneuvers, had not yet borne all their expected benefits. During the Bosnian crisis four years later, the capitulation of Russia to Austria's annexation of Bosnia-Herzegovina removed Germany's only plausible *casus feoderis*, to Moltke's (Chief of the German General Staff) deep regret. As in 1905 and later in 1911 during the Agadir crisis, Tirpitz's argument regarding the navy's unpreparedness for war was again decisive. Moreover, in 1911, there was

doubt among Germany's leaders whether Austria's support would be forthcoming in a war purportedly fought over Germany's interests in Morocco (Copeland 2000, 62-63). As Bethmann Hollweg had told the Emperor in September 1910, "let us hope that if there is a war the attack will be aimed at Austria which will then need our assistance and not against us so that it is left to Austria to decide whether to be loyal to the alliance or not" (Fischer 1975, 68).

However, as the same time as German naval power was expanding, so was Russia's military. St-Petersburg's humiliation during the war with Japan and especially during the 1908-1909 Bosnian crisis, when it was forced to back down by Germany's threat of war, impelled Russian leaders to implement an ambitious program of military modernization. Starting in 1910, many German generals became conscious that the growth of the Russian military was beginning to erode the superiority of the German army. In 1913, the Czar approved a 40% increase in Russian standing forces, called the "Big Program", to be completed by 1917, which would have brought the total size of the Russian army to over two million men. Moltke also expected that by then, Russian military equipment would be fully modernized (Fischer 1967, 36; 1975, 399). Moreover, new strategic railways would around that time permit Russian mobilization to be achieved twice as fast, thus threatening the success of the Schlieffen Plan, which called for a decisive victory over France within six weeks, followed by an all-out strike against a slower-mobilizing Russia.

In 1912, remaining hopes that Britain would remain neutral in a continental war were shattered by the failure of the Haldane mission, as well as by clear warnings from the King, Grey, and Haldane (the Minister of War), that Britain would not suffer the further weakening of France in case of war. Upon receiving on December 8 a report to this effect by Lichnowsky, his ambassador in London, an infuriated Wilhelm summoned the heads of the army and the navy to a meeting, where he announced his decision to bring about a war at the first propitious moment. Responsible officials were ordered to prepare new army and navy bills so as to maximize Germany's military power in the short term; German diplomats were required to secure the support of Bulgaria, Rumania, Albania and

Turkey for the upcoming war; on the domestic front, it was decided that a propaganda campaign would begin which would emphasize the "Slav threat" and hence lay the groundwork for the future blaming of Russia for the war. Although Bethmann Hollweg was absent during the "War Council", he later joined the "war party" in the cabinet. The only opposition came from Tirpitz, who suggested postponing the war until the completion, eighteen months later – i.e., in June 1914 – of the Kiel Canal, which would greatly improve the mobility of the fleet between the Baltic and North Seas (Fischer 1975, 160-164; Rohl 1969, 655). Upon the assassination in Sarajevo on June 26, 1914, of Franz Ferdinand, heir to the Austrian throne, no major obstacle remained for Germany to mount her bid for supremacy in Europe. It was, in Wilhelm's words, "now or never" (GD, no. 7).

Nine days later, Count Hoyos, of the Austrian Foreign Ministry, arrived in Berlin in order to secure German support for a hard-line policy against Serbia, which was readily given to him by the Kaiser, even in the eventuality of "grave European complications" (Fischer 1967, 53). After the "blank check" was given with Bethmann Hollweg's and Foreign Minister von Jagow's approval, the Emperor, in order not to alarm world opinion, left for his annual North Sea cruise. As soon as July 8, von Tschirschky, the German ambassador at Vienna, passed on a message from the Emperor, who desired that it be "stated most emphatically that Berlin expected the Monarchy to act against Serbia, and that Germany would not understand it if (...) the present opportunity were allowed to go by (...) without a blow struck" (*Ibid.*, 57). In compliance with German pressures, and so as to be able to blame Serbian intransigence for the war, Vienna delivered an ultimatum to Belgrade on July 23 containing demands "of such a nature that the possibility of their acceptance would be precluded" (GD, no. 19). After all clauses of the ultimatum except one had been accepted by Serbia, Germany encouraged Austria to declare war as soon as possible, rather than upon the completion of her mobilization, since "the Triple Entente might make another attempt to achieve a peaceful settlement of the conflict unless a clear situation is created by the declaration of war" (Albertini 1952, II, 460). Once again submitting to the wishes of Berlin, the Dual Monarchy declared war on Serbia on July 28 and the shelling

of Belgrade began on the same day. In line with this strategy, Berlin consistently resisted London's efforts at mediation (while pretending to work for the preservation of peace), clearly indicating while passing them on to Vienna that British offers should be rejected (Fischer 1967, 64-71).

