IN THE DEN OF NATIONS:
POWER TRANSITION AND REGIONAL RIVALRY DEVELOPMENT

A Thesis
Submitted in fulfilment
Of the requirements for the degree
of
Master of Arts in Political Science
in the
University of Canterbury
by
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University of Canterbury
200%
ACKNOWLEDGEMENTS

I believe that God always finds a way, and to God goes my greatest thanks for giving me strength when I was weak, faith when I faltered and that big helping hand when things were at their bleakest, and the biggest helping hand and thanks goes to the Political Science department, in particular my supervisor Alexander Tan, Head of School Jim Tully and especially to Jill Dolby and Pat Ydgren; as Aragorn said at the end of *Return of the king*, “You bow to no one”.
ABSTRACT

The actual study of how rivalries develop is 'uncharted territory', in essence, the field of rivalries has focused much its analysis in regards to long term rivalries. When a conflict between two sides is long term, consisting of multiple confrontations spanning sometimes over decades, it is easier to analyse due to the extensive information that would be available, but this fails to answer the most important question of 'why'? To measure and understand why these rivalries are initiated, I have chosen to take power transition theory and apply it to the concept of regional rivalries to see if it can be extended to help explain why they develop. The reality for most cases is that the rivals in terms of their actual position as measured by power transition theory, are not at a point of parity, but this is due to the need to extend power transition theory so that it can fit the realities of a regional context. Can power transition theory be extended to give an explanation that helps us understand this phenomenon?
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Chapter One: The Uncharted Territory of Rivalries

The actual study of how rivalries develop is ‘uncharted territory’; in essence, the field of rivalries has focused much of its analysis to long term rivalries. When a conflict between two sides is long term, consisting of multiple confrontations spanning sometimes over decades, it is easier to analyse due to the extensive information that would be available, but this fails to answer the most important question of ‘why’? To measure and understand why these rivalries are initiated, I have chosen to take power transition theory and apply it to the concept of regional rivalries to see if it can be extended to help explain why they develop.

Power Transition Theory has been an application mostly confined to the realm of ‘great powers’, the study of what I have always thought of as the transition of empires, and it is an effective tool in the study of these moments in time. The reality of rivalries is that approximately 75% of them are considered to be isolated, consisting of only one or two disputes (Stinnett and Diehl, 2001, p. 718). While there has been extensive study on rivalries that are of longer duration, the study of rivalry development is largely “uncharted territory” (Stinnett and Diehl, 2001, p. 718). This thesis will attempt to shed light into this uncharted territory by attempting to extend power transition theory to help us understand why these isolated rivalries are taking place.

The first decade of the 21st century sees a shadow descending over the global political economy. As the world moves into this new century, there is a
growing impression that the international order may be at the early stages of change. A change that is still new and elusive enough that most cannot see what the implications of these changes will bring.\(^1\) Given that both North Korea and Iran are current examples of weak and medium states forcing the diplomatic issue with the most power nations on earth, no one can argue that the status quo still exists; there is some form of change taking place in the international order.

While the roles that major powers play are being affected, there is also another aspect to the shadow, and that is the growth of extremism and its supporters. From Caracas to Pyongyang and everywhere in between, we can find examples of smaller states, and in some cases, sub groups within weak states, dictating the stability of the international order in ways that the world has not prepared itself for. While these situations are not new in a historical context, they are different because the way international relations are conducted, the greater interdependence between, and the speed at which events affect other nations have changed. Within this global aspect of growth, tension and change, the possibility of rival tensions manifesting on a regional basis, I believe, will grow at an even faster rate.

Basic studies have shown that whether measured in terms of power transition or not, rivalries logically manifest themselves when there is some kind of equilibrium between the two (Stinnett and Diehl, p. 728). If 75% of all rivalries are of short duration, then what is the catalyst for regional actors to engage in this behaviour? While in some cases the rivalries have global implications, they

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\(^1\) None of us do truly know what will be the implications of international relations in the future, for example, as recently as 1991 we were mourning the end Russia as a major power only to see her rising
are first and foremost, a question of some form of regional dominance. It is also a question of power and the reactions we are seeing in many ways are reminiscent of reactions we would see in power transition scenarios. If this is the case, then power transition can and should help us understand what is happening at the moment a rivalry manifests itself.

The central attempt of this thesis is in the question:

Can power transition theory be extended to help explain what causes regional rivalries to develop and why some rivalries manifest into conflict, while others do not?

1.2. **Why Extend Power Transition Theory to Explain Rivalries**

It would be logical to argue that transitions of power within a regional context should transpire at a point much the same as transitions among great powers: at the moment near, at or just beyond parity. In such instances, power transition, just as in a great power context, may result in conflict depending on the factors that have lead to the transition. In theory, regional rivalries, like great powers, should behave in fashions that power transition theory can explain. There are exceptions to this pattern where we see a dominant regional state and a rival displaying tensions normally found at the point of parity, but displaying them long before parity is reached.

