In 1988 the United States reached the zenith of its fifth wave of declinism since the 1950s. The root of this phenomenon lies in the political economy literature of the early 1980s that explicated the losing American economic hegemony and attempted to identify the consequences of its disparate causes. These changes were picked up in more popular and policy-oriented writings, and the combination of the budget and trade deficits plus the October 1987 stock market crash produced the environment for the spectacular success of Paul Kennedy’s scholarly historical analysis in early 1988. Decline has been on everyone’s agenda, and the arguments of the declinists have stimulated lively public debate.

Although predominantly of a liberal-left hue, declinist writings reflect varying philosophical leanings and make many different claims. In general, however, they offer three core propositions.

First, the United States is declining economically compared to other major economic powers, most notably Japan but also Europe and the newly industrializing countries. The declinists focus on economic performance and on scientific, technological and educational factors presumed to affect economic performance.

Second, economic power is the central element of a nation’s strength, and hence a decline in economic power eventually affects the other dimensions of national power.

Third, the relative economic decline of the United States is caused primarily by overspending government, which means that future economic power rests on spending cuts and budget discipline.

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Kennedy, op. cit., p. 584.

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—first, mounting U.S. trade and fiscal deficits which, to date, the U.S. political system has shown no signs of being able to correct;

—second, continuing and even accelerating declines in U.S. shares of global economic power and in U.S. rates of growth in key areas of economic performance;

—third, sustained systemic weaknesses, including research and development practices, primary and secondary education, production of scientists and engineers, and most seriously, savings and investment patterns.

Each body of evidence requires separate examination.

Debits. Escalating current account and budgetary deficits have been the most important changes affecting the U.S. position in the world in the 1980s. They furnish dramatic immediacy to the declinist argument. In a few short years the United States was transformed from the principal creditor nation in the world to its largest debtor. The current account balance, which had a surplus of $6.9 billion in 1981 and a small deficit of $8.7 billion in 1982, plunged to deficits of almost $110 billion in 1986 and about $160 billion in 1987. In 1981 the United States had a net credit in its international investment position of $141 billion; by 1987 it was a net debtor to the tune of $400 billion. Assets in the United States owned by foreigners roughly doubled between 1982 and 1986 to $1.3 trillion.

Coincidental with this growth of U.S. international deficits and a major cause of them was the burgeoning of the U.S. budget deficit. The annual deficit had fluctuated in the vicinity of $50 billion to $75 billion in the Ford and Carter Administrations. In 1982 it began to increase rapidly, reaching a peak of $221 billion in FY 1986, it dropped back to $150 billion in FY 1987 and was modestly higher at about $155 billion in FY 1988.

Declinists see these deficits as evidence of fundamental weaknesses in the American economic position. They correctly point out that the massive influx of foreign funds has largely gone not for investment but for private consumption and governmental spending for defense. Such borrowing will not generate revenues with which it can be liquidated. The United States is living in a style it cannot afford and is imbued with an “eat, drink and be merry” psychology. Ominous precedents are called to mind. Peter G. Peterson argues:

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To find the proper historical parallel for the United States in the 1980s ... we must look to those rare historical occasions when an economy’s large size, its world-currency status, and its open capital markets have allowed it to borrow immense sums primarily for the purpose of consumption and without regard to productive return. The illustrations of such borrowing, deficit-hobbled, low-growth economies that come most easily to mind are Spain’s in the late nineteenth century, France’s in the 1790s, and Britain’s in the 1920s.

In similar fashion, Paul Kennedy warns that “the only other example which comes to mind of a Great Power so increasing its indebtedness in justifying it failure to the electorate is the fiscal crisis contributed to the domestic political crisis.” Several points must be made to disentangle the valid from the invalid elements of these declinist arguments.