In arguing that Germany aimed at the overthrow the European order during the July Crisis, one need not accept Copeland's (2000) assertion that Germany sought to bring about a continental war – i.e. Germany and Austria-Hungary against the Dual Alliance. Indeed, in the (unlikely) eventuality that Russia and France would have shied away from war, Germany would probably have been content with the destruction of Serbia by Austro-Hungarian armies (Levy 1991): the wrecking of Serbian power in the summer of 1914 would only have made the prospect of war in the next crisis even more favorable[56]. However, after it had become apparent, following Russian partial mobilization on the 29, that a continental war could not be averted, Bethmann-Hollweg's strategy would be to force the Russians into general mobilization so that the war could be blamed on them (Copeland 2000). Not only would this increase the likelihood that Britain would remain neutral, it would also strengthen support for war in Germany, "where", wrote Bethmann, "we must appear as having been forced into the war" (GD, no. 277).

Perhaps the most puzzling episode of the July Crisis occurred during the night of 29-30 July. Having received a report from Lichnowsky indicating Britain's commitment to support France in case of war, Bethmann Hollweg sent two telegrams to Vienna urging restraint (GD, no. 384, 395). While Fischer (1967, 78-82) interprets Bethmann's behavior as a momentary deviation due to the shock of the news, Copeland (2000, 97-101) views it as a complex maneuver designed to ensure at the same time that Russia could be blamed for the war and that it would not get cold feet. Albertini (1952, I, 522-527), for his part, understands it as an unsuccessful last-minute attempt to prevent war, since the sharply increased likelihood of British involvement made it too risky. None of

[56] Indeed in 1913 German leaders estimated that Serbia would soon be able to field 20 divisions, which would have to be met in case of war with an equally strong Austrian force (Fischer 1975, 293).

these interpretations is inconsistent with the model's logic. Of all three views, however, Albertini's seems the least convincing, since this British warning did not differ at all from those repeatedly given over the last few years by Grey and others. Although Bethmann obviously hoped for British neutrality, it is doubtful that his policy during the crisis was based on it. Moreover, the general rejoicing at the German War Ministry following Russia's announcement of full mobilization, Moltke's despair in early August that Russia may ultimately back away from war, and Germany's abrupt and unexpected declaration of war on Russia on August 1, seem irreconcilable with an intention to defuse the crisis (Copeland, 2000, 105-110). As Admiral Müller clearly explained on July 27, "our policy [is] to keep quiet, letting Russia put itself in the wrong, but then not shying away from war" (Rohl 1969, 669). From the moment of the German declaration of war on Russia, world war had become all but inevitable. War with France was declared on the 3rd, and the next day Britain declared war on Germany, in accordance with its commitment to defend the European balance of power[57].

Fischer has exposed in great detail in his *Germany's Aims in the First World War* the territorial and political objectives that Germany sought to attain in the war – enounced as early as 1914 in Bethmann-Hollweg's famous "September Programme" – and hence they need only be recalled briefly here. It seems obvious that, consistent with the Kaiser's long-standing ambition, these objectives amounted to nothing less than the establishment of a new European political order, from which Germany would acquire the power base necessary to establish a truly international one. War aims were the object of much debate in Germany and fluctuated repeatedly during the war, depending on its evolution. However, these aims generally revolved around four main themes: (1) substantial direct annexations, in the East and West, to the German and Austro-Hungarian Empires

[57] It has been suggested that Germany's violation of Belgian neutrality was the decisive factor in bringing about the British decision for war. However, while this event certainly helped rally certain reluctant Radicals to war, Kennedy has shown that for the key British decision-makers, including Grey, Asquith, and Haldane, as well as all members of the conservative opposition, there was never any doubt that the need to preserve French power, and thus the European balance of power, was certain to eventually drag Britain into war (1980, 450-63).

(*Mittleuropa*); (2) the permanent weakening of France and Russia, so as to ensure the security of Germany in the new order; (3) the creation of a customs union dominated by Germany which, at one point, would have included virtually the whole of Western, Central, Eastern and Northern Europe as vassal states; and (4) the creation of a German colonial empire in Central Africa. Had these aims been achieved – and many were at the Treaty of Brest-Litvosk, the separate peace treaty signed between Bolshevik Russia and the Central Powers – Germany would have commanded human and economic resources far greater than those of the British Empire or Russia, and even superior to those of the United States (Fischer 1967, 607-8). In this scenario, a "German Peace", and not *Pax Americana*, might have succeeded the *Pax Britannica* at least for much of the 20th century.

