

POWER IN A CHANGING WORLD ECONOMY: LESSONS FROM EMERGING ASIA

Background Paper

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Power is ubiquitous in the study of international political economy (IPE). Actors of all kinds – individuals, enterprises, governments, multilateral organizations – are said to have power (or not); to use power; to be affected by power; to submit to power. Power in the world economy is said to be concentrated or dispersed; the distribution of power is said to be stable or changing; the exercise of power is said to be effective or ineffective. Power is everywhere.

Yet for all its ubiquity, the notion of power in the literature of international relations (IR) and International Political Economy (IPE) is remarkably underdeveloped in formal theoretical terms. Though power analysis has generated much interest over the years, consensus remains elusive across a wide range of issues. Indeed, scholars find it difficult to concur even on a basic definition of the term. What are the essential properties of power? What are its sources? How does it operate? And what are its limits? Robert Gilpin once described the idea of power as “one of the most troublesome in the field of international relations” (1981:13). The only true point of agreement, quips David Baldwin, is on the “unsatisfactory state of knowledge about this topic” (2002: 177). The concept remains highly contested.

In the absence of consensus, specialists have little alternative but to approach the subject selectively – to accept the need to choose among multiple conceptions and interpretations of power, depending on context. Contemporary scholarship assumes, implicitly if not explicitly, that power is a complex and multifaceted phenomenon, almost chameleon-like in character, with implications and impacts that are highly contingent. As Michael Barnett and Raymond Duvall advise (2005: 40), scholars “must work with multiple conceptions of power, suggest how they can accomplish this task, and demonstrate how a consideration of power’s polymorphous character will enhance and deepen theoretic understanding of international politics.”

With that advice in mind, this project aims to use the recent experience of the emerging economies of East Asia (including China, Hong Kong, Japan, South Korea, Taiwan, and the ten nations of ASEAN) to advance our understanding of power in today’s world economy. Few doubt that developments in the East Asian region over the last quarter century have significantly affected the global distribution of power. China, with its “peaceful rise,” now stands as the second largest national economy in the world; South Korea and Taiwan have become industrial powerhouses; Hong Kong and Singapore are among the world’s most important financial centers; and new poles of growth have emerged in several ASEAN countries – all while Japan, long the region’s dominant market, has slipped into seemingly irreversible decline. This project will ask: What can we learn from this experience? What new insights might be offered for power analysis in IPE? For the most part, it can be expected that discussion will focus primarily on states, as the still predominant actors in the world economy. But this does not exclude analysis of powerful other actors as well, where appropriate.

The purpose of this brief background paper is to define the core agenda for the separate

studies to be included in our collection. Contributors will be unrestricted in their choice of substantive topic. Individual essays may focus on a single East Asian country or on several; on one issue area (e.g., trade, exchange rates, investment) or many; on one methodology or another (e.g., regression analysis or a case study approach). All the studies, however, will share a common objective: to extract inferences for the study of international economic power. Each paper will be framed with that shared objective in mind.

The agenda for the project encompasses four clusters of questions concerning, respectively, the meaning, sources, uses, and limits of power. Not every question must be formally addressed in each paper. Individual contributions, however, will be expected to address as many of the questions as seems appropriate in context. An overall Introduction, to be written by me after we have drafts of all essays in hand, will attempt to synthesize the findings of the separate contributors.

THE MEANING OF POWER

First, what do we mean by power? More often than not, scholars casually equate power with *influence*: the ability to alter the behavior of others. Power is understood simply as a capacity to control the outcome of events – “letting others have your way,” as diplomacy has jokingly been defined. A state, in this sense, is powerful to the extent that it can effectively pressure or coerce others; in short, to the extent that it can exercise leverage or enforce compliance.

Influence, however, is not the only relevant meaning of power. There is also a vital second meaning, corresponding to the generic dictionary definition of power as a capacity for action (going back to the Latin root for power, *potere* – “to be able.”) A state is also powerful to the extent that it is able to exercise policy independence – to act freely, insulated from outside pressures, and to deflect the influence of others. In this sense, power does not mean influencing others; rather, it means not allowing others to influence *you* – others letting *you* have your way. A useful synonym for this meaning of power is *autonomy*.

Influence and autonomy may be understood as two distinct dimensions of power. We can label them, respectively, the external and internal dimension. The two properties, in practice, are unavoidably interrelated. But what exactly is the nature of the relationship? Is one dimension logically an antecedent for the other – in effect, a necessary or sufficient condition for the other? Or can either dimension arise independent of the other? Can a state exercise influence without autonomy? Can a state enjoy autonomy without influence?

