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POWER TRANSITIONS AND ALLIANCES IN THE 21ST CENTURY

Jacek Kugler, Ronald L. Tammen, and Siddharth Swaminathan

This analysis predicts that challenges to U.S. dominance primarily will emerge from Asia in the 21st century. China and India are identified as the potential contenders because of their overwhelming population base and potential for economic growth. As economic performance in China and India converges and surpasses the levels achieved by developed Western nations, we can expect to see dramatic changes in power distributions in world politics. These power transitions can create the conditions either for a challenge or a reinforcement of the status quo, depending on satisfaction or dissatisfaction with it. Political leaders can affect the probability of conflict by reinforcing commitment to the status quo. This is accomplished by altering alliance structures in order to increase a challenger's level of satisfaction. Exploring the Taiwan and the India-China border situations provides insights to help manage forthcoming Asian power transitions.

Introduction

The structure of world politics changed dramatically following the collapse of the USSR. The rivalry between the United States and the USSR that dominated the international system for fifty years dissolved and the United States emerged as the
uncontested dominant nation. NATO expanded to absorb not only East Germany but also other key former Warsaw Pact members. Russia began moving, irregularly and painfully, toward a market economy supported by the emergence of democratic structures. It may even seek some form of NATO membership. The European Union (EU) has continued on its path to greater economic integration. Europe has become a satisfied region glued together by overarching institutions designed to maintain, simultaneously, European integration and U.S. participation. For these reasons, European nations are no longer expected to be the center of international conflict.

The central argument we make in this study predicts that challenges to U.S. dominance primarily will emerge from Asia in the twenty-first century. China and India are identified as the potential contenders because of their overwhelming population base and potential for economic growth. As economic performance in China and India converges with the levels achieved by the developed nations, we can expect to see dramatic changes in power distributions in world politics. Power transitions can create the conditions either for a challenge or a reinforcement of the status quo. Power transition between satisfied nations ensures peace and the continuation of the status quo. Conversely, dissatisfaction increases the probability of war dramatically. Population dynamics and economic growth create the power transitions we explore in this article. These are dynamics that cannot be controlled by decision makers in the short term with the exception of a massive war. But political leaders can change power relations by altering alliance structures with sound management practices.

The article proceeds as follows. The next section outlines the major components of national power that underlie the structure of the global hierarchy. Based on the longer term changes in population and economic growth forecasts, the third section presents the emerging structure of world politics. The fourth section highlights the conditions under which power overtakings are conflictual and looks at territorial disputes between two dyads, China-India and U.S.-China; these could be the focal points of global war in this century. The following sections explore the means to alter exiting structures to preserve longterm stability by looking at the management of alliance structures and interna-

The Global Hierarchy

Power Transition in Theory

The Power Transition perspective conceptualizes the international system as a hierarchy that remains stable when a dominant, satisfied nation manages to assemble a coalition of nations with similar preferences toward the status quo. In contrast, power parity provides the structural conditions under which key contenders in the international system often challenge for dominance.¹

There is strong evidence for these observations. Power Transition theory anticipated the decline of the USSR based on the widening gap in economic performance relative to the United States.² It has also explained how international security was enhanced, economic integration revived, and critical alliances expanded after World War II.³ Contrary to arguments based on classic deterrence logic, the theory projected that nuclear competition would be reduced among the major powers as the asymmetry in power increased.⁴ Any sense of relief brought about by that favorable condition must be tempered by the risk that nuclear war would move to regional hierarchies where underlying competition was present, such as in the Middle East. Power Transition theory postulates that economic competition will be enhanced as the security danger declines. The means to regulate that competition among now more satisfied powers will be strengthened by the expansion of international organizations, such as the World Trade Organization (WTO).

The documentation for these statements about the Power Transition theory is provided in a rich empirical record that accounts for the outbreak of major wars at the international level as well as for conflict at the regional level.⁵ With confidence in the validity of the theory, we now are in a position to translate theoretical insights into projections about future trends in world politics.
Key Factors in Power Distributions

The dynamics of world politics are affected directly by changes in power distributions among nations. National power, or the ability of a nation to impose its preferences on other nations, is a combination of population, economic performance, and political capacity. Each of these elements is important to understand the type and timing of power overtaking among nations likely to occur in the twenty-first century.