Discussion

The analysis displayed above supports well the logic of the model presented in the last chapter. After 1897, driven by her desire to impose a new European and world order, Germany implemented an aggressive foreign policy, whose cornerstone was the building of a powerful High Seas Fleet for use as a "political power factor" against Britain, in the hope of deterring the dominant power from resisting her ambitions. This costly signaling of Germany's preferences in turn caused Britain to seek to contain German power through naval arms racing and alliances with France and Russia – which largely annulled the effects of Germany's attempt to further alter the balance of power in her favor. By 1912 or 1913, Russia's rise was rapidly closing Germany's window of opportunity for a successful war of challenge, and the decision was made for war at the next propitious occasion. After eighteen months of preparations for war and with the Kiel Canal recently completed, the Sarajevo assassination gave Germany such an opportunity. In accordance with the model, Britain's decision whether to resist militarily Germany's challenge to the European status quo was crucial. As shown by the later evolution of the war, the Central Powers would have easily defeated France and Russia alone, and Germany's war aims could have been realized (Taylor 1954). Berlin was well aware of this, as her constant

concern about Britain's reaction during the July Crisis suggests. However, even the clarification on the 29 of British intentions did not affect Germany's determination to challenge the European status quo.

Dale Copeland (2000) has argued that the First World War should be seen as a preventive war initiated by Germany against the rising power of Russia, whose growth was bound to eventually endanger German security. I have suggested an alternative explanation: Russia's rise indeed precipitated Berlin's decision in December 1912 to overthrow the existing order in Europe. However, her motivation was not primarily security. Rather, the effect of Russia's ascent was to forestall Germany's rise vis-à-vis the status quo powers of the Triple Entente, and hence in due time to diminish her prospects for successfully establishing a German order in Europe. This explanation is not only more consistent with Germany's long-standing ambition to replace Britain as the dominant world power, but it is also in line with her perception of London as her chief rival in the war. As pointed out by Goemans:

> Falkenhayn [Chief of the German General Staff after September 1914] reasoned that England was Germany's worst enemy, and, to defeat England, its allies must be defeated first: 'for England the campaign on the continent of Europe with her own troops is a bottom side-show. Her real weapons here are the French, Russian and Italian Armies. If we put these armies out of the war England is left to face us alone, and it is difficult to believe that in such circumstances her lust for our destruction would not fail her'(2000, 87).

Another common account of the war, namely that it was accidental, cannot stand. Fischer's (1967) and Copeland's (2000) meticulous analyses of Berlin's decision-making during the July Crisis show a consistent effort, in accordance with her resolution in the War Council of 1912 to bring about a continental war, to sabotage Britain's repeated attempts to achieve a peaceful diplomatic settlement. Moreover, the Germans knew, as Under Secretary of State Zimmermann told Hoyos in early July, that the invasion of Serbia would lead "with a probability of 90 percent to a European war" (*Ibid.*, 83). Equally, the thesis of the primacy of domestic policy, which contends that Berlin was willing to risk war in 1914 to alleviate domestic pressures and the growing influence of

Social Democracy in the country, is difficult to accept. Much evidence shows to the contrary that German leaders knew, as von Bülow put it to the Crown Prince in 1908, that defeat in war "might entail the fall of the dynasty", and that they opted for war *in spite* rather than because of domestic politics. *Even victory*, predicted Foreign Minister Kiderlen, would "bring us a parliamentary regime" (*Ibid.*, 77). A similar line of argument (e.g., Snyder 1991b; Kehr, 1977) suggests that her cartelized domestic political system, where power was shared between the landed elite and the bourgeoisie, caused Germany to adopt an imperialist foreign policy which antagonized all other great powers, leading to her encirclement, and eventually to war. This reasoning, while not inconsistent with my argument, however neglects the critically important fact that it was not only certain groups which encouraged, for their own material interests, Germany's bid for world power. This ambition, rooted in Darwinist thinking, was sincerely harbored by the Kaiser, Tirpitz, and other leading officials. What is more, it was almost unanimously heralded by the press, and apparently by many intellectuals (e.g., Max Weber) as well as a substantial fraction of the population (Kennedy 1980).

