Graceful Decline?

The Surprising Success of Great Power Retrenchment

Paul K. MacDonald and Joseph M. Parent

How do great powers respond to acute decline? The erosion of the relative power of the United States has scholars and policymakers reexamining this question. The central issue is whether prompt retrenchment is desirable or probable. Some pessimists counsel that retrenchment is a dangerous policy, because it shows weakness and invites attack. Robert Kagan, for example, warns, "A reduction in defense spending . . . would unnerve American allies and undercut efforts to gain greater cooperation. There is already a sense around the world, fed by irresponsible pundits here at home, that the United States is in terminal decline. Many fear that the economic crisis will cause the United States to pull back from overseas commitments. The announcement of a defense cutback would be taken by the world as evidence that the American retreat has begun."[1] Robert Kaplan likewise argues, "Husbanding our power in an effort to slow America's decline in a post-Iraq and post-Afghanistan world would mean avoiding debilitating land entanglements and focusing instead on being more of an offshore balancer. . . . While this may be in America's interest, the very signaling of such an aloof intention may encourage regional bullies. . . . [L]essening our engagement with the world would have devastating consequences for humanity. The disruptions we witness today are but a taste of what is to come should our country flinch from its international responsibilities."[2] The consequences of these views are clear: retrenchment should be avoided and forward defenses maintained into the indefinite future.[3]

Other observers advocate retrenchment policies, but they are pessimistic

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The authors would like to thank Stacie Goddard, Robert Jervis, Roger Kanet, Christopher Layne, Jack Levy, James McAllister, Shany Mor, Abigail Parent, Mark Sandman, Jack Snyder, Kenneth Waltz, participants at the University of Miami Faculty Paper Series, and the anonymous reviewers for their valuable comments.

1. Robert Kagan, "No Time to Cut Defense," *Washington Post*, February 3, 2009.
2. Robert D. Kaplan, "Where's the American Empire When We Need It?" *Washington Post*, December 3, 2010.
3. For a theoretical justification of this position, see Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1983), pp. 192–197, 232; Samuel P. Huntington, "Why International Primacy Matters," *International Security*, Vol. 17, No. 4 (Spring 1993), p. 70; and Dale C. Copeland, *The Origins of Major War* (Ithaca, N.Y.: Cornell University Press, 2000), p. 43.

International Security, Vol. 35, No. 4 (Spring 2011), pp. 7–44

about their prospects.[4] Christopher Layne, for instance, predicts, "Even as the globe is being turned upside down by material factors, the foreign policies of individual states are shaped by the ideas leaders hold about their own nations' identity and place in world politics. More than most, America's foreign policy is the product of such ideas, and U.S. foreign-policy elites have constructed their own myths of empire to justify the United States' hegemonic role."[5] Stephen Walt likewise advocates greater restraint in U.S. grand strategy, but cautions, "The United States . . . remains a remarkably immature great power, one whose rhetoric is frequently at odds with its conduct and one that tends to treat the management of foreign affairs largely as an adjunct to domestic politics. . . . [S]eemingly secure behind its nuclear deterrent and oceanic moats, and possessing unmatched economic and military power, the United States allowed its foreign policy to be distorted by partisan sniping, hijacked by foreign lobbyists and narrow domestic special interests, blinded by lofty but unrealistic rhetoric, and held hostage by irresponsible and xenophobic members of Congress."[6] Although retrenchment is a preferable policy, these arguments suggest that great powers often cling to unprofitable foreign commitments for parochial reasons of national culture or domestic politics.[7]

These arguments have grim implications for contemporary international politics. With the rise of new powers, such as China, the international pecking order will be in increasing flux in the coming decades.[8] Yet, if the pessimists

4. See Fareed Zakaria, *The Post-American World* (New York: W.W. Norton, 2009), pp. 211–212; David P. Calleo, *Follies of Power: America's Unipolar Fantasy* (New York: Cambridge University Press, 2009), pp. 5–6, 153–165; and Andrew J. Bacevich, "Introduction," in Bacevich, ed., *The Long War: A New History of U.S. National Security Policy since World War II* (New York: Columbia University Press, 2007), pp. xii–xiv.

5. Christopher Layne, "Graceful Decline: The End of Pax Americana," *American Conservative,* Vol. 9, No. 5 (May 2010), p. 33.

6. Stephen M. Walt, "In the National Interest: A New Grand Strategy for American Foreign Policy," *Boston Review,* Vol. 30, No. 1 (February/March 2005), http://www.bostonreview.net/BR30.1/walt.php.

7. For the logic behind this view, see Aaron L. Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905* (Princeton, N.J.: Princeton University Press, 1988), pp. 279–303; Paul M. Kennedy, *The Realities behind Diplomacy: Background Influences on British External Policy, 1865–1980* (Boston: Allen and Unwin, 1981), p. 21; Hendrik Spruyt, *Ending Empire: Contested Sovereignty and Territorial Partition* (Ithaca, N.Y.: Cornell University Press, 2005), pp. 22–29; and Miles Kahler, *Decolonization in Britain and France: The Domestic Consequences in International Relations* (Princeton, N.J.: Princeton University Press, 1984), pp. 27–32, 60–64.

8. See David C. Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2007), p. 14; G. John Ikenberry, "The Rise of China: Power, Institutions, and the Western Order," in Robert S. Ross and Zhu Feng, eds., *China's Ascent: Power, Security, and the Future of International Politics* (Ithaca, N.Y.: Cornell University Press, 2008), pp. 112–113; and Stephen S. Cohen and J. Bradford DeLong, *The End of Influence: What Happens When Other Countries Have the Money* (New York: Basic Books, 2010), pp. 143–148.

are correct, politicians and interests groups in the United States will be unwilling or unable to realign resources with overseas commitments. Perceptions of weakness and declining U.S. credibility will encourage policymakers to hold on to burdensome overseas commitments, despite their high costs in blood and treasure.[9] Policymakers in Washington will struggle to retire from profitless military engagements and restrain ballooning current accounts and budget deficits.[10] For some observers, the wars in Iraq and Afghanistan represent the ill-advised last gasps of a declining hegemon seeking to bolster its plummeting position.[11]

In this article, we question the logic and evidence of the retrenchment pessimists. To date there has been neither a comprehensive study of great power retrenchment nor a study that lays out the case for retrenchment as a practical or probable policy. This article fills these gaps by systematically examining the relationship between acute relative decline and the responses of great powers. We examine eighteen cases of acute relative decline since 1870 and advance three main arguments.

First, we challenge the retrenchment pessimists' claim that domestic or international constraints inhibit the ability of declining great powers to retrench. In fact, when states fall in the hierarchy of great powers, peaceful retrenchment is the most common response, even over short time spans. Based on the empirical record, we find that great powers retrenched in no less than eleven and no more than fifteen of the eighteen cases, a range of 61–83 percent. When international conditions demand it, states renounce risky ties, increase reliance on allies or adversaries, draw down their military obligations, and impose adjustments on domestic populations.

Second, we find that the magnitude of relative decline helps explain the extent of great power retrenchment. Following the dictates of neorealist theory, great powers retrench for the same reason they expand: the rigors of great power politics compel them to do so.[12] Retrenchment is by no means easy, but

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9. See Christopher A. Preble, *The Power Problem: How American Military Dominance Makes Us Less Safe, Less Prosperous, and Less Free* (Ithaca, N.Y.: Cornell University Press, 2009), chaps. 2–3; and Michael Mandelbaum, "Overpowered?" *Foreign Affairs*, Vol. 89, No. 3 (May/June 2010), pp. 114–119.
10. See Niall Ferguson, *Colossus: The Price of America's Empire* (New York: Penguin, 2004), pp. 268–274; Immanuel Wallerstein, *The Decline of American Power: The U.S. in a Chaotic World* (New York: New Press, 2003), pp. 24–26; and Roger C. Altman and Richard N. Haass, "American Profligacy and American Power," *Foreign Affairs*, Vol. 89, No. 6 (November/December 2010), pp. 25–26.
11. See Michael Mann, *Incoherent Empire* (New York: Verso, 2003), pp. 206–251; Chalmers Johnson, *Nemesis: The Last Days of the American Republic* (New York: Henry Holt and Company, 2006), pp. 157–162, 243–244; and Andrew J. Bacevich, *The Limits of Power: The End of American Exceptionalism* (New York: Henry Holt and Company, 2008), pp. 3–12.
12. On great power expansion, see John J. Mearsheimer, *The Tragedy of Great Power Politics* (New

necessity is the mother of invention, and declining great powers face powerful incentives to contract their interests in a prompt and proportionate manner. Knowing only a state's rate of relative economic decline explains its corresponding degree of retrenchment in as much as 61 percent of the cases we examined.

Third, we argue that the rate of decline helps explain what forms great power retrenchment will take. How fast great powers fall contributes to whether these retrenching states will internally reform, seek new allies or rely more heavily on old ones, and make diplomatic overtures to enemies. Further, our analysis suggests that great powers facing acute decline are less likely to initiate or escalate militarized interstate disputes. Faced with diminishing resources, great powers moderate their foreign policy ambitions and offer concessions in areas of lesser strategic value. Contrary to the pessimistic conclusions of critics, retrenchment neither requires aggression nor invites predation. Great powers are able to rebalance their commitments through compromise, rather than conflict. In these ways, states respond to penury the same way they do to plenty: they seek to adopt policies that maximize security given available means. Far from being a hazardous policy, retrenchment can be successful. States that retrench often regain their position in the hierarchy of great powers. Of the fifteen great powers that adopted retrenchment in response to acute relative decline, 40 percent managed to recover their ordinal rank. In contrast, none of the declining powers that failed to retrench recovered their relative position.

The article proceeds as follows. The first section defines retrenchment and bounds the analytical scope of our study. The second section examines the existing perspectives on retrenchment, questions their assumptions, and disputes their pessimistic conclusions. The third section describes our argument, which links differential rates of decline to the grand strategic choices of great powers. The fourth section describes our research design, defining concepts and explaining how we measure variables and test cases. The fifth section evaluates these arguments in light of the data collected from eighteen cases of acute relative decline since 1870. We examine all the cases for a coarse-grained survey of the evidence and inspect two cases for finer-grained resolution. The sixth section applies the analysis to Sino-U.S. relations and offers policy recommendations.

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York: W.W. Norton, 2003), chap. 3; Christopher Layne, "The 'Poster Child for Offensive Realism': America as a Global Hegemon," *Security Studies,* Vol. 12, No. 2 (Winter 2002/03), pp. 120–164; and Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role* (Princeton, N.J.: Princeton University Press, 1998), pp. 35–41.

Defining Retrenchment

We define "retrenchment" as a policy of retracting grand strategic commitments in response to a decline in relative power. Abstractly, this means decreasing the overall costs of foreign policy by redistributing resources away from peripheral commitments and toward core commitments. Concretely, declining great powers select from a wide menu of policy options, but these options may be categorized as economizing expenditures, reducing risks, and shifting burdens.[13] To offset declining resources, states can economize expenditures by cutting, inter alia, military spending and personnel. Declining states can also reduce risks by pruning their foreign policy liabilities, tempering their foreign policy goals in some geographic areas, and defining particular issues as less critical. In extreme situations, states may retreat and renounce existing commitments altogether. Similarly, declining states can try to shift burdens, fobbing off foreign policy obligations on alliance partners. All of these policies allow resources to be reallocated from peripheral to core interests.

Given the breadth of this topic, it is important to distinguish retrenchment from related concepts. First, retrenchment is not synonymous with hegemonic change, though the two phenomena are often studied together.[14] Rather, we argue that retrenchment is a policy option available to any great power facing acute relative decline, whether or not it is the dominant hegemon. One of the limitations of existing studies is their tendency to conflate retrenchment with hegemonic transition. By focusing on hegemonic transitions, scholars risk overstating the uniqueness of hegemony, the challenges of relative decline, and the limitations of retrenchment. To test whether hegemonic transitions are more dangerous than other moments of great power decline, we scrutinize the logic of hegemonic transition theory and inspect a broader array of cases.

