Twenty Years After the Cold War: A Strategic Survey

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Two decades have passed since the end of the Cold War. Indeed, anyone under thirty has virtually no personal memory of the conflict, and the generation born after the Soviet Union’s collapse is reaching adulthood. In that time talk of the “post-Cold War” has become less common, especially with the onset of the War on Terrorism, but nothing has quite taken its place.

One might point to the tendency of recent debate to focus on specific, immediate issues (Iraq, Afghanistan, NATO) rather than more comprehensive approaches to world affairs as an element, but the preceding decade saw a profusion of “big picture” theories. The theories encompassed everything from a Hegelian “end to history” to clashes of civilizations; from a reaffirmation of realpolitik to a new dawn for collective security; from neoliberal globalization to neo-mercantilist geo-economics (with American imperium or American decline part of the stakes); from Malthusian catastrophe to postindustrial (or even posthuman) liberation from nature’s constraint. These images inevitably oversimplified the reality they described, and wider discussion tended to simplify them further still—but the resulting collection of ideas still has some explanatory power.

A collection of partial explanations seems like a letdown to many compared with the more focused strategizing of the Cold War era. However, the comparisons between a bewildering present and a clearer past are themselves overly simplistic. The Cold War, too, interacted with other trends, developments, movements, and forces inside an even larger arena, for example, the decolonization in Africa and Asia (without which superpower competition in the Third World is scarcely comprehensible). At the same time those presenting globalization, the “clash of civilizations,” or ecological constraints as the key to understanding the twenty-first century speak of forces that are age-old, and which assumed their present shape no later than the 1970s, well before the Cold War’s end.

Simply put, a grand unifying theory of international relations has always been (and perhaps always will be) chimerical. Nonetheless, a broad

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view of the international situation as it actually developed over the last two decades is indispensable to the crafting of coherent, focused policy. The compromise suggested here focuses on key trends in place of the elusive unified image, with trends in six areas over the last twenty years (great power conflict, intrastate war, neoliberal globalization, the distribution of global output, world manufacturing and the balance of trade, resource politics, and international cooperation) particularly worthy of note.

**Great Power Conflict**

After the Soviet bloc’s implosion the consensus among security analysts was that no conflict comparable to the Cold War would emerge for a long time. Specifically, the reduction of significant political differences among the largest and most powerful states (especially the end of the ideological conflict and the division of Europe), and the sharp shift in the military balance of power (which suggested the United States would not face a large peer competitor for decades), reduced the prospect of a great power war to a much smaller role in both international affairs and defense planning than at any time since 1945.

In addition, the 1990s witnessed improved relations between Russia and China, and later China and India, bringing the risk of armed conflict among the three continental giants of Asia to a historic low. The political status of Taiwan, and other Chinese territorial and maritime claims in the East and South China Seas, remain objects of contention, and Chinese relations with Taiwan and Japan deteriorated in the late 1990s and early 2000s. Even the low point in Sino-Taiwanese relations in 1996 was a far cry from the violence of the 1950s, and China’s relations with Japan and Taiwan have markedly improved since then. Indeed, China became far less likely to advocate force in disputes with its neighbors since the 1980s. Rather, its relations with these nations (and the United States) are now characterized far more by economic interconnection than military competition. As a result, Cold War-style crises and proxy wars have been virtually eliminated, with the situation of Taiwan in 1996 and post-Soviet Georgia the most significant exceptions.

The prospect of the European Union (EU) or Japan arming on a significant scale or fighting with other major powers (for instance, Japan confronting Russia) is even more remote. The white papers of major European powers recognize no direct state threats to their security, from one another, or from powers outside the EU. If anything, the 2008 economic crisis and its aftermath only served to reinforce Europe’s trend toward lower defense spending, slowing even more the EU’s already long-delayed development of a common military capability.