Certain existing arguments concerning the causes of the war, however, are readily reconcilable with the argument developed above. The widespread but mistaken belief in Europe in the superiority of the offensive (Snyder 1991a; van Evera 1991) certainly contributed to the optimism of German decision-makers about the Schlieffen Plan's prospects of success, and hence to their willingness to wage war to impose a new European order. Similarly, the false but largely held belief that the war would be short (Van Evera 1985, 90), and consequently less costly than it actually was, undoubtedly had a similar effect. Had these erroneous assumptions been debunked prior to the outbreak of war, it is entirely plausible that Berlin would have been more hesitant to instigate a world war. Similarly, it is also conceivable that higher expected costs for the war would have deterred Britain from joining the Dual Alliance against Germany.

One of the case study's interesting findings, which however seems to undermine the validity of the model, is that at no point in prewar years was the possibility that the power shift would end in a cold war considered. This will

come as no great surprise to many, since the concept was not invented until some 40 years later, albeit this is by no means a satisfactory defense. A more satisfactory answer, although it must remain speculative, is that prior to 1914 the enormous material and human costs of major war, which the two world wars have made today's leaders so acutely aware of, were clearly unexpected by contemporary state leaders, in spite of the warnings of such prescient men as Normal Angell and Ivan Bloch (Howard 1984). In view of the enormous stakes involved in the conflict between the Triple Entente and the Central Powers, the expected costs of a war which, it was thought, would be won by a few decisive battles, were likely insufficient in themselves to significantly deter states from war. Thus, what the model conceives of as the "expected costs" of the war were mainly composed of the risks of defeat and less of human and material destruction. As a result, barring some gross misperception of one another's military capabilities (where both powers would see their likelihood of victory as low), and because one's risk of defeat is his or her adversary's likelihood of victory, a situation where both sides would have been mutually deterred from war was unlikely to occur and was thus not seriously considered by decision-makers as it would be post-1945.

Another difficulty with the model is the role attributed to third powers. Although the formal introduction of the allies of the dominant power in the model represents one of the model's innovations, nonetheless their real importance may not have been adequately represented. Especially in the pre-World War I multipolar world, the attitude of Russia, France and Austria-Hungary was crucial in the decision-making of Germany and Britain throughout the period studied. By treating such powers merely as part of the coalitions of the dominant power and the challenger in the post-power shift period, I probably underplayed their explanatory importance.

IV - CONCLUSION AND IMPLICATIONS FOR THE ONGOING SINO-AMERICAN POWER SHIFT

This study sprang from an impression that, despite important recent advances – among others Copeland's dynamic differentials theory – students of international relations are not adequately equipped theoretically to apprehend well the dynamics of power shifts, due perhaps principally to a lack of deductive rigor in the elaboration of existing models. Employing the high standards of game theory in this respect, I have sought to build a logically consistent model of this phenomenon, based on the insights and causal mechanisms suggested by earlier theorists. At the outset, based on the assumption that the stability of the international order rests on the willingness of the dominant power to defend it by force, it appeared that in addition to the three possible outcomes of power shifts common in existing theories (status quo, change of international order, and war), a fourth one was possible, which I have dubbed "cold war", due to its similarity to the game of Chicken associated with the decades-long Soviet-American rivalry.

This and other insights in this study resulted from the theoretical bet that power shifts can be usefully recast as shifts in *preferences* – a concept which, I have argued, is more analytically fruitful than power (which is only a contributive factor to state preferences). Moreover, the model developed in this study suggests that shifts in preferences cause uncertainty for the actors, not only about their rival's future preferences, but also about their own. This uncertainty, I have suggested, is fundamental to understanding the dynamic of power shifts, which are advantageously conceived of also as *learning processes* which have two dimensions: by its mere progression, a power shift reveals information to the states involved about future power relations between them, so that their uncertainty in this regard gradually diminishes; also, states involved in power shifts can obtain information about what I have termed the "inherent" preferences of their rival, i.e., preferences independent from the evolution of power relations, through the latter's costly signaling of them. Both types of information, I have suggested, shape the expectations and behavior of the actors involved. By explicitly modeling these learning processes and the impact of new information

on the behavior of states implicated in power shifts, the argument developed here goes beyond many existing accounts of this phenomenon in terms of explanatory power.

Another significant contribution of the model is to reconcile the dominant power-centric and the challenger-centric approaches to the study of power shifts, which explain war during power shifts as a consequence of, respectively, the dominant power's incentive to thwart the rise of a challenger through preventive military action, and the rising state's challenge to the international order. By emphasizing the importance of the dominant power's uncertainty regarding its own and the rising power's future preferences, as well as the role of its allies, I offered a plausible explanation for the fact that not all windows of opportunity for preventive war are actually seized by the declining dominant power. This, in turn, allows for the possibility that the challenger, after reaching its relative power peak, may provoke war by attempting to overthrow the international order, thus integrating these two paths to war during power shifts within a single model.

