

**United States Defense Policy and the Future**

by

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# 1.0 Introduction

The object of this thesis is to analyze the appropriateness of the security goals and defense strategies of the Reagan administration given certain theories of the rise and decline of hegemonic nations. These theories suggest that specific types of foreign policy behavior are appropriate given particular stages in the evolution of the global political system. If these theories are valid, i.e., are the cycles irresistible or in fact real at all, then the literature on this subject appears to show that the activist and offensive-oriented strategies of the Reagan administration are not only inappropriate but may be detrimental to a nation in the waning years of a period of previous hegemony.

This is supported by the literature on the “grand strategy” of nations. Luttwak notes that from the nineteenth century to present, the strategic thought of nations has been dominated by a “Clausewitzian” mentality. This conception of a nation’s strategy stresses the primacy of offensive warfare in pursuit of decisive results (inspiring an aversion to defensive strategies). It accords primacy to the active use of military force and is opposed to the uses and benefits of images of force. Yet, new technology has all but invalidated this conception of grand strategy. There are now a variety of threats to a nation, ranging from nuclear weapons to international terrorism, that cannot be adequately met under this old paradigm.<sup>1</sup>

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<sup>1</sup> Edward Luttwak, *The Grand Strategy of the Roman Empire*, (Baltimore: Johns Hopkins University Press, 1976), preface.

Between 1981 and 1985, American defense spending grew by 32 percent in real terms, from \$199 billion to \$264 billion in constant 1986 dollars, and the administration has announced plans for another \$96 billion increase in defense spending by 1990, for a net 1981 to 1990 real increase of 82 percent. The share of the American gross national product (GNP) devoted to defense grew from 5.2 percent in 1980 to 6.6 percent in 1985 and will rise to 7.5 percent by 1990 if the Reagan program is implemented. Further substantial budget increases will be required after 1990 to operate and maintain the new arsenal.<sup>2</sup>

Given the current policy of the Reagan administration towards heightening the military capabilities of the United States and broadening the scope of America's global involvement, the taxpayers must ask whether the massive outlays for defense are necessary as well as whether or not the goals and the strategies that implement them are realistic.

Any analysis of the current defense posture of the United States invariably must focus on the stated goals of the administration and the strategies to implement them to determine whether or not these goals and strategies are clearly defined and operationalized. A clearly defined strategy allows the questions of feasibility and appropriateness to be analyzed in a logical, coherent manner. Yet,

(O)ne shortcoming in the Reagan defense program lies with the administration's failure to specify the strategy the buildup supports...A second, more fundamental problem with the Reagan defense program lies in the extravagant and dangerous nature of the hidden strategy the administration has adopted...This implicit strategy is the most expansive and demanding strategy adopted by any administration since Eisenhower's. Its requirements substantially exceed those suggested by the original logic of the American policy of Soviet containment...The new Reagan strategy embraces more and harder missions than a pure containment strategy would require, and it puts more emphasis on offensive missions and tactics.<sup>3</sup>

It is my argument that the defense policies of the Reagan administration are founded on an improperly perceived role for the United States in the 1980's predicated by an ill-conceived notion of the current international environment. The present administration has incorrectly played up the Soviet threat as the dominant theme of the 1980's rather than the more pressing problems of economic distress at home and a failing world political and economic standing. I suggest that the present situation in the international arena is vastly different from that immediately after the Second World War. There have been significant changes in the international system since that time like an

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<sup>2</sup> Barry R. Posen and Stephen W. Van Evera, "Reagan Administration Defense Policy: Departure from Containment," in Kenneth Oye, et al., *Eagle Resurgent*, (Boston: Little, Brown and Company, 1987), p. 75.

<sup>3</sup> *Ibid.*, p. 76.

increase in regional political power of many Third world nations like China in the Far East, a revitalized Germany and Japan, a heightened state of economic interdependence, the advent of nuclear proliferation, multinational corporations, and the United Nations. "Their existence challenges the state-centric theory of international politics."<sup>4</sup> Interdependence and the devolution of power are key factors mitigating the impact of the United States in the 1980's.

Given these structural changes in the international arena the global role that the Reagan administration has prescribed for the United States is inconsistent with a logical interpretation of this new environment. As Michael Harrison argues,

Since Eisenhower, presidents have failed to adjust their conceptions of the U.S. role in the world to the realities of international politics. The Kennedy era was a tainted Camelot of overconfident knights: generally inept at a foreign policy of counter-intervention...and too inclined toward confrontation with the Soviet Union as well as with skeptical allies. The failure of global interventionism and U.S. primacy as a formula for managing the Soviet Union was predictable. A more assertive Third World and a resurgent Western Europe were bound to thwart U.S. claims to excessive privilege.<sup>5</sup>

The Reagan administration has a decidedly different view of the role of the United States in the world than its immediate predecessors. It takes a more activist approach towards the primary goal of Soviet containment as evidenced by President Reagan's "hard-line" rhetoric and overt confrontations in Grenada and Nicaragua. In this fashion it rejects the policies of retreat and negotiation characterized by the Carter presidency (which couched most of its policies in the trappings of moral rectitude with a distinct theme of the promotion of human rights) by openly confronting international problems with thinly veiled threats and demands which have sometimes escalated to armed confrontation. (For example, take the case of Libya concerning the "Line of Death " in international waters around Libya.) The strategic calculations of the Carter administration were not met in key areas like Iran, Afghanistan, and Zimbabwe following this "soft-line" approach.<sup>6</sup> The Reagan administration rejects as well the Kissingerian attempt to develop alternative power centers and

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<sup>4</sup> Edward L. Morse, *Modernization and the Transformation of International Relations*, (New York: The Free Press, 1976), p. 115.

<sup>5</sup> Michael Harrison, "Reagan's World", *Foreign Policy*, no.43, Summer 1981, p. 4.

<sup>6</sup> Coral Bell, "From Carter to Reagan," *Foreign Affairs, America and the World 1984*, vol. 63, no. 3, 1985, pp. 492-495.

leverage points to divert Soviet attentions. "Instead, the Reagan remedy resembles Kennedy's: confrontation with the Soviet Union and reassertion of global military authority perhaps through direct intervention."<sup>7</sup> It is this feature of the present administration, its return to the primacy of the anachronistic Cold War mentality, that may very well damage the strategic interests it is supposed to defend. For example, a preoccupation with preventing a Soviet victory in the Persian Gulf has increased the U.S. military presence in that region, giving rise to an increase in anti-American sentiment in a critically strategic region to the U.S. and its allies. This may also be applied to the U.S. position towards the Contadora peace process in Central America. By not giving more than lip service to the Contadora process, the United States seems to be favoring a violent resolution to the war in Nicaragua, while at the same time alienating the last few of the friendly Central and South American nations. On a more current note, the recently released Reagan plan of August 1987 for bringing peace and democracy to Central America, which was coauthored by Senator Jim Wright, seems only to have been a bait to Nicaragua, as the proposal would almost certainly be rejected by Nicaraguan President Daniel Ortega; thus, showing their intransigence to settling the peace, and giving Reagan a boost in asking for increased aid for the Contras.<sup>8</sup>

A return to the principles of globalism, strong anticommunism, and containment does not appear to be in the best interests of the United States at the present time. The priorities of this administration, a resolve to reassert American global leadership, protect interests worldwide, and contain the Soviet Union are predicated on principles of hegemony and preponderance that were short-lived and are now long gone. The United States is no longer the only viable political and economic leader as once was the case. Through the post-war reconstruction and revitalization engineered by the United States, Japan, West Germany, South Korea as well as many other nations have become economic rivals if not superiors (as is the case with Japan in many sectors). Yet, the security policies of the Reagan administration take into account neither the diminished ability of the United States to enforce order in the world system, as evinced in an independent European Community and the

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<sup>7</sup> Harrison, "Reagan's World", p. 6.

<sup>8</sup> Harry Anderson, "Will Peace Break Out?," *Newsweek*, August 17, 1987, p. 16.

existence of OPEC, nor the reluctance of the members of the system itself to continue as pawns in a "grand strategy" of a U.S.-dominated world order. The present decentralized structure of power and the beneficial relationships this structure now holds for previously subservient nations who now need not rely on the United States as "world benefactor" mitigate the impact of U.S. leadership.

In addition to pragmatic critiques of the Reagan security policy, there is broader evidence, drawn from international relations theory, that the current period in history is the wrong one for the reassertion and extension of American power. I will present two theories of the development and evolution of the international system. These theories also suggest appropriate foreign policy postures given the particular phase or stage of development of the international system at the time. These theories should not be taken as direct evidence nor proof of my thesis. Their inclusion is merely to give the reader a paradigm by which to understand the development of this research project.

Both of the theories I will discuss, world-systems theory and long cycle theory, stress the evolution of the international system and the leading nations in that system in a cyclical manner or rhythmic process. This process, they argue, may be understood as a cyclical process of the world system itself. A process of the rise and decline of powerful states with the ability to give order, stability, and security to the world system, repeated again and again over time. The conception that a cyclical process may be occurring in the evolution of the global system is then linked to the formulation and conduct of foreign policy. Briefly, according to long cycle theory, the end of a preponderant nation's cycle brings a strong desire to retain the previous position of hegemony, usually through increased military spending, the extension of power abroad, and acquisition of territory. These policies, though, tend only to accelerate the process of decline as it drains a disproportionate amount of resources attempting to preserve an illusion of control in the system. As I will argue later, the waning stage of a hegemon's preponderance should be accompanied by defensive strategies designed to alleviate the transition from world leader to being one nation among equals. The Reagan administration, on the other hand, has formulated a defense policy of offensive-oriented strategies designed to reassert American power abroad, and increased defense spending to fund this

expanded, missionary role of the United States, diverting much needed resources from the domestic economy.

It is by this manner, placing the current strategies of the Reagan administration in an historical, theoretical context of cyclical rhythms in the international system, and a correct assessment of "system time", that an understanding may be gained of why the policies of expansion and offensive strategies are inappropriate for the current phase in the evolutionary cycle of the international system.

## 2.0 Literature Review

In order that we may place the current discussion in the proper framework, it is necessary to first review the relevant theories that support the concept of the cyclical rise and decline of nations with the capacity to be “world leaders”. The conception of the “world leader” or “hegemonic power” will become evident in this section.

### 2.1 *Leadership and Change*

Change is a ubiquitous phenomenon. Change in the international arena is no exception. In the immediate aftermath of World War II, the global political and economic regime experienced a “changing of the guard” with respect to the transition of the world leadership role from Great Britain to the United States. Some scholars argue that this transition came about after the Second World War (1945), with the decisive factor being the loss of not only the ability to maintain such a position of leadership by Great Britain due to economic devastation, but more a loss of will to continue in

that capacity.<sup>9</sup> Others agree with the timing of this transition but claim that it came through the consolidation of a preponderance in the financial, commercial, and industrial sectors on the part of the United States due to it alone having been saved from the massive destruction that the European economies suffered.<sup>10</sup>

The U.S., then, wore the mantle of hegemonic power, both politically and economically, like Great Britain before her, and was the *de facto* global leader at that time.

The exercise of hegemonic leadership implies pursuit of extraordinary global interests and objectives that historically have been beyond the means available to all but a handful of states. Since the diffuse, expansive, and costly objectives associated with global order and stability are not found among the core objectives of "ordinary" states--even the great powers--it is reasonable to infer that leadership reflects virtually unique will, purpose, and strategic design. Moreover, if it is to be successful, lesser states must afford the hegemon some measure of confidence, legitimacy, and voluntary cooperation. For these reasons, hegemonic leadership is in large part a qualitative phenomenon that does not issue simply from a preponderantly unipolar distribution of capabilities.<sup>11</sup>

As the task of global leadership is a multifaceted and seemingly unbounded task, so must the lead nation's capabilities. The capabilities the lead nation needs to possess must be diverse and grand in scale for they are to be used to order, mold, and influence the world political/economic environment in ways consistent with its conception for world order.

This distribution of capabilities is not just a sufficient condition for hegemonic leadership, it is a necessary condition. As Keohane describes the relationship between capabilities and leadership, it is a "power as resources" connection "in which outcomes reflect the potential power (tangible and known capabilities) of actors.<sup>12</sup> It is the relationship of power (capabilities) to the "unique will, purpose, and strategic design" of the hegemon that signifies a nation's preponderance, hegemony, and position as world leader. It is in this fashion, linking ability and motivation, the United States

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<sup>9</sup> See George Modelski, "The Long Cycle of Global Politics and the Nation-State," in *Comparative Studies in Society and History* 20, no.2, 1978, pp. 224-227.

<sup>10</sup> See Immanuel Wallerstein, *The Capitalist World-Economy*, (Cambridge: Cambridge University Press, 1979), pp. 30-32.

<sup>11</sup> Mark E. Ruper and David P. Rapkin, "The Erosion of U.S. Leadership Capabilities," in Paul Johnson and William R. Thompson, (ed), *Rhythms in Politics and Economics*, (New York: Praeger, 1985), p. 157.

<sup>12</sup> Rober Keohane, "The Theory of Hegemonic Stability and Changes in International Regimes, 1967-1977," in Holsti, et.al., *Change in the International System*, (Boulder, CO: Westview Press, 1980), p. 137.

became the world's leading nation. A nation with the resources and the drive to reconstruct a world order from the devastation of two World Wars.

## 2.2 *Hegemony and the Theory of Hegemonic Stability*

One theory of international relations and systems analysis is getting much attention in this decade. This theory, that of "hegemonic stability" focuses on the role of a hegemonic or preponderant power and its' ability to give order and stability to the international economic regime. It broadly asserts that a hegemonic power creates or fosters a stable international economic order. A subsequent decline of the hegemony or preponderance of this nation then gives rise to instability and decline in the order that it had created.<sup>13</sup>

The theory of hegemonic stability seeks to explain the creation, rise, and decline of international regimes (specifically the international trade regime). Krasner defines a regime as a set of "implicit or explicit principles, norms, rules, and decision-making procedures around which actors expectations converge in a given area of international relations."<sup>14</sup> Regimes exist in that through the voluntary interactions between nations seeking to maximize their self-interest in an international arena characteristically anarchical, patterns emerge, norms evolve, and at times rules are codified to regulate this interaction.<sup>15</sup> For example, GATT has been the principal "regime" under which international trade has operated in the post-war period.

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<sup>13</sup> Arthur A. Stein, "The Hegemon's Dilemma: Great Britain, the United States, and the International Economic Order," *International Organization* 38, 1984, p. 335.

<sup>14</sup> Stephen D. Krasner, "Structural Causes and Regime Consequences," in Stephen D. Krasner, (ed) *International Regimes*, (Ithaca: Cornell University Press, 1983), p. 3.

<sup>15</sup> See Robert Keohane, "The Demand for International Regimes," in Stephen D. Krasner, (ed), *International Regimes*, (Ithaca: Cornell University Press, 1983).

It is argued that stable and successful international regimes depend on a single nation wielding a preponderance of power in support of the international regime. For example, the preponderant if not single-handed role of the United States, after the Second World War in supporting the international trade, financial, and security regimes.<sup>16</sup> This concentration of power contributes to stability while deconcentration or fragmentation leads to a breakdown or decline in the level of stability and security of the regime. Kindleberger stressed the necessity of a structure of hegemonic leadership. The hegemon would act as balancer or stabilizer for the regime in times of distress; much like the role of Great Britain in Europe under the classic "balance of power" model of international relations. Kindleberger draws heavily on the concept of collective goods as the basis of the interrelationship between regime stability and the need for a single hegemonic leader.

In political terms, the provision of the world public good of economic stability is best provided, if not by a world government, by a system of rules. However, it is difficult to obtain agreement on an adequate system of such rules or the means for enforcing them. This suggests that any international economic organization based on functional rules and institutions is likely to break down. In Darwinian fashion it will be replaced by a system in which one nation serves openly or covertly as leader and is accepted as legitimate in this role by its readiness to bear a disproportionate share of the cost of providing stability, as other countries take a free ride.<sup>17</sup>

Yet, the existence or presence of a hegemonic power in the world system is not a sufficient condition for the stability of the international regime. Kindleberger, like Keohane, (as well as Modelski) stresses that the hegemon must also possess a selfless and far-sighted quality that places the stability and security of the international regime ahead of immediate nationalistic gains on the part of the hegemon. For example, it could be said that it was more the unwillingness of the United States to take over the burden of running the free trade system in 1929 when Great Britain could do so no longer that led to the collapse of the system in the "Great Depression". Preponderance or hegemony is necessary but not sufficient alone; a willingness or drive to create and maintain order must be present.<sup>18</sup> (Modelski picks up on this characteristic of the hegemon as the driving force behind the

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<sup>16</sup> For support of this point see, Charles Kindleberger, "Dominance and Leadership in the International Economy," *International Studies Quarterly* 25, 1981; Stephen D. Krasner, "State Power and the Structure of International Trade," *World Politics* 28, 1976; Robert Gilpin, "Economic Interdependence and National Security in Historical Perspective," in Klaus Knorr and Frank N. Trager, (ed), *Economic Issues and National Security*, (Lawrence: Regents Press of Kansas, 1977).

<sup>17</sup> Charles Kindleberger, *The World in Depression 1929-1939*, (Berkeley: University of California Press, 1986), pp. 37-38.

<sup>18</sup> Robert Gilpin, *U.S. Power and the Multinational Corporation*, (New York: Basic Books, 1975), p. 40.

creation of new regimes or "world orders". It does give benefits to the hegemon as the order is constructed primarily in the hegemon's own interest).