There are also empirical benefits to expanding the analysis. To begin with, there are relatively few historical cases of hegemonic transition. Only one of our eighteen cases of acute relative decline since 1870, for example, involves a hegemon. In addition, cases of acute relative decline vary considerably from one another. Some great powers suffer a rapid and sizable collapse in relative

13. For a discussion of these options, see Colin Dueck, *Reluctant Crusaders: Power, Culture, and Change in American Grand Strategy* (Princeton, N.J.: Princeton University Press, 2006), p. 12; Samuel P. Huntington, "Coping with the Lippmann Gap," *Foreign Affairs,* Vol. 66, No. 3 (May/June 1988), p. 456; and Michael Mastanduno, David A. Lake, and G. John Ikenberry, "Toward a Realist Theory of State Action," *International Studies Quarterly,* Vol. 33, No. 4 (December 1989), pp. 465–469.

14. See Gilpin, *War and Change in World Politics,* chap. 5; Charles P. Kindleberger, *World Economic Primacy, 1500–1990* (New York: Oxford University Press, 1996), p. 190; and Steven E. Lobell, "The Grand Strategy of Hegemonic Decline: Dilemmas of Strategy and Finance," *Security Studies,* Vol. 10, No. 1 (Autumn 2000), pp. 86–111.

power, whereas others experience a slow, incremental decline. Categorizing relative decline into static categories of "hegemonic" and "nonhegemonic" obscures important differences within these categories. As we argue below, the response of a great power to acute relative decline depends more on the rate of its fall than on its ordinal position among the great powers.

Second, this article is not a study of appeasement or surrender. By "appeasement," we mean a policy of attempting to settle international conflicts through sustained, asymmetric concessions.[15] Simply put, appeasement does not require retrenchment and vice versa. Not all declining states appease, and not all appeasement comes from declining states. Indeed, as we discuss in more detail below, states facing prolonged periods of decline are just as likely to offer sustained asymmetric concessions to recruit potential allies as they are to satiate potential adversaries. One of the advantages to examining retrenchment in a thorough fashion is the ability to identify the conditions under which appeasement appears to be the only way to maintain security in the face of dwindling capabilities.

Finally, this is not a study of strategic adjustment or how states formulate foreign policy commitments in general. A variety of valuable studies have explored when and why states fail to respond effectively to new strategic situations.[16] Policymakers have been taken to task for everything from excessive enthusiasm for expansion to culpable caution in the face of new threats.[17] We explore how some of the mechanisms proposed by these theories influence how states respond to relative decline, yet we address only a fraction of this literature.

Instead, we focus on what we call "moments of acute relative decline." These are windows of time when declining states are under pressure to curtail

15. See Norrin M. Ripsman and Jack S. Levy, "Wishful Thinking or Buying Time? The Logic of British Appeasement in the 1930s," *International Security,* Vol. 33, No. 2 (Fall 2008), pp. 148–181; Daniel Treisman, "Rational Appeasement," *International Organization,* Vol. 58, No. 2 (Spring 2004), pp. 345–373; and Stephen R. Rock, *Appeasement in International Politics* (Lexington: University Press of Kentucky, 2000), pp. 10–14.

16. See G. John Ikenberry, "The State and Strategies of International Adjustment," *World Politics,* Vol. 39, No. 1 (October 1986), pp. 53–77; Peter Trubowitz, "Geography and Strategy: The Politics of American Naval Expansion," in Trubowitz, Emily O. Goldman, and Edward Rhodes, eds., *The Politics of Strategic Adjustment: Ideas, Institutions, and Interests* (New York: Columbia University Press, 1999), pp. 105–138; and Kevin Narizny, *The Political Economy of Grand Strategy* (Ithaca, N.Y.: Cornell University Press, 2007), chap. 1.

17. See Jack L. Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca, N.Y.: Cornell University Press, 1991), pp. 2–21; Jeffrey W. Taliaferro, *Balancing Risks: Great Power Intervention in the Periphery* (Ithaca, N.Y.: Cornell University Press, 2004), pp. 40–54; and Randall L. Schweller, *Unanswered Threats: Political Constraints on the Balance of Power* (Princeton, N.J.: Princeton University Press, 2006), pp. 9–13.

their foreign commitments because they have fallen in the ordinal ranking of great powers and lost relative power for at least five years. Strategic adjustment may be common, but acute relative decline is not—in the last century, there were only ten such periods. Thus, it may be true that great powers behave ineffectively when reacting to slow changes, but they are able to manage acute relative decline adroitly.

Existing Perspectives on Retrenchment

In general, pessimists advance two main arguments about the challenge of using retrenchment to respond to relative decline. Some question the desirability of retrenchment, arguing that great powers that shed their international commitments will suffer a stunning blow to their credibility and prestige. Because it signals weakness, retrenchment tempts predation by foreign rivals and abandonment by one's allies, and is therefore a suboptimal grand strategy. Others dispute the probability of retrenchment, arguing that domestic interest groups conspire to prevent great powers from shedding burdensome commitments. Despite their dwindling resources, great powers will clutch existing commitments and avoid making tough choices. We consider each of these arguments in turn.

INTERNATIONAL CONSTRAINTS: RETRENCHMENT AS SLIPPERY SLOPE

Some pessimists argue that retrenchment is an undesirable policy because of its negative consequences for a great power's international position. In *War and Change in World Politics,* for example, Robert Gilpin identifies a variety of strategies great powers can implement to manage relative decline. Internally, they can raise additional resources through some combination of increasing taxes, manipulating the terms of trade, and reforming institutions to promote efficiency. Externally, they can reduce the drain on their resources by eliminating challengers through preventive war, expanding to more defensible perimeters, or reducing international commitments. Of these options, Gilpin sees retrenchment as a "hazardous course" that is "seldom pursued by a declining power." Because retrenchment is seen as "an indication of relative weakness," it serves only to disillusion friends and allies while whetting the appetites of potential adversaries.[18] Although Gilpin questions the utility of retrenchment in general, he is particularly skeptical of its value for declining hegemonic powers. In these circumstances, preventive war, rather than re-

18. Gilpin, *War and Change in World Politics,* p. 194.

trenchment, is likely to be the "primary means of resolving" the dilemma of acute decline.[19]

Dale Copeland is similarly skeptical of the desirability of great power retrenchment. Although he recognizes the risks associated with preventive war and other hard-line policies, Copeland views retrenchment as a strategy of last resort, one that bears few benefits but many risks. On the one hand, retrenchment, "by sacrificing relative power in the process . . . can lower a state's likelihood of winning any war that does occur." On the other hand, accommodation is unlikely to "buy the rising state's goodwill" because declining states cannot trust rising states' promises about how they will behave "after preponderance has been achieved."[20] As a result, a policy of retrenchment is rational only in those rare circumstances when force is not an option. In most cases, "*the more severe a state's decline will be in the absence of strong action, the more severe its actions are likely to be.*"[21] The faster great powers fall, the more likely they are to fight.

These arguments have a number of limitations. First, opponents of retrenchment exaggerate the importance of credibility in the defense of commitments. Just because a state has signaled a willingness to retreat from one commitment does not mean it will retreat from others. Studies of reputation, for example, have demonstrated a tenuous link between past behavior and current reputation.[22] The capacity to defend a commitment is as important as credibility in determining the strength of a commitment. Quantitative studies have likewise found a mixed link between previous concessions and deterrence failure.[23] The balance of power between the challenger and the defender, in contrast, is often decisive. For instance, after a series of crises over Berlin and Cuba, British

19. Ibid., p. 197; see also pp. 192–194.
20. Copeland, *The Origins of Major* War, pp. 40, 49.
21. Ibid., p. 41 (emphasis in original).
22. See Jonathan Mercer, *Reputation and International Politics* (Ithaca, N.Y.: Cornell University Press, 1996), pp. 10, 67; Daryl G. Press, *Calculating Credibility: How Leaders Assess Military Threats* (Ithaca, N.Y.: Cornell University Press, 2005), p. 32; and Ted Hopf, *Peripheral Visions: Deterrence Theory and American Foreign Policy in the Third World, 1965–1990* (Ann Arbor: University of Michigan Press, 1994), pp. 1–2. For a contrasting view, see Anne E. Sartori, *Deterrence by Diplomacy* (Princeton, N.J.: Princeton University Press, 2005), p. 5.
23. See Paul K. Huth, "Deterrence and International Conflict: Empirical Findings and Theoretical Debates," *Annual Review of Political Science,* Vol. 2 (June 1999), pp. 43–44; and Vesna Danilovic, "The Sources of Threat Credibility in Extended Deterrence," *Journal of Conflict Resolution,* Vol. 45, No. 3 (June 2001), pp. 341–369. States may not develop reputations for weakness, but leaders can develop reputations for dishonest bluffing. See Alexandra Guisinger and Alastair Smith, "Honest Threats: The Interaction of Reputation and Political Institutions in International Crises," *Journal of Conflict Resolution,* Vol. 46, No. 2 (April 2002), pp. 175–200; and Mark J.C. Crescenzi, "Reputation and Interstate Conflict," *American Journal of Political Science,* Vol. 51, No. 2 (April 2007), pp. 382–396.

Prime Minister Harold Macmillan observed to his cabinet, "The fact that the Soviet Government had agreed to withdraw their missiles and their aircraft from Cuba was not evidence of weakness but of realism. . . . But Berlin was an entirely different question; not only was it of vital importance to the Soviet Government but the Russians had overwhelming conventional superiority in the area."[24] This finding supports the basic insight of retrenchment: by concentrating scarce resources, a policy of retrenchment exchanges a diffuse reputation for toughness for a concentrated capability at key points of challenge.

Second, pessimists overstate the extent to which a policy of retrenchment can damage a great power's capabilities or prestige. Gilpin, in particular, assumes that a great power's commitments are on equal footing and interdependent. In practice, however, great powers make commitments of varying degrees that are functionally independent of one another. Concession in one area need not be seen as influencing a commitment in another area.[25] Far from being perceived as interdependent, great power commitments are often seen as being rivalrous, so that abandoning commitments in one area may actually bolster the strength of a commitment in another area. During the Korean War, for instance, President Harry Truman's administration explicitly backed away from total victory on the peninsula to strengthen deterrence in Europe.[26] Retreat in an area of lesser importance freed up resources and signaled a strong commitment to an area of greater significance.

Third, critics do not just oversell the hazards of retrenchment; they downplay the dangers of preventive war.[27] Both Gilpin and Copeland praise the ability of preventive war to arrest great power decline by defusing the threat posed to a hegemonic power by an isolated challenger. Such reasoning disregards the warning of Otto von Bismarck and others that preventive war is "suicide from fear of death."[28] In practice, great powers operate in a much more constrained and complex security environment in which they face multi-

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24. Quoted in Press, *Calculating Credibility*, p. 114.
25. See Alexander L. George and Richard Smoke, *Deterrence in American Foreign Policy: Theory and Practice* (New York: Columbia University Press, 1974), p. 559; and Glenn H. Snyder and Paul Diesing, *Conflict among Nations: Bargaining, Decision Making, and System Structure in International Crises* (Princeton, N.J.: Princeton University Press, 1978), p. 190.
26. See Roy K. Flint, "The Truman-MacArthur Conflict," in Richard H. Kohn, ed., *The United States Military under the Constitution of the United States, 1789–1989* (New York: New York University Press, 1991), pp. 246–251.
27. See Jeffrey W. Taliaferro, "Realism, Power Shifts, and Major War," *Security Studies*, Vol. 10, No. 4 (Summer 2001), pp. 145–178; and Robert A. Pape, "Empire Falls," *National Interest*, No. 99 (January/February 2009), pp. 21–34.
28. See Richard K. Betts, "Suicide from Fear of Death?" *Foreign Affairs*, Vol. 82, No. 1 (January/February 2003), pp. 34–43.

ple threats on several fronts. Powers pursuing preventive war are shouldering grave risks: preventive war may require resources that are unavailable or allies that are difficult to recruit, and defeat in preventive war opens floodgates to exploitation on multiple fronts. Even a successful war, if sufficiently costly, can weaken a great power to the point of vulnerability.[29] For most great powers, the potential loss of security in the future as a result of relative decline rarely justifies inviting the hazards of war in the present.