In addition, the present study has offered hints as to why negotiated agreements are a rare occurrence during power shifts. If peaceful settlements were straightforwardly attainable in these circumstances, one would expect major war to hardly ever happen. The reason for their impracticability in the context of a contest over the international order is, I suggest, to be found in the dominant power's reputational concerns and in two of Fearon's three "rationalist explanations for war" (1995): "issue indivisibilities" and the "commitment problem". One the one hand, many components of the international order, such as control over a specific piece of territory or sea, are not easily divisible. In addition, any concession to the challenger will generally render it more powerful, thus giving it the means to demand more, and so on. Finally, the dominant power may fear that concessions will adversely affect its reputation for resolve to resist any encroachment on the international order, thus encouraging the defection of some of its allies. Therefore, unless the dominant power is at the outset unwilling to resist a challenge to the international order, in which case a change of order would result in any event, it might well see concessions as counterproductive.

The study of the British-German power shift prior to World War I has provided, by and large, strong support for the theoretical model proposed here. This war, I have sought to show, resulted from Germany's challenge to the European status quo, and hence to the international order upheld by Britain. Perhaps even more illuminating, a number of developments in prewar great power relations are readily explainable by means of the model: the Anglo-German naval arms race, the Anglo-French and Anglo-Russian Ententes, the behavior of the European great powers during most important prewar crises, and even to some extent the Anglo-Japanese alliance and the Anglo-American *rapprochement*. One shortcoming of the model, however, is that it fails to represent how costly signaling between the dominant power and the challenger operates other than at the "intergovernmental" level. Because state leaders are often able to observe to some extent the determinants of policy-making in a rival state, they are able to infer information about another state's preferences from its *domestic* political processes and developments. Even in the undemocratic Second Reich, the Kaiser and members of the executive could not completely ignore public opinion, and especially the voice of those domestic group on whose support they counted for passing legislation in the Reichstag. The same was true but to an even larger extent in democratic Britain. Although this problem does not invalidate the model *per se*, it does detract from its explanatory power regarding how information about state preferences is divulged during power shifts.

On a different level, some might charge the explanation of the possible outcomes of power shifts developed in this study of not being entirely "satisfying" – in the sense that it does not completely satisfy one's curiosity about the ultimate causes of these outcomes (Van Evera 1997, 19). I agree. It would be most "satisfying" if an explanation of the outcomes of power shifts could provide, in addition to an analysis of strategic interactions at the systemic level, an account of the formation of the state preferences which largely determine, in the final analysis, such outcomes. I do not believe, however, that this criticism detracts heavily from the usefulness of the model. In the words of Robert Putnam, "it is fruitless to debate whether domestic politics really determine international

relations, or the reverse. The answer to that question is clearly 'Both, sometimes'. The more interesting questions are 'When?' and 'How?'" (1988, 431). The theoretical bet made here is that to gain greater insight into the ways that international and domestic politics play into one another, a good strategy is to first achieve a proper understanding of the specific mechanisms of both.

From this brief discussion, many avenues for future research on power shifts stand out. Firstly, the possibility that a power shift may end in cold war appears intuitively compelling and deserves greater investigation, for instance by examining the role played by the Soviet Union's relative rise in the first half of the Cold War (see Copeland 2000). Also, beyond the exploratory arguments suggested here, scholars of power transitions and hegemonic decline must devote greater attention to the possibility (or impossibility) that a power shift may end in negotiated settlement. The fact that this eventuality has been all but neglected in previous research is all the more puzzling that, as Fearon (1995) has pointed out, the costliness of war creates a strong incentive for states involved in a dispute to find a peaceful resolution to their differences. Thirdly, the concept of international order, which lies at the core of most theories of the rise and decline of great powers, deserves more systematical study; as long as the stakes involved in power shifts are not clearly defined, our understanding of this phenomenon is bound to remain incomplete. Future research in this area might also illuminate the question of what determines a given state's satisfaction or dissatisfaction with the international order. Although the present study has proposed a minor refinement to this concept by positing the challenger's willingness to wage war to overthrow the international order to be coequal with dissatisfaction, much remains to be done, in particular regarding the domestic-level variables contributive to satisfaction of dissatisfaction (see, for instance, Brawley 1994). Finally, given that most explanations for war during power shifts revolve around the "commitment problem", it seems imperative to explore the ways whereby states may evade it. In this regard, Ikenberry's (2001) suggestion that powerful states, in a "constitutional" international order, can credibly commit to exercise "strategic restraint", appears as a most promising line of research.

Implications for the Sino-American power shift: towards Cold War II or "cold peace"?