Gilpin notes that the modern world economy (what Kindleberger means by an "international regime") has "evolved through the emergence of great national economies that have successively become dominant".<sup>19</sup> The French economist, Francois Perroux, put forth the idea more concretely in stating that,

(T)he economic evolution of the world has resulted from a succession of dominant economies, each in turn taking the lead in international activity and influence...Throughout the nineteenth century the British economy was the dominant economy in the world. From the (eighteen) seventies on, Germany was dominant in respect to certain other Continental countries and in certain specified fields. In the twentieth century, the United States economy has clearly been and still is the internationally dominant economy.<sup>20</sup>

Immanuel Wallerstein follows this argument by stressing the role of the evolution of commercial agriculture and the rise of capitalism in attributing "lead economy" status to a given nation.<sup>21</sup>

Yet, the existence of an economic system does not operate in a power vacuum nor is it divorced from politics. "Every economic system rests on a particular political order; its' nature cannot be understood aside from politics".<sup>22</sup> This was stated earlier by E.H. Carr when he noted that "the science of economics presupposes a given political order, and cannot be profitably studied in isolation from politics."<sup>23</sup> Carr sought to explain that the international economy based on free trade was not an evolutionary or inevitable state of affairs but a direct result of the economic and political interests of Great Britain at the time, (Great Britain being the principle creator of the modern free trade system) and that this system was maintained principally by her preponderant political and military power.

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<sup>19</sup> Gilpin, *U.S. Power and the Multinational Corporation*, p. 40.

<sup>20</sup> Francois Perroux, "The Domination Effect and Modern Economic Theory," in K..W. Rothschild, *Power in Economics*, (London: Penguin, 1971), p. 67.

<sup>21</sup> See Wallerstein, *The Modern World- System* (both volumes) as well as *The Capitalist World- Economy*.

<sup>22</sup> Gilpin, *U.S. Power and the Multinational Corporation*, pp. 40-41.

<sup>23</sup> E.H. Carr, *The Twenty Years' Crisis, 1919-1939*, (New York: Macmillan, 1951), p. 117.

Gilpin argues that there are two components of a hegemon's power (while Kindleberger stresses mainly the position of economic preponderance): economic efficiency and political and military strength. This coincides with the view of the role of economics as formulated by E.H. Carr, that "economics presupposes a given political order". It is precisely this complex interrelationship between politics and economics that I would like to stress. The relationship that I will explore is that of the role of the world power (hegemon) providing, "among its' range of political goods and services and through its own international economic policies and its' initiatives in global arrangements, *the political basis for global economic relations*"<sup>24</sup>

What is essentially being linked by bringing politics into this discussion are the concepts of "leading economy" and "world power". The implications of this comparison are twofold:

1. The global economy and the global polity are closely linked through the pivotal role of the world power and through the functions the world power plays in the world economy.
2. Through these links and mechanisms, the instabilities in the global polity will be transmitted to the global economy and vice versa.<sup>25</sup>

So the question remains then, how can the reciprocal effects of the interaction between the status of a nation as world power, leading economy, and the stability of the international system be reconciled with one another? What effect does this interaction mean for the foreign policy behavior of the world power? These are the questions I will address. My line of inquiry will be derived from the politico-economic theory of the *long cycle of global leadership* as formulated by George Modelski in contrast to the world-systems perspective of Immanuel Wallerstein.

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<sup>24</sup> George Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations: Implications for U.S. Foreign Policy", in Charles Kegley and Pat McGowan, (ed), *The Political Economy of Foreign Policy Behavior*, (Beverly Hills: Sage Publications, 1981), pp. 71.

<sup>25</sup> George Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations: Implications for U.S. Foreign Policy", p. 71.

## 2.3 *World Systems Theory*

As a preface to the discussion of Modelski's politico-economic theory of the long cycle of global leadership, I would first like to discuss the world systems theory of Immanuel Wallerstein. This theory is critiqued unjustly by some by saying that it deals almost strictly with economics to the exclusion of political motivations in the development of the modern world system. According to its critics, world-systems theory relegates politics "to what amounts to a by-product of material/capitalist interests".<sup>26</sup> Yet, these critiques are not accurate. World-systems theory does not degrade the role of politics; world-systems theory merely claims that in the transformation of the world-system, it has been primarily the evolution of the capitalist world-economy and nations with "lead economies" that have historically acted as the primary mechanism or force behind change in the international arena. World-systems theorists are quick to point out that coexistent with the mechanism of economic transformation stands an equally important political dynamic.<sup>27</sup>

Immanuel Wallerstein claims that there are but two types of world systems: world empires and world economies. A world empire denotes the case where a single political system gains control over the majority of the world-systems economy. A world economy, on the other hand, is the arrangement where no one political system controls a majority of the world-systems economy.<sup>28</sup> The past has presented many world empires after this definition. The Roman, Egyptian, Incan, and Chinese empires are good examples. Yet, in the last half century, we have witnessed the growth of a European based world economy <sup>29</sup>, presently a U.S.-based world economy, that has gradually come to encompass the whole of the world-system and all of its components; nation-states and extra-

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<sup>26</sup> William R. Thompson, "The World-Economy, The Long Cycle, and the Question of World-System Time," in Pat McGowan and Charles Kegley Jr., *Foreign Policy and the Modern World-System*, (Beverly Hills: Sage Publications, 1983), p. 42.

<sup>27</sup> See Immanuel Wallerstein, *The Modern World System I*, p. 67.

<sup>28</sup> Immanuel Wallerstein, *The Capitalist World- Economy*, (Cambridge: Cambridge University Press, 1979), p. 5; and Immanuel Wallerstein, *The Modern World System I*, p. 348.

<sup>29</sup> Immanuel Wallerstein, *The Modern World System I*, p. 67.

territorial bodies alike. This world economy is a system of interaction characterized by a multiplicity of political and economic centers linked through an extensive division of labor based on exchange and specialization.

### 2.3.1 The Stages of the World Economy

The modern world-economy has developed into its present state having passed through four stages. The first stage, 1450-1650, saw the disintegration of feudal arrangements in Western Europe, and many technological changes that facilitated the incorporation of previously rural land laborers into more modern, mechanized modes of production. It was at this time that Western Europe became the core of the emerging world economy.<sup>30</sup> This emerging world-economy was centered in Western Europe as a result of the economic centrality of the city-states of Northern Italy, Flanders, and Germany, and the size and scope of their economic interactions with the rest of the world. The disintegration of the feudal structure in Europe has been attributed to a contraction in the previously expanding commercial, geographic, and demographic scope of the feudal mode of production. The optimal high point of production had been reached given the existing technology; diminished returns began to occur in the area of production; and climatological changes reduced the productivity of the soil; therefore, technological improvements and a move away from the feudal system towards one of capitalist agriculture became the next step in the evolution of the system.<sup>31</sup>

The second stage, 1650-1750, brought on a high degree of rivalry amongst the nations of Western Europe as they fought for necessary resources, bringing on virtual stagnation in the further development of the world economy. A system-wide recession from 1650-1730 forced many nations into policies of retrenchment and the creation of hierarchical empires within the world-economy. The Netherlands, with its focus on ocean-related product production (shipping, fishing), was not greatly

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<sup>30</sup> Immanuel Wallerstein, *The Capitalist World-Economy*, p. 8 & 26.

<sup>31</sup> See Immanuel Wallerstein, *The Modern World System I*, pp. 36-37.

affected and became the preponderant economic power.<sup>32</sup> Yet, economic competition through these economic empires within individual nations market share eventually pit the Netherlands head-to-head with Great Britain in a battle of protectionism and insulation. Great Britain survived and became the dominant power over the Netherlands at this time, resisting a strong challenge from France.<sup>33</sup>

The third stage, 1750-1917, saw both the beginnings and the entrenchment of industrial capitalism over agricultural capitalism. The consequence of this transformation, the world economy expanded to encompass the whole of the world system, is a direct result of the technological feasibility of such an expansion due to the increased military and shipping capabilities of nations. Concomitant with this dynamic of change was also the increased rivalry and overt competition and military confrontation of Napoleon and France; specifically Napoleon's continental blockade.<sup>34</sup>

The fourth stage in the development of the modern world-economy, 1917-present, has been a period of severe turmoil as the industrial-oriented world-economy became consolidated under the hegemony of the United States due to the multi-sector production capacity of the U.S.. The political decision on the part of the British to nationalize many industries and the rise of trade unions encouraged the export of investment abroad, contributing to the rise of the United States.<sup>35</sup>

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<sup>32</sup> Christopher Chase-Dunn, "International Economic Policy in a Declining Core State," in William P. Avery and David Rapkin, (ed), *America in a Changing World Political Economy*, (New York: Longman, 1982), pp. 86-87.

<sup>33</sup> Immanuel Wallerstein, *The Capitalist World Economy*, p. 26.

<sup>34</sup> *Ibid.*, p. 27.

<sup>35</sup> Immanuel Wallerstein, *The Capitalist World-Economy*, p. 31 & 34; see also Christopher Chase-Dunn, "International Economic Policy in a Declining Core State," pp. 88- 89.

## 2.3.2 The Structure of the World Economy

The world economy, as proposed by Wallerstein, is essentially a capitalist world economy in that the primary characteristic of the system is a capitalist mode of production. For Wallerstein, capitalism is the drive for increased efficiency of production in order to maximum price and therefore profits in the world market.<sup>36</sup> Various groups compete in the world market. Each attempts to bias the market in their favor by exercising whatever political pressure they can on others in order to obtain a larger share of the economic surplus in the world economy.

The world economy is basically constructed of three separate "areas" arranged in a hierarchy. At the top of the hierarchy are the core states. The core states are the most powerful nations, politically and economically, have the most efficient production and therefore reap the biggest rewards from the system. They represent the sector of the largest and most complex economic activities. In contrast to the core states are those in the periphery. The periphery is relegated to the production of lesser value goods, particularly raw materials and labor. In between the core and periphery are the semi-peripheral states. These states act as both core and periphery and serve an important task as a buffer between the core and the periphery. A fourth component of the hierarchy used to exist until the end of the third stage in the evolution of the world economy. This external area encompassed the interaction between the world economy and other world systems, primarily in the transmission of luxury items. Yet, the external area gradually decreased and finally disappeared, becoming engulfed in the world economy through political machinations.<sup>37</sup>

Like the growth of the world system itself, there is also activity and movement between the three areas in that world economy. For instance, peripheral states may enhance their position and become true semiperipheral states. This is due to the presence of disparities and inequalities between

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<sup>36</sup> Immanuel Wallerstein, *The Capitalist World-Economy*, , p. 15.

<sup>37</sup> Immanuel Wallerstein, *The Capitalist World-Economy*, pp. 18-24, and Immanuel Wallerstein, *The Modern World System I*, pp. 349- 350.

the nations within each group and the winning and losing of "battles" in competitive advantage. Yet, most of the movement happens within the core itself, manifested in the competition between hegemonic powers and other core members. In general, most core states are not hegemonic powers, though most have aspired at one point or another. Several times, though, one member of the core has achieved a position of preponderance over not just the other members of the core, but the entire world economy. This occurred mainly after devastating global conflicts where only one nation survived sufficiently intact to achieve this preponderance (for example, the United States in 1945) as well as at times of radical economic and technological innovation (as was the case with Great Britain in many industries throughout the 19th century). These special, hegemonic nations have been: The United Provinces of the Netherlands (1625-1672/75); Great Britain (1763-1815/1873); and the United States (1945-1965/67).<sup>38</sup>

### **2.3.3 The Dynamic of Hegemonic Status in the World Economy**

Wallerstein believes that there is a dual dynamic that operates within the world economy giving rise to a pattern of hegemony. The first dynamic is a sequential movement through three sectors of the world economy. First, a nation must exhibit superiority in agricultural productivity. Agricultural superiority in turn leads to a position of dominance in the trade sector with a concomitant advantage in reaping the benefits of the control of communications and transportation. Finally, dominance in the commercial sector leads to dominance in the finance sector.<sup>39</sup>

The first dynamic, then, is the achievement by a nation sequentially of dominance in production, commerce or trade, and finance. At the time when a core state can demonstrate dominance in all three sectors at the same time, it has established hegemony in the world-economy.

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<sup>38</sup> Immanuel Wallerstein, *The Capitalist World- Economy*, pp. 18-34.

<sup>39</sup> Terence Hopkins and Immanuel Wallerstein, "Cyclical Rythms and Secular Trends of the Capitalist World-Economy," in Terence Hopkins and Immanuel Wallerstein, (ed), *World Systems Analysis*, (Beverly Hills: Sage Publications, 1984) pp. 63-64.

Like Modelski, Wallerstein sees hegemony as a transient phenomenon. In fact, hegemony seems to sow the seeds of its own destruction. Wallerstein sees the role of the hegemon as one which other core powers would like to possess. It is a costly position from the standpoint of the necessity for high bureaucratic and military expenditures. Taxation increases as do wage levels. The hegemon must constantly work to maintain its position.<sup>40</sup>

Yet decline does not happen in one grand motion. It appears to creep gradually. Through technology transfer, continued investment in the system, and at times terms of trade beneficial to rival powers more so than the hegemon, the hegemon is gradually drained; and this drain is mainly to the rival powers. The hegemon does not necessarily lose its tripartite control of the productive, commercial, and financial sectors; it is more that the rival core powers increase their position with respect to the hegemon. As confidence in the hegemon decreases, the relative power of the rivals increases, the hegemon finds itself as one amongst many powerful states. Through this mechanism of rise and decline, the hegemonic cycle may be seen as exhibiting alternating periods of the concentration and diffusion of power. This relates to the second dynamic of the world economy.

The second dynamic of the world economy, much like the cyclical nature of the hegemonic power, is a cyclical rhythm of economic expansion and contraction. Wallerstein characterizes this cycle as periods of economic expansion (A phases) followed by periods of economic stagnation (B phases). Each stage of expansion is slowed by a lack of coordination between supply and demand to allow the further advancement of capital accumulation. A period of stagnation ensues and is eventually overcome by a combination of processes; some of which are the expansion of the boundaries of the world economy itself; a political reorganization of states in the system; an increase in demand; or the development of new products.<sup>41</sup>

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<sup>40</sup> Hopkins and Wallerstein, "Cyclical Rhythms and Secular Trends of the Capitalist World- Economy," p. 62.

<sup>41</sup> *Ibid.*, pp. 53-55.

Although much attention is given to world systems theory these days, especially the conception of a capitalist world-economy, this theory has been attacked as having tended towards overlooking the salience of the political process in the determination of many of the relationships in the world system. This is an incorrect assumption as many of the dynamics just discussed had essentially political and/or economic causes, for example, the decision to move from feudalism to capitalist agriculture was both a political and an economic decision; feudalism was not only a mode of economic production but also a form of political and social control. Yet, one should not take world-systems analysis completely at face value from the literature. Many problems exist with correctly identifying the stages and mechanisms of the growth of the capitalist world-economy. For example, there is the question of whether or not the U.S. was a hegemonic power in 1917, as opposed to Wallerstein's emphasis that the United States did not attain hegemonic status until 1945. Looking back into history, it is easy to see potential instances or components of trends or rhythms that may or may not have held any merit at that time. What is useful and instructive to grasp from world-systems theorists like Wallerstein, is an appreciation for the historical evidence, correctly applied or not, and the promulgation of a theory that lends itself to be used as a construct for the analysis of modern-day events and trends and their potential importance in the future.

## 2.4 *The Long Cycle of World Leadership*

Long cycles of world leadership are not universally valid laws of political behavior. Rather, they are a pattern of regularities characteristic of the modern world-system bounded in both space and time. Spacewise the modern world is an oceanic system distinct for the old-world-centered, basically continental system of premodern times. Timewise it is a system that arose around 1500 and may now have about reached its maturity.<sup>42</sup>

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<sup>42</sup> George Modelski, "Long Cycles of World Leadership," in William R. Thompson, (ed), *Contending Approaches to World System Analysis*, (Beverly Hills: Sage Publications, 1983), pp. 115-116.

## 2.4.1 The Modern World System and Global Leadership

Again, I would like to stress that by discussing Modelski's theory of the long cycle of global leadership, I only intend to give the reader a tool or framework of analysis with which to place the policies of the Reagan administration. This theory, like world-systems theory, has many historical discrepancies and perhaps invalid conclusions (like the inclusion of both Portugal and the Netherlands as world powers with the capacity and drive to form an international order of their own design). Yet, what is instructive, in the use of these theories are broad concepts that allow the reader to place current data and trends in an historical and theoretical setting, adding to the scholarly integrity of the project.

The theory of long cycles is a politico-economic theory of cyclical trends in the global political system. This system may be defined as "the institutions and arrangements for the management of global problems or relations, or alternatively as the structure for the management of global interdependence."<sup>43</sup> The global political system is more specifically the modern state system that developed around the 16th century through the growth of oceanic exploration.

The global political system is distinguished from the "pre-modern" world system (pre-1500) in that the latter was characterized primarily by interregional interactions. The basic unit was the world region or cultural area (like Europe, China...) and the paradigm was trade along the Silk Road that linked China and Europe via Asia. Modelski believes that the criterion for distinguishing between historical world systems is the notion of the level of complexity in the interactions between members in any system. The "pre-modern" world system is seen to be of low complexity as the interrelations were between regions and along a simple paradigm of caravan trade. In contrast, it is posited that the modern world system is more complex in that it is broader in both the scale and scope of

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<sup>43</sup> George Modelski, "The Long Cycle of Global Politics and the Nation-State," in *Comparative Studies in Society and History* 20, no.2, 1978, p. 214.

interregional interactions.<sup>44</sup> On this point, Modelski is in part inaccurate and moreover wrong; long after 1500 the structure of economic interactions was still primarily regional. The New World had only been discovered in 1492. Whatever interaction that existed outside of Europe was primarily along a number of specific sea-trade routes that were basically no more than links to extraction sites for luxury items like gold, silk, and spices, as well as raw materials. Note Wallerstein's emphasis in the previous chapter on the "regionality" of production and interactions well into the 19th century. It is not until the expansion of capital investment and production abroad under the hegemony of Great Britain did the world-system see the beginnings of a highly complex system of global scale.