**Intrastate War Supplants Interstate War**

Following the Cold War, warfare and its threat became largely confined to what Thomas P.M. Barnett terms the “Non-Integrating Gap.” This gap is defined as the least-developed and least-globalized regions inhabited by
“roughly one-third of humanity,” encompassing “the Caribbean rim, the Andes portion of South America, virtually all of Africa, the Balkans, the Caucasus, Central Asia, the Middle East, and most of southeast Asia.” War is now a more frequent occurrence in this region, but this is mainly due to the increased incidence of intrastate warfare pitting states against non-state actors in internal conflicts, while interstate wars become less common. The territory of the former Soviet Union has witnessed just two interstate wars (the 1993-1994 Nagorno-Karabakh War, and the 2008 Russo-Georgian War), while Latin America has experienced one (the 1995 Cenepa War). Despite these periodic incidents, large-scale interstate violence has been absent from the Korean and Arab-Israeli conflicts, as well as from Southeast Asia, with the 1999 Kargil War the notable exception along the Indo-Pakistani frontier.

It is noteworthy that these conflicts involved a great power pitted against a markedly weaker state that did not enjoy significant material support from other great powers (as US actions against Iraq, Yugoslavia, and Afghanistan; or Russia’s against Georgia). At the same time, none of the wars between smaller states evolved into Cold War-style proxy wars between larger powers. It is also worth noting that initiators of interstate conflicts have often attempted to “disguise” their action as an aspect of an intrastate conflict (as in Kargil and the Congo), while wars ending with regime change or occupation tend to be followed by a lengthier, bloodier phase of intrastate warfare (the post-invasion Iraq and Afghanistan).

It is not surprising that the interstate wars of the post-1990 period tended to be brief and of limited intensity (a comparison between the Third and Fourth Indo-Pakistani Wars makes the point), with no conflict comparable to the Korean, Vietnam, or Iran-Iraq wars taking place, with reports of annual battle-deaths worldwide falling dramatically since the Cold War era. The emphasis on weapons of mass destruction, counterinsurgency, non-state terrorism, and urban and computer warfare, rather than conventional war-fighting, also reflect the unevenness of these conflicts. Indeed, the changing character of military missions has revived doubts about the appropriateness of the traditional orientation of major armed forces toward conventional warfighting in their organization and procurement, with the United States being no exception to this pattern.

**Neoliberal Globalization, Robust but Problematic**

In 1992, Lester Thurow declared globalization dead in his influential book *Head to Head*, predicting a movement to neo-mercantilist trading blocs. Many pundits repeated the claim following the 1997-1998 financial meltdown, and again after 9/11. Yet the process of globalization continued inexorably through these years. Global exports grew a staggering 6.7 percent a year from
1992 to 2008, these quantitative changes reflecting important qualitative ones, as exemplified by the unprecedented development of international supply chains and global financial flows. The World Trade Organization (WTO) that institutionalized the process now counts 153 nations as members, including virtually all the major economies (with Russia recently applying for membership). The speculation that the end to this global movement had finally arrived with the 2008 financial crisis again proved premature. Of course, states never stopped pursuing economic nationalistic policies; their behavior, however, has been more pragmatic than ideological, and markedly constrained, while direct challenges to globalization have been marginal, especially inside the major industrialized economies.

Still, the world’s economic performance during the present (1970s onward) round of globalization has been problematic. Critics regularly point to the increased financial instability epitomized by the 1997-1998 and 2008 crises, and the growing inequality between and within nations. While this is often rationalized as the unavoidable price of economic growth, that growth has actually proven mediocre. According to the WTO, per capita Gross World Product (GWP) grew at slightly more than 3 percent a year from 1950 to 1973. From 1973 to 2006, it grew half as rapidly at just 1.2 percent each year. One study even suggests that growth after 1980 barely kept pace with the population increase.

This pattern has been evident in both rich and poor nations, with their government finances reflecting the problem. While the debt-to-GDP ratio of the major industrial countries fell from the 1940s through the 1970s, it has more than doubled since 1974, a problem again exacerbated by the 2008 financial crisis. The estimated US Federal deficit for the period 2009-2011 comes to over $4 trillion, bringing America’s national debt to approximately $14 trillion (roughly 100 percent of GDP, a ratio not seen since World War II), with sharply elevated deficits expected for years to come. Japan’s debt is now approaching 200 percent of its GDP. These same events also precipitated the sovereign debt crisis directly afflicting several EU members, and the integrity of the entire EU. Such a situation is definitely not supportable, but the prospects for remediation remain unclear. Meanwhile, fears of similar (or even greater) crises in the near future, before the world’s economies have time to recover, loom large, with theories about the “next one” prominent in the world press.