Such questions are by no means inconsequential. Suppose, for example, that autonomy logically precedes influence and can exist even in the absence of influence. Consequences for global economic governance could actually be quite profound, as I have suggested elsewhere (Cohen 2008a). The extraordinary growth of nations like China is thought to have dramatically broadened the global distribution of power. It could be argued, however, that the diffusion of power has been mainly in the dimension of autonomy rather than influence, meaning that while some actors in East Asia (and elsewhere) have gained a degree of insulation from outside pressures, few as yet are able to exercise greater authority to shape events or outcomes. As a consequence, leadership in the system may be said to have been dispersed rather than relocated – a pattern of change that could generate greater, not less, ambiguity in prevailing governance structures. My term for this is *leaderless* diffusion.

Are we condemned to leaderless diffusion in the years ahead as China and others in East Asia attain increasingly significant degrees of autonomy? It is to be hoped that at least some of the essays in this project will have something to say on this issue.

THE SOURCES OF POWER

Next, what are the sources of power? Whether power is understood in terms of influence or autonomy – that is, in terms of a capacity to control outcomes or a capacity to resist control -- two contrasting approaches have traditionally competed in the IR literature to explain where such capabilities comes from. One, with roots going back to the early realists, is the “elements of national power” approach (or “resources-as-power” approach), identifying power with tangible resources of one kind or another. In this view, power is a function of specific properties of a state such as territory, population, armed forces, or natural resources. The other, of more recent origin, is the “relational power” approach (or “social-power” approach), identifying power as a type of causation derived from the structure of relationships among states. In this view, power is a function of actual or potential interactions – a relational property – rather than derived simply from the material possessions of any one of them. What matters is not an accumulation of “power resources” but rather who depends on whom and for what.

From its beginnings some four decades ago, the modern field of IPE has relied most heavily on the relational power approach, inspired first and foremost by the early insights of the economist Albert Hirschman ([1945] 1969) in his World War II-era *National Power and the Structure of Foreign Trade*, a book long neglected until it was rediscovered in the late 1960s. Looking at Nazi Germany’s trade relations with neighboring countries in East-Central Europe and the Balkans, Hirschman highlighted the hidden politics of international trade: how conditions of dominance and dependence among states may arise naturally from the asymmetries of foreign commerce, and how import and export policies may be used opportunistically to exert political pressure and leverage. Subsequently, the relational-power approach was more fully developed by Bob Keohane and Joseph Nye in their landmark work in the 1970s on the implications of growing interdependence in the postwar world economy (Keohane and Nye 1973, 1977). States, Keohane and Nye noted, were becoming increasingly intertwined -- hence each was becoming more and more dependent on others in all sorts of issue-areas. But since mutual dependence was rarely symmetrical, opportunities were created for less dependent states to manipulate existing relationships to their own advantage. In the global system as a whole, Keohane and Nye concluded, it is possible “to regard power as deriving from patterns of asymmetrical interdependence between actors in the issue-areas in which they are involved with one another” (1973: 122). The basic question, in simplest terms, was: Who needs whom more? Power, in general, could be understood to consist of a state’s control over that for which others are dependent on it.

Relational asymmetries also underlay the approach to power analysis popularized by the British scholar Susan Strange, which is still widely used by scholars in what I have called the “British” school of International Political Economy (Cohen 2008b). Strange drew a clear distinction between two forms of influence in the global economy – “relational” power and “structural” power. Dismissing what she called the “narrow (and old-fashioned) understanding of power” (Strange 1985: 11) defined by the resources-as-power approach, Strange emphasized the importance of interactions – mutual dependence. Power, she argued, could be understood to

operate at two levels at once, structural as well as relational. Relational power, echoing more conventional treatments in the IR literature, was the familiar “power of A to get B to do something they would not otherwise do” (Strange [1988] 1994: 24) – a capacity to extract advantage within the established framework of activity. Structural power was “the power to shape and determine the structures of the global political economy.... the power to decide how things will be done, the power to shape frameworks within which states relate to each other” (Strange [1988] 1994: 24-25) – a capacity to extract advantage by favorably modifying the existing framework of activity. In cruder terms, as I suggested in an earlier version of the same distinction (Cohen 1977), the first may be said to refer to the ability to gain under the prevailing rules of the game; the second, to the ability to gain by rewriting the rules of the game.

The substantive questions here are two-fold. First, there is the contrast between the resources-as-power approach and the social-power approach. Does the recent experience of East Asia affirm the greater relevance of the relational concept of power, as generally assumed in most IPE scholarship, or does a reconsideration of the property concept of power seem warranted? Second, there is the contrast between relational and structural power. Does the rise of China or the decline of Japan signify a new structural power in the world economy, or is the purported change in the global distribution of power more hype than reality? And underlying both questions is a critical methodological issue. How do we *operationalize* these alternative notions for formal analytical purposes? Can a common framework of empirical metrics be established to enable us to distinguish clearly the true sources of power? It is to be hoped that some of the essays in this project will have something to say on these matters as well.