> *Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership.*
>
> -Deng's "24-character" guideline for the conduct of foreign policy (Garver 1993, 5)

Within the span of a few years after 1989, China was transformed from a strategic partner of the United States in the global struggle against the Soviet Union into its most likely future challenger for world leadership. The Chinese Communist Party's (CCP) brutal crackdown on democracy activists at Tiananmen conveyed to the American government and public the image of a repressive regime fundamentally at odds with American values, and, by extension, with the American international order (Suettinger 2003). A few months later, the fall of the Berlin Wall announced the demise of Soviet power and the beginning of a new era of seemingly unchallenged American dominance. By 1996, however, the unprecedented show of force of the People's Liberation Army (PLA) against Taiwan's newborn democracy crystallized in the mind of many Americans the image of China as a rising, aggressive and revisionist power. Therefore, while it is always somewhat hazardous to draw historical parallels, the 1989-1996 period in Sino-U.S. relations may be compared to the 1897-1905 period in Anglo-German relations, when Germany emerged as the main challenger to continued British global dominance.

The fact that Sino-American relations occur in the context of shifting power, and thus shifting preferences, is a fundamental factor in the formulation of China's U.S. policy and America's China policy, whose significance is often not fully recognized in scholarly analyses. As a result, both must necessarily handle present relations with a remote time horizon in mind. In fact, the importance of their current relations probably derives more from what they entail for the future than from anything else. In this respect, the question of whether China has peaceful intentions or plans a war against the United States seems slightly

misplaced; no state rationally desires war. A more sensible question is: will China one day be *willing to risk* war in order to overthrow the international order?

Advocates of the "peaceful rise" (Zheng 2005) thesis generally stress China's cooperative attitude on a range of international issues, its recent multilateral turn in foreign policy, the vast superiority of the U.S. military, China's dependence on foreign trade and investment, and mutual nuclear deterrence as portents of peace in future Sino-U.S. relations (Shambaugh 2005; Goldstein 2005). While all these arguments are intuitively persuasive, some are beside the mark or suspect as seen through the lenses of the model proposed in this study. Firstly, it is important to understand that both a satisfied or a revisionist – i.e., "soft" or "hard" – China has today an overwhelming interest in maintaining peaceful relations with her neighbors, the United States, and the West more generally. Not only is time on China's side, but the preservation of a cooperative relationship with the rest of the world and in particular its dominant power is almost a *sine qua non* condition for her continued economic – and thus, military – growth, at least at the current high annual rate of 9-10%. Only an extremely short-sighted Chinese regime (for instance, one facing immediate threats to its existence) could rationally pursue an overtly aggressive foreign policy (Levy 1989; Stein 1976). On the other hand, China's new multilateralism is evidence of a "satisfied" China only insofar as it makes it markedly more costly for China to challenge militarily the dominant power in the future – for instance, by making China more transparent on military affairs, or limiting the growth of her defense expenditures. However, this has precisely been the stumbling block of China's cooperation with her neighbors, and even her white papers on defense, published biennially since 1998, provide scant detail on the modernization of the PLA[58].

Arguments about the military superiority of the United States and about China's dependence on foreign markets and investments, for their part, often neglect the fact that this is possibly, precisely because of China's fast economic

[58] For the most recent Chinese white paper on defense, *China's National Defense in 2006*, see http://english.people.com.cn/whitepaper/defense2006/defense2006.html, consulted 05/08/2007.

growth, only a transitory situation. U.S. military preponderance, like that of most if not all dominant powers in history, was built on U.S. economic preponderance (e.g., Kennedy 1989), and it is precisely this preponderance that is being challenged by China. Given that China will likely overtake the U.S. economically[59], it might also, eventually, overtake it in military spending and technology, and thus ultimately in military power. On the other hand, there are good reasons to believe that China's dependency on foreign trade and capital will diminish as her economy develops and grows in size (Crane *et al.* 2005)[60]. As and if she becomes relatively more self-reliant and powerful, China's incentive to maintain a stable regional and international environment will diminish.

The argument of mutual nuclear deterrence is arguably the strongest in favor of the "peaceful rise" thesis. On the one had, the U.S. nuclear arsenal is clearly a most formidable deterrent; on the other, China is currently increasing its arsenal of intercontinental ballistic missiles (ICBMs) and improving significantly their survivability (Shambaugh 2002, 274-81). In these circumstances, it is difficult to see how even minimally rational decision-makers in either country could voluntarily instigate large-scale military hostilities between the two states. However, the ongoing joint development of missile defense capabilities by the U.S. and Japan may eventually undermine China's deterrent – and the possibility cannot be foreclosed that China may one day, although not in the foreseeable future, develop similar defense systems.