First, trade and budget deficits were not a major problem before 1982. They then mushroomed. This development may in some small measure flow from underlying weaknesses in productivity, savings and investment, but it cannot primarily result from such causes. If the deficits did come from these causes, they would have developed slowly rather than rapidly and very probably would have manifested themselves before the advent of the Reagan Administration. Instead, the deficits are overwhelmingly the result of the economic policies of the Reagan Administration: reduction in tax rates, expansion of defense spending, a strong dollar. These policies were premised on the assumption that domestic governmental spending could be curtailed and that lower tax rates would stimulate investment, growth and revenues. These assumptions did not prove to be valid, and the policies that were based on them produced the surging deficits. A different administration with different fiscal and economic policies would have produced different results. The deficits stem from the weaknesses, not of the American economy, but of Reagan economics. Produced quickly by one set of policies, they can be reversed almost as quickly by another set of policies.

Second, that reversal has begun and is likely to intensify. The reversal results partly from changes in policy by the Reagan Administration, partly from policies adopted by other governments and partly from the workings of the international economy, which naturally generates equilibrating tendencies.

3 Kennedy, op. cit., p. 57.
President Bush will probably move to reinforce U.S. policies designed to reduce the deficits. Through tight controls on spending, promotion of economic growth, “revenue enhancements” and, at some point, new taxes (luxury taxes, gasoline taxes and a general value-added tax are most frequently mentioned), the budget deficit is likely to be brought down to a sustainable level at which it does not pose a threat to long-term economic growth. As it is, the deficit in 1988 is only about half of what it was in 1985, 13 percent of gross national product (3.1 percent versus 6.3 percent).

The trade deficit began to decrease with the rapid expansion of American exports in 1988. Its further reduction will be facilitated by budget deficit reduction, increases in manufacturing productivity (which rose significantly in the 1980s), ceilings on the exchange rate of the dollar and pressure which the U.S. government will—and must—apply under the new trade law to open up foreign markets. Cutting the trade deficit will be further enhanced, of course, to the extent that oil prices do not increase. American wage levels remain below those of the principal U.S. competitors, the developing countries’ debt problem is contained and foreign economies grow at healthy rates. The trade deficit, some analysts predict, will become a trade surplus in the coming decade.

Third, both the deficits and the processes of curing them impose significant costs on the American economy. The substantial increase—absolute and net—in American foreign indebtedness means that a larger portion of U.S. GNP will be paid to foreigners in debt service. These funds will not be available for either personal consumption or savings and domestic investment. The future American standard of living will be less than it would have been otherwise.

The declines are absolutely right to highlight this development as the principal long-term effect of the Reagan spending spree. Correction of the trade balance will impose costs not only on the United States but also on those other countries that have become “addicted” to the U.S. market. Some of these costs are already visible in Japan, which is struggling to de-emphasize exports (35 percent of which went to the United States in 1987) and stimulate internal demand. In addition, reduction of the trade deficit might conceivably require a recession in the United States, which in turn would at least temporarily exacerbate the budget deficit.

In the coming years both deficits will probably be reduced to sustainable and normal proportions. Their effects, however, will be around for some while to come. But it is a mistake to view them as open sores that will continue to bleed away American strength. They are wounds that will heal, although their scars will remain.

Declining Shares. This argument has been put most explicitly by Paul Kennedy. “The U.S.A.’s share of total GNP,” he says, “of world manufacturing output, and of many other indices of national efficiency has steadily declined.” The United States has suffered “relative industrial decline, as measured against world production, not only in older manufactures such as textiles, iron and steel, shipbuilding, and basic chemicals, but also—even if it is far less easy to judge the final outcome of this level of industrial-technological combat—in global shares of robotics, aerospace, automobiles, machine tools, and computers.” American agriculture has also declined. The decline in the U.S. share of world GNP was “natural” after 1945, but it “has declined much more quickly than it should have over the last few years” and the decline has become “precipitous.”

These propositions need serious qualification. Various estimates exist of global and national gross products for various times. All have to be used with caution. Virtually all, however, show a common pattern. The United States produced 40 to 45 percent of the gross world product in the late 1940s and early 1950s. That share declined rapidly, reaching the vicinity of 20 to 25 percent of gross world product by the late 1960s. That is roughly where it has remained.