The primary usage of power transition theory is to examine the transitions of power between great powers and whether these transfers lead to conflict in the international system or whether the transition is peaceful. The problem that is
acknowledge throughout all the literature in regards to power transition theory and hegemonic stability theory is that there are very few ‘great wars’ by which to assess the viability of the theory.\(^2\)

Power transition theory has been used to examine regional conflicts as well, but as it is applicable to the normal usage of the theory, which means that a regional state, whose power is not the same as a great or super-power are being measured by the same standards as if they were. There are many situations between regional rivals that have lead to tensions that have signalled a willingness to go to war, or actual conflict taking place, but if measured using power transition as it would apply to great powers, there is a noticeable separation.

The reality is that the rivals in terms of their actual position as measured by power transition theory, are not at a point of parity, but this is due to the need to extend power transition theory so that it can fit the realities of a regional context. Can power transition theory be extended to give an explanation that helps us understand this phenomenon? It is the argument of this thesis that it can be extended to help us understand these scenarios better.

It is important to understand that conflict does not have to be actual combat or involve fatalities when we talk about these regional situations. Conflict between regional powers can also be diplomatic in their makeup, but for the purposes of

\(^2\) Organski and Kugler, Kim, Morrow, Bueno De Mesquita and others throughout their literature acknowledge time and again the deficiency of studying the theory due to a lack of actual wars by which to test it by. Their efforts have helped by redefining the parameters of the theory in regards to war and increasing the number available to be examined.
simplicity for this thesis, it is important to understand that even when it is more
diplomatic, there have been physical manoeuvrings of assets by regional actors
to display a willingness to its rival that the issue is ‘worth fighting for’. Rule
points out that there are historical cases where competition over territory
combined with ideology have been strong elements in rivalry formation
(Stinnett and Diehl, p. 724).

Power transition theory as it is applied looks for either conflict or peace at the
moments of transition, whether they be global or regional, but in regards to
regional rivalry the parameters for what constitutes conflict can be broad in its
nature, as it is the understanding of why tensions have manifested between two
actors whose capabilities are not equal that we are trying to address. Power
transition theory if extended to examine the finer points and details of rivalries
should be able to help us begin to shed light on rivalry development.

1.3. Comparative Advantage as a Means of Extension to Power Transition

Every region has certain characteristics which make it unique in comparison to
another. The Middle East has a vast amount of petroleum which gives it a
unique advantage over other regions; including one’s which have the same
resource. South America has many unique minerals such as nitrate; the Pacific
has a vast exclusive economic zone (EEZ) which gives it fishing as a unique
resource. While some of these have no great impact upon the world economy,
they play vital roles in the well being of a regional power, economically and
arguably, politically and psychologically. If a region does have such
comparative advantages, it is logical to extend the idea that it is in these areas that the seed of conflict arises.

It is possible that when it comes to regions that power transition theory needs to take into account the micro-economic aspects which can determine the fate of a region. This is the antithesis of what power transition theory normally focuses on, which is the global aspect of economics. By focusing on comparative advantages that regional states possess it takes the economic component of power transition and extends it to single aspects, or micro-aspects, of power because regional states may be less immune than great powers to adverse affects to a single component of its economic power.³

In terms of power transition theory, the key aspects that determine power and how it is measured is calculated based on the weight that it carries on a global scale. This is a logical and natural aspect for the theory to focus on. In terms of a major power, there can be some aspects where it falters or loses its control of power but the system is large and powerful enough that it does not affect the overall whole. A major power in the international system is much more capable of withstanding downturns in certain areas that constitute power because of the enormous resources it has at its disposal.

³ The best way to explain this is in layman’s terms: If the United States beach shoe industry disappears, it will not affect the nation, if Tonga is reliant upon this industry and it disappears, it collapses the economy and nation. Non superpower regional states are affected by isolated economic factors; micro-economic factors that if you examined its entire GDP you may miss, but if you break it down industry by industry, you may “see” the source of instability. I believe that in most cases, regional states will react more quickly if that industry is a comparative advantage industry.
Regional powers are measured within the same criteria, but the reality is that they are not the same; they have certain caveats to its makeup when it comes to power. When it comes to regional situations, the same behaviours we see in transitions of power can occur despite the actors in question having an imbalance in overall power, because on a micro-level, the unique characteristic that gives the region a comparative advantage may actually be the source where parity is being reached and if so, then it may be the source of why power transitional behaviours are taking place in a rivalry.