The nature of the system is no longer Eurocentric, according to Modelski, as the patterns of interaction are now of global reach. This system must be analyzed politically as distinct from other systems or arrangements for the management of interdependence at other than global levels of interaction; namely, the local, state, or regional systems. It must also be seen as functionally distinct from other global structures such as world trade.<sup>45</sup>

The global political system (or, for short, the global system) that is our basic point of reference and whose behavior is the object of this analysis has, ever since its inception, lacked a strong central authority that would dominate the world. It never was and is not today a world state (or an imperial structure on the Roman model) whose center authoritatively and administratively oversees all the other world political systems, which not only manages interdependence at the global level but also rules over the other national, local and regional systems that are found on this planet in such profusion. In that special sense the world as a whole has remained to this day a decentralized polity lacking an overriding authority.<sup>46</sup>

This conception of a decentralized global order is also supported by Hans Morgenthau, in contrast to Modelski's argument of the existence of global order created under the tutelage of a world power. Morgenthau believes that the global order is decentralized due to "the essential characteristic of international society": the sovereignty of nation-states.<sup>47</sup> It is the sovereignty of individual nations, and their unwillingness to support any type of global political system that reduces their respective

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<sup>44</sup> George Modelski, "Long Cycles of World Leadership," p. 116.

<sup>45</sup> George Modelski, "The Long Cycle of Global Politics and the Nation-State", p. 215.

<sup>46</sup> *Ibid.*, p. 215.

<sup>47</sup> Hans J. Morgenthau, *Politics Among Nations*, 5th ed., (New York: Alfred A. Knopf, 1978), p. 282.

levels of national power that has prevented the conception of a "world state" from existing. Therefore, we have been left with a global political system that is decentralized and lacked a strong central authority.

Given the nature of the global political system (decentralization, lack of a world state) has led some scholars to conclude that the world is completely lacking in the area of global political organization, in contrast to Modelski's contention that the world power formalizes a stable and unified international order. Whatever elements of order are due not from politics but economics. This position is held by world-systems theorist, most notably, Immanuel Wallerstein. He states his case quite clearly in *The Modern World System* in stating that

In the late fifteenth and early sixteenth century, there came into existence what we may call a European world-economy. It was not an empire...it was a kind of social system the world has not really known before and which is the distinctive feature of the modern world system. It is an economic but not a political unity...it is a world economy because the basic linkage between the parts of the system is economic.<sup>48</sup>

According to Modelski, the global political system may be thought of as a stable system of transactions or a "structure of exchange". What is exchanged are the goods and services of order and justice. "The most important of these goods are international order and security, the enjoyment of territorial rights, and the stability of the international economy."<sup>49</sup> (It is in this manner that Modelski relates politics and economics, while giving primary importance to the role of politics).

The guarantor of order and stability, Modelski argues, has historically been a world leader or world power. (For example, Great Britain built and maintained a structure of world order for nearly two centuries that came to be known as Pax Britannica).<sup>50</sup> This world power has had the capability to exercise "structural monopoly in the global political system by effectively monopolizing the mili-

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<sup>48</sup> Immanuel Wallerstein, *The Modern World-System: Capitalist Agriculture and the Origins of the European World Economy in the 16th Century*, (New York: Academic Press, 1974), p. 15.

<sup>49</sup> George Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations: Implications for U.S. Foreign Policy," in Charles Kegley and Pat McGowan, *The Political Economy of Foreign Policy Behavior*, (Beverly Hills: Sage Publications, 1981), p. 64.

<sup>50</sup> George Modelski, "The Long Cycle of Global Politics and the Nation-State," p. 216.

tary power of global reach (sea power, and later sea power and air and space power) through winning the leadership of major coalitions."<sup>51</sup> Initially, global reach was simply having a secure location on the ocean to facilitate trade and defense, having oceanic sea power and a strong navy, and a stable domestic political structure.<sup>52</sup> Today, the capacity for global reach entails not only sea power, but air and space power, a command of telecommunications, and the control of a significant portion of the world economy. Briefly, there have been four world powers since 1500. They have been Portugal, the Netherlands, Great Britain, and the United States. Table 1 illustrates those nations that have been world powers, other global powers, and the principle challengers of each cycle. What may strike the reader is the relegation of the Soviet Union to the status of global power and not world power. This is a definitional and qualitative distinction made by Modelski in that a world power, the hegemonic leader, also maintains a unique "will to supply global order" and be successful in the implementation of that order. To date, the essence of a Soviet-inspired world order has not been realized nor adhered to in a majority of the nations or systems of the world, though it may be correctly considered a world empire. Modelski is reaching, though, to include Portugal as a world power. The Portuguese, in their heyday, controlled merely a preponderant portion of the spice trade; hardly with the capacity to control or implement a global order. The same is true for the Netherlands (with respect to the shipping industry), the successor to the Portuguese spice trade.

According to Modelski, these world powers, correctly or incorrectly perceived, have held positions of world leadership. World leadership may be defined as "the performance, by a nation-state, of the functions of ordering and maintaining global-level interactions".<sup>53</sup> These interactions are both economic and political. The economic dimensions are due by and large to the fact that a significant portion of the global interactions to be ordered deal with international trade. The political dimension of world leadership includes such functions as:

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<sup>51</sup> George Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations," p. 64.

<sup>52</sup> George Modelski, "Long Cycles of World Leadership," p. 117.

<sup>53</sup> George Modelski, "Long Cycles and the Strategy of U.S. International Economic Policy," in William Avery and David Rapkin, (ed), *America in a Changing World Political Economy*, (New York: Longman, 1982), p. 98.

- the facilitation of global-level interactions through the political organization of the international trade regime
- the prevention of disruptions in that order by organizing the distribution of power resources (like the proliferation of sea, air, and space technology)
- the guaranteeing of the territorial security of key areas
- the formulation of innovative means of handling disruptions in the order through the promulgation of better techniques of diplomacy, and improved codes of international conduct<sup>54</sup>

“World leadership thus refers to the structural arrangement for resolving the most pressing problems of world politics. Obviously it is not world government because it is a structure marked by high improvisation, intermittancy, and crisis management.”<sup>55</sup> World leadership is not a global institution, like the United Nations, but rather a group of functions that a nation-state performs due to the possession of the right qualifications and a legitimacy imparted to it by the other nations of the world. “World leadership therefore in part consists in exploiting the possibilities for common interest and minimizing the areas of conflict.”<sup>56</sup> Here again, it is questionable to include Portugal and the Netherlands here. Both of these nations were primarily preponderant nations in certain economic sectors; Portugal in the spice trade, the Netherlands in ocean-related production and transport. Their role in promoting the common interest of the time would be dubious at best considering the evidence presented in the last chapter concerning the nationalistic protectionist policies and aggressive economic competition brought on by the Netherlands in contradiction to the “benefactor” role of the world power.

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<sup>54</sup> George Modelski, “Long Cycles of World Leadership,” p. 120.

<sup>55</sup> George Modelski, “Long Cycles and the Strategy of U.S. International Economic Policy,” p. 98.

<sup>56</sup> George Modelski, “Long Cycles of World Leadership,” p. 120.

## 2.4.2 The Basic Propositions

There are seven basic propositions integral to the understanding of the theory of the long cycle of global leadership. They are:

1. That a *global political system* is believed to exist. This system is what we know to be the modern state system that developed around the year 1500 A.D.
2. At a repeating interval of just over one century, the global system experiences *global wars* which end the dominance of the hegemonic world power. Some of these wars are the Napoleonic Wars, and the two World Wars. The time period between each of these major wars in the period of the long cycle.
3. Out of each of these global wars come a victor who then emerges as the new *preponderant global power*. This power sets the rules and systems of organization for trade, finance, and world security for the next period of the cycle. Those nations that have sat as world powers since 1500 have been Portugal, the Dutch Republic, Great Britain, and the United States.
4. At first, each world power is a monopolistic or preponderant supplier of the public goods of order and security, largely as a function of its superiority in sea power (and later air and space power). This attributes a state of *unipolarity* or high power concentration to the system. Over the period of the cycle, this preponderance diminishes and erodes, leaving the system in a state of *multipolarity* or low power concentration.
5. Every global system *erodes* in time into another global war which completes the cycle.
6. The characteristic feature of the global political system is the *nation-state*. This is the dominant mode of political organization in the system.

7. Finally, the global political system is related to a feature that Wallerstein has already pointed out, a *high growth economy*. This was first seen as mercantilism in the 16th century and is now characterized by an interdependent network of highly industrialized, capitalist nations.<sup>57</sup>

In keeping with the critical perspective taken here and the use of the theoretical material in this thesis as merely a construct or tool of analysis, it seems likely that much of Modelski's work places individual historical events in a framework of patterns and processes of the 20th century. I do not argue against the possibility of a global political system, nor of the periodicity of global-level conflicts. What I do find troubling is the necessity or deterministic nature of the cycle and the role it places these "world powers" in.

### 2.4.3 The Mechanisms of the Long Cycle

The long cycle of global politics is the product of two conditions: the urge to make a global order; and the special properties and the necessary weaknesses of the global systems the world has experienced to date. In the most elementary sense long cycles occur because there is a global system susceptible to such fluctuations. Were there no such institutional arrangement then there could be no recurrent patterns characterizing it.<sup>58</sup>

Once the capacity and organization arose in the middle of the 15th century, i.e. the rise of the nation-state as a mode of efficient and strong political organization, and the advent of transoceanic exploration, which allowed a nation to extend its will beyond its boundaries around the globe, it is argued, this will to create a global order emerged. It was the expression of a will to power; to control and dominate events; to reap benefits. "The real question then becomes not whether there might be global order but who is organizing it and for whose benefit. The question becomes 'who

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<sup>57</sup> Summarized from George Modelski, "Long Cycles and U.S. Strategic Policy," in Robert Harkavy and Edward Kolodziej, (ed), *American Security Policy and Policy-Making*, (Lexington, MA: D.C. Heath and Co., 1980), p. 4.

<sup>58</sup> George Modelski, "The Long Cycle of Global Politics and the Nation-State," p. 224.

gets what, when and how' in the operation of that order; a question commonly recongnized as quintessentially political."<sup>59</sup>

It is also commonly recongnized that all systems deteriorate (the second law of thermodynamics). This is echoed by Kindleberger who suggests that any international order based on functional rules and institutions will eventually break down do to rivalries and disagreements over the operation of the system.<sup>60</sup> Order, then, is continually lost. This decay manifests itself in a series of successive stages of decline and restoration. This may be thought of similarly to the fluctuations in the business cycle due to differential rates of capital accumulation. World order, then, may be regarded as a capital asset; a product of innovation and investment.

#### 2.4.4 Phases of the Cycle

The basic cycle may be modelled as in Figure 1. It is a circular movement between opposing levels of order (Q) and choice or valuation (V). The movement of the global political system is through four phases represented as a sequence of changes along the dimensions of order (the quantity of order in the system) and choice (the preference attached to the present order as opposed to other alternatives). Figure 2. illustrates the independent movement of both the V and Q dimensions; showing where each reaches maximum and minimum values.

The long cycle of global leadership may then be described as the movement of the global political system over time through four phases: global war; world power; delegitimation; and deconcentration.

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<sup>59</sup> George Modelski, "The Long Cycle of Global Politics and the Nation-State," pp. 224-225.

<sup>60</sup> See footnote 16, page 9 above.

The global war phase is characterized by the situation where the value of V, or the preference for order, is at a maximum and the quantity of order in the system, Q, is low. The global power phase is when the value of Q, the output of order, is highest, attributing stability to the system. The deligitimation phase is characterized by a decline in the preference for the existing order moving faster than the output of order by the world power. The deconcentration phase illustrates the case where severe rivalry exists as power concentration moves towards multipolarity, the output of order is at its lowest, and the preference for a new order is on the rise.<sup>61</sup>

## 2.4.5 Linking Politics and Economics

The key linkage that is sought here is that between politics and economics. It seems fruitless to argue the point about the relative priority of each; it quickly becomes an argument of "Which came first, the chicken or the egg"? Yet, Modelski argues that Wallerstein is wrong for labelling the world economy as essentially "capitalist" because "the term is embedded in a conceptual framework of economic determinism, claiming uniquely high saliency for economics alone."<sup>62</sup> Modelski, too, may be correctly criticized for his reliance on political determinism as the key factor in the evolution of the world-system. Modelski seems to rely too heavily on his conception of politically inspired and maintained global orders. Modelski finds worth and substance in Wallerstein's analysis, though, in that the questions it raises about the relationship between core and periphery gives rise to other, more political questions concerning world organization.<sup>63</sup>

Recognizing that politics and economics are closely related in the world system denotes two propositions, one of which has already been mentioned.

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<sup>61</sup> George Modelski, "Long Cycles of World Leadership," pp. 126-127.

<sup>62</sup> George Modelski, "Long Cycles and the Strategy of U.S. International Economic Policy," p. 102.

<sup>63</sup> George Modelski, "Long Cycles of World Leadership," p. 134.

- World powers have constructed the framework of the global economy at the dawn of their respective cycles.
- World powers have also been associated with lead economies.

As mentioned in the theory of the long cycle, each world power, as part of its grand design for a new global order, has also set the stage for the future world economy, primarily through the promulgation of the rules and regulations of the international trade regime.<sup>64</sup> So what of the link between world power status and the role of lead economy?

In order to see this relationship empirically, the two concepts must first be operationalized. Modelski gives this operationalization as follows:

- Each world power is defined by political criteria with respect to being the provider of the goods of order, security, and stability in the world system (although it is an empirical question of whether this has ever existed). At the same time, the world powers have also been economically "active zones" or leading economies.<sup>65</sup>
- The concept of leading economy, then, must follow the concept "active" from Perroux's analysis. As a result, standard indicators of size (GNP, area, population) are not used. Instead, indicators that characterize the world power in an economically active sense are used: the creation of leading sectors in the world economy; the relative size of the industrial economy; participation in world trade; levels of foreign investment and world trade.<sup>66</sup>

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<sup>64</sup> See Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations," pp. 63-64.

<sup>65</sup> See Francois Perroux, "Le progres economique," *Economies et Societes* 21, p. 129.

<sup>66</sup> See Modelski, "Long Cycles and the Strategy of U.S. International Economic Policy," pp. 103- 104, and Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations," p.68.

In Table 2, we can see this link between the world power and the concept of leading economy. This link is hardly surprising given that a lead economy must be afforded the political stability and security of the quality provided by a world power.

Each world power has been the area of the greatest security of rights and entitlements and of lowest transaction costs and superior global information services, and therefore also most frequently the economy of refuge. On the other, each world power is also costly and cannot be maintained without the support of an active and growing economy. Operations of global reach...cannot be conducted cheaply. Hence a leading economy built on a global flow of activities becomes a sine qua non of world power.<sup>67</sup>

While Modelski's theory of long cycles of world leadership provides us with another useful tool or framework for present-day analysis, it rests on premises that at best appear unlikely; for instance the premise of control over the formation and implementation of new international orders after periods of global war. The questions that are raised in my mind are those of relevance and determinism. The relevance of this theory lies primarily in its ability to conjure up the potential of cyclical rhythms of war and leadership in the international arena. This holds relevant policy perspectives for nations today which will be discussed in the following chapter. The question of determinism is by far the hardest piece to swallow. Unlike world-systems theory, long cycle theory projects itself as a final, inescapable, recurring rhythm in international relations instead of potential evidence of past trends which may or may not hold for the present or the future. It could be convincingly argued that the Soviet Union also possessed the capabilities and certainly the drive to create and implement a Soviet-inspired global order in 1945. The role that the proliferation of nuclear weapons holds for the ability to attain hegemonic status is also unclear. The concepts are interesting and insightful, yet the theory taken as a whole seems to attempt to hammer a template of 20th century rationale and dynamics over 450 years of history.

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<sup>67</sup> George Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations," p. 70.

### 3.0 The Question of System Time

In relating the theoretical material just covered concerning the differing interpretations of the workings and mechanisms of the world system to the analysis of foreign policy behavior, the question of system time becomes paramount. Both Wallerstein and Modelski agree that a world system exists, that this world system is subject to cyclical rhythms, and that an understanding of these rhythms is crucial in the analysis of foreign policy behavior.

It seems very apparent, though, that the two scholars differ greatly in their respective analyses of the world system. A brief look at their respective candidates for hegemonic powers underscores this difference. (see Table 3). As a direct result of the differential interpretation of hegemonic or world power status, each theorist's conception of world system time is therefore different. Table 4 shows a rough comparison between the economic expansion/contraction phases of the world system proposed by Wallerstein and Modelski's cycle of global war and long cycles of world leadership. This relationship is plotted in Figure 3. It is plainly visible that the two conceptions of the primary rhythm of the world system are not well synchronized.

As Thompson notes, this should not be so alarming as the differences can be traced to differential definitions. Wallerstein's defines hegemonic powers in terms of agricultural and industrial productivity, commerce and finance. This discounts Portugal in the 16th century and Great Britain before

1763. Modelski, on the other hand, focuses on the relative concentration of military indicators (most notably naval power). World powers must control 50 percent (denoting the ability of the world power to dominate the rest of the nations in the system collectively) of the total amount of global military resources at the beginning of the cycle but may lose this preponderance and still retain world leadership.

In this sense, Wallerstein's hegemonic powers remain hegemonic only as long as they maintain their superiority in the three economic spheres, whereas Modelski's world powers may lose their military superiority but retain the designation until they are displaced during or after a global war.<sup>68</sup>

What implications does this analysis have for the question of world system time and more specifically the rise and decline of world powers? To answer this, the respective conceptions of hegemony and world power must be analyzed further.