Populations change at different rates depending on levels of political and economic development. Generally, the populations of developing nations have high rapid growth, high fertility rates, and relatively short life expectancy. Governments can generate conditions for the decline of fertility rates in developing societies through positive incentives such as sustained economic growth or coercive birth control policies. Favorable economic conditions, by increasing wealth and improving health, displace the premium placed on large families. This motivates demographic transitions and reductions in the growth of populations. As relatively poor nations develop, their expanding population declines and begins to stabilize. Stable populations generally characterize developed nations, which have low infant mortality and fertility rates and high life expectancy. Some developed nations sometimes face declining populations. Governments cannot reverse such trends through policy incentives. The only vehicle to augment populations in developed nations is through international immigration that changes the composition of the society.

The level of economic development in a nation is an important element of power. It reflects the ability of populations to produce goods that can be utilized in both peace and war. Indeed, rich technologically advanced nations are more effective in conflict because they can afford to allocate resources to research, development, procurement, and the training of soldiers for conflict. Advanced societies like England could control colonies such as India because of dramatic differences in wealth and technology. Likewise, Israel has held its much larger Arab neighbors at bay because its level of economic development is far superior.

The convergence hypothesis suggests that poor countries should grow faster on average than rich countries as technological
cal differentials are reduced through the accumulation of human capital, enhanced information spread, and capital movements. Historical experience suggests that successful developing societies can maintain growth rates of 7 to 15 percent in the fastest portion of their growth curves, while already developed societies can sustain a 2 to 4 percent growth rate. When societies such as China and India with a large population base become increasingly productive they emerge as potential challengers to established developed nations with a smaller population base.

Political capacity, the most volatile component of national power, reflects the ability of governments to extract resources and allocate them to national goals. Politically capable societies can reduce populations, enhance education, and accelerate capital generation. Politics is important because governments can mobilize their populations and resources to advance their goals in a very unexpected manner. Despite a losing effort in World War II, Japan mobilized resources far more effectively than any society at that economic level had been capable of previously. North Vietnam was highly successful in mobilizing far more resources than expected from a developing society. Israel has managed to dominate the Middle East despite a smaller population and total output than many of its Arab neighbors.

The ability of governments to mobilize resources cannot be predicted by the level of development or type of regime. For example, democratic Britain mobilized more effectively than Nazi Germany during the Battle of Britain, but in turn was outperformed by the Nazi regime in the later stages of World War II. France mobilized resources very effectively during World War I but could not match its own record at the onset of World War II. Czarist Russia failed to mobilize resources during World War I, but the USSR performed far better during World War II under Stalin's communist regime.

Our current understanding of political capacity allows us to measure a government's performance but, unfortunately, does not allow us to anticipate its future path. Past evaluation of political capacity indicates that this measure is volatile and prone to short term variations based on individual performance of leaders. For this reason, our discussion concentrates on changes in population and economic growth to assess the future performance of competitors within the global hierarchy.
From the Past to the Future: The Role of Overtakings

Cast in terms of the discussion above, a powerful nation is defined as one with a large, productive population whose output the government can utilize to advance its objectives.

Population

Figure 1 shows the dynamic evolution of populations over time among the major powers. As one would anticipate, it is the relatively unproductive populations that expand rapidly relative to their more productive counterparts. Note that in the first half of the century the populations of China and India will tower over those of even a combined Europe, United States, Russia, and Japan. All the developed societies are expected to lose in absolute terms. Only in the United States are these losses minimal, the consequence of continuous replacement through immigration.

Russia and Japan will decline to such a small size that we no longer believe that they can be major competitors in the internationa-}

tional system, even though their contribution to the EU or NATO should not be discounted. Although they were great powers in the previous century, they will not be so advantaged in the new century. Neither will have the population base nor growth prospects sufficient to match that of other great powers. This pattern is not without precedent. Britain and Germany were dominant nations in the early part of the twentieth century, but could not maintain this ranking in the global hierarchy after World War II.