THE USE OF POWER

Third is a cluster of questions relating specifically to the external dimension of power – the use of power, whatever its source, to exercise influence. Two distinct issues are involved: intentions and means.

Intentions

For observers of world affairs, it is obvious that at times seemingly powerful states fail to exercise influence to the extent that might be expected. The fact that potential power is not always exploited suggests a need to distinguish clearly between capabilities and agency (action). Even if central decision makers know their preferences, they may not always act on them. The issue was captured long ago by James March (1966) in his distinction between “basic force models” and “force activation models.” Putative capabilities are one thing, actual implementation quite another. Force may not in fact be activated. Baldwin (2002) calls this the “potential power problem.”

To illustrate, consider again the distinction between influence and autonomy (the internal dimension of power). In a real sense, influence is inherent in autonomy. Because international relations are inescapably reciprocal, a potential for leverage is automatically created whenever policy independence is attained. By definition, a capacity to act unilaterally may generate repercussions or ripple effects – in technical language, “externalities” -- that compel others to react in one way or another. In that sense, a measure of influence is necessarily generated as an inescapable corollary of autonomy. But what kind of influence? The influence that derives

automatically from autonomy is *passive*, representing at best a contingent aspect of power; it can be said to exist at all only because of the exercise of autonomy. Moreover, the impacts involved are diffuse and undirected. This kind of passive power is very different from what is conventionally meant by influence in power analysis, which normally is understood to imply some degree of deliberate targeting or intent – “purposeful acts,” in the words of David Andrews (2006: 17). Autonomy translates into influence in the accepted sense of the term -- a dimension of power aiming to shape the behavior of others – only when the potential for leverage is *activated*, self-consciously applied to attain economic or political goals.

What explains the potential power problem? Why might force not be activated? In one sense, it may be because a purposeful act is rendered redundant by other, more subtle forms of influence. A long tradition in IR scholarship, going back to early contributions by Peter Bachrach and Morton Baratz (1962) and Steven Lukes (1974), usefully distinguishes among three so-called “faces” of power. The first and most familiar face of power involves direct political action on specific issues, exercised through the calculated use of available policy instruments, including side payments (bribery) or sanctions (coercion). This face of power is roughly analogous to what Strange meant by relational power. The second face operates more indirectly through systemic infrastructure to favorably alter incentive structures, in a manner roughly analogous to what Strange meant by structural power. The third face is essentially psychological in nature, working through constitutive impacts on identity and interests along lines suggested by constructivist IR theory.¹ To the extent that a state can get its way by way of the second or third face of power, it has no need to use the first. An overt influence attempt is unnecessary.

Closely related to the distinction among the three faces of power is the now-familiar distinction between “hard” power and “soft” power first introduced more than two decades ago by Joseph Nye (1990). Hard power derives from the material capabilities of a country and is manifest in both the first and second faces of power. Soft power, by contrast, involves more intangible forms of influence derived from a country’s culture and ideologies, working at the cognitive level to shape perceptions, beliefs, and values. With its emphasis on co-optation and attraction, soft power corresponds most closely to the third face of power. As Nye himself put it recently, “Soft power rests on the ability to shape the preferences of others to get them to want what you want” (2008: 29). The third face of power is also closely related to Antonio Gramsci’s idea of hegemony, which the well known Marxist theorist identified as one of the central control mechanisms of global capitalism. Through a hegemonic culture, Gramsci argued, the values of capitalism become the “common sense” values of all, thus helping to maintain the status quo.

Alternatively, the explanation for the potential power problem might have something to do with insufficient motivation. The interests at stake simply may not seem worth the effort, given possible risks or costs. Such an explanation would appeal to traditional realists, since it preserves the conception of the state as a rational unitary actor. The preferences of central decision makers remain pivotal, subject only to the demands of a more or less formal cost-benefit

¹ A fourth face of power has been identified in the work of Michael Foucault but seems too antitheoretical to be of much use for political analysis (Digeser 1992). A taxonomy of four concepts of power has also been developed by Michael Barnett and Robert Duvall (2005) – comprised of what they describe as compulsory, institutional, structural, and productive forms of power – but has not gained widespread currency in the IR literature.

calculus.