### 3.1.1 The Phases of the Long Cycle

As noted earlier, Modelski breaks down the period of the long cycle into four phases. Each phase is marked by a calculation of capability with some phases showing rising capabilities and others declining capabilities. More specifically, these phases denote important implications for the conduct of foreign policy behavior (our goal). Greater amounts of conflict are found to occur in the second (delegitimation) and fourth (global war) phases.<sup>69</sup> "In addition, we are told to expect nationalistic challenges in the second phase and interglobal power conflict in the fourth."<sup>70</sup> As mentioned earlier, phase one (global power) brings with it the maximum degree of order in the world system and phase

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<sup>68</sup> William R. Thompson, "The World-Economy, The Long Cycle, and the Question of World-System Time," in Pat McGowan and Charles Kegley, *Foreign Policy and the Modern World System*, (Beverly Hills: Sage Publications, 1983), p. 1.

<sup>69</sup> See George Modelski and William R. Thompson, "Testing Cobweb Models of the Long Cycle of World Leadership," (Tallahassee: Department of Government, Florida State University, 1981), mimeo. (This result also discovered in work done by author on levels of civil war violence.).

<sup>70</sup> William R. Thompson, *The World-Economy, The Long Cycle, and the Question of World-System Time*, p. 52.

three (deconcentration), conditions of severe rivalry between the major powers, with the output of order at its lowest. (I will argue later that at the present time, the world system is in a period likened to phase two (delegitimation), if not already into the third phase (deconcentration) and that the security policies of the United States do not reflect this knowledge.) So what are the relevant implications the various phases of the long cycle have for the security policies of a nation, specifically one in a period of delegitimation?

### **3.1.2 Wallerstein's Phases of Hegemony**

Working with the Research Working Group on Cyclical Rhythms and Secular Trends, Wallerstein and other world-systems theorists have advanced a four stage evolution of hegemonic power status in the world-economy. Table 5 outlines the relationship between the four stages of hegemony (ascending hegemony, hegemonic victory, hegemonic maturity, and declining hegemony) and the behavioral expectations of the hegemon at each phase. Like Modelski's phases, two of the phases of hegemony (both ascending and declining hegemony) also predict greater conflict. This information also tells us to expect the conflict to be between members of the core; between the hegemon and its rivals.

### **3.1.3 Comparing Phases**

The same lack of correspondence is found in a direct comparison between the phases of hegemony and the phases of the long cycle. Table 6 illustrates this difference. What is interesting to note is that the first three phases of hegemony show a rise to power while the last three phases of the long cycle illustrate a decay. As Thompson states,

It is possible to describe the same world system period as characterized by ascent from one perspective and decay from the other. In this sense, the world-economy perspective can be described as oriented toward a future period of economic supremacy, while the long cycle perspective is oriented

toward the movement away from a period of military supremacy...Neither of these orientations need be considered inherently superior or inferior per se, but the contrasting orientations do make for substantial differences in recording and recognizing past and current world system time.<sup>71</sup>

For our purposes, this investigation has shown one thing: both camps characterize the present status of the United States as one of decline. World-systems theorists believe the hegemony of the United States entered the declining hegemony phase of the world system in 1967. Long cycle theorists claim the U.S. entered a period of the delegitimation of its status as world leader in 1971. Both agree that the U.S. is on the way down. Modelski believes that the decline of the United States is due to the increase in power of other core nations with respect to their increased military capabilities, yet completion of the long cycle is not due for at least another generation. Wallerstein believes that the U.S. has already lost relative preponderance in the three sectors of production, commerce, and finance, and therefore, has already completed its cycle and relinquished the title of world leader. So what implications does this discovery have for the present defense policies of the United States? What is the present posture of the U.S. and how is it inconsistent with the theoretical evidence of the U.S. in decline?

### **3.1.4 Theoretical Policy Prescriptions**

Modelski believes that there are a number of implications for the security policies of the United States, given the theory of long cycle. First off, the United States should not overplay the role of the world power. Given the current state of the U.S. in decline and the deconcentration of power in the international system, the United States must recognize that the world has already moved towards a bipolar, if not multipolar system. If the role of the United States is not correctly perceived, then public support will evaporate. Examples of the symptoms of a system moving into the phase of deconcentration abound. The phase of deconcentration is marked by the deterioration of

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<sup>71</sup> William R. Thompson, "The World-Economy, The Long Cycle, and the Question of World- System Time," pp. 54-55.

the quality and quantity of order in the international system, which puts the world power on the defensive. For example, this deconcentration may take the form of: nationalist movements like that in Greece to remove U.S. military bases or the anti-nuclear movements in Europe to remove U.S.-owned missiles; populist revolts, like the Iranian revolution; rising economic protectionism, as is evident in the developing trade war between the United States and Japan; as well as the uncontrollable rising tide of state-sponsored international terrorism.<sup>72</sup>

Secondly, Modelski believes that given the state of the U.S. in decline and the apparent deconcentration of the international system, the security policies of the United States should be primarily defensive. As the theory of the long cycle does not predict another global war for at least another generation, policies that prepare for such (offensive-oriented) are wasteful and misguided at the present time. "The reason for this is the fact that the contemporary world order is substantially American in conception and execution and in important respects redounds to its benefit. The goal of U.S. (security) policy must therefore be to protect and to maintain that order rather than to overthrow it."<sup>73</sup> The United States should follow a strategy that reduces involvements overseas and shies away from interventionism.

If the United States would develop a defensive posture, it could then avoid the third of Modelski's prescriptions: avoiding the territorial trap of the imperial presumption. Modelski believes that during this period in the cycle, the United States should avoid the temptation of extending its power by turning allies into client states, or aspiring to territorial acquisitions abroad to bolster its waning status as world power, wasting further resources in the maintenance of its past preponderance. In the past, the imperial presumption has led to the rising up of coalitions of nations against the world power. This happened to Venice in 1509, Great Britain in the American revolution and in the

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<sup>72</sup> George Modelski, "The Theory of Long Cycles and U.S. Strategic Policy," pp. 15-16.

<sup>73</sup> George Modelski, "The Theory of Long Cycles and U.S. Strategic Policy," p. 15.

1880's-1900's. Suddenly, it becomes all against one as the remaining nations in the system rise up to confront a resurgent and expansionist declining hegemon.<sup>74</sup>

Modelski, then, posits three prescriptions for the hegemon in decline: a non-activist role in the global political system, in accordance with the now multipolar structure of power; defensive security policies aimed at protecting what remaining prestige, and benefits the system may still offer to the hegemon; and a non-expansionist policy aimed at minimizing the risk of a backlash from other members of the system now with more power, and to minimize the loss of resources for the support of overseas commitments to the detriment of the domestic economy.

In chapters 4 and 5, I will proceed to illustrate how the Reagan administration has violated not one, but all three of the prescriptions given by the theory of the long cycle. The Reagan administration has consistently pursued activist, offensive, and expansionist policies since 1981.

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<sup>74</sup> Ibid., pp. 15-16.

## 4.0 The U.S. in Decline

In the four decades since the end of World War II, American military and economic preponderance faded. Western Europe, Japan, and the upper tier of the developing world grew more rapidly than the United States, and the American comparative weight in the economic system declined. The Soviet Union attained virtual military parity with the United States, and the United States' relative weight in the international security system declined. The erosion of American dominance reflects the dispersion of power, as other nations capabilities have increased relative to those of the United States. The United States is no longer the only military or economic superpower, but it remains the only military and economic superpower.<sup>75</sup>

For this section, I have taken most of the data concerning U.S. military capabilities from both independent international sources like the Stockholm International Peace Research Institute as well as U.S. Department of Defense sources, and statements of U.S. defense policies and strategic goals from *exclusively* U.S. Government sources in order to show how the Reagan administration has incorrectly perceived U.S. military capabilities with respect to the Soviet Union, and how the stated defense policies and strategic goals have been intentionally vague allowing the Reagan administration to operate without the constraints of a concrete security posture; but also with all of pitfalls and inconsistencies this vagueness and incoherence entails. To this end, we will see how the U.S. under Reagan has had a "hidden" defense strategy; one beyond the knowledge and control of more than a small coterie in the White House.

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<sup>75</sup> Kenneth Oye, "Constrained Confidence and the Evolution of Reagan Foreign Policy," in Kenneth Oye, et.al., *Eagle Resurgent*, (Boston: Little, Brown and Company, 1983), pp. 8-9.

This section will look at first, indicators of the erosion of U.S. military and economic power, and second, what the consequences of this erosion are for the formulation of United States defense policy. The Reagan administration has blamed this erosion on the actions and inactions of previous administrations. As we have already seen, there are several scholarly theories of international relations that attempt to place the recession of American power in a historical and theoretical framework of the rise and fall of preponderant nations. The consequences of this erosion of power, then, will have grave implications for the formulation of U.S. foreign policy and defense strategies as well as the resulting consequences for the domestic economy given the Reagan administration's focus on increasing the military strength of the United States.

What indicators demonstrate this decline in American military and economic standing? The decline of U.S. military capability can most easily be shown in the relative nuclear parity the Soviet Union has achieved since the 1970's. The United States has always relied on its advantage in nuclear weapons as a counterbalance to the vastly larger Red Army. The decline in the advantage the U.S. previously enjoyed with respect to nuclear weapons meant that the Soviet Union was now in a position of distinct military superiority over the United States (as the Soviet Union now enjoyed both a conventional advantage and nuclear parity). Figure 4 graphically illustrates the Soviet advances as quite rapid in relation to both the U.S. and combined U.S./Western European force levels. In 1970, the United States claimed roughly 4,000 nuclear warheads to just under 2,000 for the Soviet Union. In 1980, the total was about 10,000 to 6,000 in favor of the U.S.. 1980 saw rough nuclear parity at 10,000. In 1984, with the renewed emphasis by the Reagan administration, the U.S. regained a slight, yet insignificant lead once again.<sup>76</sup>

U.S. military spending as a percentage of the world total has also fallen substantially. In 1946, the United States accounted for roughly 51 percent of the world total of military expenditures. In 1985, this figure had been reduced to 30.9 percent. The increased defense spending by the Soviet Union accounts for much of the decrease in the percentage of the United States but the main factor in-

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<sup>76</sup> John Turner, *Arms in the 80's*, (London: Taylor and Francis, 1985), p. 1.

volved in this decline was the increasing levels of spending on the part of many embattled Third World nations.<sup>77</sup> In comparing military expenditures as a percentage of national expenditures, we can see how the above quoted figures may be nothing more than a spurious function of the time period in question. Comparing the years 1939, just previous to World War II, and 1946 and 1947, the first two post-war years, we see that the ratio of military expenditures to national expenditures for the Soviet Union were .26 in 1939, .25 in 1946, and .18 in 1947. The corresponding figures for the United States were .12, .74, and .36, respectively.<sup>78</sup> The relative weight of U.S. military expenditures in the early post-war years reflects nothing more than the still burgeoning U.S. war-economy. These figures would not be the best base from which to calculate a trend of the U.S. in decline; which the Reagan administration has.

Perhaps the most pressing issue of the decline of the United States is that of the decline in domestic economic performance indicators. The balance of trade deficit that is now commonplace on nightly newscasts has overshadowed more specific issues and trends at the heart of the crisis. As a backdrop of the loss of various power indicators to specific issue areas, see Table 7. Table 7 relates the decline of U.S. power capabilities relative to the rest of world, as calculated by Stephen Krasner, of such vital industries as steel, coal, and petroleum production, national income and international financial reserves by decade from 1950 to 1976. For example, crude steel production has fallen from 45 percent in 1950 to 17 percent in 1976; iron ore production from 42 to 10 percent; international financial reserves have fallen from 49 to 7 percent over the same period.<sup>79</sup>

Other economic indicators abound detailing the relative decline of the United States with respect to the rest of the world.<sup>80</sup> The erosion of the once predominantly U.S.-ruled automobile manufac-

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<sup>77</sup> *SIPRI Yearbook, 1986*, appendix 11A.

<sup>78</sup> Arthur S. Banks, *Cross-Polity Time-Series Data*, (Cambridge: MIT Press, 1971), pp. 132-133 and 202-204.

<sup>79</sup> Stephen Krasner, "American Policy and Global Economic Stability," in William Avery and David Rapkin, (ed), *America in a Changing World Political Economy*, (New York: Longman, 1982), p. 38.

<sup>80</sup> Figures 5-7 are taken from data compiled by Mark Rupert and David Rapkin, "The Erosion of U.S. Leadership Capabilities," in Paul Johnson and William R. Thompson, (ed), *Rhythms in Politics and Economics*, (New York: Praeger, 1985), pp. 155-179. The order of presentation of the data in this article,

turing market is illustrated in Figure 5. In 1946, the U.S. produced over 80 percent of the automobiles for the world market. In 1958, with the intrusion into the market by the Japanese, the U.S. total decreased to roughly 50 percent. In 1979, the U.S. controlled roughly 30 percent of the world automobile market.

The balance of trade problem that has been getting so much attention lately is illustrated in Figure 6 along with the level of investment income from foreign sources. Figure 6 shows a distinct relationship between the decreasing net balance of merchandise trade for the United States and the rising trend of foreign investment pouring into the U.S.. Finally, the ratio of U.S. to world financial reserves is graphically illustrated in Figure 7. In 1949, the United States held over 55 percent of the worlds financial reserves. This figure has plummeted drastically to post a less than 10 percent share for the United States in 1981.

As has been discussed in the introductory conceptual sections of this thesis, several theories exist which attempt to explain the evident demise of the United States with respect to its once preponderant military and economic status. The thrust of this thesis has been to place the evidence of this decline of American preponderance in a theoretical and historical framework as a tool or construct of the present defense posture of the United States. Both world-systems theory and long cycle theory give policy prescriptions for once hegemonic nations in the waning years of their preponderance. It is here that the defense policy of the Reagan administration will be outlined, with particular attention to the process and evolution of the defense budget which feeds the security and defense goals of the nation, and be placed along side what has been learned concerning the proper defense posture of a previously preponderant nation facing a less advantageous world position.

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from productive to commercial to financial indicators, is aimed at evaluating the loss-of-capabilities side of Immanuel Wallerstein's sequential hypothesis concerning the rise and fall of preponderant nations.

## 5.0 The U.S. Defense Posture

As we approach the last decade of the 20th century, the basic goals of our national security policy remain essentially unchanged since the late 1940's:

- To preserve the independence, free institutions, and territorial integrity of the United States;
- To preserve U.S. and allied vital interests abroad; and
- To shape an international order in which our freedoms and democratic institutions can survive and prosper-- an international order in which states coexist without the use of force and in which citizens are free to choose their own governments.<sup>81</sup>

Again, I would like to stress the reliance in this section on primarily U.S. Government sources. Using the statements and positions as espoused by the Reagan administration itself, we can readily see the heavy emphasis on the Soviet Union as the primary threat to international security as well as the vagueness of the strategies and goals put forth to meet this threat. The quote above is a good example of the vague and unfocused manner in which the Reagan administration couches its policies.

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<sup>81</sup> U.S. Department of Defense, *Annual Report to Congress Fiscal Year 1986*, (Washington, D.C.: U.S. Government Printing Office, 1985), p. 27.

## *5.1 Overview of U.S. National Security Objectives and Strategies*

The formulation of U.S. national security strategies in the 1980's is founded on the strategies of past administrations. After the Second World War, the U.S. developed a national strategy to counter the primary threat to U.S. national security: the Soviet Union. This strategy was that of containment: a military, economic, and political policy to contain the Soviet Union for a period long enough for the internal contradictions of communism to cripple the nation. This goal was to be accomplished through deterrence. Deterrence is the concept that the maintenance of military forces and the will to use them by the United States would forestall any acts of aggression against the vital interests of the U.S. as the costs of such action would outway any potential benefits such aggression could hope to achieve.<sup>82</sup>

Effective deterrence rested on the ability of that policy to meet four tests:

- **Survivability:** The forces of the United States must be able to survive a preemptive attack with enough strength to launch a retaliatory attack.
- **Credibility:** A threatened retaliatory attack on the part of the U.S. must hold enough conviction that any potential aggressor would believe in its inevitability.
- **Clarity:** The actions for which the U.S. would retaliate must be clearly defined so potential aggressors understand from which actions they are prohibited.
- **Safety:** The risk of failure on the part of the U.S. must be minimized.<sup>83</sup>

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<sup>82</sup> U.S. Department of Defense, *Annual Report to Congress Fiscal Year 1986*, p. 27.

<sup>83</sup> Caspar Weinberger, "U.S. Defense Strategy," *Foreign Affairs*, 64, no.4, 1986, p. 677.

The strategies that composed the “cornerstones” of this defense policy were simply: balances of forces adequate for each mission; alliances for collective defense; forward-deployed forces; and flexibility (mobility).<sup>84</sup>

The national strategy of the U.S. was not just a military endeavour of deterrence, though. It was also a political, economic, and geopolitical strategy.

- It was political in that it promoted democratic institutions through the reconstruction of Japan and Germany, and by encouraging democratic institutions around the globe.
- It was economic in that an effort was made to create a new international economic system through Bretton Woods, the International Monetary Fund, the General Agreement on Tariffs and Trade, and the World Bank along with arrangements to promote growth in the world economy.
- Geopolitically, the national strategy of the U.S. was not just aimed at preventing domination of other economic and industrial centers by an adversarial power, but to create an alliance (NATO, SEATO, ANZUS).<sup>85</sup>

The motivation behind the perceived need to contain Soviet expansionism was the same that drew it into the Second World War in the first place: the need to preserve the political division of Eurasia.<sup>86</sup> The United States realized that any state controlling the entirety of Europe and Asia would command such a superior industrial capacity as to be able to threaten the United States from across the Atlantic. George Kennan, the principle architect of the policy of containment summed up this fear in stating:

It (is) essential to us, as it was to Britain, that no single Continental land power should come to dominate the entire Eurasian landmass. Our interest has lain rather in the maintenance of some sort

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<sup>84</sup> U.S. Department of Defense, *Annual Report to the Congress Fiscal Year 1986*, p. 39.

<sup>85</sup> *Ibid.*, pp. 27-28.