The story for China is quite different. China is likely to complete its demographic transition around 2025 and attain a stable population. The pattern in this century will be, we believe, similar to that of the current EU. India, however, is likely to maintain the characteristic pattern of a developing society; its population will continue to expand, although at lower rates, through 2050. By 2025, India is expected to become the most populous society in the world, surpassing China.

Recall our proposition that the overall size of the population sets the limits for power. Because of these fundamental population dynamics outlined in Figure 1, it is clear that in this century Asian countries have the potential to control world politics. A combined China and India will have over 40 percent of the world population between the productive ages of 18 and 60. At these levels, the potential for economic expansion is great.

Economic Output

To understand the future relations among major powers, it is essential to analyze not only the population structures that reflect potential power but also overall economic performance that represents realized power. Figures 2 and 3 provide a first approximation of power relations by centering on the anticipated total economic output of the great powers in this century. Since future estimates of GDP are subject to high degrees of uncertainty, these figures represent high and low growth scenarios.

The high growth scenario indicates the fast approaching transition between East and West. China in 2000 is much smaller than either the EU or the United States. However, by 2025, China overtakes both countries in real GDP terms. By 2050 China's total economic output is equivalent to that of the EU
Figure 2. Relative Economic Performance of Major Contenders, 1950-2050
High Growth Estimates

Figure 3. Relative Economic Performance of Major Contenders, 1950-2050
Low Growth Estimates

and the United States combined. In fact, by 2050 China has the same relation to the rest of the world that the United States enjoyed in the 1960s. In mid-century then, were China and India to join in an Asian coalition, they would tower over the West. Such dominance would be similar to that held by the United States in the early 1950s, before Europe’s economic recovery.

In the low growth scenario, China does not overtake the United States until 2050. The United States remains the dominant power and, with Europe, retains its current control of world politics. In this scenario, India remains a marginal actor.

The point we wish to stress is that an overtaking is looming in our future. Figures 2 and 3 show that between 2025 and 2050 China will begin overtaking the United States. Previous experience indicates that the probability of global conflict increases under such conditions. While it is clear to us that China will challenge for dominance of world politics, that fact does not presuppose war.

Previous experience regarding growth and conflict can give us a portion of the story about overtakings and war. The peaceful power overtaking of Britain by the United States was accomplished when the latter adopted the basic status quo principles embedded in Pax Britannica. On the other hand, Britain’s failure to persuade Germany to accept the existing status quo set the stage for World Wars I and II. In both overtakings the potential challengers were nations that matched or exceeded the economic performance of the dominant nation prior to the overtaking.

The underlying reason for these patterns is not difficult to find. Despite their relatively small populations, West European nations like Britain dominated the international system because they industrialized early. The relatively high productivity of their populations could easily be translated into military and trade superiority. This led to the creation of empires and colonial possessions. As the colonies mobilized politically, these empires collapsed, forcing the colonial powers to face the limitations of their population endowments.

Concurrently, the productivity of populations in the United States and then the USSR increased and both emerged as superpowers competing for domination of the international system. The economic collapse and partition of the USSR has ended any future challenge from Russia. Similarly, Japan’s economic emer-
gence early in the twentieth century led this relatively small nation to the forefront within its region and generated the Asian challenge at the global level during World War II. Today, however, the anticipated decline in population coupled with improvements in economic performance among the larger nations in Asia relegates Japan and Russia to the ranks of secondary powers. Like England, France, and Germany before them, Japan and Russia will no longer be global contenders.

The New World Order—and the China Factor

The global picture in the twenty-first century will have certain unusual features. In Figure 2 under the high growth scenario, we see that China overtakes both the United States and the EU long before its per capita productivity matches that of either one. In the last two centuries no developing society has exceeded the overall capability of another society before its productivity matched or approximated that of the more powerful nation. In the new century, as China becomes dominant, its per capita income is expected to be less than half that of Western Europe or the United States. We believe this could have a profound impact on world politics—one that essentially has gone unrecognized in academic and policy circles.