Additionally, the greater speed, density, and complexity of international communications and transport that facilitate the legal flow of goods, services, and people are the same measures that in many cases facilitate criminal and terrorist activity, illegal migration, and their associated problems, often magnified by the uncertainties and stresses created by the global economy. There are also a number of facts supporting the argument that globalization’s apparent discrediting of secular, material alternatives to neoliberalism have contributed to ethnic and sectarian conflict and violent religious fundamentalism by fostering a preoccupation with identity, often resulting in the channeling of political dissatisfaction into cultural and religious outlets. Globalization may not entirely
account for al Qaeda’s emergence, but its emergence would be inconceivable without globalization.

**Global Output, World Manufacturing, and the Balance of Trade**

In the early 1990s, economic analysts predicted that the twenty-first century would see a three-way competition between the United States, Japan, and a Germany-led Europe. Nonetheless, slow growth in the industrialized world (especially Japan and Germany) markedly reduced their share of GWP. Meanwhile China, once ignored in such discussions, proved to be the outstanding exception to the general pattern of slow economic growth, sustaining double-digit rates through these years. Accordingly, as of 2008 it accounted for 7 percent of GWP, and a massive 17 percent of world manufacturing, making it a close second to the United States in this area, with the likely prospect of being first quite soon. As the situation stands, China is the world’s largest exporter, possessing the largest trade surplus, largest positive account balance, and largest reserve of foreign exchange, and enjoys all the financial influence this ranking entails. More broadly, the balance of global manufacturing and trade has shifted to East Asia, with the development of China and other regional industrial powers more than offsetting Japan’s (relative) decline.

East Asia’s economies have integrated in the course of their expansion, but this process pales when compared with European integration. The evolution of the 12-nation European Economic Community (EEC) into today’s 27-nation EU has permitted the institution to preserve its share of GWP (14 percent larger than the United States) and global manufacturing (over 50 percent larger than that of the United States or China). Its common currency challenges the American dollar in ways the German mark and French franc never could.

At the same time, the US position has changed in ways understated by its share of GWP, for example, its declining share of world manufacturing. Such events reflect not only the rapid growth of developing nations (China), but the receding of manufacturing as a part of the total US economy, leaving the country as a net importer of manufactured goods (and eliminating its ability to finance other imports, like oil). This situation has enlarged the merchandise trade deficits, chronic since the 1970s, to 5 to 6 percent of US GDP in the 2004-2008 period. These deficits are only partially offset by the surplus in service exports and returns on foreign investment, placing the United States in the current position of possessing the world’s largest account imbalance (over $700 billion as of 2008). Foreign purchases of government securities are crucial to financing America’s budget deficit, while low US savings rates increases dependence on foreign capital, and reinforces the country’s status as the world’s largest debtor.

As the 2008 financial crisis raised doubts about the course pursued by fiscally troubled governments around the world, it may have also marked a shift in this pattern. Not only is China’s growth likely to slow in the coming years, but its socially, ecologically, and politically costly export-oriented strategy may have run its course. Meanwhile, the EU’s sovereign debt crisis has revived
the question of whether the organization has expanded too far and too fast, underlining its frailty.\textsuperscript{25} At the same time, the US fiscal and trading positions are widely viewed as unsustainable, endangering America’s international pre-eminence. How these three primary actors are able to successfully resolve their economic challenges remains to be seen.

\textbf{Resource Politics Never Went Away}

Since the 1970s, a combination of actions and theorizing related to economic production and its shift from tangible goods to information; technological hyperbole regarding everything from new energy sources and material science to the prospects for accessing the resources of the seas and space; and an optimism related to the power of markets to overcome every problem; have combined to produce a Cornucopian belief that ecological “limits to growth” are irrelevant. In the late 1990s, a short period of rapid American growth widely associated with the “New Economy” seemed to validate this thinking.