<sup>86</sup> Posen and Van Evera, “Reagan Administration Defense Policy: Departure from Containment,” p. 77.

of stable balance among the powers of the interior, in order that none of them should effect the subjugation of the others, conquer the seafaring fringes of the landmass, become a great sea power as well as land power, shatter the position of England, and enter--as in these circumstances it certainly would--on an overseas expansion hostile to ourselves and supported by the immense resources of the interior of Europe and Asia.<sup>87</sup>

Kennan also outlined the five major military/industrial regions of the world. If any of these regions were to be threatened militarily, the loss of any one would seriously damage U.S. interests and global stability. These five regions were the Soviet Union, the Rhine valley, the British Isles, Japan, and the United States.<sup>88</sup>

The main purpose of containment, then, was to protect Western Europe and Japan from Soviet domination; and it still is today. Although the development of nuclear arsenals on the part of both the Soviet Union and the United States has changed the strategic situation, the logic of containment still holds. "Eurasia now produces 63 percent of gross world product; the United States produces only 24 percent. Therefore, as in 1946, a hegemonic Eurasian superstate could outproduce and outarm the United States" <sup>89</sup> ; although this scenario is highly unlikely. But, because of Western European and Japanese dependence on Persian Gulf oil, the Persian Gulf must also be defended, (as is evident by the current U.S. operations in the Gulf as of July/August 1987) expanding the geographic scope of containment. The resultant strategic implications are that not only must the United States defend the regions delineated as being of vital importance (which now includes the Persian Gulf), but they must also do so in a way that avoids nuclear confrontation.

Applying the logic of containment to the realities of the strategic environment, the capabilities of the United States must be able to carry out four missions:

- American nuclear forces must be able to inflict unacceptable damage on the Soviet Union to forestall a Soviet nuclear attack.

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<sup>87</sup> George Kennan, *American Diplomacy 1900-1950* (New York: New American Library, 1951), p. 10.

<sup>88</sup> George Kennan, *Realities of American Foreign Policy*, (New York: Norton, 1966), pp. 63-64.

<sup>89</sup> Posen and Van Evera, "Reagan Administration Defense Policy," pp. 78-79.

- NATO forces must be able to thwart a Soviet conventional force invasion of Western Europe.
- Western conventional forces must be able to prevent a Soviet attempt to seize the oilfields of the Persian Gulf.
- American conventional forces must be able to deal with peripheral threats to its interest. For example, the protection of Israel from Arab attack or South Korea from North Korean attack.<sup>90</sup>

In 1981, the Reagan administration entered office and had to formulate its policies on the foundations laid by previous administrations. Some of the strategic policies of these previous administrations included such various concepts as: nuclear deterrence, extended deterrence, escalation control, offensive domination, counterinsurgency, and limited war. Yet, these concepts were predicated on one principle that had been believed to be true for much of the post-war period by American Presidents but has since become outdated and untrue : American military superiority.<sup>91</sup>

According to the Reagan administration, though, the era of American military superiority has vanished, as if it had ever existed.

The world has changed profoundly since the 1950's and early 1960's, when most of our conceptual arsenal was formulated--so profoundly that some of these concepts are now obsolete. Thus, as we reaffirm the central concepts of postwar American policy, we are reformulating others and reaching out for new ideas in a search for ways to make our deterrent more effective. In 1981, we could not delay rebuilding American military strength while we conducted a lengthy conceptual debate. There could be but one overriding priority: to reestablish the balance of military power necessary for stable deterrence.<sup>92</sup>

The Reagan administration has therefore taken an activist role in reestablishing the military strength of the U.S. to ensure a credible deterrence. Blaming much of the current balance of force deficit with the Soviet Union on previous administrations, the Reagan administration dedicated itself to

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<sup>90</sup> Posen and Van Evera, "Reagan Administration Defense Policy," p. 79.

<sup>91</sup> Caspar Weinberger, "U.S. Defense Strategy," pp. 675-676.

<sup>92</sup> Ibid., p. 676.

correcting the 20 percent reduction in the U.S. defense effort through the 1970's which accompanied a 20-year Soviet arms buildup. The Soviets, it is claimed by administration sources, were spending 50 percent more on defense than the United States throughout this period. Through the interrelation of these two coinciding trends, the global military balance shifted in favor of the Soviet Union, according to the Reagan administration.<sup>93</sup>

## ***5.2 U.S. Defense Policy Under Reagan: The Four Pillars***

In an effort to cope with the realities of the 1980's and the changes in the strategic environment since the 1960's, the Reagan administration added four "pillars" to the aforementioned "cornerstones" of American defense policy. These four pillars are:

1. The Strategic Defense Initiative: The highly controversial "Star Wars" missile defense system that is allegedly a defensive system aimed at reducing the threat of nuclear war.
2. Conventional Deterrence through the forward-deployment of forces in Europe in NATO as well as other specific strategically vital areas around the globe (the Philippines, Japan, Diego Garcia...)
3. Arms Control which is reflected in the ongoing START talks in Geneva, Switzerland.
4. Competitive Strategies which attempt to capitalize long-term U.S. strengths while exploiting Soviet weaknesses. <sup>94</sup>

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<sup>93</sup> U.S. Department of Defense, *Annual Report to the Congress Fiscal Year 1986*, p. 37.

<sup>94</sup> U.S. Department of Defense, *Annual Report to Congress Fiscal Year 1986*, pp. 39-40; see also Caspar Weinberger, "U.S. Defense Strategy," pp. 679- 695.

The Reagan administration has also adopted an implicit or "hidden" strategy that adds three more missions to those already required by the initial containment policy. These three missions are: a strategic nuclear counterforce mission; an offensive conventional mission against the Soviet Union designed to gain an immediate and decisive advantage at the outset of a confrontation therefore hoping to elicit a truce before escalation of the conflict ; and an enlarged mission of Third World interventionism. These three hidden missions, as they have never been stated overtly by the administration, have been the driving force behind the massive defense budgets.

The strategic nuclear counterforce mission relates to the size and shape of the American strategic nuclear missile arsenal. The goal of this counterforce is to strike against Soviet nuclear missiles *inside* the Soviet Union, as well as protect targets in the United States from surviving Soviet missiles launched in retaliation.

Thus counterforce weapons include highly accurate ICBM's and SLBM's (which can destroy enemy ICBM's and bombers on the ground), antisubmarine ("hunter-killer") submarines and other antisubmarine warfare forces (which can destroy Soviet ballistic missile submarines), [and] air defense systems (which can shoot down retaliating Soviet bombers).<sup>95</sup>

The second of the Reagan administration's expanded mission roles for the U.S. concerns an offensive-oriented U.S. conventional force. The mission of the conventional forces of the U.S., then, is to "carry the war to Soviet soil". Its strategy is to place at risk Soviet interests and the Soviet homeland. This is to be carried out, according to administration analysts by directly threatening Soviet naval and air bases on the Kola peninsula (which is also a staging ground for Soviet missile submarines) by carrier-based aircraft. American subs would also be sent into the Arctic ocean to destroy Soviet submarines attempting to enter the North Atlantic. These actions, according to the U.S. Navy, would shift the strategic balance in favor of the United States and persuade the Soviet Union to cease all hostilities. Yet, this offensive strategy directed at the Soviet Union has two major pitfalls. One, it requires a large new American force of huge carriers and their escorts, as well as an expanded American submarine force. These have proven to be very costly pieces of equipment. And secondly, it defeats the basic mission of American conventional forces, the control of esca-

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<sup>95</sup> Posen and Van Evera, "Reagan Administration Defense Policy," p. 89.

lation. An American offensive like the one described above would leave the Soviet Union with but one choice, to escalate from a conventional to a nuclear war. "A chief purpose of American conventional forces is to provide a buffer between conventional and nuclear war, but an offensive operational strategy would use American forces in a way that defeats this fundamental aim." <sup>96</sup>

The third hidden mission of the Reagan administration deals with maintaining the appropriate composition of forces with which to intervene in the Third World. This force of Navy aircraft carriers, light Army divisions, Marine divisions, and air- and sea-lift forces is ideally suited for fighting guerrilla wars in the Third World, but not for confrontation with the Soviet Union. The Reagan administration has invested a great deal in this composition of forces for the purposes of Third World intervention.

The administration...indicates a revived interest in intervention by rejecting the requirement, endorsed by the Nixon, Ford, and Carter administrations, that American conventional forces maintain a "one-and-one-half-war" conventional capability (envisioning American conventional forces that could fight a major conventional war against the Soviet Union, while also fighting one Korean-sized "half war" against another opponent elsewhere), instead suggesting that the United States prepare to fight on "several" fronts simultaneously. This represents a shift toward intervention, since the additional "half war" would be fought in the Third World." <sup>97</sup>

Relating these operational strategies of the Reagan administration back to the policy prescriptions of Modelski, it can easily be seen that the United States under Reagan has formulated strategies and goals that are offensive-oriented as well as expansionist, in complete contrast to the prescriptions of the long cycle theory for a hegemon in a period of deconcentration and decline.

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<sup>96</sup> Posen and Van Evera, "Reagan Administration Defense Policy," pp. 92-93.

<sup>97</sup> Ibid., p. 94.

## 5.3 *The Reagan Defense Budget*

The failure to maintain our military capabilities and our economic strength in the 1970's was as important as any other single factor in encouraging Soviet expansionism. By reviving both of them in the 1980's we deny our adversaries opportunities and deter aggression. We make it easier for other countries to launch sustained economic growth, to build popular institutions, and to contribute on their own to the cause of peace...(The American people) want an effective foreign policy, which shapes events in accordance with our ideals and does not just react, passively and timidly, to the actions of others.<sup>98</sup>

Here, again, we see how the Reagan administration has levelled the charge of allowing Soviet expansionism against previous administrations for spending too little on national defense; setting the stage for its huge defense budgets.

### 5.3.1 Fiscal Years 1980-1987

The first Reagan defense budget signalled the beginning of a massive peacetime military buildup. During the election, Ronald Reagan ran on a platform that assailed the Carter administration's lack of commitment towards defense spending and therefore Western security (what was actually in contention was the speed of the increases). Reagan's first defense funding request showed a drastic increase compared to the proposed Carter defense budget. The Reagan plan called for annual increases in real purchasing power of 7 percent (which actually became a 9 percent increase) as opposed to the planned 5 percent increases by the Carter administration. Comparing the two proposed five year defense budget requests for fiscal years 1982 to 1986, we see that the Carter budget rose from \$196.4 billion in 1982 to \$318.3 billion in 1986. The proposed Reagan budget began much higher, at \$222.2 billion in 1982 and rocketted to \$367.5 billion in 1986. The Reagan administration

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<sup>98</sup> "Text of the Reagan Message to Congress on Foreign Policy," *New York Times*, March 15, 1986.

also added \$6.5 billion to an already passed \$6.3 billion supplemental defense appropriations bill President Carter requested on leaving office.<sup>99</sup>

I do not feel it necessary to review the budgetary requests and subsequent battles in Congress for the entirety of the Reagan administration's tenure. For the first four years of the Reagan administration, defense spending was approved by Congress with few reductions. For instance, in 1983, the Reagan administration requested \$232 billion in new spending authority for defense; the President received all but roughly \$8 billion of this request. The most recent defense budgets, though, are of more interest.

The 1985 fiscal year request by the Department of Defense was \$313.4 billion, a 13 percent real growth increase over the FY 1984 request of \$265.2 billion, and 43 percent higher than the first (1980) request of \$167.7 billion. This amounted to the highest defense budget since 1946, including the peak spending years of the Korean and Vietnam wars.<sup>100</sup> Between 1980 and 1985, the budget requests of the Reagan administration as a percentage share of the federal budget rose from 22.7 percent in 1980 to 26.5 percent in 1985. It is projected that by 1990, defense spending will account for 36 percent of the U.S. budget. As a percentage of GNP, the budget requests during this same period rose from 5.2 to 6.6 percent, a one-third increase. Yet even with these major increases in the defense budget, questions were being raised concerning the combat readiness of the United States. Leaked Pentagon material suggested that the number of combat ready Army units fell by 25 percent between 1980 and 1983 while the number of ready Air Force units fell 15 percent. It was suggested that in 1984, the U.S. could not sustain a full scale war the Soviet Union for more than one week.<sup>101</sup>

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<sup>99</sup> Michael Wormser, *U.S. Defense Policy*, (Washington, D.C.: Congressional Quarterly Inc., 1983), pp. 26-27.

<sup>100</sup> *SIPRI Yearbook, 1985*, p. 242.

<sup>101</sup> *Ibid.*, p. 243 and p. 248.

The combat readiness argument seems to be a result of the relative priorities of the Defense Department; specifically, the Reagan administrations penchant for high-technology weaponry and R & D spending. By far, most of the money allocated to the Defense Department during the period 1980 to 1985 was spent on "investment" (weapons procurement, research and development, and military construction). In 1980, the percentage of the military budget spent for these purposes amounted to 37.7 percent of the total budget. In 1985, this rose to 48.2 percent. This trend was accompanied by a decrease in the levels of funding for personnel and operations and maintenance from 60.8 percent to 50.1 percent of total military spending during the same period. It would appear, then, that the sophisticated and expensive weapon systems being acquired by the Defense Department under the Reagan administration have been funded inadequately for maintenance and the personnel to operate them. <sup>102</sup>

The Fiscal Year 1986 budget request of \$322.2 billion was an increase of 5.9 percent over the previous year. Nearly one-quarter (22.7%) of the budget was allocated for major high technology and strategic weapon systems. A partial list of various specific weapons project funding looks like this:

- the B1-B bomber \$6.2 billion
- the MX missile \$4 billion
- the Trident II missile \$2.9 billion
- the Trident submarine \$1.8 billion<sup>103</sup>

The 1986 budget request also included \$161.2 billion for weapons procurement, research and development, military construction, and nuclear warhead programs funded under the Department of Energy. The research and development (R & D) budget was the fastest growing of these sectors.

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<sup>102</sup> *SIPRI Yearbook 1985*, p. 243. Note that the "investment" figures also include nuclear warhead program funded under the Department of Energy.

<sup>103</sup> *SIPRI Yearbook, 1986*, p. 252.

R & D funding rose 20 percent from 1985 to 1986, from \$31.5 billion to \$39.3 billion. Much of this money went to research on the Strategic Defense Initiative (\$3.7 billion). Nearly \$8 billion went for classified research projects; 20 percent of the total R & D budget.<sup>104</sup>

In 1987, the Reagan administration released its defense budget requests for not only the coming fiscal year (\$320.3 billion), but also its projections toward the year 1991. By 1991, the Reagan administration was recommending that the United States spend nearly \$406 billion on national defense. This represents more than a 16 percent rise in national defense outlays from 1986 to 1991. Yet, this estimate is less than the levels requested by the Reagan administration in FY 1986. So why the less than anticipated funding for the 1987 and future defense budgets from an administration who, in 1981, received nearly 98 percent of its defense budget requests? To answer this question, we must turn to several factors that have increasingly impinged on the defense budget requests of the Reagan administration in the last three to four years.

### 5.3.2 Breakdown of Consensus

Since 1980, the United States has undergone its largest peacetime military buildup in history. National defence outlays increased from \$134 billion in FY 1980 to an estimated \$252.7 billion in FY 1985, and increase of 38 percent in real terms. During this same period, defence budget authority increased by 56 percent in real terms from \$143.9 billion to \$294.7 billion. In real terms, U.S. military spending in 1985 was at its highest level since World War II except for the peak spending years of the Korean and Vietnam wars.<sup>105</sup>

As we have seen in the last chapter, the Reagan administration has substantially increased the military spending levels of the United States. For fiscal years 1982-1985, Congress appropriated almost \$1.1 trillion for national defense; this represents about 96.8 percent of the funds asked for by Pres-

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<sup>104</sup> Ibid., p. 252. Note that in subsequent chapters, the argument will be made that the heavy reliance by the Reagan Department of Defense on investment funding, specifically R & D spending, not only has adverse effects on the combat readiness of U.S. conventional forces but has dire and detrimental consequences for the domestic economy.

<sup>105</sup> *SIPRI Yearbook 1986*, p. 250.

ident Reagan during that period. It would seem that the President and Congress agreed on the goal of increasing the military preparedness of the U.S. during this period. Yet, in 1985, Congressional support eroded. Both Houses of Congress rejected the FY 1986 budget, questioning whether or not to continue the roughly 9 percent real growth rate in military expenditures or to freeze spending at the level of 1985, allowing only for inflationary increases. This debate in Congress was spawned by three factors: high budget deficits, waste in spending and abuse of authorized funds by the Department of Defense and defense contractors, and a rising tide of adverse public opinion.

### *5.3.2.1 The Deficit*

The first four years of the Reagan presidency saw federal budget deficits averaging \$183 billion per year. This was an increase of 2.7 percent of GNP in 1980 to 5.7 percent of GNP in 1985.<sup>106</sup> The public debt, the measure of the value of Treasury instruments held by the public and the amount the government borrows from the Treasury (usually to pay off those instruments being cashed in) increased from \$907.7 billion in 1980 to \$1823.1 billion in 1985. This means that, in 1985, the U.S. government was in debt \$7,616 for each person in the United States. In 1985, the interest alone paid on this debt amounted to 18.9 percent of total federal budget outlays.<sup>107</sup>

### *5.3.2.2 Waste and Abuse*

Charges of severe waste and abuse have been levelled at military contractors by Congress. The Pentagon's Inspector General declared that 45 of the 100 top defense contractors were under investigation for wrongful billing, fraud, and kickbacks. For example, General Electric was convicted for wrongfully charging the U.S. government for \$800,000 in labor costs. Rockwell International

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<sup>106</sup> *SIPRI Yearbook 1986*, p. 251.