China’s satisfaction with the status quo could well be influenced negatively by the large disparity in per capita income between its population and that of the contending powers. Put most starkly, China would be the world’s wealthiest country in terms of aggregate output, but its population would retain very low living standards relative to those of the United States and the EU. We do not have much experience with such conditions but there is some precedent. For example, Japan challenged the United States while its per capita productivity and its aggregate output level were still far lower. Japan took major risks in order to advance its cause and consequently suffered a very serious defeat. One can only guess at the kind of potential resentment a disparity in per capita income can generate. It is the responsibility of the more affluent nations to diminish dissatisfaction among the still relatively poor but increasingly powerful challengers.

We believe that the reason China’s overtaking of the United States is potentially destabilizing is because of this per capita productivity gap—a circumstance that has not occurred in previous Western overtakings. Consider the patterns in Figure 4:

Figure 4 depicts relative power shares and per capita income among the major contenders using the high growth estimates from Figure 2. The main competitors are arranged according to the percentage of total resources each controls. The size of the circles represents the per capita income in each society. Before providing an interpretation of these estimates, note that a serious degree of uncertainty underlies even these relatively stable estimates. We do not argue that these estimates will accurately reflect the performance of each of these units for the next fifty years. We do argue that these estimates are realistic approximations for a world devoid of major war or traumatic political transformations.

Rather than being driven by the technological improvements that are at the root of previous overtakings, the sources of Asian transitions are deeply rooted in the size of existing populations and the growth of these populations. For the first time in two centuries the potential contenders (China and India) will
overtake the dominant nation and its major ally (the United States and the EU) long before the per capita income levels in these societies approach those of the now leading developed societies.\(^{19}\) Because of this disparity the next challengers may well be more dissatisfied with the existing status quo than their predecessors. Such patterns are disturbing because overtaking among dissatisfied powers is theoretically and empirically associated with war. Power Transition theory, therefore, suggests that during the next overtaking, peace has to be engineered. Without effective action by the dominant nation to reconcile preferences with the challenger, war is the likely outcome.

The second point to note in figure 4 is that once the overtaking between China and the United States is complete, and the relationship between India and China has been clarified, there should be no new power overtakings. Tentative estimates suggest that India may overtake China later this century, and no other existing nation could challenge these two Asian giants. Once the Asian challenge is complete, the upper echelons of the international hierarchy will be static. Only political disintegration or massive integration could cause a new overtaking. Power Transition theory suggests that as the global hierarchy stabilizes, global competition will decline. Events in Asia will dictate and dominate global politics in the twenty-first century.

From Peace to Crises to War

Experience from World Wars I and II shows that major wars escalate from smaller crises, and micro-level analyses can now distinguish between crises that have the potential to escalate to larger conflicts and those that do not.\(^{20}\)

Here we explore the main territorial disputes that could draw the United States, the EU, Russia, China, and India into a larger dispute. Of the major powers, Russia is unlikely to overtake the remaining competitors in the next fifty years (see Figure 1). The EU is strongly connected to the United States and as an entity has no enduring rivalries with the remaining large powers. China and India could be drawn into a conflict because of their unresolved border dispute in the Himalayan region. The United States and China could be drawn into a larger confrontation over the status of Taiwan. These are not the only crises that have the potential to escalate into a global war; they are simply the most visible and most serious, protracted disputes that could flare up in the next half-century.\(^{21}\)

China-India: The Himalayan Border Dispute

The territories disputed since the Sino-Indian war in 1962 include the northeastern border region (North East Frontier Province) as well as the Aksai Chin region in Western Kashmir. Power Transition theory suggests that short of external intervention, the China-India dispute will not be revived in the first half of this century.

Figure 5. Power Ratios: China - India, 2000 - 2050

Figure 5 presents the relative population and output shares between China and India for the next fifty years. The 100-percent mark represents the power parity condition at which both nations are relatively equal in terms of power. The figure shows that despite overtaking China in population, India will remain weaker than China before 2050. Only after 2050, assuming India stabilizes its population and maintains high levels of sustained growth, will the conditions for a power overtaking emerge. This
overcoming will be weak. China and India will have base populations of over a billion each. In the post 2050 period neither will be overwhelmingly more powerful than the other. They will remain in parity, as were the United Kingdom, Russia/USSR, and Germany in the first half of the last century. At parity, accommodation is essential to prevent conflict.