DOMESTIC CONSTRAINTS: RETRENCHMENT AS POLITICAL PRISONER

For Gilpin and Copeland, retrenchment is a policy that states should avoid. Other pessimists, however, argue that retrenchment can be an attractive policy but that domestic political processes intervene to impede states from adopting it. There are various versions of this argument. Aaron Friedberg argues that domestic political fragmentation inhibits the ability of countries to assess their relative power position accurately and to respond rationally in periods of transition. In the case of Great Britain in the late nineteenth century, Friedberg highlights how divisions among foreign policy bureaucracies and disagreements among decisionmakers resulted in an uncoordinated, incremental policy response to British weakness.[30]

Similarly, in a series of works Paul Kennedy contends that states have difficulty retrenching because of domestic constraints, such as entrenched social welfare spending and sclerotic domestic economic institutions.[31] Hendrik Spruyt likewise argues that states in which interest groups such as the military, settler lobbies, or sectoral economic groups dominate will find it more difficult to abandon territorial commitments. In particular, in institutional settings with multiple "veto points," motivated interest groups will prevent politicians from abandoning colonial possessions, even those that impose heavy economic and strategic burdens.[32] Others argue that cultural or ideational factors can sideline great power policies such as retrenchment.[33]

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29. See Jack S. Levy, "Declining Power and the Preventive Motive for War," *World Politics,* Vol. 40, No. 1 (October 1987), pp. 82–107; and Steve Chan, "Exploring Puzzles in Power-Transition Theory: Implications for Sino-American Relations," *Security Studies,* Vol. 13, No. 3 (Spring 2004), pp. 103–141.
30. See Friedberg, *The Weary Titan,* pp. 18–19, 116–117, 134–138, 290–291.
31. See Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987), pp. 539–540; Kennedy, *The Realities behind Diplomacy,* p. 21; and Paul M. Kennedy, *The Rise and Fall of British Naval Mastery* (London: Macmillan, 1983), pp. 271, 340–342.
32. See Spruyt, *Ending Empire,* pp. 22–29, 264–265. See also Mancur Olson, *The Logic of Collective Action: Public Action and the Theory of Groups* (Cambridge, Mass.: Harvard University Press, 1971), pp. 28–29.
33. See, for example, Jeffrey W. Legro, *Rethinking the World: Great Power Strategies and International Order* (Ithaca, N.Y.: Cornell University Press, 2005), pp. 13–17; Mark L. Haas, *The Ideological Origins*

Although useful in many contexts, domestic constraint arguments suffer from several problems. First, domestic political theories assume that interest groups predominantly push for more expansive overseas commitments. Yet domestic interest groups possess much more complicated and nuanced preferences than is commonly assumed. For example, many domestic interest groups oppose overseas commitments, favoring expenditure on domestic programs rather than adventures abroad.

Second, groups favoring assertive foreign policies do not speak with one voice or assign equal priority to all interests. Different interest groups will place different weight on particular regions, economic sectors, or types of international challenges.[34] The heterogeneity of domestic interests is critical because it opens up space for politicians to outmaneuver domestic groups and force trade-offs on unwilling lobbies.

Third, domestic political theories are unclear about when domestic interests are able to hijack the policymaking process. Some studies emphasize problems with democratic states, which provide interest groups easier access to the policymaking process. In his classic study, however, Stephen Krasner finds that "again and again there are serious discrepancies between the aims of central decision-makers and those of private corporations" in which "the state has generally prevailed."[35] Others argue that it is not regime type that is crucial, but the institutional structure of a country. Spruyt emphasizes the importance of institutional veto points, which are present in both democratic and autocratic systems.[36] Although the inclusion of veto points allows a more nuanced understanding of domestic constraints, it suffers from the same problem of specifying which veto points are most significant and when they will prove decisive.

Fourth, domestic political theories tend to downplay or ignore the ability of international context to inform domestic politics. Yet policymakers do not op-

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of Great Power Politics, 1789–1989 (Ithaca, N.Y.: Cornell University Press, 2005), pp. 15–18; and John Mueller, "The Impact of Ideas on Grand Strategy," in Richard Rosecrance and Arthur A. Stein, eds., *The Domestic Bases of Grand Strategy* (Ithaca, N.Y.: Cornell University Press, 1993), pp. 48–62.

34. For different ways of breaking down domestic coalitions, see Steven E. Lobell, *The Challenge of Hegemony: Grand Strategy, Trade, and Domestic Politics* (Ann Arbor: University of Michigan Press, 2005), pp. 26–29; and Mark R. Brawley, *Afterglow or Adjustment? Domestic Institutions and Responses to Overstretch* (New York: Columbia University Press, 1999), pp. 12–17.

35. Stephen D. Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy* (Princeton, N.J.: Princeton University Press, 1978), p. 277. See also Jack Snyder, Robert Y. Shapiro, and Yaeli Bloch-Elkon, "Free Hand Abroad, Divide and Rule at Home," *World Politics,* Vol. 61, No. 1 (January 2009), pp. 155–187.

36. Spruyt, *Ending Empire,* pp. 11–38. For similar conceptions of domestic coalitional inhibitions on grand strategy, see Schweller, *Unanswered Threats,* pp. 47–49; and Thomas J. Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict, 1947–1958* (Princeton, N.J.: Princeton University Press, 1996), pp. 11–32.

erate in a vacuum; elites react to changes in the international system.[37] Policymakers at the helm of rising powers can afford to indulge the interests of domestic lobbies with minimal consequences. Elites in rising powers have few incentives to resolve trade-offs among competing interests or veto new and unnecessary foreign adventures. In contrast, there are significant pressures on policymakers in declining great powers to put aside their parochial interests. They sit atop wasting assets, and a local defeat may easily turn into a general rout. It is precisely in periods of acute relative decline that one should expect partisan rancor and sectoral rivalry to recede.

SUMMARY

In brief, the conventional wisdom is that retrenchment is rare for good reason. For Gilpin and Copeland, it is an inferior policy to almost every other option, and states are better off risking preventive wars or structurally adjusting their way out of trouble. For Friedberg, Kennedy, and Spruyt, retrenchment might be the best policy, but steep domestic obstructions block this outcome. If these hypotheses are correct, retrenchment should be, above all, uncommon. In addition, when retrenchment happens, it will be a last resort and tend to be implemented belatedly and haphazardly. Lastly, it follows that states in decline should face pernicious feedback loops. Their inability or unwillingness to adjust to changing circumstance should make their existing problems worse, accelerating their inevitable fall from grace. We counter that pessimists overdraw the advantages of preventive war and the disadvantages of retrenchment, and they underestimate the disciplining dangers of great power decline. The next section explains why we believe retrenchment is typical.

The Argument

We advance the neorealist argument that states, competing for security in anarchy, respond with rough rationality to their environment.[38] They do this be-

37. See Charles A. Kupchan, *The Vulnerability of Empire* (Ithaca, N.Y.: Cornell University Press, 1994), pp. 102–103; and Etel Solingen, *Regional Orders at Century's Dawn: Global and Domestic Influences on Grand Strategy* (Princeton, N.J.: Princeton University Press, 1998), pp. 48–61.

38. See Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979), chap. 6; and Mearsheimer, *The Tragedy of Great Power Politics,* chap. 2. Neorealists take conflicting positions on how rational states are. We incline toward Waltz's skepticism of states as highly rational. See Waltz, *Theory of International Politics*, p. 118; and Kenneth N. Waltz, "Reflections on *Theory of International Politics:* A Response to My Critics," in Robert O. Keohane, ed., *Neorealism and Its Critics* (New York: Columbia University Press, 1986), p. 330. For a contrasting view, see John J. Mearsheimer, "Reckless States and Realism," *International Relations,* Vol. 23, No. 2 (June 2009), pp. 241–256.

cause, in the competitive arena of world politics, inert or improvident great powers receive negative feedback until they are disabused of their delusions or replaced at the top rungs by more sensible states. Great powers that do not react with agility and alacrity to a lower position are unlikely to last in the unforgiving game of power politics. Rivals will be quick to detect and exploit incompetence.

The underlying logic of this behavior is solvency. States, like firms, tend to go bankrupt when they budget blithely and live beyond their means. When ends are too ambitious for available means—a situation sometimes called the "Lippmann gap"[39]—states are overextended and open to predation. To avoid insolvency, states adopt retrenching policies as a way to gain breathing room, regroup, and retard if not reverse their decline.

In the long term, decline is inevitable, but in the short term it is anything but.[40] States can improve their relative growth by imitating the practices of lead states. And, like firms, states are capable of recovery if they make astute adjustments. Reorganization requires some combination of resources and time, which states can generate by paring back military expenditures, avoiding costly conflicts, and shifting burdens onto others. The alternatives—resignation to continual decline, disregard of risks, unbalanced ends and means—are worse.

Negative feedback drives this process, if states rationally adjust their commitments in response to decline. What matters most in explaining the extent of retrenchment is not geography, leadership, or regime type; the most important factor is the rate of decline relative to other great powers. Consequently, our central hypothesis is that declining power generates prompt and proportionate declines in grand strategic interests. We do not claim that all states retrench rationally all the time. What we claim is that great powers prudently scale back their grand strategic interests when they experience acute relative decline because they feel their power ebbing.

The basic logic of neorealism is clear, but it is not clear how quickly that logic applies.[41] Kenneth Waltz, neorealism's founder, argues that explaining foreign policy outcomes is too specific for a theory at such a high level of ab-

39. See Walter Lippmann, *U.S. Foreign Policy: Shield of the Republic* (Boston: Little, Brown, 1943), pp. 7–8.

40. For classic works on decline, see Edward Gibbon, *The Decline and Fall of the Roman Empire* (New York: Everyman, 1993), chaps. 2, 31, 38; and Charles de Secondat, Baron de Montesquieu, *Considerations on the Causes of the Greatness of the Romans and Their Decline* (Indianapolis: Hackett, 1965), pp. 91–96, 167–174.

41. For various views on neorealist theories of foreign policy, see Snyder, *Myths of Empire*, chap. 2; Barry R. Posen, *The Sources of Military Doctrine: France, Britain, and Germany between the World Wars*

straction. He speculates that systemic pressures might manifest themselves in foreign policies over ten- to fifteen-year time spans, maybe longer.[42] Colin Elman argues that a neorealist theory of foreign policy is logically possible, but he preaches agnosticism on whether such theories are useful. Like Waltz, Elman does not contend that neorealism functions as a theory of foreign policy over brief time spans.[43] Despite their differences, neither Waltz nor Elman generates a detailed neorealist theory of foreign policy.

We dissent from both Waltz and Elman; neorealism can illuminate foreign policy details, such as the form and timing of retrenchment. With regard to the forms that retrenchment can take, balance of power politics is a central concept in neorealism, and states seeking to preserve their autonomy can do so in two ways: internal or external balancing.[44] Internal balancing is increasing one's capabilities through economic growth, decreased military expenditures, or both. As a rule, this is the best form of balancing because, other things equal, in a self-help world it decreases reliance on others. External balancing involves the formation of alliances to collectively check rising powers. This is a second-best form of balancing, given the unreliability of alliance partners and the inevitable problem of free riding. States unable to balance are forced to side with the strong, or bandwagon.

