

The Future of Power

An address given to the Los Angeles World Affairs Council
On March 28, 2011 by

Dr. Joseph Nye

Distinguished Professor of Government at Harvard; Co-founder of the International Relations Theory of "Neoliberalism" and Originator of the concept of "soft power"; author of "*The Future of Power*"

Thank you very much for that generous introduction. It's a great pleasure to be back in Los Angeles and with the World Affairs Council. I am always reminded, when I hear a generous introduction which refers to me as Doctor Nye, that when my three sons were growing up, and people would call the house and they'd say, "Is Dr. Nye there?" They'd say, "Yes, but he's not the useful kind."

What I'd like to do tonight is talk to you a little bit about *The Future of Power*, the title of this new book, how that reflects on what will happen in the United States in the next couple of decades, and where we fit in the world. If we think about power, power is simply the ability to affect others to get what you want, and you can do that in three ways: You can do it with threats of coercion; sticks. You can do it with payments; carrots. Or you can do it with attracting others and persuading them to want what you want; that's what I call "soft power." And if you can generate enough soft power, you can economize on sticks and carrots.

The ability to use both soft and hard power is what I call "smart power," which is a term that Hillary Clinton has picked up, and said is the theme for the Obama administration. But we are not doing as well on smart power as

we should be, and that will be sort of the moral of the story that I am about to tell you.

There are really two big shifts that are going on globally in terms of power in the world in the 21st century. One is what I call "power transition," which is a shift of power among states. In this case I think it's largely from West to East. The other is "power diffusion," which is the movement of power away from states or governments to non-governmental actors.

Now, power transition – the shift among states – is sometimes called "The Rise of Asia." But it should really be called, "The Recovery of Asia." If you took a snapshot of the world in 1800, you would see that more than half of the world's population and more than half of the world's product came from Asia. If you took the same snapshot 100 years later in 1900, Asia was still more than half of the world's population, but only 20% of the world's product.

What we are going to see in the 21st century is the continuation of a process of getting back to normal. Normal meaning that at some point Asia will be half the world's product and half the world's population. It starts with Japan, goes on to South Korea then to some Southeast Asian countries like Singapore and Malaysia. Now it is very much focused on China, and soon it will be focusing more on India. This process is going to continue through this century, and our ability to respond to it and cope with it is going to be one of the great questions for American foreign policy in the 21st century.

I want to come back to that, particularly as it relates to China and China's role in power transition. But let me first talk about the other big shift that is going on, which is power diffusion away from states, east or west, to non-state actors. One way to think about power diffusion is to think about the extraordinary information revolution that has been going on in the last half

century, or I'd say 30 to 40 years. If you look at the price of computing power and communications – the cost of communications – they declined a thousand-fold in the last quarter of the 20th century.

Whenever something declines that rapidly, it means that the barriers of entry go down, and people are no longer priced out of the market. That sounds like a big number, a thousand-fold, but to put it in your mind in comparative terms, if the price of an automobile had gone down as rapidly as the price of computing power, you could buy a car today for five dollars. That's pretty dramatic! So let's say in 1975 or 78, if you had wanted to communicate from Los Angeles; to Santiago, Chile; to Johannesburg; to Beijing; to Moscow simultaneously, you could do it.

Technologically that was quite feasible. But it was very expensive, and you needed to be a large government, or large corporation to have the budget to be able to do that. Today, anybody can do that for free, if you have Skype. So, here is something where lots of people were priced out of this market 20, 30 years ago and now they can do as they wish.

Or, to give you another example, when I was in the Carter administration, we had the capacity to take a picture of any place on earth with one meter resolution, and that was a deep secret. We spent billions of dollars on it. Today, any of you can go to Google Earth and get a better picture for free.

This is a huge change, and it means that the people who were priced out of the market for playing a role in international affairs are no longer priced out of the market. The barriers to entry are down. The effect of that is not that governments are unimportant, they remain tremendously important, but the stage on which they act internationally is now a lot more crowded – there are just a lot more actors that can play in that game.

Some of these actors are good – Oxfam, which deals with poverty overseas. Some of them are bad; al-Qaeda. But it is worth noticing that they can make a big change in terms of what politics looks like. Al-Qaeda, a non-state actor, was able to kill more Americans in 2011 than the government of Japan did at Pearl Harbor in 1941. That is the privatization of war; that is a different kind of international politics.

Or, if you look at the Middle East today, and you look at what has been happening in, let's say, Egypt, the conventional wisdom always used to be that you had not much choice in Egypt. You had to either support the autocrat, Mubarak, or you wound up with the Muslim Brotherhood; religious extremists, and there was nothing in between.

But this burgeoning information revolution essentially has filled in part of the middle. So you found in Tahrir Square a new generation, which not only had been created by this information, but which now had devices provided by information technology to solve the problem of coordinating their action – Twitter, Facebook and so forth – and that's some very different politics.