<sup>107</sup> U.S. Bureau of the Census, *Statistical Abstract of the United States 1987*, p. 298.

plead guilty to the same charge and was fined \$1.5 million and suspended temporarily from government contracts. General Dynamics was targeted in 1985 for numerous counts of fraud for cost overruns on attack submarines. In May, two General Dynamics divisions were barred from new contracts after government investigators found the company had charged the government \$244 million since 1973 for overhead costs.<sup>108</sup> Yet, it is not only the defense contractors who "mismanage" Federal funds, the Pentagon has also been less than admirable in the spending of Federal monies. For example, the Pentagon bought several hundred coffee brewers for \$7,622 each; when the retail price was \$99.50. In justifying this purchase one Pentagon spokesman said, "The brewer, which contains 2,000 parts, makes ten cups of coffee and is to be installed in the Lockheed C5A. It is a very reliable device and will continue making coffee after loss of cabin pressure following a direct hit."<sup>109</sup> Now this is very reassuring news.

An auxiliary problem associated with the fraud of the Federal government by defense contractors lies with the Department of Defense itself. In 1985, Secretary of Defense Caspar Weinberger disclosed that due to an overestimation of inflation, the Department of Defense reaped a windfall of nearly \$4 billion. "Weinberger's announcement in May came after several months of arguing that any reductions in the proposed FY 1986 defence budget would harm national security. The announcement upset members of Congress, who suspected that the Defense Department had previously withheld knowledge of this 'inflation dividend' in order to secure higher military appropriations."<sup>110</sup>

The overestimation of inflation by the Department of Defense resulted in the appropriation of funds to the tune of \$18-\$50 billion in excess of Defense Department requests in the previous four years. The General Accounting Office surmised that the overestimation of inflation by the Pentagon acted

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<sup>108</sup> *SIPRI Yearbook, 1986*, p. 251.

<sup>109</sup> John Taylor, *Arms in the '80's*, (London: Taylor and Francis, 1985), p. 61.

<sup>110</sup> *SIPRI Yearbook, 1986*, p. 255.

as a disincentive to keep the costs of weapons programs down, contributing to the already skyrocketing costs of weapons system procurement.<sup>111</sup>

Another problematic point to be made here is the question of uncontrollable funds in the hands of the Pentagon. Uncontrollable funds are those funds that are already allocated to existing commitments. The percentage of funds that the Office of Management and Budget has labelled uncontrollable has risen from 27.2 percent in 1980 to 35.8 percent in 1985.<sup>112</sup> This is due to the fact that the primary focus of the Reagan administration concerning defence has been centered on weapons procurement and research and development (R & D). These type of funds are spent over a number of years, not in one lump sum. The percentage of the defence budget allocated for these purposes has risen from 37.7 percent in 1980 to 50 percent in 1986.<sup>113</sup> Totalling the cumulative sum of the as yet unspent money by the Department of Defense, the figures range from \$92.2 billion in 1980 to over \$243.4 billion in 1985.<sup>114</sup>

Since the Pentagon intends to maintain planned spending levels for personnel, which could only be lowered significantly if soldiers were discharged, the personnel and uncontrollable shares of military spending, together, will be approximately 85 percent of total Pentagon outlays in 1989. At the start of a new administration only 15 percent of military outlays will be truly discretionary without major changes in the structure of the armed forces.<sup>115</sup>

### *5.3.2.3 Public Opinion: A Change of Heart*

The attitude of the American public towards defence spending has changed drastically since the beginning of President Reagan's term in office. ABC/Associated Press polls show that roughly two-thirds of Americans were in favor of increased military spending at the time of President Reagan's inauguration; but this figure dropped nearly 40 percentage points to 34 percent at the end

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<sup>111</sup> Ibid., p. 256.

<sup>112</sup> *SIPRI Yearbook, 1985*, p. 249.

<sup>113</sup> *SIPRI Yearbook, 1986*, p. 256.

<sup>114</sup> *SIPRI Yearbook, 1985*, p. 249.

<sup>115</sup> *SIPRI Yearbook, 1986*, p. 256.

of the same year (1981) after they saw what the increase in military spending looked like. Harris poll figures corroborate this trend; 1980 saw 71 percent of the public in favor of increase military spending, which dropped to 28 percent in 1983, and to 9 percent in 1985.<sup>116</sup> This seems to support Modelski's prescription that the U.S. not overplay the role of world power in these times, thus losing popular support for its policies.

### 5.3.3 Miscalculating the Soviet Threat

The Reagan administration's military build up has been based on what U.S. sources have claimed to be a Soviet military build up that has far exceeded that of the U.S.. The allegedly superior Soviet military build up, as I will argue, has been falsely perceived by the United States; the U.S. has in fact spent more money since 1976 than the Soviets for military purposes, drawing into question President Reagan's blame on previous regimes for the alleged military imbalance.

Data from SIPRI shows conclusively that since 1976, the United States has consistently outspent the Soviet Union for military purposes. Since 1980, this gap has grown increasingly wider in favor of the United States. In 1985, the United States spent \$205,000 million for military purposes as opposed to \$146,000 million by the Soviet Union. As a percentage of total world military expenditures, the United States accounted for 30.9 percent while the Soviet Union only 22.0 percent. If data for military expenditures on the part of both NATO (excluding the U.S.) and WTO (excluding the Soviet Union) countries, the Western alliance outspent its Eastern counterpart 18.5 percent to 2.1 percent; bringing the total Western effort to 49.4 percent of total world military expenditures as opposed to 24.1 percent for Soviet bloc nations, a two-to-one margin in favor of the West.<sup>117</sup>

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<sup>116</sup> See W. Schneider, "Military Spending: the Public seems to say 'We've gone Far Enough'," *National Journal* 23, (April 1983), pp. 866-867; and "On the Hill," *National Journal* 31, (August 1985), p.962.

<sup>117</sup> Data collected from *SIPRI Yearbook, 1986*, Appendix 11A. (Figures are in millions of U.S. dollars at 1980 prices and exchange rates.)

The data does not support the Reagan administration's attempt to classify the trend of Soviet military expenditures as out-pacing the United States. In 1981, the Department of Defense released a book entitled *Soviet Military Power*. This book portrayed the Soviet Union as a military monster, intent on world domination.

All elements of the Soviet Armed Forces...continue to modernize with an unending flow of new weapon systems, tanks, missiles, ships, artillery and aircraft. The Soviet defence budget continues to grow to fund this force build-up, to fund the projection of Soviet power far from Soviet shores and to fund Soviet use of proxy forces to support revolutionary factions and conflict in an increasing threat to international stability.<sup>118</sup>

Yet, what is not mentioned is the fact the United States is also "guilty" of the same offenses that it levels against the Soviet Union. Take for instance the new weapons systems the U.S. is developing: the MX missile; the B-1 bomber; the M-1 tank; and SDI. The U.S. is also involved in projecting force far from its borders in such areas as the Persian Gulf and Central America. The support of the Contras and support for Israel is exactly the support of proxies. Any of these aforementioned policies on the part of the United States could also be construed to be "an increasing threat to international stability" by the Soviet Union, and is.

The main problem in the analysis of Soviet military strength in *Soviet Military Power* is its reliance on crude numbers. Table 7 shows a listing of estimated Soviet output for various military items from 1976 to 1980. These figures show generally high levels of output but not sharply rising trends. In fact, many of the categories show reduced production levels. The method of Soviet arms and weapons production is quite unlike that of the United States. The Soviet Union relies on producing large numbers of relatively cheap and durable weapons. As old weapons are phased-out, it is a relatively simple task to convert the production machinery to produce the more sophisticated, updated version. This logic is one of product improvement; unlike the U.S. tendency to produce weapon systems that are completely dissimilar from year to year. The estimates of Soviet military production in *Soviet Military Power*, then, are most likely very inaccurate in assessing the Soviet mili-

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<sup>118</sup> U.S. Department of Defense, *Soviet Military Power*, (Washington, D.C.: U.S. Government Printing Office, 1981), preface.

tary production as it counts everything as equal and does not differentiate between upgraded and outdated equipment.<sup>119</sup>

Other factors also have impacted on an incorrect assessment of Soviet military strength. The first and most obvious one is that numbers have a political impact. For instance, Figure 8 shows three estimates of Soviet military expenditures; that of the Soviet Union, the United States, and SIPRI. As one might expect, the Soviet estimate is the lowest, that of the United States is the highest (showing a drastically increasing trend), and the SIPRI estimate is somewhere in the middle (hopefully reflecting a more honest and accurate representation). It is advantageous for the Department of Defense or the CIA to overestimate the strength of the Soviet Union to continue to elicit increased levels of funding. Several mechanisms have been used by the CIA to overinflate the estimates of Soviet military power. The most basic tool used is that of "dollar costing" which reflects what it would cost the United States to replicate Soviet military systems. "Soviet conscript soldiers receiving \$6 a month are dollar costed at the U.S. average of over \$20,000 per annum... (The result of dollar costing was to give the effect) of Soviet military expenditure figures that appeared to be a third to half as high again as those of the United States. In 1981 and beyond, the figures were seen to legitimize and compel the Reagan Administration's historically unprecedented defense budget increases."<sup>120</sup> As mentioned earlier, the figures for military equipment can also be easily distorted. For example, The U.S. usually presents Soviet military equipment figures in tonnage, "though a vintage tank from World War II can scarcely be compared with an Exocet missile."<sup>121</sup>

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<sup>119</sup> *SIPRI Yearbook, 1982*, pp. 99-100.

<sup>120</sup> *SIPRI Yearbook, 1986*, p. 264.

<sup>121</sup> *Ibid.*, p. 265.

### 5.3.4 Economic Impact of Military Spending

The Reagan administration believed that it could simultaneously increase the defense budget and investment without raising taxes. It felt that its policies designed to encourage savings and investment in order to increase productivity (supply-side economics) could fulfill the President's promises of tax reductions without revenue reductions, high levels of growth without inflation, and higher investment and defense spending without lowering spending on consumption. Reaganomics ultimately rested on managing the trade-off between defense spending, consumption, and investment. It denied the need to choose between guns and butter; the administration wanted both.

In theory, Reaganomics would reduce consumption to finance investment and military spending. In practice, Reaganomics financed consumption and military spending by borrowing from abroad and by reducing investment. In theory, domestic spending cuts and tax cuts would redistribute income away from the poor, with their tendency to spend on food and shelter, toward the wealthy, with their higher savings rates. In practice, the wealthy borrowed money to purchase imported VCR's and automobiles. In theory, higher real interest rates and added tax-incentives--the Individual Retirement Account and liberalized business depreciation allowances--would raise individual and business savings rates. In practice, business savings rates rose while household savings rates declined.<sup>122</sup>

Economic indicators released in 1986 under the *Economic Report of the President* illustrate these trends. Between 1971 and 1980, inflation was at an average annual rate of 7.9 percent. Real growth in the American economy showed a slight but steady 2.8 percent increase. Unemployment was at an average annual percent of 6.4. The first five years of the Reagan administration showed a marked decrease in the annual inflationary rate to 5.5 percent attributed to the collapse of oil prices. Real growth slowed to an average annual rate of 2.3 percent and unemployment skyrocketed to an average annual rate of 8.3 percent.<sup>123</sup>

Macro-economic indicators of the nations spending patterns illustrate the emerging trade-off between guns, butter, and growth. Looking at the levels of consumption, defense spending, and investment as a percentage of GNP, we see that from 1971- 1980, investment accounted for an annual

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<sup>122</sup> Kenneth Oye, "Constrained Confidence and the Evolution of Reagan Foreign Policy," pp. 15-16.

<sup>123</sup> U.S. President, *Economic Report of the President, 1986*, (Washington, D.C.: U.S. Government Printing Office, 1986).

percentage of 16.5 percent, consumption, 77.1 percent, and defense spending, 5.5 percent of GNP. From 1981-1985, investment fell with respect to GNP from 16.5 percent to 16.1 percent. Consumption rose to 78.1 percent of GNP and defense spending jumped to an average of 6.2 percent of GNP.<sup>124</sup> It was becoming increasingly apparent to the Reagan administration that, indeed, a trade-off did exist between the desired goal of higher military expenditures and detrimental effects to the domestic economy under Reaganomics.

The period between 1981 and 1985 showed a decrease in federal revenues from 19.4 to 18.6 percent of GNP while at the same time federal spending increased from 22.2 to 24 percent of GNP. The increasingly unmanageable deficit problem posed few choices for the Reagan administration; in order to sustain the original defense program as outlined by the President, either taxes had to be raised or entitlement programs such as Social Security or Medicare needed to be cut drastically. Yet, the President was unwilling to raise taxes and confronted massive Congressional and public opposition towards entitlement program reductions.

By developing defense and economic programs based on the assumption that no trade-off exists, the administration inadvertently worsened the terms of the trade-off...By projecting massive increases in defense spending and then retrenching to a lower rate of growth, the Reagan administration produced less effective defense than could have been obtained by carrying out a more modest, but sustained, defense program.<sup>125</sup>

The original defense budgetary program designed for the years 1983-1987 was to increase military spending as a proportion of total federal spending from 25 to 40 percent. As a share of the disposable federal budget, which excludes longterm commitments, trust funds, and interest on the federal debt, military spending was to increase from roughly 50 to 75 percent. These budget projections were predicated on the assumption that real GNP would grow by 19.1 percent. Yet, real GNP only increased 10.9 percent; the result of this miscalculation is the federal budget deficit.

The long-term consequences of the relative priority of the Reagan administration's programs are much broader than the deficit problem. A recent report by the Council on Economic Priorities

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<sup>124</sup> U.S. President, *Economic Report of the President*, 1986.

<sup>125</sup> Kenneth Oye, "Constrained Confidence and the Evolution of Reagan Foreign Policy," p. 18.

showed that there is a strong negative correlation between economic growth, productivity, and military spending. "Any economy has finite resources, and spending on defense must come at the expense of consumption or investment. In practice, high rates of growth and capital formation are difficult to sustain in the face of high levels of military spending."<sup>126</sup>

The position of the United States with respect to international trade (a widely discussed topic with respect to the trade deficit) can also expect to decline as more and more federal R & D dollars are spent on defense related projects. The U.S. government usually funds projects for which the government is the primary user. Industry, on the other hand, funds research whose applications increase the efficiency of industry and make manufacturing more productive. Industry R & D money fulfills a demand in the market for the development of better goods and services. Federal R & D tends not to. In 1985, national expenditures for R & D totalled roughly \$4.6 billion. Of this total, government spent \$2.1 billion and industry \$2.3 billion. What is startling is not that industry spends more on R & D than the U.S. government, but that of the \$2.1 billion spent by the government, nearly \$1.8 billion on defense related research.<sup>127</sup> If federal R & D funding for military purpose poses such a problem with the domestic economy, what about the question of "spin-off" technology?

While it is clear that innovations in the civilian arena have resulted from defense and space research and development, critics argue that such technology is becoming increasingly complex and that the highly specialized R & D activities now undertaken cannot be easily transferred to the civilian sector and translated into innovations in the marketplace. The classified nature of much of the current work also serves to lessen the opportunities for spin-off to the civilian sector. Research has indicated that civilian R & D is more directly related to economic growth and other social goals than defense and space-related R & D.<sup>128</sup>

Perhaps the most beneficial "spin-off" of the Reagan administration defense build-up has been the creation of jobs in line with the above mentioned increased R & D spending. The total number of people employed in defense-related research, including scientists and engineers both full- and part-time rose from 659,000 in 1980 to 750,000 in 1983 and is expected to be substantially higher

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<sup>126</sup> Ibid., p. 19.

<sup>127</sup> U.S. Congress Joint Economic Committee, *Technology and Trade: Indicators of U.S. Industrial Innovation*, (Washington, D.C.: U.S. Government Printing Office, 1986), pp. 6, 11, and 67.

<sup>128</sup> Joint Economic Committee, p. 68.

today.<sup>129</sup> Yet, the impact of the defense budget fully reaches over 2 million Americans and hundreds of entire communities whose livelihood depends on defense contracting in one way or another. The jobs created by military spending are quite different than those created by industry. Military spending creates more jobs for highly skilled workers and less for general production types. During the recession of 1980, when the average industrial worker was being laid-off or making wage concessions, the average salary for engineers working on military contracts actually rose due to the high demand created by the Reagan administration.

Ultimately, the question of the economic impact of military spending is a matter of policy choice: are the Administration and Congress choosing to increase military rather than civil spending? Does the government opt for military or civilian technology? Do policy makers want to create jobs for highly skilled defense workers rather than jobs for the long-term unemployed?<sup>130</sup>

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<sup>129</sup> *Ibid.*, p. 22.

<sup>130</sup> *SIPRI Yearbook, 1985*, pp. 248-249.

## 6.0 Conclusion

The premise of this thesis has been that the defense policies and security strategies of the Reagan administration are inappropriate at this stage in the evolution of the world system. The Reagan defense budget, which fuels these strategies, is based on an expanded missionary role for the U.S.. Not only must the United States confront the four basic missions of containment, but also three others formulated by the Reagan administration which are offensive-oriented, activist, and expansionist.<sup>131</sup> The result of the Reagan defense posture has been a marked decline in the world economic standing of the United States, especially concerning its balance of trade deficit, federal budget deficits that have topped the \$1 trillion mark, the suppression of market-oriented research developments, and higher unemployment among the chronically unemployed.

The context of this analysis has centered on a broad conceptual framework of the cyclical rise and decline of hegemonic nations. To this end, world systems theory and the theory of the long cycle

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<sup>131</sup> The policies of the Reagan administration may be considered activist and expansionist in that they propose missions and/or goals for the U.S. armed forces that "take the battle to enemy soil". The composition of one component of U.S. conventional forces is towards the mission of Third World interventionism. The strategic nuclear counterforce is designed to hit targets deep in Soviet territory, minimizing the number of Soviet missiles that may be launched towards the U.S. from the start. The newly conceived mission for U.S. conventional forces is to take the initiative in battle and cripple the Soviet navy in their Kola peninsula bases, therefore reducing to a minimum the amount of force the Soviet Union can project within hours after the commencement of hostilities. (Ironically, this scenario, first formulated by ex-Secretary of the Navy, John Lehman, is acted out in a recently released novel by Tom Clancy, *Red Storm Rising*.)

of world leadership were employed as constructs or tools of analysis. We learned from world systems theorist Immanuel Wallerstein that the rise and fall of preponderant or hegemonic nations is marked by a movement through sequential hegemony and decline in the areas of global production, commerce, and finance. World systems analysis allowed us to review certain indicators of the past and present U.S. position in these areas in order to determine the current standing of the United States as well as the particular stage of evolution that the world system is in at the present. Through an analysis of indicators measuring U.S. performance in the areas of production, commerce, and finance, it became apparent that the United States had lost significant ground to its other rivals in the core, especially to Japan in certain key manufacturing sectors as automobiles and electronics. This analysis confirmed Wallerstein's judgment that the world system is in a period of declining hegemony; that stage where the previously hegemonic power, in this case the United States, has lost certain global economic capabilities with respect to its rivals in the core through intense competition, marked also by increasing trends towards protectionism and conflict.