This framework for understanding alignment can be applied to retrenchment. States suffering from relative decline should prefer to reverse their fall through internal retrenchment. States may try to ease the burden of their defense policies by cutting back defense spending or decreasing the size of their militaries. They may also try to increase the efficiency or effectiveness of their military forces. As part of such a policy, states may attempt to imitate the innovations of superior states.[45] These innovations may take the form of

(Ithaca, N.Y.: Cornell University Press, 1984), chap. 2; and Stephen M. Walt, *The Origins of Alliances* (Ithaca, N.Y.: Cornell University Press, 1987), chap. 2.

42. See Waltz, *Theory of International Politics,* p. 125; Elizabeth Pond and Kenneth N. Waltz, "Correspondence: International Politics, Viewed from the Ground," *International Security,* Vol. 19, No. 1 (Summer 1994), pp. 198–199; and Kenneth N. Waltz, personal correspondence with Joseph M. Parent, June 8, 2010.

43. See Colin Elman, "Horses for Courses: Why Not a Neorealist Theory of Foreign Policy?" *Security Studies,* Vol. 6, No. 1 (Autumn 1996), pp. 12, 48.

44. See Waltz, *Theory of International Politics,* pp. 163–172; Thomas J. Christensen and Jack Snyder, "Chain Gangs and Passed Bucks: Predicting Alliance Patterns in Multipolarity," *International Organization,* Vol. 44, No. 2 (Spring 1990), pp. 137–138; and James D. Morrow, "Arms versus Allies: Trade-Offs in the Search for Security," *International Organization,* Vol. 47, No. 2 (Spring 1993), pp. 207–233.

45. See Waltz, *Theory of International Politics,* pp. 127–128; João Resende-Santos, *Neorealism, States, and the Modern Mass Army* (New York: Cambridge University Press, 2007), pp. 5–6; Otto Hintze, *The Historical Essays of Otto Hintze,* ed. Felix Gilbert (New York: Oxford University Press, 1975),

military, economic, or social reorganization, but for the purposes of this article we concentrate on military reforms because neorealism puts theoretical priority on military power.

Even though internal retrenchment is the most desirable course of action, states suffering acute relative decline may be unable to balance their commitments and resources through domestic innovations alone. In these situations, states may have to retrench through external means, forming or reinforcing alliances that will help them meet their overseas commitments. There are obvious risks to relying on alliance partners to help defend overseas commitments—alliance partners may demand a high price for support; they may refuse to defend commitments in sensitive areas; and they can abandon you when called upon. Yet for states suffering from large declines, these risks may be worth taking if domestic reform alone is unlikely to check decline.

States in the most dire straits may be forced to forsake their international commitments altogether. Rather than attempt to stem the tide by internal reform or external assistance, they will simply bandwagon, or make massive sacrifices in the hope of salvaging some semblance of sovereignty. This form of retrenchment has the most in common with appeasement in the sense that concessions to potential adversaries are asymmetrical and sustained.

With regard to the timing of foreign policy responses, at critical junctures, structural incentives can influence retrenching states over time periods as short as five years. Power is often difficult to measure, and decisionmakers are sometimes poor at measuring it. But if neorealism is a powerful theory, it should apply when power shifts are most dramatic, and ordinal changes in the great power ranks fit this description. We admit that in some sense a five-year time horizon is aggressive and atheoretical, but theory informs our belief. It would be difficult to describe international politics as a competitive system if, within five years, major power shifts did not cue states to pull back or cause rising states to push declining states back to more defensible positions.

Beyond this, neorealism admits ignorance on the details of state behavior, and we concede the same. States have a variety of ways in which they may pursue a policy of retrenchment: they may attempt to bargain away their commitments or bluff in the face of new challenges. They may raise taxes, cut spending, or implement some combination of domestic fiscal reform. They may recruit new allies through appeals to geopolitical threat, ideological affinity, or promises of future spoils. They may not even be rational, though there

p. 153; and Friedrich Meinecke, *The Age of German Liberation, 1795–1815*, trans. Peter Paret and Helmuth Fischer (Berkeley: University of California Press, 1977), pp. 38–39, 95–96.

are strong incentives to act that way. That is, we are not structural determinists; states have wide latitude to chart their course when retrenching, and some will do so with more skill and success than others. At a minimum, however, states should be sensitive to international constraints, and periods of acute relative decline should trigger or accelerate retrenchment in short order.

In sum, this section has outlined a neorealist theory of great power retrenchment. If declining states mismatch their foreign policy means and ends for a significant length of time, they will hemorrhage resources and be contemptible competitors in the game of great power politics. To avoid this fate, states are apt to align ends and means and decline gracefully.

Research Design

From our interpretation of neorealism, we distill two simple hypotheses. First, states suffering from acute relative decline should adopt a policy of retrenchment within a small window of time. Second, the rate of relative decline should explain the extent and form of retrenchment. This section describes how we define and measure our main variables—acute relative decline and retrenchment—discusses case selection criteria and the universe of cases, and notes some important caveats.

INDEPENDENT VARIABLE: ACUTE RELATIVE DECLINE

In theory, states should retrench whenever they experience declines in their relative power. In practice, some periods of relative decline are of more analytical interest than others. For the purposes of this article, we focus on periods of what we call "acute relative decline." These are periods characterized by two features. First, a great power suffers a decline in relative power that decreases its ordinal ranking among the great powers. Second, this decrease in relative power remains evident for at least a five-year period. In making this argument, we are assuming that states are most likely to retrench when they have lost their position in the rank order and that loss does not appear to be temporary.

We measure relative power by examining a country's share of gross domestic product (GDP) among the great powers since 1870—the period for which we have reliable data.[46] If a country's ordinal share of GDP drops a rank and

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46. Our data come from Angus Maddison, *Monitoring the World Economy, 1820–1992* (Paris: Development Center of the Organization of Economic Cooperation and Development, 1995); and Angus Maddison, *Contours of the World Economy, 1–2030 AD: Essays in Macro-Economic History* (New York:

remains there for at least five years, we classify this as a period of acute relative decline. To be included in the study, states must have at least a 10 percent share of total great power GDP. We also rank the severity of relative decline by calculating the total decline in great power share of GDP for the five years following the shift in ordinal rankings. To take a familiar example: in 1908 Germany accounted for 15.69 percent of great power GDP, surpassing Great Britain for the first time in German history. Over the next five years, Great Britain continued to lose ground relative to Germany, with its share of great power GDP reduced by a total of 1.41 percent.

No measures are perfect, even when they are the best among flawed alternatives. Although parsimonious, cross-national GDP data must be viewed with skepticism, especially over long periods of time. GDP was invented as a concept relatively recently, and projecting it backwards in time is a difficult feat. For some countries in the data set, we have had to estimate total GDP using less reliable measures of output from specific economic sectors.[47]

Furthermore, GDP is not the optimal measure for this study. GDP, like income, is a flow measure and gauges the market value of all finished goods and services produced within a country in a given year. If money were power—and it is only imperfectly so—the best measure would be national wealth, a stock measure.[48] Unfortunately, no one keeps such a measure for the period under consideration. Ultimately, the rank ordering depends on who makes the most, year in and year out. In any given year, a lackluster income can be compensated for by a large nest egg from prior years. Conversely, poor investment, profligate consumption, or high debt can mute the advantages of an enviable income. In this sense, GDP, like income, is a leading indicator, but one whose effect can be dampened or amplified by the national balance sheet.

Lastly, economic decline may not be the best measure of relative decline

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Oxford University Press, 2007). We use a slightly different coding of what constitutes a great power than the Correlates of War. Specifically, we consider the following countries to be great powers: Austria 1870–1918; China 1950–2001; France 1870–1940, 1945–2001; Germany 1870–1918, 1925–1945, 1955–2001; Italy 1870–1943; Japan 1870–1945, 1952–2001; Russia/Soviet Union 1870–1917, 1922–2001; United Kingdom 1870–2001; and United States 1870–2001.

47. Angus Maddison's estimates for Imperial Russia, for example, omit certain years. We filled these gaps using Maddison's industry of origin method, which measures output based on volume estimates of physical indicators such as agricultural and industrial production. See Maddison, *Monitoring the World Economy,* pp. 141–142; Raymond W. Goldsmith, "The Economic Growth of Tsarist Russia, 1860–1913," *Economic Development and Cultural Change,* Vol. 9, No. 3 (April 1961), pp. 450, 462–463; and R.W. Davies, ed., *From Tsarism to the New Economic Policy: Continuity and Change in the Economy of the USSR* (Ithaca, N.Y.: Cornell University Press, 1990), p. 279.

48. See William D. Grampp, "What Did Smith Mean by the Invisible Hand?" *Journal of Political Economy,* Vol. 108, No. 3 (June 2000), pp. 441–465.

overall. States could care more about military, political, or cultural decline—or about some dynamic basket of these. Decisionmakers may not have a clear ranking of great powers, may not even know an ordinal transition is taking place, and have only an inkling that their decline is significant and sustained. One must keep in mind that many policymakers had faulty or imprecise GDP data for large stretches of the period we consider, while others had no GDP data at all.[49]

As a rebuttal to these concerns, we argue that using GDP data is an elegant and conventional approach to analyzing relative power. Most studies of the balance of power use some measure of economic output, whether energy consumption, steel production, or GDP.[50] We assume that decisionmakers acted as if they had access to GDP data, or something close to it. This is not unrealistic; political elites monitor a variety of economic indicators including agricultural production, industrial output, commodity prices, tax receipts, and import and export totals. These measures may have been imperfect, but many of them correspond to what we now call GDP.

With regard to the income versus wealth distinction, we address this by examining periods of ordinal transition. Fundamentally, states cannot maintain their position in the system if others have a persistently higher share of GDP. No other form of power is as fungible as economic power, and it can be converted, with various lags, into political, military, or cultural clout. Other, more nuanced forms of decline may also encourage retrenchment, but if there is a situation that should elicit a retrenchment response, relative economic decline is it.

It should be noted that measuring great power relative decline using GDP has advantages over well-known alternatives. The Correlates of War national material capabilities data, for example, is often used to track the relative balance of power among the great powers. By aggregating measures of economic output with military indicators, however, this index conflates the causes of relative decline with its consequences. A decision by a great power to reduce its military expenditures, for example, may reflect a decision to retrench, and thus be an outcome rather than a marker of relative decline.

49. See, for example, Allan Mitchell, *The German Influence in France after 1870: The Formation of the French Republic* (Chapel Hill: University of North Carolina Press, 1979), p. 119; and Friedberg, *The Weary Titan,* pp. 44–50, 67, 81.

50. See, for example, Walt, *The Origins of Alliances,* pp. 275, 289–291; Emerson M.S. Niou, Peter C. Ordeshook, and Gregory F. Rose, *The Balance of Power: Stability in International Systems* (New York: Cambridge University Press, 1989), pp. 223–234; and Stephen G. Brooks and William C. Wohlforth, *World Out of Balance: International Relations and the Challenge of American Primacy* (Princeton, N.J.: Princeton University Press, 2008), p. 30.

DEPENDENT VARIABLE: EXTENT OF RETRENCHMENT

Our primary dependent variable is the extent of foreign policy retrenchment within five years of an ordinal transition. Comparing the extent of retrenchment is complicated because of the various ways a state can retrench. Given that overseas commitments are often informal, chronicling the retreat of influence is not as easy as describing an evaporating puddle. When retracting their grand strategic interests, states follow a number of related paths to pull back, which may be categorized as economic, military, and diplomatic. To keep the subject tractable, we focus on the latter two. Militarily, how much do states spend on defense and where do they allocate their resources? Diplomatically, how much political capital do states spend to lessen their exposure to peripheral conflicts to focus on central ones? Any significant advance along one of these fronts is, *ceteris paribus,* evidence of retrenchment.