The period’s low commodity prices also contributed powerfully to this view. The subsequent price shocks, however (exemplified by the rise in oil prices that sparked the “food and fuel crisis” of 2006–8, and contributed to the 2008 financial crisis), each have been a reminder that the world economy remains dependent on the Earth’s limited natural resources.\textsuperscript{26} Indeed, the growth in the consumption of natural resources increased steadily, so that the world economy was using the resources of 1.2 “Earth-equivalents” by 1999 and 1.4 by 2008. We are likely to consume the resources of two Earth-equivalents by 2030 if present trends continue.\textsuperscript{27} Where energy specifically is concerned, the evidence pointing to a “significant, prolonged and continuing contraction in production . . . beginning by the 2020s is considerable,” with many suggesting that the moment of global “peak oil” may already be at hand, with anthropogenic climate change already a contributor to economic and political instability.\textsuperscript{28}

The realities associated with resource politics have been reminders of one important limit to globalization—the susceptibility of natural resources (oil and gas) to territorial control. Consequently, energy exporters have not only vastly increased their earnings, but have translated oil and gas reserves into financial and political influence, including investments in the ownership of foreign assets. (Russia is the most dramatic case, but this pattern extends to Saudi Arabia, the United Arab Emirates, Iran, Venezuela, and others.) State-owned oil companies and the associated sovereign wealth funds have been so prominent that some observers speak of the “return” of state capitalism.\textsuperscript{29}

High energy prices also impacted the trade balances of energy consuming states in exactly the opposite manner (net oil imports adding nearly $490 billion to the US trade deficit in the record year of 2008), while inspiring their governments to be more active in securing energy supplies.\textsuperscript{30} American and Chinese actions in this arena have received the most attention, but all major countries have been involved in these maneuverings, some quite surprisingly so, such as France’s establishment of a base in the UAE in 2009.
International Cooperation on Global Issues

The Cold War’s end saw nothing comparable to the hopes for improved world government that ran high after World War II. Yet there was widespread anticipation of a new era of routine, institutionalized, effective, international cooperation across a gamut of issues. That cooperation was to be based on the enlightened recognition of shared interests, a respect for international law, and an enlarged appreciation of national security beyond the traditional physical threats to states. There was talk of a new era of collective security, with the international community working through the United Nations to counter not only interstate aggression, but human rights abuses, state failure, and humanitarian disasters (as seen in the Horn of Africa and the Balkans). The end of the superpower arms race opened new opportunities for curbing nuclear proliferation, resulting in massive reductions in the American and Russian nuclear stockpiles, as well as producing a new Comprehensive Test Ban Treaty (CTBT). The 1992 Rio Summit formally extended international cooperation into the area of development and environmental protection, with the 1997 Kyoto Protocol, and the 2000 Millennium Declaration building on its precedents.

By and large, however, the envisaged cooperation never materialized. The United States was routinely at odds with Russia and China at the United Nations, as if the Cold War still continued. The international community, as a whole, demonstrated little appetite for messy, open-ended humanitarian interventions and nation-building projects. Rwanda was perhaps the greatest example of the organization’s failure to act, but an even greater problem is manifest in the “deficit” of peacekeeping efforts. Even when some action was forthcoming, it tended to be belated in nature and inadequate. In the nuclear arena, not only did the CTBT never enter into force, but the more ambitious goals of the 1968 Nuclear Non-Proliferation Treaty were never attained, with its goal of disarmament remaining as remote as ever. India and Pakistan, meanwhile, made their nuclear status official, and North Korea tested its first bomb. At the same time, progress toward the objectives of the Kyoto Protocol and the Millennium Declaration, or even the Rio Summit—modest to begin with—has been lackluster, with the developed nations falling short of their commitments. In fact, much of the improvement that did occur came from sources other than those identified for the action. Moments of crisis produced greater collaboration, as in the aftermath of 9/11, or the 2008 economic crisis, but this always occurred within measured limits. It was only in the arena of free trade that international cooperation has been consistently forthcoming and advancing.