In the next fifty years, China will have ample opportunity to find a similarly peaceful accommodation with India. If outstanding territorial issues are still unresolved after fifty to seventy-five years, the overtaking China and India face could once more focus on their territorial dispute and lead to conflict. We anticipate that in the first half of this century China will continue on a path to establish its unquestioned dominance in Asia.\(^{22}\)

**U.S.-China: The Taiwan Crisis**

The most explosive issue linking the United States and China is the question of Taiwan. This is the single issue that has the potential to shape the longterm relationship adversely. How both nations handle this controversy in the near and long term will determine the more permanent relationship.

Taiwan is the touchstone, the vital interest point of conflict, between the United States and China. While there are no direct territorial disputes between these two nations, Taiwan is a more than adequate substitute for the traditional border dispute. It is the most dangerous flashpoint in U.S.-China relations and in a strategic sense the most pivotal national security issue for the international system. It occupies center stage because the outcome of the U.S.-China dispute over Taiwan could forecast China's eventual role in the world. In power terms, Taiwan without the support of the United States could endure a Chinese incursion for weeks at best. Taiwan's population is a fraction of China's as is its overall GDP. Only the expectation of U.S. support preserves Taiwan's ability to remain self-governing.

The boundaries of the U.S.-China dispute over Taiwan are measured by basic Power Transition principles. Of most importance is the recognition that the relative power of the United States and China is changing over time. China's power is growing relative to that of the United States. Whether it is slow or rapid growth is less important than the essential trend. This means that the relative ability of each country to influence the other also is changing. What the United States can do today, it may not be able to do tomorrow. And the converse is true for China.

The importance of the future declining U.S. advantage is grasped by the assessment of the Naval War College, which modeled U.S. military relations with China in the year 2020. The assessment concluded that:

The US was badly bloodied—despite the best efforts of the eighty participating military officers, intelligence analysts and defense department officials. The key difference between the hypothetical adversaries was that China had a 21st Century military, bought off the shelf, while the US fielded an updated version of its Gulf War force. Satellite guided anti-ship missiles showered the US fleet, which was naked to Chinese surveillance sensors high in space. As fast as the US could blind the small inexpensive satellites, the Chinese launched more, American aircraft carriers were forced to stay too far off China's coast to do much.\(^{23}\)

From a power transition perspective, time is on China's side. This makes Taiwan the focal point of attention between a challenger and a dominant power during the upcoming overtaking. How each handles the situation will frame longterm security interests, internal political power distribution, and relative advantages in the international system. The essential question undergirding this equation is the reunification of Taiwan with China. Is it inevitable? If not, under what circumstances can Taiwan survive with a degree of independence? If inevitable, when and how? Perspectives on this problem most often are framed in an atheoretical manner. Power Transition provides a theoretical perspective that also translates into policy prescriptions.\(^{24}\)

The Power Transition perspective on Taiwanese independence suggests that had Taiwan declared its independence of China in the early part of the overtaking process it may have well held on. This is no longer the case. In the next two decades or so, the United States can force China to back down if it uses military force against Taiwan. The direct cost for Chinese military action in the near term would be high, but ironically the indirect cost for the United States will be even higher. Taiwan and the United States would win any military battles for a period of time—perhaps fifteen years. Even more subtle forms of mili-
Alliances and the Management of World Politics

Power Transition conceives of stable alliances as coalitions of states that share similar evaluations of the status quo. Stable alliances are not agreements of convenience that can be altered easily or without consequences. Stable alliances in Power Transition are arrangements of persuasion where nations associate because of commonly held commitments to existing rules. The economic and security gains thus derived keep such alliances going. Such alliances tend to be long-term and have few defections.

The potential contribution of alliance members and the resulting stability of such alliances in the face of war are critical issues facing the status-quo powers set on preserving international peace. During peacetime, alliances are entered into and driven by the commonality of preferences between actors. NATO, for example, was created after World War II to combat fascism and communism. For this reason, Power Transition proposes that alliances are stable prior to the initiation of war. However, alliances created in the shadow of war, such as the agreement between the USSR and Germany at the onset of World War II, usually are unstable. Nations seek such alliances in order to maximize their relative power advantage to prevent defeat.