It certainly has not declined more rapidly in the past two decades than it did during the previous two decades. Figures, of the U.S. Council on Competitiveness (whose mission is to voice alarm about declining U.S. competitiveness) and from other sources show, for instance, that:

*Kennedy, op. cit., p. 253; Kennedy, "Does America Need Pentastars?" New Perspectives Quarterly, Spring 1986, p. 6; and his written submission to the House of Representatives, Committee on Foreign Affairs, Detente and International Affairs Task Force, June 11, 1988, p. 2.*
The decline in Japanese economic growth manifest in Table 1 was to be expected; no country will grow indefinitely at ten percent or more per year. As the Japanese economy has matured its growth rate has approximated that which may currently be considered normal for complex modern economies. In similar fashion, just as Japan has lost its edge in growth, so also has the United States lost its lead in productivity. In 1970 productivity in U.S. manufacturing was more than twice that of Japan. By 1988 the gap between the two had almost disappeared. There is little reason why the Japanese economy as a whole should grow much faster than the U.S. economy and there is little reason why an individual U.S. worker should be significantly more productive than a Japanese worker. On such indices of economic performance, one should expect long-term
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Convergence among countries at similar levels of economic development and with economies of comparable complexity.

Convergence in economic performance reinforces stability in the distribution of economic activity. The argument can be made that the GDP pattern that has emerged in the past two decades is, in some sense, the historically "normal" pattern, roughly approximating the distribution that existed before World War II. The world of the 1970s was, as Thordis Masefield put it, "...so spared—ensured—with the U.S. still preeminent if not pre-dominant."

Apart from the rapid growth of some developing countries, this pattern is unlikely to change drastically in the future. According to one estimate, for instance, the United States had 44.1 percent of the gross product of a total of 15 major countries in 1950, 31.6 percent of this total in 1980, and will have a projected 29.2 percent of the total in 2010. In that year, according to this estimate, the U.S. GDP was $7.859 billion (in 1986 dollars) will still be twice that of China ($3.791 billion), Japan ($3.714 billion) and the Soviet Union ($2.873 billion).

In short, if "hegemony" means having 40 percent or more of world economic activity (a percentage Britain never remotely approached in its hegemonic years), American hegemony disappeared long ago. If hegemony means producing 20 to 25 percent of the world product and twice as much as any other individual country, American hegemony looks quite secure.

Systemic Failures. A third set of phenomena cited by declinists consists of what might be termed systemic failures. These involve the sustained instability of America's society and its economy to function either at the levels of comparable societies or at levels presumed necessary to sustain the American role in the world. Systemic characteristics have, by definition, been present for a long period of time, their contributions to American decline presumably stem from their cumulative impact. Among other deficiencies, declines point to the poor quality of American primary and secondary education (manifested, for instance, in the low scores of American interest in comparative tests of mathematics and reading skills; the small numbers of scientists and engineers produced in the United States (particularly compared to the high production of lawyers), and the complexity and inefficiency of American governmental policymaking processes. The most heavily emphasized systemic weakness, however, concerns low savings and investment rates.

Americans clearly save less than most other people. During the 1970s and 1980s U.S. gross savings as a proportion of GDP varied between 14.8 and 19.1 percent. During this period Japanese savings varied between 27.1 percent and 32.9 percent of GDP. In 1970 the Japanese savings rate was more than twice that of the United States (32.9 versus 16.1 percent); in 1987 it was almost twice the U.S. rate (28.2 versus 14.8 percent). Throughout these years U.S. savings lagged behind those of the other major industrialized democracies.

Similar differences existed in the relative of personal savings to disposable personal income. During the 1960s and 1970s the U.S. rate averaged about six percent, that of Germany and Japan averaged 14 percent and 20 percent respectively. In the 1980s the already low U.S. savings rate dropped even further, reaching 5.7 percent of disposable income in 1987. In 1987 net national savings were only 2.2 percent of GDP, compared to an average of eight percent between 1949 and 1981.

As one might expect, similar patterns across countries exist with respect to investment. Between 1965 and 1984 U.S. gross fixed capital formation varied between 17 percent and 19.8 percent of GDP. That for Japan varied between 27.8 percent and 35.5 percent of GDP. The OECD average, less the United States, varied between 21.6 and 26 percent. Other measures of investment yield comparable results: the U.S. rates tend to be slightly more than half those of Japan and perhaps 75 percent of those of the other major industrialized democracies.