We measure the extent of retrenchment qualitatively and classify our cases into four crude groups: states that expand their commitments or at least fail to retrench as compared with states exhibiting high, medium, and low degrees of retrenchment.[51] Coding the dependent variable is inescapably controversial. States sometimes move forward and backward simultaneously within and across various spheres, making evaluation of the overall direction and magnitude of a state's foreign policy difficult. These problems are inherent in any study of grand strategy; we seek to minimize them through transparency. In some cases, reasonable people might disagree on how to interpret a state's policy responses. We welcome these disputes, code the most debatable cases with a range, and report our findings within these parameters.

It is important to note that our measure is comparative, not normative. Where previous scholarship graded foreign policies against the threats they faced—frequently scoring them as over- or underreacting—we take a different tack.[52] Although evaluating the efficacy of foreign policy strategies is a useful exercise, for present purposes we prefer to judge foreign policies with comparable cases. The issue is not one of better or worse policies, but more or less retrenchment. For instance, instead of assessing whether French foreign policy was adequate to another state's challenge, we examine where French retrenchment policies would lie along a spectrum of like cases. This has the advantage

51. Our large and medium categories correspond with what Colin Dueck calls first- and second-order changes in grand strategy. Our small category is similar to his description of "minor tinkering." See Dueck, *Reluctant Crusaders,* pp. 12–13.

52. Richard Rosecrance, "Overextension, Vulnerability, and Conflict: The 'Goldilocks Problem' in International Strategy (A Review Essay)," *International Security,* Vol. 19, No. 4 (Spring 1995), pp. 145–163.

of verifying whether states in comparable situations act similarly, as well as sidestepping hindsight bias. Along these lines, a great power need not recover its relative position in the rankings for its policy to be coded as retrenchment. Some great powers use retrenchment to lay the foundation for future recovery, whereas others use retrenchment to soften an inevitable decline.

We also examine the form of retrenchment. In particular, there are three general indices we combine with our qualitative analysis to measure retrenchment behavior. The first is the average annual change in military expenditure and military personnel in the five-year period following a great power's decline in ordinal ranking.[53] Combined with a qualitative analysis of acquisition, training, doctrine, and deployment, this measure allows us to gauge the extent of military responses to decline. We expect states facing acute relative decline to slow the growth or shrink the size of their military forces and for those facing large declines to cut more aggressively.

Second, to assess diplomatic responses, we examine the number of new alliance agreements signed by a great power in the five years following its decline in ordinal ranking.[54] Defensive alliances are a sound indicator of burden shifting and lessened commitments, but only if carefully measured. By obligating a great power to defend its partner, an alliance agreement could represent expansion, rather than contraction, of foreign policy commitments. Even defensive alliances can be used to free capabilities for expansion in other areas, a policy that is not commensurate with a grand strategy of retrenchment. This is also true to a lesser extent for nonaggression pacts and neutrality agreements. Therefore, we couple our overview of alignments with a qualitative assessment of the nature of the agreements and other changes in a declining state's alliance portfolio. We contend that diplomatic overtures should be proportionate to the rate of decline. In other words, the faster states fall, the more frantically they search for friends.

Third, we examine the behavior of declining great powers in militarized disputes, examining whether declining great powers are more likely to find themselves in militarized disputes in the five years following a shift in ordinal rankings.[55] We combine this analysis with a qualitative assessment of the goals

53. We use military personnel data from Correlates of War, "National Material Capabilities" data set, ver. 3.02. See J. David Singer, "Reconstructing the Correlates of War Dataset on Material Capabilities of States, 1816–1985," *International Interactions,* Vol. 14, No. 2 (May 1988), pp. 115–132.

54. We use alliance agreement data from the Alliance Treaty Obligations and Provisions Project, ver. 3. See Brett Ashley Leeds, Jeffrey M. Ritter, Sara McLaughlin Mitchell, and Andrew G. Long, "Alliance Treaty Obligations and Provisions, 1815–1944," *International Interactions,* Vol. 28, No. 3 (July 2002), pp. 237–260.

55. We use data from Correlates of War, "Militarized Interstate Disputes" data set, ver. 3.1. See

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and strategies employed by declining great powers during these disputes to develop a general sense of the ways in which declining states use force to assist (or inhibit) retrenchment. In direct opposition to Copeland, we expect states facing acute relative decline to avoid initiating and escalating militarized disputes, which threaten to waste precious resources, except to defend areas of core concern.

We acknowledge that some will find this approach of melding qualitative assessments with quantitative measures unsatisfying. Given the subtle and complex ways in which states can identify and defend foreign policy commitments, however, it is next to impossible to identify measures of retrenchment based solely on objective criteria. So, too, we accept that our proxy measures for the form of retrenchment are imperfect. States obviously change the size of their military forces and contract alliances for many reasons, only some of which are a result of fading resources.[56] Similarly, to fully understand the behavior of states in militarized interstate disputes requires complicated models of crisis bargaining and behavior.[57] We use these measures to explore the plausibility of a neorealist theory of retrenchment, and the overlapping pictures they paint are informative, albeit not dispositive.

Empirical Findings

Our data set extends back to 1870, the point at which reliable cross-national GDP figures begin for all the great powers. During this period, we identify eighteen cases of acute relative decline. Eight of these cases occurred prior to World War I, five during the interwar period, four during the Cold War, and one in the post–Cold War period. To enable effective comparisons among these periods of acute relative decline, we divided these cases into thirds: "small" declines were those totaling less than 2 percent; "medium" or "moderate" declines were those totaling from 2 to 4 percent; and "large" declines were those totaling more than 4 percent. It is worth pointing out that periods of acute relative decline are rare: they represent just 1.8 percent of the total great power country-years.

Daniel M. Jones, Stuart A. Bremer, and J. David Singer, "Militarized Interstate Disputes, 1816–1992: Rationale, Coding Rules, and Empirical Patterns," *Conflict Management and Peace Science,* Vol. 15, No. 2 (Fall 1996), pp. 163–213.

56. See, for example, Benjamin E. Goldsmith, "Bearing the Defense Burden, 1886–1989: Why Spend More?" *Journal of Conflict Resolution,* Vol. 47, No. 5 (October 2003), pp. 551–573.

57. See, for example, John R. Oneal, Bruce Russett, and Michael L. Berbaum, "*Causes* of Peace: Democracy, Interdependence, and International Organizations, 1885–1992," *International Studies Quarterly,* Vol. 47, No. 3 (September 2003), pp. 371–393.

Table 1. Cases of Acute Relative Decline since 1870

Country Year	Depth of Decline	Ordinal Rank	Challenger	Extent of Retrenchment
1879 Russia	0.36	3	Germany	low
1873 France	0.91	3	Germany	low-no
1926 United Kingdom	0.95	2	Germany	low
1908 United Kingdom	1.41	2	Germany	low-no
1872 United Kingdom	1.46	1	United States	low-no
1883 France	1.98	3	Germany	no
1930 United Kingdom	2.17	2	Soviet Union	medium-low
1956 United Kingdom	2.36	3	West Germany	high
1935 United Kingdom	3.22	3	Germany	high
1888 Russia	3.22	3	Germany	medium
1893 France	3.23	4	Russia	medium-low
1931 Germany	3.24	2	Soviet Union	no
1967 West Germany	3.27	3	Japan	medium-low
1924 France	4.00	4	Soviet Union	medium
1903 Russia	4.21	3	Germany	medium-low
1946 United Kingdom	5.54	2	Soviet Union	high
1992 Japan	6.32	2	China	no
1987/88 Soviet Union	9.0/10.8	2/3	Japan/China	high

Table 1 lists the eighteen cases of acute relative decline considered in our study. Column 1 represents the declining power and the year of ordinal transition; column 2 is the depth of decline measured in total percentage drop in great power share of GDP in the five years following ordinal transition; column 3 is the ordinal rank lost; column 4 is the ordinal challenger; and column 5 is the extent of retrenchment. For fuller resolution, we generated profiles of all eighteen cases. A brief summary of each of these cases can be found in an online appendix.[58]

COARSE-GRAINED OVERVIEW

Based on our universe of cases, the predictions of retrenchment pessimists receive little support. In contrast to arguments that retrenchment is rare, we find that great powers facing acute relative decline adopted retrenchment in at least eleven and at most fifteen of the eighteen cases, a range of 61–83 percent. By any accounting, a majority of the countries in these cases retrenched shortly after their ordinal transition. Nor does the evidence support the view that domestic interests constrain retrenchment. Every one of the great powers in our

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58. See retrenchment_appendix.pdf at https://public.me.com/pkmacdonald.

sample that chose to retrench did so within five years of the ordinal transition. This suggests timely responses to external constraints rather than domestic intransigence.

Moreover, there does not appear to be a strong connection between regime type and retrenchment. Democracies account for about two-thirds of the great powers in our study, and are slightly more likely to face acute relative declines, accounting for thirteen of our eighteen cases, or 72 percent. Of the twelve democracies, seven retrenched, two did not, and three are debatable, yielding parameters from 58 to 83 percent. There are only three cases of autocracy, which makes comparison among groups difficult, but of these, two retrenched and one case is arguable, producing a range of 67–100 percent.[59] In short, evidence at the coarse-grained level tentatively supports the neorealist approach outlined above: during acute relative decline, a significant majority of great powers of differing regime types elected to retrench.

Wars, preventive or otherwise, do not appear to be a common fate for declining states, and recovery of lost rank was fairly frequent. Declining great powers found themselves embroiled in an interstate war in only four of the eighteen cases, and in only one of these cases—1935 United Kingdom—did the declining power go to war with the power that had just surpassed it in ordinal rank.[60] In addition, in six of fifteen cases, declining great powers that adopted a policy of retrenchment managed to rebound, eventually recovering their ordinal rank from the state that surpassed them. These findings suggest that retrenching states rarely courted disaster and occasionally regained their prior position. Further, even if retrenchment was not successful, this does not prove that a preferable policy existed.[61] In many cases of decline, there are few restorative solutions available; politics is often a game of unpalatable alternatives. Short of a miracle, it is hard to say what great powers such as Britain, France, or the Soviet Union could have done to stay aloft, even with the benefit of hindsight.

There is more room for debate on how well a neorealist approach helps ex-

59. There are three cases of regime transition in the sample—1873 France, 1931 Germany, and 1987 Soviet Union—but the data are not suggestive. The Soviet Union aggressively pared back its commitments despite internal upheaval, while France charted a minimalist foreign policy in part because of it.

60. A potential second case, 1872 France, experienced acute relative decline after the French had been defeated by Germany. This suggests an additional problem with theories of hegemonic transition—in many cases, transition is produced by war rather than vice versa. See Richard Ned Lebow and Benjamin Valentino, "Lost in Transition: A Critical Analysis of Power Transition Theory," *International Relations,* Vol. 23, No. 3 (September 2009), pp. 389–410.

61. See Jack Snyder, "Review of *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905,* by Aaron L. Friedberg," *American Political Science Review,* Vol. 84, No. 2 (June 1990), p. 719.

plain the extent of retrenchment. Seven cases do not appear to fit our explanation: 1883 France; 1935 and 1956 United Kingdom; 1924 France; 1903 Russia; 1931 Germany; and 1992 Japan. Six additional cases are arguably borderline cases: 1873 and 1893 France; 1908, 1872, and 1930 United Kingdom; and 1967 West Germany (this last case, if it works, may do so for the wrong reasons). Depending on how one codes the half dozen controversial cases, the depth of decline correctly predicts the extent of retrenchment in somewhere from 28 to 61 percent of the cases. Although we believe the actual figure to be on the high end of this range, even the low end is a respectable performance for a single variable.

The cases that failed to fit our predictions did so at the margins. There were a handful of cases of great powers facing moderate declines that retrenched more aggressively than we predicted and another handful of cases of great powers facing large declines that retrenched more cautiously than we anticipated. With the exception of the 1992 Japan case, however, none of the great powers facing large declines ignored systemic pressures and refused to retrench. Conversely, none of the great powers experiencing small declines erred by conceding too much, too quickly. Great powers may not perceive decline perfectly, but they appear to have the capacity to judge the magnitude of their decline within a general range, and to respond accordingly.