Alliances created by the dominant power to strengthen the stability of the system aim at ensuring the preponderance of satisfied countries. A successful dominant power attracts most great and middle powers and some small powers in support of its leadership. Nations joining the dominant power attract part of a status-quo alliance system. U.S. foreign policy in the post-war era provides a clear example of preponderance through satisfaction of allies. The objective of NATO was to defend the associated nations from an attack. An equally important and perhaps even superior objective was to maintain stability within Europe. NATO, under U.S. guidance, insured that power overtaking among France, England, and Germany did not lead to the repetition of World Wars I and II.

Looking toward the future, the United States can continue this process and integrate new members into the alliance, thus converting dissatisfied nations into satisfied ones. The first steps toward the expansion of NATO were taken when Poland, Hungary, and the Czech Republic were incorporated. These nations
share the values (democracy and free markets) and accept the status quo advocated by the dominant power. This incorporation, however, did not substantially alter the distribution of power and did not change fundamental relationships in the international system.

Figures 1, 2, and 4 indicate that global adjustments will follow only if Russia, China, or India joins NATO or its successor. Each addition could make a large impact on preserving peace by strengthening the international hierarchy. Russia's entry into NATO would diminish Russia's fears that it is isolated or threatened by the expansion of NATO to Eastern Europe. Russia's pool of resources would significantly help the dominant coalition to postpone an overtaking by China. But even this addition is not sufficient. U.S. foreign policy should concern itself with the satisfaction of China and India. In the case of China a good first step is the permanent approval of China's most-favored-nation trading status by the United States and entry into the WTO. Economic actions create the opportunities to socialize China into accepting the prevailing rules and norms of the status quo.

China's participation in NATO is essential because peace-time alliances aggregate nations with similar preferences, in turn ensuring security. While China may cooperate over trade and human rights, this would not assure peace. What can be done through the WTO—which is a weak arrangement compared with the EU—is to reduce economic dissatisfaction. However, as long as China does not enter into international security agreements, its level of satisfaction will be low. There is evidence that nations that reach agreements on security and trade minimize conflict, while those that reach security agreements alone likewise seldom fight. But those countries that reach agreements on trade alone engage in conflict as frequently as those that have no agreements or counter agreements. A combination of trade and alliance produces the strongest links to peace; but without security agreements, peace is tenuous even among trading partners.

From the Power Transition perspective the goal of a stable policy is the incorporation of China into a NATO-like security organization. Strange as this concept may sound, this would create the conditions for a peaceful hierarchy and avoid the preconditions for a global war.

International Institutions and the Management of World Politics

Management of alliances should be combined with the management of international organizations. International organizations codify and/or adjust rules and norms in world politics. International organizations also create arenas for resolving disputes with dissatisfied nations. The permanent membership of the United Nations Security Council is the most important management tool available to international organizations. To enhance the managerial ability of the UN and to ensure the legitimacy of the norms used to define satisfaction with the international hierarchy, permanent membership on the Security Council should reflect the current power hierarchy.

This is not the case today. With the exception of China, which replaced Taiwan, the permanent members of the Security Council represent a snapshot of the international power distribution immediately after World War II. The United States, Great Britain, France, and the Soviet Union were the great powers of that time. Germany and Japan lay in ruins. Since then, Great Britain, Russia, and France have declined in power relative to Germany or Japan. The exclusion of Germany—the largest member of the EU—from permanent membership on the Security Council is no longer tenable. From Figures 1, 3, and 4, we may infer that the permanent membership of the Security Council should be composed of the United States, China, Germany (representing the EU), Russia, and perhaps India. The United Kingdom and France do not have the resource base to justify permanent status in the Security Council. France and England are permanent members simply because both are satisfied members of the dominant coalition and cannot be excluded or replaced as was the case with Taiwan. England is the most loyal ally of the United States. That said, the Security Council cannot be a static institution in a dynamic environment. To play a critical role in defining and preserving the status quo, the Security Council has to be a credible mediator of disputes, peacekeeper, and peacemaker.
Implications