Or, if you let me go one step further on illustrating this diffusion of power that grows out of the information revolution, think of cyber power. We all think about this, but we don't really quite grasp what it means in terms of diffusion of power. I don't know if any of you remember a famous *New Yorker* cartoon from oh maybe ten or fifteen years ago, that had two dogs sitting in front of a computer. One dog looks at the other dog and says, "Don't worry; on the internet nobody knows you're a dog."

That cartoon was actually quite prescient, because if we are attacked... For example, if Los Angeles, I think there was an article on the front page of the *LA Times* today about the water system, and the dangers of somebody, perhaps, interfering with the water system with cyber technology.

Or if you think about Chicago or Boston, where I'm from, and imagine what happens if the electrical grid is attacked and all the pipes freeze – that's about as good as a bomb; or many bombs going off. And if that occurs, we won't know if it was done by a hacker, by a criminal wanting extortion, by a cyber-terrorist, or by another government. And anybody who is clever among those four possibilities will have rooted it in such a way that it looks like one of the others.

So, in that sense, the question of a non-state actor – the first three of the four possibilities that I gave you – being able to do enormous damage without ever crossing our borders – by just sending electrons across – that's something quite new, and something we haven't quite coped with or haven't come to terms with. So this diffusion of power is a very important dimension of the 21st century power shifts, and if we are going to cope with that, we're going to have to learn to think about power in a much more nuanced way.

Traditionally, in international politics, we thought of power as primarily military power. So, for example, the great Oxford historian A.J.P. Taylor wrote a book and he said, "The mark of a great power is the capacity to prevail in war." But you could make an argument that in an information age, such as we live in, it's not just who's army wins, it's also who's story wins. And the ability to develop a narrative that attracts others with soft power may be as important as the ability to use hard power.

Think of the case that I just gave you. If you are attacked by electrons from you-don't-know-where, where do you send your cruise missile? Who do you attack? How does military force solve this? We are going to have to think in very different terms about what power is. That's why these concepts that I mentioned in the beginning, of soft power and smart power, are going to become increasingly important.

Now, China understands this. Hu Jintao, the Chinese President, told the 17th Party Congress of the Chinese Communist Party that China needed to invest more in its soft power, and it is. And that's a smart thing for them to do. If you're a country which has increasing hard power, of military and economic force, and your neighbors notice that, they are likely to be frightened and form alliances and coalitions to balance your power.

But if you also can develop your soft power – make yourself attractive – then it is less likely that they will form those coalitions against you. So the Chinese are, in that sense, attempting a smart power strategy by combining soft power with hard power. In many ways, they are spending billions of dollars to do this: setting up Confucius institutes; creating a new broadcast system like Al Jazeera, but for the Chinese; they are making major efforts.

On the other hand, the United States really hasn't wrapped its mind much around soft power, or how to make smart power. Yes, Hillary Clinton uses the term. Secretary of Defense Bob Gates uses the term. But we are not really on top of this. If you think of the following example: Gates and Clinton agreed that an aid program, which was in the Defense Department, should be shifted to the State Department. But when it was shifted, the budget was cut in half.

There is something strange about the way we think and talk about power in this country. We are quite willing to support anything in the defense budget, and yet we starve the State Department budget. We have a government – which is essentially a giant – and a lot of pygmies.

Now I am not anti-defense. I was an assistant secretary of defense. It is tremendously important. But if you have a political discourse in this country where you think of power simply as something that you can drop on a city or drop on your foot, we're not going to cope with this new information age in

which we are embarked. So, those are the issues that power diffusion raises for us as a people that we haven't quite thought through.

Let me say a word or two about power transition, to go back to where I started, which is this movement of power from west to east. The center of the world economy used to be in the Atlantic, now it is in the Pacific. That's great for Los Angeles, but for our country as a whole we have to ask, "How are we going to respond to this? How are we going to deal with it?"

Part of the way we understand it, or I would say misunderstand it, is to say, "Well what we are seeing is the rise in China and the decline of the United States." This is not a very good way of thinking about it. There are problems with talking about American decline. There is, for example, the fact that people tend to confuse absolute and relative decline.

Absolute decline is when you lose your internal capacity; this is what happened to Ancient Rome. Rome, essentially, was an agricultural economy with very low productivity. It didn't have economic growth. It succumbed to internecine warfare, and attacks from barbarians on the outside. It wasn't passed by another country or empire. It basically decayed from within. I don't see that as much of a metaphor for the United States.

We have problems in the United States. At dinner tonight we were just talking about some of the problem of improving our secondary school system, which we have to do. We also have problems with the budget deficit. We're going to have to come to terms with this deficit in the next half dozen years, at least.

But if you ask, "Is the American Economy going through absolute decline?" No, The World Economic Forum rates the United States as the fourth-most competitive economy in the world, after Sweden, Switzerland, and

Singapore. China, incidentally, is 27th. It is also worth noticing that in many of the new areas – nanotechnology; biotechnology – the United States is at the forefront. And, if you think about the entrepreneurial spirit in this country, most surveys of entrepreneurship rank the U.S. as number one. So this is not absolute decline.