But there is also a more troubling possibility, which would hold less appeal for realists – the possibility that states, even if rational, may not in fact be unitary. Most students of IPE today accept that the domestic level of analysis is at least as important as the systemic level. Central decision makers, who might otherwise be motivated to act directly on their preferences, may be stymied by the hazards and hurdles of domestic politics: resistance from key interest groups or the complexities of the country's political institutions. In the language of Robert Putnam (1988), governments play strategic games at two levels, not one – at home as well as abroad. The failure to activate force externally may be due to constraints imposed internally at the domestic level of the “two-level game.” Or as Steve Krasner (1977) once put it, a government may be powerful in relation to other states, yet may be “weak” in relation to its own society and thus hamstrung in its formulation and implementation of policy. Lack of “strength” at home would thus more than suffice to account for an apparent failure to exploit power abroad. In his words:

The potential or maximum international power of the state... establishes only the outer boundaries of state power. Central decision makers cannot utilize resources that are beyond their sovereign control, but they may not even be able to mobilize all of the capabilities nominally within their jurisdiction (1977: x).

For our project, the potential power problem raises several critical questions. Are there any clear examples of seemingly powerful states in East Asia that have failed to exercise influence to the extent that might be expected; and if so, what is the reason? Have the other faces of power been at work? Is domestic politics at fault? Or does the explanation lie elsewhere in factors not anticipated by traditional power analysis?

Means

The purposeful exercise of power requires not only intention but also means – practical tools or instruments by which leverage can be actually applied to enforce compliance. Influence can be exerted through multiple pathways. At issue is what goes by the name of *statecraft*: the art of converting capabilities into action. Power, as such, is useless unless it can be made manifest and applied through specific means.

Standard IR theory, going back to classic works of Harold Lasswell (1958) and David Baldwin (1985), distinguishes four broad categories of statecraft:

- (1) Public diplomacy: manipulation of information.
- (2) Formal diplomacy: representation and negotiation.
- (3) Economic statecraft: regulating the availability of goods, services, or money.
- (4) Military statecraft: actual or threatened use of violence, weapons, or force.

For governments wishing to engage in influence attempts, the challenge is find instruments that best harness a country's power to achieve specific ends – by no means an easy task. Power, clearly, is not an undifferentiated mass, equally effective in all circumstances. Individual means of influence may differ greatly along a variety of relevant dimensions, including most critically scope, domain, and weight. Scope refers to the range of issues affected by a state's actions; domain, to the number of other actors subject to its influence; weight, to the probability that the behavior of other actors will in fact be altered. Distinctions like these are

important because it is evident that what works for a government in one set of conditions may not work in another or with the same degree of success. In other words, power resources may not be interchangeable – i.e., fungible. Baldwin (2002) calls this the “fungibility problem.”

For our project, the question once again is what we can learn about these issues from recent East Asian experience. Among the emerging economies of East Asia, China is hardly alone in trying to exploit the changing distribution of power in the world economy for national advantage. How effective have governments been in coping with the fungibility problem? What explains the choices that have been made among available tools of statecraft or the conditions that may affect their interchangeability? And most importantly, is there any evidence that governments can effectively manage the means at their disposal to enhance policy scope, domain, or weight? Are these dimensions exogenous or endogenous?

THE LIMITS OF POWER

Finally, we come to the limits of power. A capacity to exercise influence can be described in many ways: the three faces of power; relational or structural power; hard or soft power. But even if that capacity is purposefully activated and practical means are available to apply leverage, there is no assurance that compliance can actually be enforced. The intentions and means available to targeted actors must also be taken into account. The limits of power are set *jointly*, by both the senders and the receivers of influence.

In practice, limits are elastic and may vary considerably, depending on circumstances. On the one hand, even the most intense influence attempts could encounter resistance, leading to outcomes falling short of a sender’s aspirations. Faced with overt attempts to exploit hard power resources, targeted actors may respond strategically, seeking to make use of alternative power resources of their own or perhaps aligning with other similarly situated partners (“balancing”). Intention and means both may be necessary for the effective use of power, but they are hardly sufficient.

On the other hand, outcomes at times could turn out to be surprisingly favorable – especially when influence is exercised more subtly, through structural power or the more intangible elements of soft power. A powerful state may show little or no inclination to engage in direct political action to control outcomes (the first face of power). Yet it may nonetheless find its policy preferences voluntarily accommodated by others, either in response to material incentives (the second face) or through a process of normative socialization (the third face). Force does not have to be openly activated if followers accept the leadership of a powerful state as legitimate.

Here too, therefore, critical questions are raised. Does recent experience in East Asia add anything to our understanding of the limits of power? To the extent that influence attempts have been actively pursued, have targets resisted or acquiesced, and why? To the extent that less powerful actors have voluntarily followed the lead of the more powerful, is the cause structural power or soft power? And what room is there, if any, to manipulate the limits of power to advantage?

CONCLUSION

Together these four clusters of questions define our core agenda. It will be up to

individual contributors to decide which of these questions to emphasize most in their respective papers. But it is to be hoped that collectively our studies will provide new insight on all of the issues at hand – the meaning, sources, uses, and limits of power. By focusing on the recent experience of the emerging economies of East Asia, we have an opportunity to make a truly significant contribution to contemporary power analysis.

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