If there is no such shift in power taking place within a region, then why are rivalries taking place on a regional basis ahead of when we would logically expect them to take place? The relationship between regional powers, like all international relations, is always changing. The situation in regional theatres of international relations sees transformations just as we do on global scales. The primary engines of this change are the dynamic growth or reduction of regional economies and the continued power of certain states in that region in relation to the dynamics of their neighbours, but sometimes, the changes that are taking place cannot be seen in terms of a global scale; they need to be examined in depth, and more specifically, the changing nature of the relationship between regional powers in certain key areas applicable to power in that region and if such shifts are the catalyst for regional rivals escalating to tensions or conflicts.
1.4. Why Extend Power Transition to Rivalries?

A brief listings of the key concepts of power transition theories are hierarchy, economic growth, dissatisfaction, overtaking and parity (Rapkin and Thompson, 2003, p. 317). Power transition theory also constitutes other facets, and these will be taken into account as well. It is the argument of this thesis that the theory can also tell us why rivalries are manifesting on a regional level. This thesis is not attempting to alter how power transition theory works; it is simply attempting to extend the theories use to a more detailed, or microscopic, sense to explain why rivalry happens when it does at a certain point in time.

It is argued that by maintaining the standards of power transition theory, examining the concepts as developed, but to do so in details that may be sometimes overshadowed by the overall scale that power transition theory normally does not address, we may find causal evidence to explain the types of rivalry that can manifest itself within regions. Primarily, it is believed that this causal evidence will be found within the extension of the theory to examine the micro-economic aspects of power, but it is believed that this is only part of the explanation; that hierarchy, degrees of satisfaction, and political capacity play their roles as they would normally be defined within the framework of the theories. It is with one key concept, parity, that this thesis will make a deviation. It is parity within the isolated, micro-level's of regional power, which I believe may play a more crucial role when power transition theories are applied at to the regional level.
1.5. Outline of Subsequent Chapters

Chapter 2 of this thesis will examine the literature of rivalries and power transition theory. It will explore such theories from its foundations and from this, its growth and revisions. This thesis then explores the theories as it is will be applied to regional rivalries.

Chapter 3 will focus on the methodology and data that will be used to measure the applicability of the question being asked. In this chapter, this thesis will use a rival dyadic data set to examine regional rivalry to see how power transition theory, with application of the micro-economic factors that such theories have not yet accounted for, measure the nature of regional rivalry, and whether such measurements help us gain more clarity, and if there are common patterns to each.

Chapter 4 will examine four dyadic case studies. These dyads will consist of two rivalries where conflict took place, one where conflict did not and then an unusual examination where we take the results of the previous case studies to attempt to make a determination of the future relations of another potential rivalry in China and Japan.

Chapter 5 will look at results of the factors that power transition theory has not accounted for from the data. It is here that an exploration will take place into the micro-levels of the composites of power, as measured from chapter 3, to see if it does help us understand regional rivalries. Chapter 6 will be the conclusion.
Chapter Two: Power Transition and Rivalry Literature: Parallels and Problems

There are numerous analyses of rivalries, and power transition has been one of the theories that have been used in rivalry analysis, but there is a noticeable lack of development in terms of theories and models that explain the relationship of rivalries to the variables being examined (Colaresi and Thompson, 2002, p. 264). The purpose of this literature review is to examine the developmental history of rivalry and power transition literature, and to lay the groundwork to the application of extending power transition theory as a possibility to helping explain at least some aspects of the variables that constitute rivalries.

Diehl and Goertz highlighted three requirements for there to be a rivalry in a dyadic system: Spatial consistency, Time or duration, Military competitiveness/conflict (Diehl and Goertz, 2001, p. 18). In terms of international relations, we can speak of rivalry in terms spatial consistency, time or duration and military competitiveness or actual conflict. Bearing in mind that we are speaking of rivalries in a dyadic sense, spatial consistency simply means that dyadic set competing with one another with an expectation of a future conflict relationship (Diehl and Goertz, 2001, p. 18). Time and duration is usually defined as a period of time spanning 20 to 25 years. Rivalries can vary in time, with sporadic or proto rivalries emerging (Diehl and Goertz, 2001). A rivalry relationship must consist of conflict or competition in which one or both sides use its military as a foreign policy tool against the other (Diehl and Goertz, 2001). Others such as Vasquez and Thompson have stated that rivalries are
relationships that display persistent hostility of roughly equal power where each stays identifies the other as an enemy and explicit threat (Colaresi and Thompson, 2002, p. 264).