The significance of these differences in savings and investment can be debated, and mitigating factors may explain and compensate for some low U.S. rates. In addition, the poor U.S. performance seems not to have noticeably affected U.S. economic growth as yet. Nonetheless, clearly the declinists are...
right in highlighting savings and investment as long-term systemic weaknesses that require correction if economic growth is to be maintained.

Many, although not all, declines go wrong, however, when they identify the reasons for poor U.S. performance. They argue that overexpenditure for military purposes crowds out investment for economic growth and hence leads to economic decline. Decline flows from imperialism and militarism.

This argument has little to support it, especially as applied to the United States. Kennedy’s historical examples themselves suggest that the burden of empire usually becomes overwhelming when it amounts to 10 percent or more of the society’s product. Defense, however, takes only six to seven percent of American GNP. The declining thesis is clearly more relevant to the Soviet Union, which apparently Soviet officials themselves suggest that the burden of empire usually becomes overwhelming when it amounts to 10 percent or more of the society’s product. Defense, however, takes only six to seven percent of the Soviet Union’s GNP. The decline thesis is clearly more relevant to the Soviet Union, which apparently Soviet officials themselves claim they do not know for sure) spends 17 to 18 percent or more of its GNP for military purposes. Is this, however, a cause of Soviet decline? Its military sector is widely held to be the most technically efficient sector of the Soviet economy, and it is the only sector that is able to compete internationally.

More generally, there is little comparative evidence to suggest that military expenditures are necessarily a drag on economic development. Some analysts, indeed, have argued that defense spending stimulates economic growth. One does not necessarily have to buy that argument in order to reject its opposite.

In fact, of course, how much a country invests is influenced by — not determined by, how much it spends on defense. The Soviet Union spends close to three times as much of its GNP on defense as does the United States. It also invests more expense of Soviet consumption. In theory, a country can allocate its resources among consumption, defense and investment. In fact, countries make different choices, and the countries with the three largest economies in the world do exactly that. It is difficult to get comparable figures for the Soviet Union and market economy countries, and the proportions of government spending which are in fact investment do not always show up in national accounts. Nonetheless, a rough prototypical allocation of GNP for the three largest economies might be as follows:

— U.S. consumption (private and public) at about 78 percent of its GNP, Japan’s at 67 percent, and the Soviet Union’s 56 percent;

— U.S. defense spending at about 7 percent of its GNP, Japan’s at about 1 percent, and the Soviet Union’s 18 percent;

— U.S. investment at roughly 17 percent of GNP, Japan’s at about 20 percent of its GNP, and the Soviet’s about 26 percent.

In short, the Soviets arm, the United States consumes, Japan invests.

At present, efforts are being made in each of these countries to alter these patterns. General Secretary Mikhail Gorbatchev apparently is attempting to limit Soviet military spending in order to increase consumption and investment. Japan is expanding its defense effort and is beginning to attempt to increase consumption. In the United States it is widely recognized that defense cannot be allowed to rise and investment should be expanded at the expense of consumption. How successful any of these efforts will be remains open to question.

In some measure, allocations to investment, defense and consumption are a product of government policies and can be changed by changing those policies. Almost 75 percent of the U.S. federal government’s revenues come from taxes on income, including interest on savings. By contrast, the Japanese government gets only 40 percent of its revenues from income and property taxes and until recently did not tax interest on 70 percent of Japanese personal savings. Changes in tax codes can affect the investment/consumption balance in both countries. Yet tax codes also reflect national values and culture. Much evidence exists that levels of arms expenditures have deep roots in national cultures, religion and history and do not necessarily reflect only external threats. Investment and consumption patterns are undoubtedly shaped by similar causes.