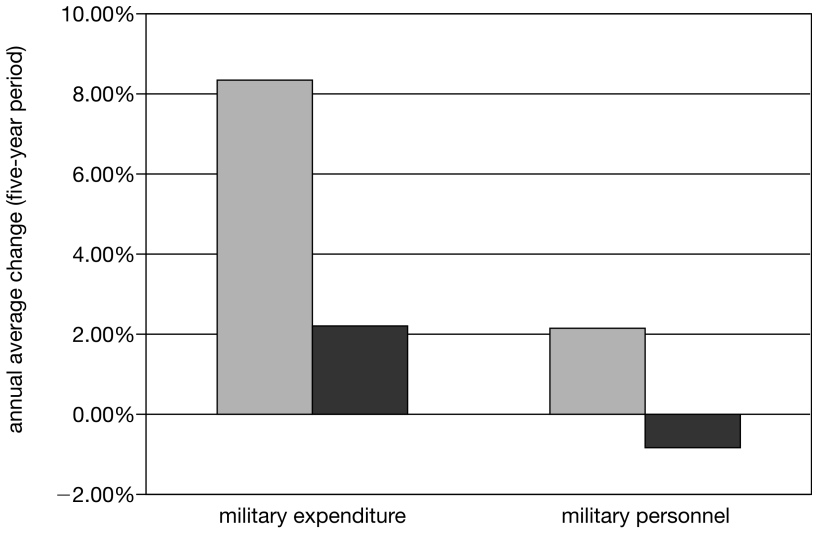
comparing forms of retrenchment

A neorealist approach likewise helps explain the form of retrenchment. Consider the size of declining great powers' military forces.[62] As predicted, great powers facing acute decline decreased the number of military personnel in their armed forces by an average of 0.8 percent over a five-year period. By way of comparison, great powers not in decline increased the size of their militaries by an average of 2.1 percent across a similar period.[63] Declining great powers also tend to spend less aggressively on defense than the average great power. In the five years following a shift in ordinal rankings, declining great powers increased their defense spending an average of 2.14 percent, compared with 8.38 percent for great powers not suffering from acute de-

62. In the following analysis, we exclude the 1931 Germany case, which was an enormous outlier because of Adolf Hitler's staggering rearmament program following his renunciation of the restrictions imposed by the Versailles treaty. Between 1932 and 1936, for example, Germany increased its military personnel fivefold and its military spending fifteenfold. Although it is an interesting case, 1931 Germany is so unlike any foreseeable retrenching great power that including it would only obscure general, more relevant tendencies.

63. The difference is statistically significant at the $p < 0.1$ level ($p = 0.0571$). We use a one-tailed

Figure 1. Acute Relative Decline and Military Reform



	military expenditure	military personnel
baseline great power	8.38%	2.14%
declining great power	2.20%	−0.80%

cline.[64] These findings suggest that great powers do indeed slow or pare back military outlays in response to relative decline (see figure 1).

Moreover, the extent to which a great power reduces the size of its military tends to be associated with the magnitude of its relative decline. States facing large declines, for example, have an annual average change in military personnel of −3.03 percent, compared with −1.37 percent and 1.53 percent for states facing medium and low declines, respectively. These figures suggest that great powers are sensitive to the depth of decline and are willing to entertain more aggressive military cuts in the face of more daunting external constraints.

With regard to external retrenchment, our theory finds mixed support. On the one hand, the alliance behavior of declining great powers is not significantly different from the baseline category. Declining great powers sign an

t-test for unpaired samples with unequal variance for each of the following tests. Both World War I and World War II are excluded from these baseline calculations. This exclusion creates a harder test for neorealist theories given that the baseline figures for military personnel, alliance agreements, and militarized disputes are much higher if these wars are included.

64. This difference is statistically significant at the $p < 0.05$ level ($p = 0.0366$).

average of 1.75 new alliance agreements in the five years following an ordinal change, compared with 1.68 new agreements for all great powers over similar periods, a difference that lacks statistical significance.[65]

A closer examination of the data, however, reveals an intriguing pattern: whereas great powers facing small or medium declines are no more likely to seek new alliance partners, those facing large declines appear to aggressively do so. This is consistent with neorealist claims that states prefer internal to external balancing. Great powers facing large declines in relative power sign an average 3.6 new agreements, nearly three times the great power average. This pattern suggests that desperation encourages states to give up their traditional preference for self-help, but only when facing extreme external pressures. It also highlights a tool that declining great powers often use to try to limit the impact of rapid declines. The interlocking alliance agreements embodied in institutions such as the British Commonwealth or the Commonwealth of Independent States can be seen as an effort by declining great powers to reinforce dependent relationships with former colonial possessions.[66]

With regard to militarized disputes, declining great powers demonstrate more caution and restraint in the use of force: they were involved in an average of 1.7 fewer militarized disputes in the five years following ordinal change compared with other great powers over similar periods.[67] Declining great powers also initiated fewer militarized disputes, and their disputes tended to escalate to lower levels of hostility than the baseline category (see figure 2).[68] These findings suggest the need for a fundamental revision to the pessimist's argument regarding the war proneness of declining powers.[69] Far from being more likely to lash out aggressively, declining states refrain from initiating and escalating military disputes. Nor do declining great powers appear more vulnerable to external predation than other great powers. This may be because external predators have great difficulty assessing the vulnerability of potential victims, or because retrenchment allows vulnerable powers to effectively recover from decline and still deter potential challengers.

Moreover, the rate of relative decline is associated with different levels of

65. This difference is not statistically significant ($p = 0.217$).
66. See, for example, Alison Brysk, Craig Parsons, and Wayne Sandholtz, "After Empire: National Identity and Post-Colonial Families of Nations," *European Journal of International Relations*, Vol. 8, No. 2 (June 2002), pp. 269–271.
67. This difference is statistically significant at the $p < 0.1$ level ($p = 0.0658$).
68. The difference in militarized dispute initiation is statistically significant at the $p < 0.1$ level ($p = 0.0641$), while the differences in hostility level is statistically significant at the $p < 0.05$ level ($p = 0.0338$).
69. See Gilpin, *War and Change in World Politics*, p. 191; Copeland, *The Origins of Major War*, p. 3; and Taliaferro, "Realism, Power Shifts, and Major War," p. 147.

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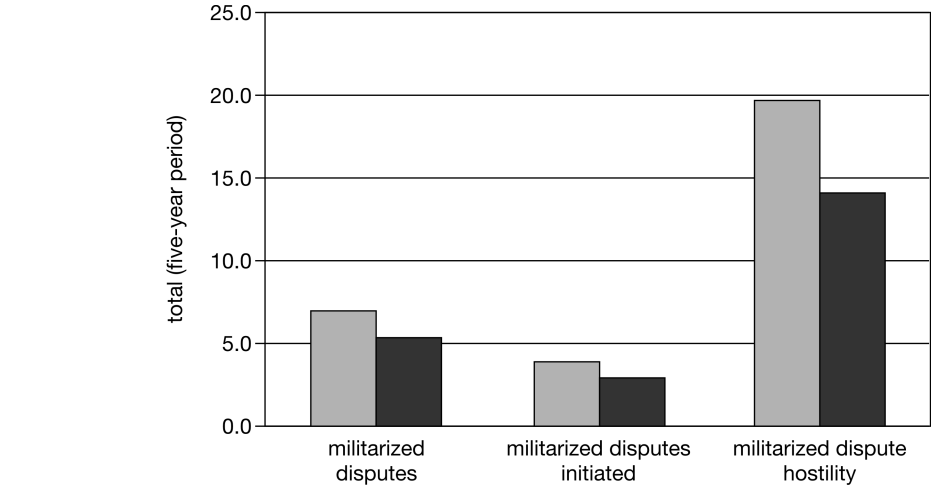
Figure 2. Acute Relative Decline and Militarized Interstate Disputes



	militarized disputes	militarized disputes initiated	militarized dispute hostility
baseline great power	6.9	3.8	19.7
declining great power	5.2	2.8	14.0

hostility across militarized disputes. In particular, great powers experiencing medium or small declines are much less likely to escalate their disputes to high levels of hostility. In the five years following an ordinal transition, states facing small declines experience levels of hostility in their militarized disputes that are two and a half times less than the average great power. These findings suggest that diplomatic moderation and compromise can be a particularly attractive strategy for managing moderate declines. Far from encouraging further predation, compromise appears to be a crucial component of retreating to a more defensible—and credible—set of commitments.

In sum, a neorealist approach captures much of the variation in forms of retrenchment. Great powers facing acute decline tend to slow or shrink the growth in their military forces and to avoid using force in their disputes with rival states. The depth of relative decline is also associated with variation across military spending, militarized disputes, and alliances. Every retrenching great power shrinks the size of its military, yet those facing larger declines reduce military outlays more aggressively. Similarly, great powers suffering large declines rely much more heavily on alliance partners when implementing a policy of retrenchment than those grappling with moderate or minor downturns.

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Comparative Case Studies

The empirical findings presented in the previous section provide broad support for a neorealist approach to retrenchment. Yet even though there appears to be a relationship between acute decline and retrenchment, these findings suggest but do not confirm the argument that policymakers rationally embrace retrenchment in response to external constraints. We examine the historical record to see if the particular mechanisms posited by neorealist theory are indeed present in practice.

If our neorealist account is correct, we would expect to find the following: during periods of acute relative decline, policymakers perceive that their dwindling means are inadequate to their present ends, and they change policy to harmonize falling means with future ends. These policy changes should be proportionate to the rate of decline—the more severe the fall, the more dramatic the policies—and they should follow elementary realist prescriptions: copy innovative institutions, delegate costly commitments, and focus on the core over the periphery. If policymakers are heedless to their plight or are hopelessly divided in the face of obvious evidence of diminished strength, this would undermine the neorealist case. If policymakers adopt policies of retrenchment for reasons only marginally connected to their international fortunes, this would call neorealism into question. In other words, in cases where retrenchment works, it should do so for the right reasons.

To assess these arguments, we examine two cases: 1924 France and 1946 Britain. Both cases involve declining great powers emerging from costly wars with unsustainable levels of external commitments. If there is any situation where we should expect neorealist mechanisms to be operative, it is these particular cases. At the same time, in each of the cases, the great power struggling with decline faced a hostile international environment combined with an unstable domestic political setting. If retrenchment pessimists are correct, these are cases where concerns over dwindling prestige or domestic veto players should have been able to frustrate strategic adjustment.

We assess these cases using two methods. First, we employ process tracing to determine whether relative decline encouraged retrenchment in the ways posited by neorealist theory.[70] For each case, we show how policy shifted

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70. On process tracing, see Gary King, Robert O. Keohane, and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research* (Princeton, N.J.: Princeton University Press, 1994), pp. 85–87, 225–228; and John Gerring, *Case Study Research: Principles and Practices* (New York: Cambridge University Press, 2008), chap. 7.

across the period of acute relative decline and how and why the sum of foreign policy commitments decreased over the critical juncture. Second, we compare the two cases to assess whether variations in the pace and scale of decline induce different types of responses. In each of the cases, our great powers experienced acute decline, yet 1946 Britain declined at a rate approximately 40 percent faster than 1924 France. We maintain that the magnitude of the challenge prompted London to act much more aggressively to bring its international commitments in line with its diminished means.