Modelski's long cycle theory gave a different perspective on the concept of a declining hegemon. This theory, which related the status of a nation as world leader to its control of primarily military resources, offered several policy prescriptions for the hegemon in a period of decline. Theoretically, in a period of decline, the hegemon or world leader is tempted by a strong desire to retain its status through increased military spending, the extension of power and influence abroad, and territorial expansionism.<sup>132</sup> Yet, these activities seem only to accelerate this decline in both quantitative measures of superiority, as much needed resources are diverted from the domestic economy to support these strategies, as well as qualitative measures of prestige and influence in the international arena. Long cycle theory, then, suggests that the policies of activism, offensive-oriented strategies, and expansionism signal the end of a nation's hegemony and place the system in a period of de-

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<sup>132</sup> This expansionism may take the form of an increased effort to obtain military basing agreements from other nations as well as increasing military commitments through mutual defense agreements. Both actions may be deemed expansionist in that they expand the levels of power and influence of a nation abroad. The key here is the linking of expansionism to an increase in commitments and visibility overseas.

concentration; where the world power is nothing more than one among many powerful nations and the levels of stability and security in the global system are reaching their lowest point.

Many argue that the U.S. decline began with its defeat and subsequent withdrawal from Vietnam. But decline does not happen in one grand motion. It appears to creep gradually. This was noted in the slow and relative decline of the United States with respect to other core nations in specific areas of power capabilities: like the Soviet Union in military (especially nuclear) power; and Japan in economic activity (especially in the production of high technology items, creation of leading sectors in the world economy, and levels of foreign investment).

Following this line of inquiry, the Reagan defense posture was analyzed with respect to both its apparent relative decline in the world system as well as with respect to Modelski's policy prescriptions for a hegemon in a period of deconcentration and decline. As was noted many times, the Reagan administration has embarked on openly activist, offensive, and expansionist defense policies, illustrated by its strategic nuclear counterforce arsenal, Third World intervention forces, and expanded role for U.S. conventional forces, in contradiction to the theoretical prescriptions of the long cycle. As a result, we have seen that the domestic U.S. economy has suffered, in terms of higher unemployment (especially among the chronically unemployed), declining investment by the government in the domestic economy, the diversion of resources from the domestic marketplace towards military purposes, decreasing levels of innovation in the private sector (due in large part to both the governments decreased level of investment in the private sector and the diversion of resources towards defense industries) , and huge budget deficits which threaten the stability of the U.S. economy as a whole. With respect to the international environment, the implications of the Reagan defense budget and security policies have instilled a sense of distrust and alienation among our allies by the United States open confrontation with the Soviet Union, and Ramboesque style of dealing with international crises during the 1980's.

The relative priorities of the United States during the Reagan administration have therefore been unsound in terms of Reagan's own stated goals. The world system is now obviously in a period of

the deconcentration of power away from the once preponderant post-war United States. The policies of future administrations should note this development. The United States need no longer play the role of "world benefactor" or "policeman of the world", expending the high levels of resources needed for this task. Instead, the United States should focus on bolstering its domestic economy: reduce the defense budget; balance the budget; address the international trade problem; alleviate the problem of the chronically unemployed; increase the level of research and development for domestic market purposes; and solve the twin problems of high domestic consumption and low levels of investment.

What is being proposed then is a new national strategy for the United States. The U.S. can no longer afford to continue the present level of activism in the world system through military might given the long-term effects of a faltering U.S. domestic economy. Therefore, a new U.S. national strategy should be centered on revitalizing the American economy through the retrenchment of overseas commitments and decreasing the level of defense spending. This denotes a more coordinated Western effort to fill the void left by the U.S.. A more coordinated Western effort would entail, in part, the transfer of more of the NATO burden to the nations of Western Europe. This action should not be construed as a derogation of U.S. commitment towards the the defense of Europe but as an effort in formulating a more unified defense posture in that region, one which also allays Soviet fears of U.S. aggression in Europe and paves the way for a multilateral reduction of conventional forces on the continent.

Theoretically, what confronts the United States today is a world composed of nations who are resisting the pressures of both superpowers (take the cases of Poland and South Africa). All nations of the world are guided by their own self-interest. The interest of many nations today does not lie with either the Soviet Union or the United States. The strength of many nations, including the allies of both superpowers, has increased to the point that superpower pressures are sometimes met with strong resistance. National independence movements and resistance to superpower authority are now widespread and common characteristics of the modern world system. The U.S. claim to leadership was based on a preponderance of military and economic power that has now declined

along with the leverage it afforded the U.S. when dealing with both allies and adversaries. The United States, then, must realize that any revival of American power must be tailored to fit a multipolar world.

The essence of the new U.S. national strategy is then a revised structure of Western power; one which reconciles allied independence with shared security interests; allowing the United States to reduce the level of resources it expends supporting the world order. To this end, policies should be formulated and responsibilities divided among a small group of key allies; specifically, the United States, Great Britain, France, West Germany, and especially Japan. What I propose is a decision-making structure of world leaders, with the President of the United States as titular head. I feel that this structure of power would afford both leadership and legitimacy to this body. The avenue for such an endeavour already exists in the yearly Western economic summit meetings. These meetings should be expanded to include the multilateral formulation and coordination of policies addressing issues of global security and Western responses to Soviet expansionism. This structure of leadership would be tasked with minimizing conflict and maximizing benefits to the allies as a whole through the serious consideration of coordinated strategies on expansive subjects with the potential to change the present anarchical and potentially explosive international environment. In this manner, operations like the one currently underway in the Persian Gulf could be more efficiently organized, and show a concerted Western response to a potentially explosive world security crisis. Dilemmas like coordinating responses to the situations in Afghanistan, Poland, and South Africa could potentially also be managed in this fashion.

The United States must now work towards creating a truly "Western" alliance; one not overtly dominated by the interests and whims of American policy-makers but one which has leadership among equals. I do not suggest the creation of a regional state but a restructuring of power and decision-making norms among the Western alliance in order to more efficiently cope with the increasingly complex interrelationships between the allies and the rest of the system as well as among the allies themselves. Through the reorganization of the Western alliance, the United States would

then be able to concentrate on regaining much ground lost to other nations in the world system during its brief reign as world leader.

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# **Appendix A. The Long Cycle of World Leadership**

Table 1: Long Cycles, World Powers, and Challengers

(1) Cycle <sub>a</sub>	(2) Duration	(3) Global War	(4) Global Powers <sub>b</sub>	(5) World Power <sub>c</sub>	(6) Principal Challenger <sub>d</sub>
I	1494-1580	Italian Wars (1494-1516)	England, France, Portugal, Spain	Portugal	
II	1581-1688	Spanish Wars (1581-1609)	England, France, U.P. Netherlands, Spain	U.P. Netherlands	Spain
III	1689-1791	Wars of Louis XIV (1688-1713)	Britain, France, U.P. Netherlands, Spain, Russia	Britain	France
IV	1792-1913	Revolutionary and Napoleonic Wars (1792-1815)	Britain, France, Japan, Russia, United States, Germany	Britain	France
V	1914-	World Wars I and II	United States, USSR	United States	Germany

SOURCES: Modelski (1978: 225); Thompson (1980, 1981), Modelski and Thompson (1981).

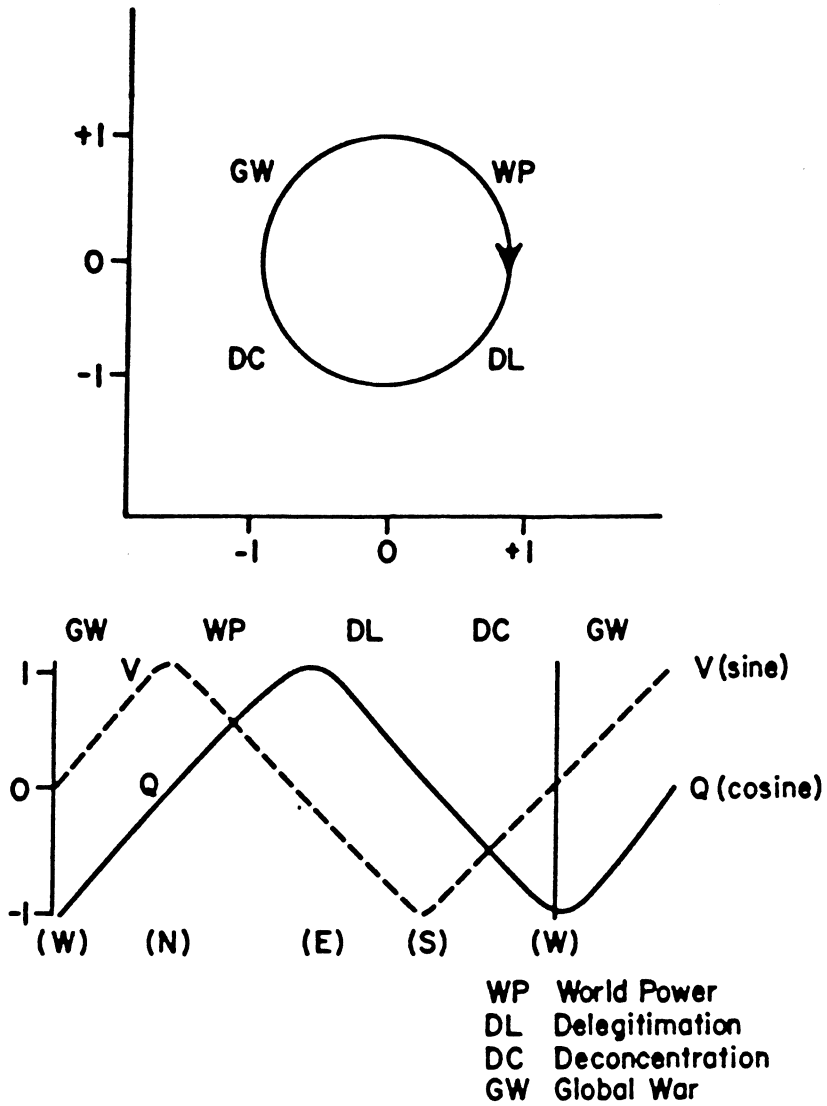
a. These are "systemic" cycles, they depict the state of the global political system and open with the Global War phase. They need to be distinguished from World Power cycles, which open two phases earlier and focus on a rising world power.

b. Nation-states with significant capacity for global reach (see power) following the Global War phase of that cycle.

c. Global power with preponderant (50 percent or over) capacity for global reach.

d. Global power acting as primary contestant in Global War.

- \* source: George Modelski, "Long Cycles of World Leadership", in William R. Thompson, (ed), Contending Approaches to World Systems Analysis, (Beverly Hills, Sage, 1983), p.119.



Figures 1 and 2

\* source: George Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations," in Kegley and McGowan, The Political Economy of Foreign Policy Behavior, (Beverly Hills, Sage, 1981).

Table 2: World Powers and Leading Economies

Century	World Power	Leading Sectors Share of World Industrial Production*	Share of World Trade*	Share of** Foreign Investments	Gold* Holdings	Global Communications
XVI	Portugal	Exploration and discovery, shipbuilding	Lisbon as world market for spices, gold			Shipping lines
XVII	Netherlands	Shipping, fisheries, textiles, banking	Amsterdam as world market		Reserve of the Bank of Amsterdam	Carrying trade of Europe Pamphlets
XVIII	Britain I	Shipbuilding, iron, agriculture, civil engineering	1720: 13% 1750: 13% 1780: 12%			Press
XIX	Britain II	Textiles, railroads, shipping, banking	1800: 33% 1820: 27% 1870: 25% 1870: 32%	1870: ca. 60% 1914: 44% (portfolio and direct)	1889 8.7%+ 1910 4.6%+	Cable & Telegraph
XX	United States	Electronics, aerospace, nuclear industries	1948: 16% 1971: 13% 1978: 12%	1967: 54% 1976: 48% (direct only)	1914: 24% X 1956: 58% XX 1965: 33% XX 1973: 27% XX 1979: 29% XX	Air and Space communications

Sources: \*Rostow (1978: 52-53, 70-73) (except for 1978)  
 \*\*Fera (1930: 11), U.N. (1978: 236)  
 Cooco (1974: 244, 247)  
 Woytinsky and Woytinsky (1955: 191)  
 International Financial Statistics, various issues

+ gold reserves held by monetary authorities  
 X world stock of monetary gold  
 XX international reserves

\* source: George Modelski, "Long Cycles, Kondratieffs, and Alternating Innovations," in Charles Kegley and Pat McGowan, (ed), The Political Economy of Foreign Policy Behavior, (Beverly Hills, Sage, 1981), p.69.

# Appendix B. System Time

Table 3: World Hegemonic Powers and Long Cycle  
World Powers

<i>World-Economy Hegemonic Powers</i>		<i>Long Cycle World Power</i>	
<i>State</i>	<i>Tenure</i>	<i>State</i>	<i>Tenure</i>
Netherlands	1625-1672/75	Portugal	1518-1580
Great Britain	1763-1873	Netherlands	1609-1713
United States	1945-1965/67	Great Britain	1714-1815
		Great Britain	1816-1945
		United States	1946-

\* source: William R. Thompson, "The World-Economy, The Long Cycle, and the Question of World-System Time," in Pat McGowan and Charles Kegley, Foreign Policy and the Modern World System, (Beverly Hills, Sage, 1983), p.55.

Table 4: Phases of Economic Expansion/Contraction  
Global Wars and Long Cycles

<i>Period</i>	<i>Economic Phase</i>	<i>Global Wars/Cycles</i>	<i>Period</i>
Early 1500s-1620/50	A	Italian Wars	1494-1517
		Long Cycle I	1518-1608
		Spanish Wars	1579-1609
1620/50-1720/50	B	Long Cycle II	1609-1713
		French Wars	1688-1713
		Long Cycle III	1714-1815
1720/50-1814	A	French Wars	1792-1815
		Long Cycle IV	1816-1945
1814-1849	B		
1849-1873	A		
1873-1896	B		
1896-1929	A	German Wars	1914-1918
1929-1938/45	B		1939-1945
1938/45-1970	A	Long Cycle V	1946-
1970-	B		

NOTE: The A phase/B phase dates are taken from Bousquet (1980: 48).

\* source: William R. Thompson, "The World Economy, The Long Cycle, and the Question of World-System Time," in Pat McGowan and Charles Kegley, Foreign Policy and the Modern World System, (Beverly Hills, Sage, 1983), p.49.

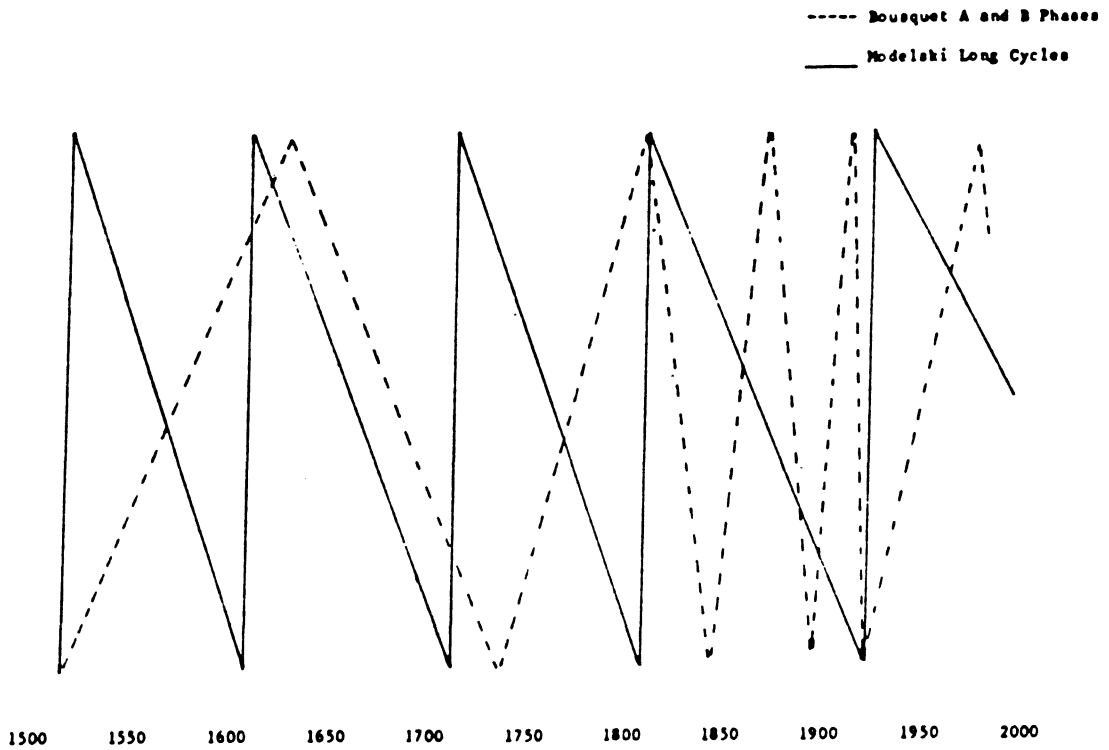


Figure 3: A and B Phases of Economic Expansion/Contraction and Long Cycles

\* source: William R. Thompson, "The World Economy, The Long Cycle, and the Question of World-System Time," in Pat McGowan and Charles Kegley, Foreign Policy and the Modern World System, (Beverly Hills, Sage, 1983), p.55

**Table 5: Phases of Hegemony and Associated Behavioral Patterns**

<i>Hegemonic Phases</i>	<i>Behavioral Expectations</i>
Ascending hegemony	Acute conflict between rivals to succession.
Hegemonic victory	New hegemonic power bypasses old hegemonic power in decline.
Hegemonic maturity	True hegemony – competition between the hegemonic power and other core states in free-trade, generally open system.
Declining hegemony	Acute conflict of old hegemonic power versus successors – rival core powers move to preempt potential peripheral zones.