In retrospect, many of these disappointments were all too predictable, as they assumed an implausible break with established national behavior. Yet the point that no great change actually occurred in this era is too important to overlook, given the global nature of the economic and security problems presently confronting the world.
Conclusions and Implications

Relative calm has prevailed among the great powers since the demise of the Soviet Union. Large-scale warfare remains a possibility, but by and large interstate war has been confined to the margins of the international system, and limited in its intensity, with the operational realities of the world’s major armed forces characterized by alternative missions. Neoliberal globalization has been robust but economically problematic, characterized by slow growth, financial instability, and other factors contributing to social and political stress. East Asia, and especially China, constituted the principal exception to the slow growth characterizing these decades. East Asia has massively increased its share of world manufacturing, exports, and exchange reserves, while at the same time the EU expanded and consolidated the continent’s resources, with some “game-changing” implications (like the euro). Additionally, rising commodity prices have resulted in booms among resource exporters, particularly energy exporters, which have also permitted these nations to enjoy greater political leverage.

As a result, while the United States remains in a class of its own with regard to military power, and its large national market, there have been some substantial shifts in economic power from the United States and Japan to other actors over the past two decades. This is particularly true of China, the EU, and a select number of energy exporters, resulting in a more complex and diffuse distribution of power. At the same time the relationships of the major powers are less defined by concerns related to traditional, state-centered threats than at any time since the nineteenth century, if not earlier. While these may not be the traditional threats, they do present an unprecedented array of non-traditional security concerns in areas like energy, the environment, and finance, and physical threats presented by non-state actors, such as international terrorism and high-seas piracy. Despite these mounting threats, cooperation has consistently fallen short of the levels hoped for in the early 1990s.

Many of the current trends seem likely to continue through the foreseeable future. The interaction of the crises of the past several years (especially in energy and international finance) combined with long-mounting stresses in the global economy (slow growth, debt, ecological pressure) all raise the possibility of changes in some areas of development, particularly if these changes impact the world’s three principal loci of economic power: China, the European Union, and the United States. China may continue to grow rapidly, though perhaps less so as it matures, and begins to pursue goals beyond the mere maximizing of GDP. Even if the EU’s attempts at integration and expansion recede (as is plausible), Europe as a whole is likely to remain powerful, even if that power is less extensive and well-organized.

Meanwhile the US position is not unlike what the “declinists” of the 1980s and early 1990s anticipated. The most significant direct challenges to the United States some twenty years after the Cold War are not military, but economic: deindustrialization, balance of payments problems, debt, and surviving inside an ever-more integrated global economy and strained ecosystem.
Relations among the great powers may yet grow more intense, but economic crisis seems the most likely cause of any future conflict, with the less traditional dimensions of security presenting the most realistic obstacles to the United States’ freedom of action if such events ever do materialize.

Accordingly, the logical focus for US policy is the correction of the country’s balance of payments problems on a fiscally and ecologically sustainable basis. China’s shift away from an export-oriented strategy may provide some relief in this area, but economically heterodox action will be vital, including the establishment of an energy policy designed to sharply reduce oil imports (and ultimately eliminate our dependence on fossil fuels); and an industrial policy which expands American manufacturing in proportion to the rest of its economy (ideally, to 16 percent of GDP as a minimum, short-term goal), as the overall economy grows.33

Rebuilding the country’s long-neglected infrastructure (not least its energy and transport systems), and investment in the research and development of alternative energy (especially renewable energy)—projects far larger in scale than anything provided under recent stimulus schemes—are obvious courses of action. More broadly, there needs to be an emphasis on supporting capital- and knowledge-intensive industries. The development of these industries is reliant on proprietary know-how “acquired only by . . . many years of learning by doing.” These arenas are where advanced nations can still establish a long-term comparative advantage. If America is to be successful in such endeavors, it needs to begin restoring its competitiveness in the manufacturing arena outside the defense and aerospace sectors.34