But there is also relative decline, which is that if one country is here, and another country is here, and you move it up closer, you could portray that as relative decline – the gap isn't as big. But it is also worth noticing that while the rise of Asia – or if you want, the rise of the rest – means that that gap between the United States and the others is narrowing. It doesn't necessarily mean that they are above us. We can still be ahead. But the gap between us is less, and that could be called relative decline.

But the word "decline" is not very helpful. It doesn't give you a real picture of what is happening. So if you look at this question that preoccupies a lot of people: "Is China catching the United States and passing the United States?" My answer to that is, "No", though the polls show just the opposite. There was a poll recently that shows that the majority of Americans think that the Chinese economy is larger than the American economy. That's simply false. We are three times larger.

But the American psychology – it tells you a lot about psychology, not about facts. But at some point the Chinese economy is likely to be as big as the American economy, or bigger. If you have 1.3 billion people, growing at 10% each year, eventually the lines cross. But at the point where the Chinese economy is equal in size to the American economy, doesn't mean it is equal in composition, and per capita gross domestic product is a much better indication of the sophistication of an economy.

On that measure, China is not going to equal the U.S. for another couple of decades, if then. And if you look at military power, again the Americans are likely to stay well-ahead of the Chinese for another couple of decades. And on soft power, which I mentioned earlier, the Chinese are making huge investments in soft power, but every time they succeed in this area, their own internal authoritarian system undercuts them.

So, for example, they got a lot of credit for the Beijing Olympics and the Shanghai Exposition, but then they go and lock up Liu Xiaobo, and prevent him going to the Nobel Prize Ceremony, and that undercuts that soft power that they built up. So, I don't see China passing the U.S. in power in the next few decades.

But why should we care? What difference does it make? After all, power isn't good or bad, per se. It is like calories in your diet: too little and you expire, but too much and you get obese. So, there is nothing to be said just for having power. The reason it's important to think clearly about this, and not talk about American decline and so forth, is that in periods when you have one country rising, and a fear of decline on the other, it can lead to great turmoil.

So, for example, many people say that World War I was created by the rise in power of Germany, and the fear that created in Britain. There are some analysts who say that this century will have a great conflict created by the rise in power of China, and the fear that creates in the United States. I don't believe that. I think it is a bad analysis and bad history. For one reason, Germany had already passed Britain by 1900, and if you believe what I said a minute ago, China is not about to pass the United States for decades.

That means we have time to manage this rise of China, and to shape the environment, essentially, to encourage China to become a more responsible

part of the international system, and discourage them when they misbehave. And that is going to be, I think, the key question for us as we deal with power transition.

So, with power diffusion, we are going to have to think, "How do we deal with these new, non-state actors?" With power transition, "How do we deal with the rise of the rest, and work with them in such a way that we maintain our leadership?" But we are going to have to think about leadership in different ways.

We often think about leadership as sort of being king of the mountain, and you give commands down a hierarchy. But, in fact, in an information age, leadership may have much more to do with being in the center of the circle, and not giving orders, but attracting people to work with you in networks that can accomplish things.

One way of thinking about power in the 21st century – and I'll conclude with this – is to think of it distributed differently in different areas. It is a little bit like a three-dimensional chess board. On the top board of military relations among states, the United States is the only superpower. It is the only country that can project military power globally. I suspect it is going to remain that way for another couple of decades. I don't think China is going to pass us in that.

Go to the middle board of economic relations among states, and the world is multi-polar. There are many powers. This is the area where Europe can act as an entity, and when it does its economy is bigger than the American economy. And you also have China, Japan, and others.

But go to the bottom board of transnational relations, things that cross border outside control of governments: things like bankers transferring

financial flows that are larger than the budgets of many countries. Things like terrorists groups like al-Qaeda, international criminal cartels, cyber-terrorism, or impersonal processes like climate change and pandemics. Nobody is in charge here. Power is chaotically distributed. It makes no sense to call this uni-polar or multi-polar. The only way you can deal with these bottom-board issues, which is where the diffusion of power is occurring, is by organizing cooperation among governments.

And you get that cooperation by using your soft power to create networks and institutions to cope with these problems. That's where the United States has to learn how to think more clearly about power; to realize that just the image of the Lone Ranger going in and shooting things up is not a very good image for how you deal with the kinds of things I mentioned like climate change, cyber security, pandemics, and so forth.

Unless we cope with that, we are going to have trouble. Or, another way of putting it: you're playing a three-dimensional chess game and you focus on one board only – let's say the board of military power. In the long run you are going to lose. We are going to have to broaden our public discourse – the way we think about power – to understand that, yes, military power remains important, but it is not the only form of power, and smart power strategies have to learn how to combine military and soft power, in different circumstances, to get successful strategies.

So that's the lesson of my book. Whether it'll succeed in converting anybody, I'm not so sure. But, I do hope that it does convert some, because if we don't we are going to have a much harder time coping with these two great power shifts of the 21st century: power transition and power diffusion.

So, thank you very much for your attention.



www.lawac.org

Speeches are edited for readability and grammar, not content. The views expressed herein are not endorsed by the Council. The Los Angeles World Affairs Council is a non-profit, non-partisan organization that pays neither honoraria nor expenses to its speakers.