THE UTOPIAN BACKGROUND: 1924 FRANCE

At the end of World War I, the French were aware that they had a temporary advantage over their erstwhile enemy. And as far as their allies indulged them, France pushed for a punitive peace. With the Germans temporarily down, the French could act with some independence. When in 1922 the Germans were regularly defaulting on reparations, French Prime Minister Raymond Poincaré sought British cooperation to sanction Germany for payment under the terms of the Versailles treaty. Finding the British uncooperative, Poincaré resolved to extract the due payment through self-help. The French occupied the Ruhr Valley in 1923, and within a year they prevailed against German passive resistance. But the cost of intervention was hefty, and foreign policy activism estranged France from the United States and Britain.

France had overestimated its capability and in 1924 changed course. As Richard Challener observes, "Then came the electoral victory of the Cartel des gauches [Coalition of the Left] in 1924, a dramatic reversal of French political fortunes which accurately reflected popular dissatisfaction with the economic disorders resulting from the Ruhr occupation and with Poincaré's policy of 'going it alone.'"[71] A leading historian of the period adds, "It is the years before 1924 that now seem to be full of illusion—the years when the weakness of France's international position was obscured by attempts to collect reparations and the hopes that such efforts encouraged."[72]

Yet despite incredible turnover in the French government, foreign policy was an oasis of stability. From January 1921 to March 1932, only two men led it: Poincaré and Aristide Briand. Civilian and military heads were cooperative in adversity: "Budget cutting was the order of the day—to counteract

71. Richard D. Challener, "The French Foreign Office: The Era of Philippe Berthelot," in Gordon A. Craig and Felix Gilbert, eds., *The Diplomats, 1919–1939* (Princeton, N.J.: Princeton University Press, 1953), p. 54.
72. Judith M. Hughes, *To the Maginot Line: The Politics of French Military Preparation in the 1920's* (Cambridge, Mass.: Harvard University Press, 1971), p. 145.

years of inflationary deficit spending and to shore up a precarious exchange position. But because it was the commonly agreed-upon cure to French financial ills, this imperative did not set ministry and parliament at odds. In fact, War Minister [Louis] Barthou told the Senate Finance Commission that he considered 'reduction in the budget of the War Ministry as a form of national defense.'"[73] Decisionmakers eagerly sought solvency: "The interlocking crises in finance, the colonies, morale, and recruitment had both heightened the military's sense of urgency about establishing a functioning army organization and forced them to fashion the new military machine under severely straitened circumstances."[74]

French leaders were acutely sensitive to their eroding standing. In 1924 Prime Minister Édouard Herriot underscored, "My country has a dagger pointed at its breast, within an inch of its heart."[75] Briand confessed in 1926, "I won't hide from you that in making foreign policy I ask myself what French resources are, from the financial and military standpoints. You must not be megalomaniac. You must have the foreign policy that your country's finances and ability to use force allow. The day you go beyond them, it leads to Sedan."[76] Field Marshal Ferdinand Foch remarked in 1926, "Germany, though deprived of her colonies, has a population of over 65 million, with a rapid rate of growth, which will lead to overpopulation and a threat to a neighboring country such as ours with a small population and a low birth rate."[77] Opposition politician Henry Franklin-Bouillon echoed Foch, "We cannot forget that our weak birthrate governs and governs more strongly every day our general policy. It must be conducted in such a manner that on the day of danger we shall be assured of finding again all those whom the evident justice of our cause so recently grouped around us."[78]

French diplomatic activity accelerated after 1924. A month before the Locarno meetings, which sought to stabilize postwar borders and normalize relations with Germany, the French National Defense Council was candid about why it had to externally balance: "Our inability immediately to fill in the gaps in our national defense preparations make all the other contributions to

73. Ibid., p. 111.
74. Ibid., p. 172.
75. Quoted in Anthony P. Adamthwaite, *The Lost Peace: International Relations in Europe, 1918–1939* (New York: St. Martin's, 1981), p. 67.
76. Quoted in Edward David Keeton, *Briand's Locarno Policy: French Economics, Politics, and Diplomacy, 1925–1929* (New York: Garland, 1987), p. 117. The Battle of Sedan refers to a crushing military defeat of France, which largely decided the 1870–71 Franco-Prussian War.
77. Quoted in Adamthwaite, *The Lost Peace,* p. 80.
78. Quoted in Hughes, *To the Maginot Line,* pp. 185–186.

security we can command absolutely indispensable: conclusion of a security pact guaranteeing the automatic, or at least very rapid, determination of the aggressor and the equally rapid beginning of coercive measures."[79]

In 1921, France had negotiated a consultative pact with Japan and the United States in the Pacific, as well as one with Poland. But from 1924 to 1927, France signed a series of pacts; in addition to the well-known Locarno treaty, France penned consultative, defensive, or nonaggression pacts with Czechoslovakia, Poland, Romania, and Yugoslavia. France had little interest in going on the offensive to defend its partners, but it did what it could to weave a web of agreements to contain Germany. France also tried and failed to cut deals for rapprochement with Germany at Thoiry in 1926 and a European federation in 1930. This, despite French distaste for alliance activity. Briand emphasized to skeptics, "It's necessary to make up our minds to have some friends, however painful that might be."[80]

French foreign policy was not all defensive; colonial unrest in Syria and Morocco solicited a French military response. Even this exception proves the rule, however. To blunt such expenses on the periphery, France sought to increase the number of indigenous troops serving in its armed forces so it could shift regular units back to France, and it also sought to increase the number of civilians taking over essentially nonmilitary jobs that were being done by the army. France awkwardly sought to imitate the German army that had fought it so ferociously by building a professional core that could train the nation at arms and serve as a covering force until full mobilization could take effect.[81]

The overall military trend was unmistakably defensive, in proportion to the descent of France's international standing. As Judith Hughes chronicles,

> With each successive revision of French mobilization plans, the scope of offensive operations from the Rhineland base had progressively diminished. Plan P, which was in effect from June 1921 to March 1923, had projected French advances from the Left Bank aimed at Germany's two closest industrial centers, the valleys of the Ruhr and the Main. In 1924 a new plan, Plan A, drawn up

79. Quoted in Keeton, *Briand's Locarno Policy*, pp. 94–95.
80. Quoted in ibid., p. 360. See also Piotr S. Wandycz, *The Twilight of French Eastern Alliances, 1926–1936* (Princeton, N.J.: Princeton University Press, 1988), pp. 23, 55, 60; Arnold Wolfers, *Britain and France between Two Wars: Conflicting Strategies of Peace since Versailles* (Hamden, Conn.: Archon, 1963), chap. 7; P.M.H. Bell, *France and Britain, 1900–1940: Entente and Estrangement* (New York: Longman, 1996), p. 149; and Jacques Néré, *The Foreign Policy of France from 1914 to 1945* (Boston: Routledge and Kegan Paul, 1975), pp. 60–92.
81. On French military reforms of this period, see Hughes, *To the Maginot Line*, pp. 116, 122, 131–143, 159–161, 172–178; Elizabeth Kier, *Imagining War: French and British Military Doctrine between the Wars* (Princeton, N.J.: Princeton University Press, 1999), pp. 192–193; and Posen, *The Sources of Military Doctrine*, chap. 4.

in the wake of the Ruhr occupation and on the basis of eighteen month service, had called for mobilizing a slightly greater number of divisions whose aim would still have been a multiple crossing of the Rhine. But when scarcely more than a year had elapsed, this plan was already outdated. . . . When, finally, in 1929 one-year military service became the basis of a new mobilization plan, Plan B, the assignment of the troops in the Rhineland at the outbreak of hostilities was reduced to "beating a retreat on successive lines of withdrawal."[82]

In brief, around the time that France was falling in the great power ranks, French decisionmakers were reforming their foreign policy thinking. They did this expressly because their goals outstripped their country's capabilities, and their policy responses were consonant with realist prescriptions: scale back ambitions, reform less competitive institutions, redirect resources from the periphery to the core, try to address potential flash points, and contract defensive alliances. That their efforts were tragically in vain is hindsight bias; the French were amply alert to their decline and responded in a swift and sizable manner.

DESPERATE DECLINE: 1946 UNITED KINGDOM

At the conclusion of World War II, Britain was battered and saddled with debt, but it held high hopes for postwar recovery. As Anthony Adamthwaite writes,

On the eve of Potsdam, in July 1945, the Foreign Office produced a comprehensive analysis of Britain's prospects. At [Anthony] Eden's request, Sir Orme Sargent . . . drew up *Stocktaking after VE Day*. Sargent did not sugar the pill. Britain, he said, was "numerically the weakest and geographically the smallest of the three Great Powers." . . . It was "essential to increase our strength." This was to be achieved in two ways: by encouraging "cooperation between the three Great Powers," and by British leadership in the Dominions, France and smaller West European powers—"only so shall we be able in the long run to compel our two big partners to treat us as an equal." . . . Attack was the best form of defence. Britain should take the offensive in "challenging Communist penetration . . . in eastern Europe and in opposing any bid for control of Germany, Italy, Greece and Turkey. . . . We must not hesitate to intervene diplomatically in the internal affairs of other countries if they are in danger of losing their liberal institutions."[83]

British decisionmakers were swiftly disabused of their optimism and autonomy. Western Europe showed little interest in British attempts at leadership, and the Dominions showed little interest in shouldering Britain's burdens.

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82. Hughes, *To the Maginot Line,* pp. 192–193; and Keeton, *Briand's Locarno Policy,* p. 98.
83. Anthony Adamthwaite, "Britain and the World, 1945–9: The View from the Foreign Office," *International Affairs,* Vol. 61, No. 2 (Spring 1985), p. 226. On Britain's failure to secure cooperation from the Dominions, see ibid., pp. 228–229; and Elisabeth Barker, *The British between the Superpowers, 1945–50* (Toronto: University of Toronto Press, 1983), p. 60.

By 1946 British foreign policy had come around to the view that defense was the best defense. The chiefs of staff recommended, "We should concentrate our preparations in peace and our defence in war upon those areas and communications which are vital to us. The implication is that these are the United Kingdom, the American continent, and the White Dominions. As a corollary to this we should cut our commitments in other parts of the world which are nearer to the areas of potential conflict."[84] Prime Minister Clement Attlee came to a similar assessment, noting that "we cannot afford . . . the great sums of money for the large forces involved."[85] The British scuttled much of their responsibility in Germany, leaving to the United States the creation of Bizonia (i.e., the combination of the U.S. and British zones during the post–World War II occupation of Germany), and beckoned the United States to take a more established role in Europe.

The pith of Britain's problems was not its failure to attract allies, but its paucity of relative capability. At the end of 1946, Attlee warned, "I do not think that the countries bordering on Soviet Russia's zone viz. Greece, Turkey, Iraq and Persia can be made strong enough to form an effective barrier. We do not command the resources to make them so."[86] Others resisted this point of view for a few weeks, until the "log-jam was broken in January 1947 by Britain's overwhelming financial problems . . . repeated complaints at the cost of operations in Greece, hitherto beaten off by the Foreign Office, now met with [Ernest] Bevin's agreement."[87] At the same time, Adamthwaite records, "Early in 1947 the Foreign Office updated Sargent's 1945 *Stocktaking* paper . . . '[T]he balance of military strength, particularly in Europe, had altered to the advantage of the Soviet Union.' In 1945, Sargent had envisaged Britain's economic recovery; by 1947, economic ills seemed incurable: 'we have seldom been able to give sufficient economic backing to our policy. . . . Too great independence of the United States would be a dangerous luxury. . . . We do not seem to have any economic resources available for political purposes.'"[88] British policymakers began to feel the acute strain between their high debt and diminished resources, on the one hand, and their geopolitical ambitions, on the other. As

84. Quoted in Ritchie Ovendale, ed., *British Defence Policy since 1945* (New York: Manchester University Press, 1994), p. 24. For official concurrence, see Ritchie Ovendale, *The English-speaking Alliance: Britain, the United States, the Dominions, and the Cold War, 1945–1951* (Boston: Allen and Unwin, 1985), pp. 40–41.
85. Quoted in William Roger Louis and Ronald Robinson, "The Imperialism of Decolonization," *Journal of Imperial and Commonwealth History*, Vol. 22, No. 3 (September 1994), p. 465.
86. Ovendale, *British Defence Policy since 1945*, p. 32.
87. Quoted in Kenneth O. Morgan, *Labour in Power, 1945–1951* (New York: Oxford University Press, 1984), p. 252.
88. Adamthwaite, "Britain and the World," p. 227. See also Barker, *The British between the Superpowers*, p. 52; and Peter Weiler, *Ernest Bevin* (New York: Manchester University Press, 1993), p. 181.