In any event, even if half the resources the United States saves for defense were shifted to investment, the American investment ratio would still lag behind the ratios of Japan and the Soviet Union. If the United States is to increase its investment ratio significantly, that increase will have to come primarily from the 75 percent or more of the GNP devoted to consumption and not from the less than seven percent committed to defense. If the United States falters economically, it will not be because U.S. soldiers, sailors and airmen stand guard on the Elbe, the Strait of Hormuz and the Suez parallel; it will be...
because U.S. men, women and children averindulge themselves in the comfort of the good life. Consumerism, not militarism, is the threat to American strength. The decline has it wrong: Montesquieu got it right: "Republics end with luxury; monarchies with poverty." 

The predominant view among declinists points to external factors rather than internal stagnation as the principal cause of the decline of nations. This argument runs counter to a tradition of political thought going back to Plato and Aristotle which focuses on the internal ability of a society to renew itself. According to this line of reasoning, which has been accorded increased acceptance in recent years, with the rise of corporate capitalism, oligarchy, monopoly, war, and international anarchy, social stability, organizational efficiency and territorial integrity have been undermined, at least in societies age, these characteristics tend to become more pronounced.

In his sophisticated theoretical analysis which departs from the declinist mainstream, Marcus Olson argues this point persuasively, explaining the decline of nations by the development of vested interests or "distributional coalitions" that reduce economic efficiency and constrain economic growth. 

Societies whose social, economic and political structures are substantially destroyed through war, revolution or other upheaval grow rapidly. Over time, however, distributional coalitions develop and economic dynamism wanes. Although Olson does not discuss it in his book, the prototypical contemporary case of an economy grinding to a halt because of the constraints imposed by distributional coalitions, is, of course, the Soviet Union under Brezhnev.

In contrast to these, other societies, both horizontal and vertical, are economically extremely high. Far more rapidly than elsewhere, American workers shift from job to job, up and down the income scale, and in and out of the poverty brackets. People move from region to region at about three times the rate they do in European countries. With the notable exception of race, ascriptive obstacles to upward mobility have been relatively minimal compared to other societies.

The continuing flow of immigrants into American society reflects the opportunities it offers and contributes to its renewal. Historically, first- and second-generation immigrants have been dynamic force in American society. Under the Immigration Act of 1965, about 600,000 legal immigrants enter the United States each year. Thousands more enter illegally. These newcomers renew the pools of cheap labor, entrepreneurial skill, intellectual talent and driving ambition to succeed. Thirty-six of the 114 American citizens who won Nobel prizes in science and medicine between 1945 and 1984.

Viewed from this perspective, the United States is less likely to decline than any other major country. It is distinguished by the openness of its economy, society and politics. Its engines of renewal are competition, mobility and immigration.
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were born elsewhere. In the 1940s and 1950s American scientif.
and intellectual life was tremendously enriched by J ew.
refugees from Hitler and the children of East European
Jewish immigrants before World War II. Today Asian Ameri.
cans sweep the intellectual horizons. (About two percent of the
total population, they make up 14 percent of the 1988 fresh.
man class at Harvard.) In the coming decades, immigration
also means that the American population will continue to grow,
unlike those of many European countries and will remain
relatively young, unlike that of Japan.

The competition, mobility and immigration characteris-
tic of American society enable the United States to meet this
test to a far greater extent than any other great power, past or
present. They are the central sources of American strength.
They are supplemented by three aspects of the American
position in international affairs.

First, in comparison with the major powers, American
strengths - particularly military - are still substantial. Mao Zedong
reportedly said that power grows out of the barrel of a gun; the
United States benefits from being geographically far from most
groups of major areas of world conflict, from having a past
free from overseas imperialism, from possessing an economic and
political philosophy that is anti-

capitalist, and, hence, less likely to be threatening to other peoples.

Second, Sino-American relations also flow from its structural position
in world power. The United States benefits from being geo-
graphically far from major areas of world conflict, from having a past
free of overseas imperialism, from possessing an economic and
political philosophy that is anti-
capitalist, and, hence, less likely to be threatening to other peoples.