SOURCE: Derived from information in Research Working Group on Cyclical Rhythms and Secular Trends (1979: 498).

\* source: William R. Thompson, "The World Economy, The Long Cycle, and the Question of World-System Time," in Pat McGowan and Charles Kegley, Foreign Policy and the Modern World System, (Beverly Hills, Sage, 1983), p.51.

**Table 6: Disagreements in Dating Historical Phases of the World-System**

*Netherlands*

Ascending hegemony	1575-1590		
Hegemonic victory	1590-1620		
Hegemonic maturity	1620-1650	World power	1609-1634
Declining hegemony	1650-1700	Delegitimation	1635-1661
		Deconcentration	1662-1713
		Global War	1688-1713

*Great Britain*

		World power	1714-1738
		Delegitimation	1739-1763
		Deconcentration	1764-1789
Ascending hegemony	1798-1815	Global War	1790-1815
Hegemonic victory	1815-1850		
Hegemonic maturity	1850-1873	World power	1816-1840
Declining hegemony	1873-1897	Delegitimation	1841-1866
		Deconcentration	1867-1892
		Global War	1893-1945

*United States*

Ascending hegemony	1897-1913/20		
Hegemonic victory	1913/20-1945		
Hegemonic maturity	1945-1967	World Power	1946-1970
Declining hegemony	1967-	Delegitimation	1971-

NOTE: The dating of the phases is based on information reported in Research Working Group on Cyclical Rhythms and Secular Trends (1979: 499) and Modelski and Thompson (1981).

\* source: William R. Thompson, "The World Economy, The Long Cycle, and the Question of World-System Time," in Pat McGowan and Charles Kegley, Foreign Policy and the Modern World System. (Beverly Hills, Sage, 1983), p.55.

## **Appendix C. The U.S. in Decline**

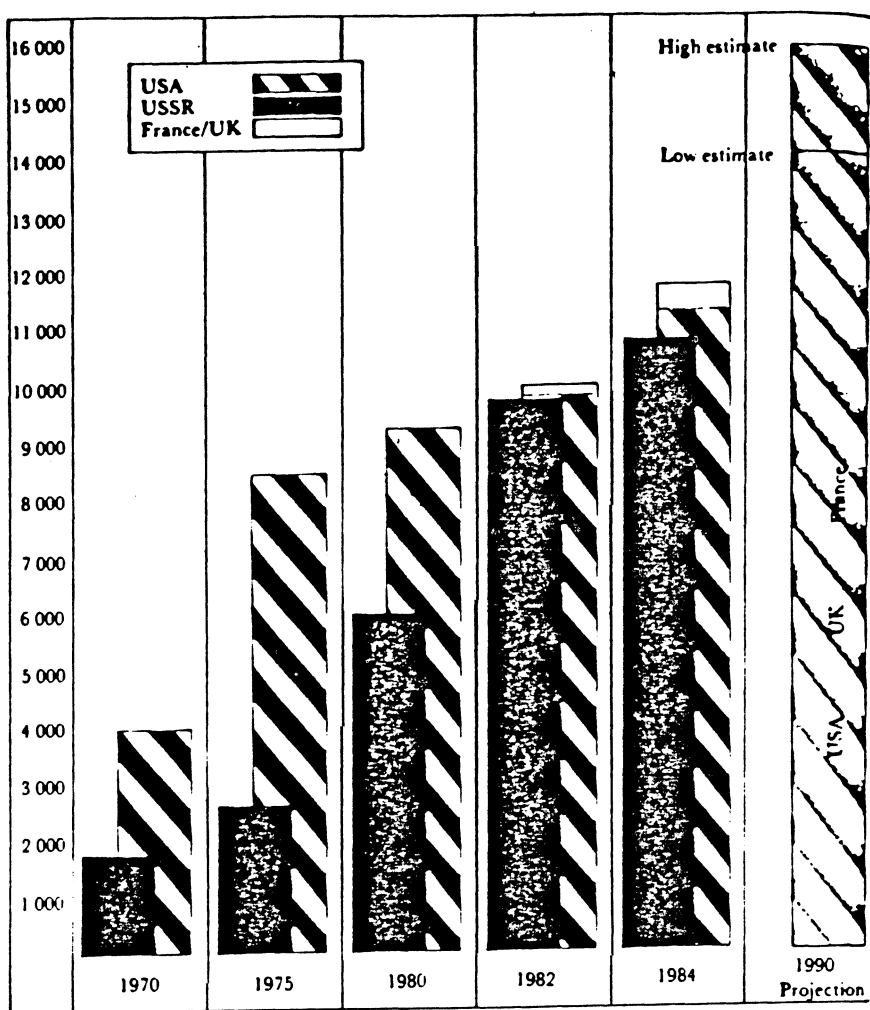


Figure 4: Number of Nuclear Warheads on Strategic and Eurostrategic Missiles

\*source: John Turner and SIPRI, Arms in the 80's, (London, Taylor and Francis, 1985), p.1.

**Table 7: Indicators of U.S. Power Capabilities:  
Ratio of U.S. to World Total**

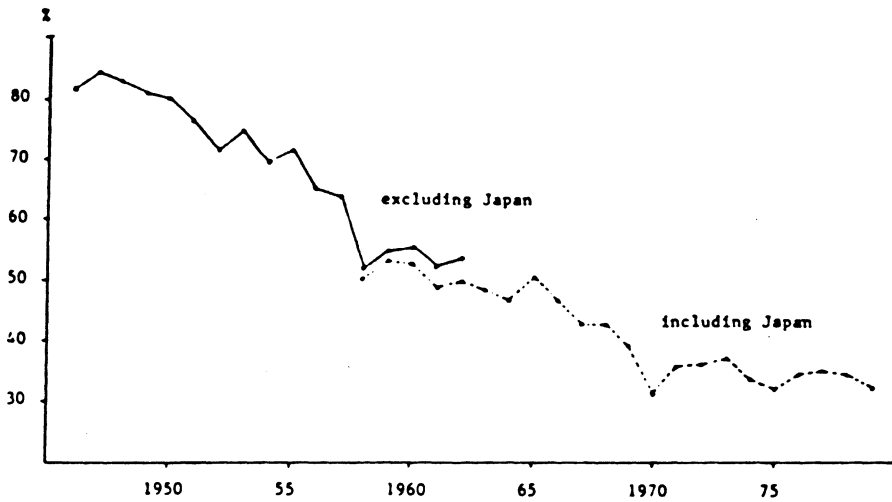
	1950	1960	1970	1976
National income		.45	.39	.31
Crude petroleum production	.53	.33	.21	.14
Crude steel production	.45	.26	.20	.17
Iron ore production	.42	.19	.13	.10
Wheat production	.17	.15	.12	.14
International financial reserves	.49	.21	.16	.07
Military expenditures	.32	.48	.35	.27
Exports	.18	.16	.14	.11
Foreign aid <sup>b</sup>		.58	.45	.32

Sources: Derived from figures in UN, *Statistical Yearbook*, various years; OECD, Development Advisory Committee, *1979 Review*, pp. 286-87; SIPRI, *Yearbook* 1968-69, pp. 200-201, and 1977, pp. 222-23.

<sup>a</sup> Only market economy countries.

<sup>b</sup> Only members of OECD, Development Assistance Committee

\*source: Stephen Krasner, "American Policy and Global Economic Stability," in William Avery and David Rapkin, (ed), America in a Changing World Political Economy, (New York, Longman, 1982), p.38.



Sources: OECD, *Industrial Statistics 1900-1962* (1964); United Nations, *Growth of World Industry, 1968 Edition, volume II* (1967); United Nations, *Yearbook of Industrial Statistics, 1979 Edition, volume II* (1981).

Figure 5: Ratio of U.S. to Total Core Automobile Production (1958-1979), Exclusive of Japan (1946-1962)

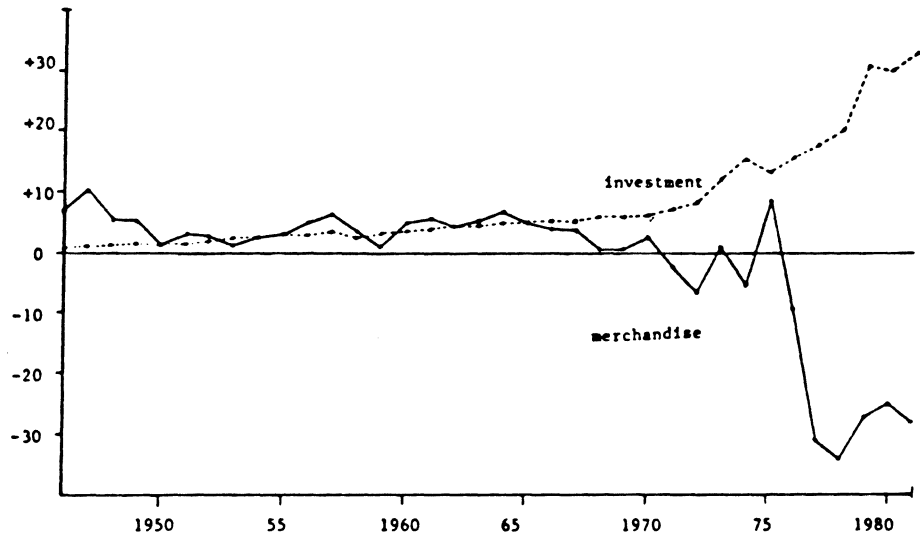


Figure 6: U.S. Net Balances of Merchandise Trade and Investment Income (1946-1981) (Billion \$ U.S.)

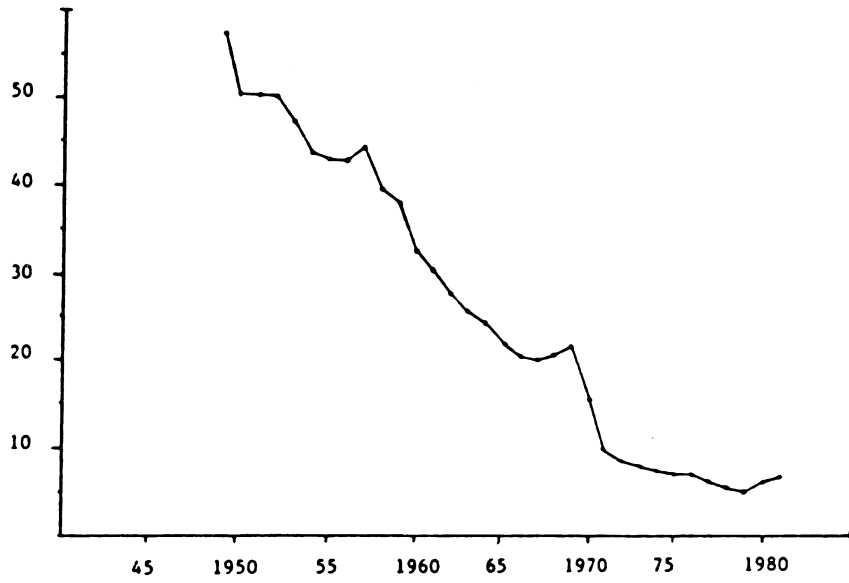


Figure 7: Ratio of U.S. to World International Financial Reserves (1949-1981)

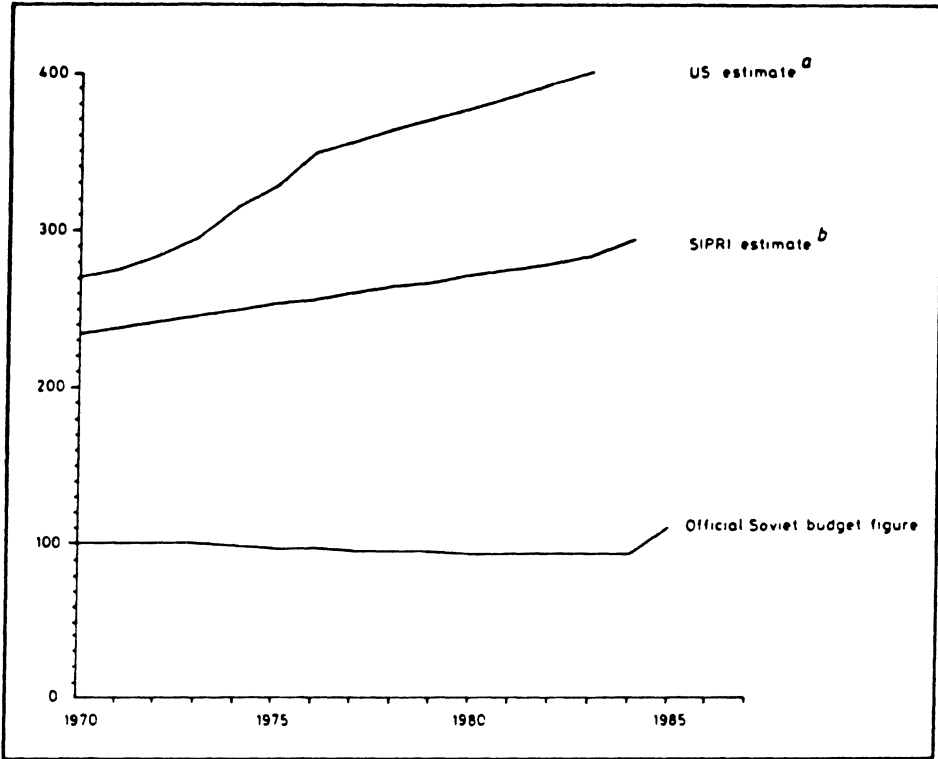
# **Appendix D. The U.S. Defense Posture**

**Table 8: U.S. Department of Defense Estimates of Soviet Military Output**

Military item	1976	1977	1978	1979	1980
<i>Ground forces materiel</i>					
Tanks	2 500	2 500	2 500	3 000	3 000
Other armoured fighting vehicles	4 500	4 500	5 500	5 500	5 500
Towed field artillery	900	1 300	1 500	1 500	1 300
Self-propelled field artillery	900	950	650	250	150
Multiple rocket launchers	500	550	550	450	300
Self-propelled AA artillery	500	500	100	100	100
Towed AA artillery	500	250	100		
<i>Aircraft</i>					
Bombers	25	30	30	30	30
Fighters fighter-bombers	1 200	1 200	1 300	1 300	1 300
Transports	450	400	400	400	350
Trainers	50	50	50	25	25
ASW	5	10	10	10	10
Helicopters	1 400	900	600	700	750
<i>Missiles</i>					
ICBMs	300	300	200	200	200
IRBMs	50	100	100	100	100
SRBMs	100	200	250	300	300
SLCMs	600	600	600	700	700
SLBMs	150	175	225	175	175
ASMs	1 500	1 500	1 500	1 500	1 500
SAMs	40 000	50 000	50 000	50 000	50 000
<i>Naval ships</i>					
Submarines	10	13	12	12	11
Major combatants	12	12	12	11	11
Minor combatants	58	56	52	48	52
Auxiliaries	4	6	4	7	5

\*source: U.S. Department of Defense, Soviet Military Power, (Washington, D.C., 1981).

17.9 billion roubles = 100.



<sup>a</sup> US estimate in constant 1970 roubles. For the years 1970-76, the average of values given in US Congress, Joint Economic Committee, *USSR: Measures of Economic Growth and Development, 1950-80* (US Government Printing Office, Washington, D.C., 1982) was used. For 1976-82, the growth rate reported in US Congress, Joint Economic Committee, Subcommittee on International Trade, Finance, and Security Economics, *Soviet Defense Trends, A Staff Study* (Washington, D.C., September 1983), was applied. Figures for 1982 and 1983 are estimated from press reports; see, e.g., *Wall Street Journal*, 31 October 1984.

<sup>b</sup> The figures in this series are rough estimates only (see *SIPRI Yearbooks 1974*, appendix 8B, and 1979, chapter 1). More trust can be placed in the trend than in the absolute level.

Figure 8: Three Estimates of Soviet Military Expenditures

\*source: World Armaments and Disarmament, SIPRI Yearbook, 1986, p.264.

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## United States Defense Policy and the Future

by

Kevin Michael Barron

Timothy W. Luke, Chairman

Political Science

(ABSTRACT)

A return to the principles of globalism, strong anticommunism, and containment does not appear to be in the best interests of the United States at the present time. The priorities of this administration, a resolve to reassert American global leadership, protect interests worldwide, and contain the Soviet Union are predicated on principles of hegemony and preponderance that were short-lived and are now long gone. The United States is no longer the only viable political and economic leader as once was the case. Through the post-war reconstruction and revitalization engineered by the United States, Japan, West Germany, South Korea as well as many other nations have become economic rivals if not superiors (as is the case with Japan in many sectors). Yet, the defense policies of the Reagan administration take into account neither the diminished ability of the United States to enforce order in the world system, as evinced in an independent European Community and the existence of OPEC, nor the reluctance of the members of the system itself to continue as pawns in a "grand strategy" of a U.S.-dominated world order. The present decentralized structure of power and the beneficial relationships this structure now holds for previously subservient nations who now need not rely on the United States as "world benefactor" are factors that mitigate the impact of U.S. leadership.