To preserve the existing status quo, the dominant country has to expand satisfaction in the international system. The dominant country must be careful not to allow disputes or perceptions of inequitable treatment to metastasize into dissatisfaction with the system. The dominant country faces two foreign-policy challenges: the creation of binding economic associations and the resolution of security disputes. Power Transition theory suggests that the purpose of economic communities such as WTO, the North American Free Trade Agreement (NAFTA), and the EU is to provide economic benefits that enhance satisfaction within the dominant country's coalition. The redistribution of benefits creates and maintains high levels of satisfaction in the dominant nation's alliance system and attracts energized members to the leading coalition while preventing conflict. If these economic communities stimulate growth, then this effort has the collateral benefit of adding to the power resources of the satisfied camp. This is an important consideration if a significant challenger appears.

The record of NATO and the Warsaw Pact is a lasting testimony to the way the United States used its economic and military preponderance to solidify its position over a potential challenge by the USSR. Support for the European Union provides the economic backbone, while the commitment to NATO yielded an enduring security arrangement. Thus the NATO alliance continues to serve its paramount purpose of unifying satisfied nations under the leadership of the dominant nation, and it remains the most efficient tool for the resolution of potentially conflictual situations.

The United States is expected to be the single dominant power for another two or perhaps four decades. The stable NATO alliance linking EU with the United States is expected to endure because this powerful relationship is based on the firm foundation of common preferences for democracy, open market economies, and adherence to institutional resolution of disputes.

Global stability may be challenged when China and the United States enter an overtaking phase in the next half-century. Because of structural relations, the fundamental disputes that could trigger a major conflict center on the status of Taiwan and the border dispute in the Himalayas between India and China. If accommodations fail, this dispute could escalate to major proportions in the second half of this century. The United States would be well advised to preserve its current commitment to the one-China policy. In the long run, as China approaches the overtaking and eventually achieves dominance in world politics, the continuation of this dispute diminishes the likelihood that China would adopt the status quo first established by Britain and then sustained by the United States.

China eventually will become the dominant nation. A China that participates in the United Nations, is involved in the WTO, supports legal means to stop nuclear proliferation, and moves toward further democratization and respect for human rights would no doubt preserve much of the existing status quo. A satisfied China is the best insurance for future stability in world politics.

An internal conflict within the Asian hierarchy could emerge in the long term. India has the potential to match and exceed China's overall economic performance, but not by the margin that China can in relation to the United States or the EU. Therein lies the difference. India and China could become the co-leaders of the international system beyond 2050 because both will have long periods for this adjustment to take place. If such adjustments fail, a major war could be waged between the two.

Of course, a peaceful transition is not necessarily preordained. While the United States cannot be held singularly responsible for the successful management of all future global transitions, it can be held responsible for the management of the next major transition. U.S. policy toward China will have a significant impact on its attitude toward the status quo. Once China becomes the dominant nation it will have the responsibility to perpetuate agreed upon international standards and norms. The challenge of India will fall on China's watch. As economic convergence proceeds, the permanent power centers will reside in Asia.

Our understanding of structural constraints on war leads to the optimistic appraisal that effective management of the U.S. overtaking by China and then the longer term parity between India and China could lead to a very stable global regime led by Asia. Failure to accommodate effectively can lead to devastating conflict. Much depends not on whether China becomes the
dominant power but on how China and then India become the dominant powers. It is not an exaggeration to argue that decisions made in the next half-century will determine whether World War II will be remembered as the last Great War or simply as one of the Great Wars.

NOTES


6. The Composite Capabilities Index of the Correlates of War (COW) Project is one of the more commonly used measures of power. It is an aggregation of national power, urban population, military expenditure, military personnel, iron and steel production, and coal and oil consumption. Power Transition theory uses total economic output (Gross Domestic Product) of a nation weighted by the political capital of a government. The COW and GDP indicators of power are highly correlated and both measures have been used to confirm Power Transition expectations. A comparison of the two measures of national power can be found in Jacek Kugler and Marina Arbetman, “Choosing among Measures of Power: A Review of the Empirical Record,” and Richard Merritt and Dina Zinnes, “Alternative Indices of National Power,” both in Michael Ward and Richard Scull, eds., *Power in World Politics* (Boulder, Colo.: Westview Press, 1989); and Tammen et al., *Power Transitions*.