Third, these factors pull the United States into a leadership role
in dealing with international problems and disputes. They help
create a demand for the American presence overseas. Slogans of
"U.S. go home" may command headlines, but in many
regions the underlying fear is that the United States might just
do that. Neither German, French, Dutch nor (some say) the
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Many Filipinos act as if they wished the bases removed from
their country, and some may actually want that to happen, but
many others worry deep that an American withdrawal from
Southeast Asia would leave them to the tender mercies of the
Soviets and the Japanese. Long before diplomatic relations
existed between Washington and Beijing, China supported
the American presence in Japan and Korea.

In similar fashion, the United States is called upon to play a
leading role in the resolution of regional conflicts (Middle East,
Southwest Africa), to balance and mediate between regional
rivals (Greece, Turkey) and to assist other powers (Britain) or
international institutions (the United Nations) in resolving
other conflicts (Zimbabwe, Iran-Iraq). American involvement

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in a region generally tends to stabilize the status quo and to protect weaker powers from the regional hegemons. The exception to this pattern is the one region—Central America and the Caribbean—where the United States itself is the preponderant local power.

Finally, an alternative hegemonic power, with one possible exception, seems likely to emerge in the coming century. A short while ago, of course, it was widely thought that the Soviet Union would perform that role. Mr. Khrushchev talked of a communist world order. But the dissolution of the Soviet Union would probably alter that. The Soviet Union is a dynamic, powerful, and growing giant, but it is not a joint partner in the U.S.-Japan alliance. Its future is uncertain, and its role in the international arena is likely to be much more limited than it was during the Cold War.

In recent years, the United States and Japan have worked together to strengthen their economic and political ties. The two countries are major trading partners and have shared interests in regional security. However, there are also tensions between them, particularly over issues such as trade, technology, and the role of the United Nations. It is important for both countries to work together to resolve these issues and to maintain the stability of the international system.

The United States and Japan are also important partners in the Western Alliance. They share common interests in promoting peace and stability in the region and in defending against external threats. The two countries have a long history of cooperation, and their partnership is an important aspect of the broader framework of international relations.

In conclusion, the United States and Japan have a strong and enduring relationship, based on shared values and interests. As they continue to work together, it will be important to maintain open lines of communication and to address any differences that arise in a constructive manner.

* * *


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In addition, most characteristics of a society impart both strength and weakness. American individualism, mobility and competition encourage innovation but weakens cooperation, institutional loyalty and commitment to broader community goals. The American constitutional system, well designed to minimize government and maximize liberty, is ill designed to produce sustained and coordinated action to deal with serious long-term problems. In Japan, on the other hand, consensus and the close domestic-government relation spur its export drive. At the same time, however, such a social structure combined with a mature economy could be peculiarly prone to corruption, stagnation and stagnation. A worst-case scenario—improbable but not inconceivable—Japan could face a Brezhnev era in its future. Even without that development, Mr. Prestowitz's prediction as to which century belongs to which country is likely to be less accurate than that of Seizaburo Sato: "The twentieth century was the American century. The twenty-first century will be the American century."11

The most probable challenge to this prediction could come from a united European Community. The European Community, if it were to become politically cohesive, would have the population, resources, economic wealth, technology and actual and potential military strength to be the preeminent power of the third century. Japan, the United States and the Soviet Union have specialized respectively in investment, consumption and arms. Europe balances all three. It invests less of its GNP than Japan but more than the United States and perhaps more than the Soviet Union. It consumes less of its GNP than the United States but more than Japan and the Soviet Union. It arms less than the United States and the Soviet Union but more than Japan.

It is also quite possible to conceive of a European ideological appeal comparable to the American one. Throughout the world, people line up at the doors of American consulates seeking immigration visas. In Brussels, countries line up at the door of the Community seeking admission. A federation of democratic, wealthy, socially diverse, mixed-economy societies would be a powerful force on the world scene. If the next century is not the American century it is most likely to be the European century. The nation of world leadership that passed

that rendered U.S. strategic forces increasingly vulnerable, all generated the feeling that the Soviet Union was supplanting the United States as the world's number-one power. Feelings of decline and malaise, reinforced by another oil price hike and inflation, generated the political currents that brought Ronald Reagan to power in 1981.