John Maynard Keynes noted, "[W]e cannot police half the world at our own expense when we have already gone into pawn to the other half."[89] In quick succession, the British liquidated hitherto inviolable traditional commitments, turning over the defense of Greece and Turkey to the United States and abandoning India and Palestine in haste. The British still fought in foreign entanglements, such as Egypt, Kenya, Korea, and Malaya, but these engagements do not offset the colossal commitments abandoned during this period. Nor do these anomalies outweigh the handful of defensive treaties the British agreed to during this time, the most important of which was the North Atlantic Treaty.[90]

To summarize, British policymakers were supple strategists in the years following World War II. They quickly discovered that they had insufficient means to retain their colonial portfolio, consolidate the Dominions, and lead West European states; in addition, they prudently moved to divest themselves of peripheral commitments to defend core interests. Despite generations of imperial politics and profound reluctance to part with prized colonial possessions, British decisionmakers ruthlessly shifted and shed burdens when it was plain that resources were inadequate. Because Britain fell faster in 1946 than France in 1924, it retrenched more.

Implications for Sino-U.S. Relations

Our findings are directly relevant to what appears to be an impending great power transition between China and the United States. Estimates of economic performance vary, but most observers expect Chinese GDP to surpass U.S. GDP sometime in the next decade or two.[91] This prospect has generated considerable concern. Many scholars foresee major conflict during a Sino-U.S. ordinal transition. Echoing Gilpin and Copeland, John Mearsheimer sees the crux of the issue as irreconcilable goals: China wants to be America's superior and the United States wants no peer competitors. In his words, "[N]o amount

89. Quoted in M.W. Kirby, *The Decline of British Economic Power since 1870* (New York: Routledge, 2005), p. 93.
90. On British alignment in this period, see Marc Trachtenberg, *A Constructed Peace: The Making of the European Settlement, 1945–1963* (Princeton, N.J.: Princeton University Press, 1999), p. 68; James McAllister, *No Exit: America and the German Problem, 1943–1954* (Ithaca, N.Y.: Cornell University Press, 2002), p. 149; Barker, *The British between the Superpowers,* p. 130; and John W. Young, *Britain and European Unity, 1945–1992* (New York: St. Martin's, 1993), pp. 1–27.
91. See Ikenberry, "The Rise of China," pp. 112–113; Cohen and DeLong, *The End of Influence,* pp. 143–148; Adam S. Posen, "National Security Risks from Accumulation of Foreign Debt," in C. Fred Bergsten, ed., *The Long-Term International Economic Position of the United States* (Washington, D.C.: Peterson Institute for International Economics, 2009), pp. 68–71.

of goodwill can ameliorate the intense security competition that sets in when an aspiring hegemon appears in Eurasia."[92]

Contrary to these predictions, our analysis suggests some grounds for optimism. Based on the historical track record of great powers facing acute relative decline, the United States should be able to retrench in the coming decades. In the next few years, the United States is ripe to overhaul its military, shift burdens to its allies, and work to decrease costly international commitments. It is likely to initiate and become embroiled in fewer militarized disputes than the average great power and to settle these disputes more amicably. Some might view this prospect with apprehension, fearing the steady erosion of U.S. credibility. Yet our analysis suggests that retrenchment need not signal weakness. Holding on to exposed and expensive commitments simply for the sake of one's reputation is a greater geopolitical gamble than withdrawing to cheaper, more defensible frontiers.

Some observers might dispute our conclusions, arguing that hegemonic transitions are more conflict prone than other moments of acute relative decline. We counter that there are deductive and empirical reasons to doubt this argument. Theoretically, hegemonic powers should actually find it easier to manage acute relative decline. Fallen hegemons still have formidable capability, which threatens grave harm to any state that tries to cross them. Further, they are no longer the top target for balancing coalitions, and recovering hegemons may be influential because they can play a pivotal role in alliance formation. In addition, hegemonic powers, almost by definition, possess more extensive overseas commitments; they should be able to more readily identify and eliminate extraneous burdens without exposing vulnerabilities or exciting domestic populations.

We believe the empirical record supports these conclusions. In particular, periods of hegemonic transition do not appear more conflict prone than those of acute decline. The last reversal at the pinnacle of power was the Anglo-American transition, which took place around 1872 and was resolved without armed confrontation. The tenor of that transition may have been influenced by a number of factors: both states were democratic maritime empires, the United States was slowly emerging from the Civil War, and Great Britain could likely coast on a large lead in domestic capital stock. Although China and the United

92. John J. Mearsheimer, "China's Unpeaceful Rise," *Current History,* Vol. 105, No. 690 (April 2006), p. 162; and Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security,* Vol. 18, No. 3 (Winter 1993/94), pp. 5–33. See also Jack S. Levy, "Power Transition Theory and the Rise of China," in Ross and Feng, *China's Ascent,* pp. 11–33.

States differ in regime type, similar factors may work to cushion the impending Sino-American transition. Both are large, relatively secure continental great powers, a fact that mitigates potential geopolitical competition.[93] China faces a variety of domestic political challenges, including strains among rival regions, which may complicate its ability to sustain its economic performance or engage in foreign policy adventurism.[94]

Most important, the United States is not in free fall. Extrapolating the data into the future, we anticipate the United States will experience a "moderate" decline, losing from 2 to 4 percent of its share of great power GDP in the five years after being surpassed by China sometime in the next decade or two.[95] Given the relatively gradual rate of U.S. decline relative to China, the incentives for either side to run risks by courting conflict are minimal. The United States would still possess upwards of a third of the share of great power GDP, and would have little to gain from provoking a crisis over a peripheral issue. Conversely, China has few incentives to exploit U.S. weakness.[96] Given the importance of the U.S. market to the Chinese economy, in addition to the critical role played by the dollar as a global reserve currency, it is unclear how Beijing could hope to consolidate or expand its increasingly advantageous position through direct confrontation.

In short, the United States should be able to reduce its foreign policy commitments in East Asia in the coming decades without inviting Chinese expansionism. Indeed, there is evidence that a policy of retrenchment could reap potential benefits. The drawdown and repositioning of U.S. troops in South Korea, for example, rather than fostering instability, has resulted in an improvement in the occasionally strained relationship between Washington and Seoul.[97] U.S. moderation on Taiwan, rather than encouraging hard-liners in

93. See Robert S. Ross, "The Geography of the Peace: East Asia in the Twenty-first Century," *International Security,* Vol. 23, No. 4 (Spring 1999), pp. 81–118; and Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (Stanford, Calif.: Stanford University Press, 2005), pp. 193–203.

94. See Richard K. Betts and Thomas J. Christensen, "China: Getting the Questions Right," *National Interest,* No. 62 (Winter 2000/01), pp. 21–22, 29; and M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," *International Security,* Vol. 30, No. 2 (Fall 2005), pp. 81–83.

95. The precise estimate depends on which years one uses to project into the future. See Angus Maddison, *Chinese Economic Performance in the Long-Run* (Paris: Organization for Economic Cooperation and Development, 1998), pp. 95–99.

96. See Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security,* Vol. 27, No. 4 (Spring 2003), pp. 25–29, 38–47; and Aaron L. Friedberg, "The Future of U.S.-China Relations: Is Conflict Inevitable?" *International Security,* Vol. 30, No. 2 (Fall 2005), pp. 24–29, 42–44.

97. See Chang-hee Nam, "Relocating the U.S. Forces in South Korea: Strained Alliance, Emerging Partnership in the Changing Defense Posture," *Asia Survey,* Vol. 46, No. 4 (July/August 2006),

Beijing, resulted in an improvement in cross-strait relations and reassured U.S. allies that Washington would not inadvertently drag them into a Sino-U.S. conflict.[98] Moreover, Washington's support for the development of multilateral security institutions, rather than harming bilateral alliances, could work to enhance U.S. prestige while embedding China within a more transparent regional order.[99]

A policy of gradual retrenchment need not undermine the credibility of U.S. alliance commitments or unleash destabilizing regional security dilemmas. Indeed, even if Beijing harbored revisionist intent, it is unclear that China will have the force projection capabilities necessary to take and hold additional territory.[100] By incrementally shifting burdens to regional allies and multilateral institutions, the United States can strengthen the credibility of its core commitments while accommodating the interests of a rising China. Not least among the benefits of retrenchment is that it helps alleviate an unsustainable financial position. Immense forward deployments will only exacerbate U.S. grand strategic problems and risk unnecessary clashes.[101]

Conclusion

This article has advanced three main arguments. First, retrenchment pessimists are incorrect when they suggest that retrenchment is an uncommon policy response to great power decline. States often curtail their commitments and mellow their ambitions as they fall in the ranks of great powers. Second and related, declining great powers react in a prompt and proportionate manner to their dwindling fortunes. They do this for the same reason that they tend to seize opportunities to expand: international incentives are strong in-

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pp. 627–630; and Sunhyuk Kim and Wonhyuk Lim, "How to Deal with South Korea," *Washington Quarterly,* Vol. 30, No. 2 (Spring 2007), pp. 77, 79–80.

98. See Thomas J. Christensen, "Fostering Stability or Creating a Monster? The Rise of China and U.S. Policy toward East Asia," *International Security,* Vol. 31, No. 1 (Summer 2006), pp. 112–113.

99. See David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security,* Vol. 29, No. 3 (Winter 2004/05), pp. 90–95; and Joshua Kurlantzick, "Pax Asia-Pacifica? East Asian Integration and Its Implications for the United States," *Washington Quarterly,* Vol. 30, No. 3 (Summer 2007), pp. 74–76.

100. See M. Taylor Fravel, "China's Search for Military Power," *Washington Quarterly,* Vol. 31, No. 3 (Summer 2008), pp. 129–135.

101. For various proposals on how the United States might implement a policy of retrenchment, see Eugene Gholz, Daryl G. Press, and Harvey M. Sapolsky, "Come Home, America: The Strategy of Restraint in the Face of Temptation," *International Security,* Vol. 21, No. 4 (Spring 1997), pp. 5–48; Robert J. Art, *A Grand Strategy for America* (Ithaca, N.Y.: Cornell University Press, 2003), pp. 140–148; and Barry R. Posen, "The Case for Restraint," *American Interest,* Vol. 3, No. 2 (November/December 2007), pp. 7–17.

ducements. In the high-stakes world of great power politics, states can seldom afford to fool themselves or pamper parochial interests when relative power is perilously slipping away. Third, the rate of relative decline explains not only the extent of retrenchment but also the form. The faster the rate of decline, the more likely states are to reform their militaries, increase reliance on allies, and refrain from using force in international disputes. Taken together, these findings suggest that retrenchment is an attractive strategy for dealing with great power decline. Although we make no claim that the rate of relative decline explains everything, we suggest that our study represents a solid first cut and that domestic political factors loom too large in discussions of power transitions and hegemonic change.

Retrenchment has a bad reputation, but our findings suggest its benefits are overlooked. Competition spurs states to improve themselves, and if done intelligently this makes states better. The historical record gives little cause for despair; spending can be curbed, interest groups controlled, and innovation fostered. And there is a fair chance of rebound; declining powers rise to the challenge of decline so well that they recapture their former glory with some regularity. Of course, it may be unwise to speak these conclusions too loudly. Some of the invigorating effects of decline may depend on the pervasive pessimism it arouses.