11. Demographic data for all the countries in this study is taken from the International Database of the U.S. Census Bureau (online at www.census.gov/ipc/www/idbnew.html).

12. The population size of Japan and Russia in 2050 is estimated at approximately 101 and 121 million respectively. U.S. Census Bureau, online at www.census.gov/ipc/www/idbnew.html.

13. Tammen et al., *Power Transitions*. 
14. The EU represents an aggregation of Germany, France, and Italy starting in 1950 to provide a reference point. We include the United Kingdom after 1973. It is clear that the EU still is not a coordinated political unit that most would consider a nation-state. The EU does not contain Hungary, Poland, and Czechoslovakia, which are expected to join soon, as well as Turkey and the other smaller east European societies that have applied for admission. Were these societies to join, population dynamics would be affected upwards. Our calculations indicate that the population of Europe (Western and Eastern), including Turkey, will reach approximately 595 million by 2025 but will decline to approximately 550 million in 2050.

15. We use real Gross Domestic Product (1990 international dollars) to measure the total economic output for the countries used in this analysis. Estimates of annual growth rates are taken from several sources. Low-growth scenarios for all countries, with the exception of China, are obtained from Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: Organization for Economic Cooperation and Development, 1995) and Maddison, *Chinese Economic Performance in the Long Run* (Paris: Organization for Economic Cooperation and Development, 1999). In the latter work, Maddison estimates that China’s total output growth will reach 5.5 percent up until 2015. China’s low growth estimate is the more conservative 3.5 percent. High growth scenarios for developed societies are 3.5 growth rates, which are currently seen as achievable objectives. High growth estimates for India are drawn from Ajai Chopra et al., *India: Economic Reforms and Growth* (Washington, D.C.: International Monetary Fund, 1995). These estimates range from 6 to 8 percent.

16. Japan’s attack on the United States in 1941 is the only major power initiation that cannot be fully accounted for either with Expected Utility calculations or by Power Transition arguments. Japan is the only major power to initiate war before reaching power parity and uprooting its entrenched opponent. Evaluations of this event show that prior to World War II, Japan was too small to defeat the United States. Even considering the Axis alliance, expected utility evaluations suggested a Japanese loss that should have inhibited initiation of war. This point is discussed in Werner and Kugler, “Power Transitions and Military Buildups,” and Bruce Bueno de Mesquita, *The War Trap* (New Haven, Conn.: Yale University Press, 1981). Japan’s actions may well have been motivated by the vast disparity in per capita income.

17. The estimates for China and India, despite our efforts to minimize potential errors, are subject to variation since we exclude political capacity. We use the high growth estimates from Figure 2. The low growth estimates produce an equivalent but delayed story.

18. We base our analysis on the assumption that neither China nor India faces internal political instability that could lead to territorial disintegration such as occurred in the USSR. Political capacity informs us about the severity of intrastate conflicts. Highly capable governments can effectively preserve internal order and maintain peace. See Michelle Benson and Jacek Kugler, “Power Parity, Democracy, and Severity of Internal Violence,” *Journal of Conflict Resolution*, vol. 42, No. 2 (April, 1998), pp. 196-209.

19. Historical records indicate that in the twelfth century Genghis Khan mobilized the relatively small Mongol population that over three generations managed to create the largest land empire in history. Likewise, in the eighth and ninth centuries, German tribes whose technology and productivity was far less advanced overran the Roman Empire.


22. The role of nuclear weapons could loom large, particularly if China and India expand and modernize their nuclear arsenals in the next half-century. Unless positive steps are taken by the United States, EU, and Russia to engage China as well as India in a comprehensive arms-control regime, the cold-war scenario could reappear in Asia. Specifically, the India-China dyad is primed for this possibility of a nuclear stalemate with potential for conflict in the latter half of the century. See Tammen et. al., *Power Transitions*; and Frank Zagare and Marc Kilgour, *Perfect Deterrence* (New York: Cambridge University Press, 2000).


24. This issue is discussed extensively in Tammen et. al., *Power Transitions*.