These earlier decline scares were triggered by Sputniks and missiles, pressure on the dollar, oil embargoes and price hikes, SS-18s and Angola. The fifth wave has been largely triggered by budget and trade deficits and the seeming competitive and financial threat from Japan. It thus bears certain resemblances to the second wave of the late 1960s and early 1970s, and familiar themes are repeated. In 1972 President Nixon predicted the emergence of "an even balance" among "a strong, healthy United States, Europe, Soviet Union, China, Japan." In 1988 Professor Kennan argues that we are "moving very swiftly" into a "multipolar world" with five centers of economic and military power: "the U.S., the Soviet Union, China, Japan and the EEC." It remains to be seen whether his prediction will be realized any more rapidly than President Nixon's.

The declarist waves often, not always, come at the end of American administrations. There is a certain fit of administration to them which leads one to suspect that people want to believe in decline at that moment. In this respect, they may be better indications of American psychology than of American power. Indeed, many developments that might otherwise be interpreted as evidence of strength or progress are pointed to by declinists as symptoms of decline. Current declinists, for instance, make much of the disappearance of American manufacturing industry. Fifteen years earlier, however, a substantial group of social theorists, including Daniel Bell and Zygmund Brzezinski, articulated a widely accepted thesis that the relative decline of manufacturing industry was a sign of progress from industrial to post-industrial or technocratic society, and the United States was leading the world in that direction. Decline, in short, may be in the eye of the beholder.

The prevention of decline, however, requires that it be there. In all its phases declinism has predicted the imminent shrinkage
of American power. In all its phases that prediction has become
central to preventing that shrinkage. Decline is a theory that
has to be believed to be invalidated. Given the openness of its
politics and the competitiveness of its economy, the United
States is unlikely to decline so long as its public is periodically
convincing that it is about to decline.

The declaimers play an indispensable role in preventing what
they are predicting. Contrary to Professor Kennedy, the more
American worry about the health of their society, the healthier
they are. The current wave will serve a useful historical
function if it encourages the new president and Congress to
take prompt and effective actions on the deficits and to inaugu-
rate longer-term policies designed to promote saving and
investment.

"If Sparta and Rome perished," asked Rousseau, "what State
can hope to endure forever?" The obvious answer is "no
state" and that may be the right answer. There was no
American preeminence to maintain. Yet, no state endures for
every single generation. Some states endure for extraordinary lengths of time, and little
reason exists to assume that recent prophecies of American
decay are more accurate than earlier ones. Every reason
declines in order to prove this. Happily, the self-renewing genius of Ameri-
can politics does exactly that.

Robert G. Kaiser

THE U.S.S.R. IN DECLINE

The news from the Soviet Union is enthralling—nothing
so interesting or exciting as Mikhail Gorbachev's reforms has
happened in Russia in modern times. The world is rightly
transfixed by the spectacle of Russians telling the truth about
their past and their present, encouraging private enterprise,
urgently called for by the Communist Party and genera-
ally committing themselves against Marxism-Leninism.

But there is a paradoxical aspect to perestroika that deserves
more attention. The rhetoric of Soviet reform emphasizes
renewal and progress, but the facts that made reform necessary
describe failure—the failure of the Soviet economy. For the
foreseeable future, the fact of that failure is likely to be
more important for the world than Gorbachev's efforts to overcome
it.

That is because the failure is a fact, while the reform—
least the practical ones affecting the economic life of
the country—remain just a hope. It is likely to remain a forlorn
hope for years to come.

The failure of the Soviet system—Joseph Stalin's system,
which organized Soviet life for more than half a century—is a
larger event than many have yet acknowledged. It signals more
than the collapse of Stalin's dream of a centrally planned
economic powerhouse that might someday dominate the world.
We are also witnessing the beginning of the end of the Soviet
empire. The fear of Soviet conquest and hegemony that domi-
nated world politics for more than a generation should now
disappear. We have passed the high-water mark of Soviet power
and influence in the world.

The crisis in the communist world has provoked radical
changes from Beijing to Warsaw, and all of them contain a

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his newspaper's Moscow correspondent from 1971 to 1974. He is the
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