Of course, financing the needed investments is a daunting challenge given not only their scale, but the current Federal deficit, the number of limited options for cutting spending or increasing revenue, and the fact that meaningful results may take years to achieve.35 Additionally, it is difficult to imagine a successful “reindustrialization” of America without reining in speculative financing (as the United States did successfully in the 1930s), along with closer management of trade (to create enough space in which recovery is possible). Finally, long-term success in such a program will likely require its being part of a broader, sustained effort to redress the imbalances and vulnerabilities inherent in the international economic system. The need for greater global integration is underscored by the crises of the last several years, and the limits of governmental responses to them. It is true that, at present, much of this seems impossible, but the alternative may, in fact, prove intolerable.

**Notes**

1. The 1991 Sino-Soviet Border Treaty paved the way for the resolution of the Sino-Russian territorial dispute, and subsequent widened cooperation. China and India established a framework for resolving their border dispute in 2004, which has also been a basis for widened trade and cooperation.


5. Some 167 wars broke out in the 1945-1989 period (an average of 3.8), and 76 wars in the 1990-2007 period (or 4.5 annually). The same periods saw 110 and 63 intrastate conflicts respectively (a 50 percent rise in incidence); and 29 and 9 outbreaks of interstate war (a roughly 20 percent drop). See “Appendix A: Chronological List of All Wars,” Correlates Of War Home Page, March 2010, http://www.correlatesofwar.org/COW2%20Data/WarData_NEW/WarList_NEW.pdf (accessed June 7, 2011).


16. In 1992, the United States, Japan, and Germany accounted for 48.7 percent of Gross World Product (with 25.3 percent, 15.1 percent, and 8.3 percent respectively), and 50.7 percent of the world’s manufacturing output (US 21.6 percent, Japan 19.4 percent, Germany 9.7 percent). In 2008 they produced 37.2 percent of GWP (US 23.2 percent, Japan 8 percent, Germany 6 percent), and 35 percent of world manufacturing output (US 17.6 percent, Japan 10 percent, Germany 7.4 percent). Calculated using data from UN, “GDP/Breakdown at current prices in US dollars (all countries),” National Accounts Main Aggregates Database, http://unstats.un.org/unsd/snaama/dnllist (accessed June 7, 2011).

17. Ibid.

18. Asia’s share of global manufacturing rose from 32.2 to 39.8 percent in the 1992-2008 time frame (and its share of GWP, from 26.1 to 27.5 percent). Calculated from UN, “GDP/Breakdown, current prices.” Additionally, six of the world’s ten largest reserves of foreign exchange (China, Hong Kong, Japan, Taiwan, South Korea and Singapore) are in this region. Central Intelligence Agency, “Reserves of Foreign Exchange and Gold,” The World Factbook, https://www.cia.gov/library/publications/the-world-factbook/rankorder/2188rank.html (accessed June 7, 2011) (By contrast, the impact of “emerging markets” like Brazil and India has been limited.)

19. In 1992, the 12 original members of the EU produced 28.6 percent of world manufacturing. These countries’ share fell to 22.6 by 2008, but the EU’s newer members bring the total to 27.1 percent. Calculated from UN, “GDP/Breakdown, current prices.”


32. Despite European cuts in CO2 emissions, world emissions are 35 percent higher in 2007 than 1990 (due to growth in the United States and developing nations), even with the industrial collapse in the Soviet bloc. Additionally, developed countries generally failed to devote the promised 0.7 percent of their Gross National Income to Official Development Assistance (the figure realized being closer to 0.31 percent). The reported poverty reduction is concentrated in fast-growing East Asia, while “sub-Saharan Africa, Western Asia and parts of Eastern Europe and Central Asia” will not meet their targets. United Nations, The Millennium Development Goals Report 2010 (New York: United Nations, 2010), 7, 53, 66.


34. Eamonn Fingleton, In Praise of Hard Industries: Why Manufacturing, Not the Information Economy, is the Key to Future Prosperity (Boston: Houghton and Mifflin, 1999), 19.