An analysis of Chinese foreign policy since the fall of the U.S.S.R., based on the theoretical model presented in Chapter II, yields a somewhat more pessimistic diagnosis than that offered by proponents of the "peaceful rise" thesis.

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[59] The International Monetary Fund estimated in its April 2007 *World Economic Outlook* that the gross domestic product (GDP) of the Chinese economy, in purchasing power parity (PPP) terms, will by 2008 be slightly superior to that of the U.S. economy in 2005, that is approximately $12.5 trillion, amounting to twice the size of the Chinese economy in 2002. Using this measure, and prolonging recent trends, China should overtake the U.S. in economic size by 2010 or 2011; see http://www.imf.org/external/data.htm, consulted 05/08/2007. In market exchange rates (MER) terms however, China's GDP would stand at approximately $3.4 trillion, far below the U.S.'s $14.4 trillion. For a discussion of the relatives merits of the PPP and MER indicators as regards national power, as well as for a mixed approach, see Crane *et al.* 2005.

[60] Peter Katzenstein (1985), for instance, has observed that economic size is negatively correlated to trade openness (i.e. the ratio of trade to GDP). For instance, the two largest developed economies in the world, the United States and Japan, are also among the least open in the world.

Starting in 1992, China adopted, in the model's terminology, an "aggressive" foreign policy meant to further alter the balance of power with the U.S. in her favor: Beijing adopted a more overtly revisionist stance in the Taiwan Strait as well as South China Sea and Senkaku/Diaoyu islands disputes; she concluded in 1994 a strategic partnership with Russia and engaged in "efforts to build a multilateral coalition against American hegemony" (Dreyer 2003, 91); finally, this foreign policy turn culminated with the March 1996 military exercises and missile launches near Taiwan. However, Beijing miscalculated U.S. resolve to resist China's ambitions. Washington took, in the aftermath of the crisis, the first steps towards a containment strategy against China: the U.S.-Japanese and U.S.-Australian alliances were strengthened with an implicit anti-China orientation and security cooperation with ASEAN states was upgraded (Goldstein 2003, 68)[61].

This American reaction led to a Chinese foreign policy shift which, however, was more tactical than strategic. Since her bluntly revisionist stance was proving counterproductive, China opted for a more understated foreign policy, or what one author referred to as a "neo-Bismarckian" foreign policy, aimed at avoiding encirclement (Goldstein 2003; 2005). This "charm offensive" (Shambaugh 2005) or "strategic peace offensive" (Christensen 2006) involved primarily a more positive and constructive attitude toward multilateral forums such as the Association of Southeast Asian Nations (ASEAN) Plus Three and the ASEAN Regional Forum, as well as the founding of the Shanghai Cooperation Organization. It is revealing however that her new overture toward regional multilateralism came only after Beijing's realization that these forums, rather than being subject to manipulation by the U.S., could instead be used to counter U.S. power in the region. China also initiated a call to end all alliances – allegedly a relic of Cold War politics – while seeking to establish partnerships with most other great powers, hinting to the great economic opportunity cost of maintaining tense relations with China. Moreover, at the same time Beijing greatly

[61] Various other countries responded with a buildup of their military and conducted military exercises, some of them jointly. For instance, the U.S. and Australian militaries conducted in those years their largest military exercise in 20 years. Moreover, an Australian-Indonesian security alliance was concluded, and India's defense minister said that China had possibly become "threat number one", ahead of Pakistan (Dreyer 2003, 92-3).

strengthened her strategic partnership with Russia, with the latter providing the former with more and more advanced weaponry (Goldstein 2003, 72-79). Considering also that China's defense expenditures have increased by an average of 15% annually over the 1990-2005 period – for 2007, the increase is projected to be a five-years high of 17.8%, to the dismay of U.S. officials – it seems that China's peaceful rise rhetoric, for now at least, remains "cheap talk"[62].

Nonetheless, for the foreseeable future, the prohibitive costs of nuclear war will in all probability ensure that China remains unwilling to overtly challenge the international order – i.e., she will remain "soft". On the other hand, albeit the U.S. today might be willing to resist by force any attempt to overthrow the East Asian and international orders, there is a good chance that in the long term war with China will become too costly to contemplate – i.e., that the U.S. will shift from being "hard" to being "soft". In more formal language, whereas a "status quo" configuration of preferences prevails today in the bilateral relationship, it seems very likely that, unless the U.S. is able to deploy a missile defense system able to neutralize China's expanding nuclear deterrent or to maintain a first-strike nuclear capability, a "cold war" configuration will arise as China grows more powerful. This reality has seemingly not escaped U.S. foreign policy-makers, as the following analysis of U.S. China policy from the model's perspective suggests.

Because major war or a peaceful, China-instigated change of international order appear unlikely, the option of preventive war against China has apparently never been seriously considered in policy circles in Washington. In addition, U.S. leaders cannot be certain that they could conduct a disarming first strike against China's strategic nuclear deterrent, or that an eventual missile defense system could completely neutralize this deterrent. Furthermore, the expected domestic political costs of such a course of action would be unimaginable (Ross 1999). On the other hand, a comprehensive containment policy against China (i.e., severing

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[62] For figures on Chinese military expenditures, see http://www.globalsecurity.org/military/world/china/budget.htm, consulted 05/08/2007; Jim Yardley and David Lague, "Beijing Accelerates Its Military Spending" *New York Times*, March 5, 2007, World section. The SIPRI estimates that the military budget of China, in PPP terms, reached $188 billion in 2005; see http://www.sipri.org/contents/milap/milex/mex_database1.html, consulted 05/08/2007.

of economic relations, efforts to build a large collation directed against China, etc.) has its partisans in U.S. policy circles. Yet, most analysts seem to concur that such a policy would yield little results, would be economically costly, and might antagonize US allies in East Asia (Shambaugh, 1997, 245; Ross 1999). In addition, a containment strategy would preclude Chinese cooperation on issues of concern to the U.S. in the shorter term, such as counter-terrorism (Zoellick 2005).

The main policy course actually chosen by the three last U.S. administrations is one of "engagement". This policy constitutes some form of "neo-appeasement" in the sense that it involves efforts to satisfy China (e.g., U.S. support for China's entry in the WTO and East Asian regional institutions, U.S. tolerance of a trade deficit with China in the hundreds of billions of dollars, etc.) which, however, also help hasten the Sino-American power shift. As Thomas Christensen wrote just before his appointment as Deputy Assistant Secretary of State for East Asian and Pacific Affairs, "since late 1978 (...) no foreign country has done more to make China stronger economically and diplomatically than the United States" (2006, 108). However, the objectives of the engagement policy are more subtle: it aims above all at changing the *inherent preferences* of Chinese leaders through the progressive liberalization of Chinese society and a socialization effect whereby their participation in various international forums would lead them to internalize norms of cooperation and international stability (Rudolf 2006; Johnston and Evans 1999). In the words of former Deputy Secretary of state Robert Zoellick, U.S. China policy aims at transforming China into a "responsible stakeholder" in the international order (2005). Now, because this is admittedly a risky policy course, the U.S. government has at the same time sought to hedge its bets, at least in the military sphere. Hence, Washington has not relaxed its pressure on the European Union and Israel not to resume arms sales to China (Christensen 2006). In addition, the U.S has tried to keep all diplomatic (chiefly through greater security cooperation with India after September 2001) and military options open for a shift to a containment strategy should engagement fail to elicit the desired changes in Chinese preferences.

As Stein has expressed it, "scholarly analysis stipulates the strategic choices actors confront. Yet, crafting alternatives lies at the heart of statecraft and creative diplomacy" (1999, 220). By going beyond the "realist" containment/ appeasement/preventive war policy "trichotomy" for managing the rise of great powers, this is precisely what U.S. policy-makers have done with their engagement policy vis-à-vis China. As explained above, the outcome of the Sino-American power shift will in all likelihood fall within the cold war/cold peace spectrum, where neither will be willing to use force against one another to challenge or uphold the existing international order. In a sense, the prognosis that war should be averted during the Sino-U.S. power shift is good news. However, the history of the Cold War suggests that inadvertent war is by no means impossible. Should Sino-U.S. relations evolve into a bitter "Cold War II", crises brought about by such explosive issues as Taiwan would probably entail a significant risk of accidental war. A successful U.S. policy of engagement should help to avoid a repetition in future Sino-American relations of the Soviet-American experience, and indeed it seems plausible that this is precisely its purpose. By increasing China's satisfaction with the international order, and therefore reducing the gap between the prevailing status quo and China's preferred order, engagement might cause the Chicken-like configuration of preferences that seems likely to emerge in the relationship to lead to more relaxed relations than could otherwise be expected. In fact, given the circumstances, it seems that engagement is the most sensible and perhaps the only viable course of action open to American foreign policy-makers. Just as there were periods of détente during the Cold War, there is some hope that future relations between the United States and China will develop into a pattern closer to the cold peace end of the spectrum rather than to its cold war opposite.

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