2.2 The Emphasis on Enduring Rivalries in Literature

The vast majority of literature focuses on the enduring rivalry aspect, as it represents the most dangerous form of rivalry (Stinnett and Diehl, 2001, p. 718). From 1816 to 1992, enduring rivalries only constituted for 5% of all conflictual dyads and only half of 1% of all possible dyads, and yet they accounted for 40% of all militarised disputes and almost half of all wars (Stinnett and Diehl, 2001). Much of the literature revolving around rivalries focuses on identification of rivalries. Hensel’s evolutionary approach suggests states become rivals if the first dispute is not resolved (Lemke and Reed, 2001, p. 458). Goertz and Diehl in their basic rivalry level describe the intensity of rivalries, but the authors are in disagreement how much the relationship of rivals vary, but do describe rivalry as an outcome of interactions between the rivals (Lemke and Reed, 2001).

If the majority of all rivalries are not enduring, if rivals become rivals due to the first dispute not being resolved, and if the rivalry is manifested due to the outcomes of interactions between the two, then the question of what happens within the interactions of non-enduring rivalries needs to be addressed. If enduring rivalries are manifested from initial rivalry behaviour, then the entire concept of why these rivalries take place lies in the initial reasoning for the
interactions. By reasoning, I mean ‘causes’; the legitimising reason for each encounter between dyads may be different, but there must be a cause for the dyads to respond to each other at that given moment in time.

Lemke and Reed do address this issue in the sense of how conflicts are chosen in international politics. They write of the practice of “selection effects”, and specifically those moments that do not lead to wars, sanctions, treaties, etc (Lemke and Reed, 2001). They describe strategic censoring as the situation where state A not to respond to the actions of B as censoring the observations of B and therefore affecting the understanding of the rivalry in question (Lemke and Reed, 2001). The purpose of their analysis was to provide more information by including dyads that were not officially considered rivals, and by doing so, encourage people to think of rivalry as a process (Lemke and Reed, 2001).

2.3. A Lack of Theory in Regards to Rivalries

Lemke and Reed acknowledge as Colaresi and Thompson have that there is no strategic theory of rivalry and that researchers have never distinguished between the initiators of rivalry and their targets (Lemke and Reed, 2001, Colaresi and Thompson, 2002).

With there being a lack of theory in regards to rivalries, this thesis believes that an extended version can help begin to fill this void, but this thesis believes to do so needs a simplified beginning to open the door to greater explanation where
none exists and that begins with the simple question of why? For what I am attempting to do, it does not matter if the rivalry is a case of contiguity or parity or any other classification, the important matter is what specifically caused the rivalry to come alive again at each point?[^4]

2.4. **Can Rivalries Display a Rhythmic Pattern in Their Behaviour**

What this thesis argues is that we need to understand the moment of regional rivalry in each case. If a cause can be found, then in each instant, the root behaviour may be present again. It is in some ways an attempt to find ‘a rhythm’; i.e. 1, 2, 3, event; 1, 2, 3, event.[^5] It is believed that we may find this rhythm when we isolate the data, and it may be in different areas in each event, due to the nature of regional comparative advantages. If we find this rhythm, we may be able to understand when regional rivals will manifest themselves in the future. This is where Power Transition theory comes in play. The theory has used rivalries to help understand the theory better, but it may be that when it comes to finding the rhythm of a rivalry, Power Transition theory may be a useful tool in understanding the rivalries themselves.

[^4]: If we can pinpoint the root cause at that particular moment, then we might see the behavioural conditions for every manifestation. In other words, something is happening in that given moment in time that is causing the dyad to come back to life, find that reason and you may find the reason for every reaction that rivalry has had.

[^5]: I call it rhythm, others may call it ‘cycles’, but no matter how you wish to understand it, I
2.5. Organski: The Creator of Power Transition Theory

Organski, who introduced the concept of power transition theory, describes the norm of the international system as a stabled, ordered system (Lemke, 1997, p. 24), however, power transition theory does not solely focus on power. In addition to this, the theory 'considers each country's satisfaction with the workings of the international system' as well as the general interactions that arise diplomatically, economically and militarily in the system (Lemke, 1997).

The power transition model developed by Organski in 1958 rejected three fundamental assumptions imbedded in the realist vision of world politics: That the international order is not anarchical, that states behaved under the rubric of rules like domestic politics and that international politics was not about maximising power, but maximising the net gains, whether they are through conflict or cooperation (Organski and Kugler, 1989, p. 172). Organski argued that there is usually a dominant power that sits above the hierarchy of states, which constituted of the great powers and then medium and smaller states (DiCicco and Levy, 1999, p. 681). The dominant power shapes the order of international relations and thus stabilises and even sets out the rules of behaviour between states in the system (DiCicco and Levy, 1999).

While Organski believed that power was not the primary goal of international politics, he stressed that power is a critical variable shaping the functions of this order (Organski and Kugler, 1989, p. 173). Organski saw that satisfaction with
the way goods are distributed in the international order is the second critical variable and when combined with power, make the overall critical determinants of peace and conflict (Organski and Kugler, 1989).

2.6 Extensions of Organski's Original Work

In considering satisfaction, Organski and Kugler state that equilibrium's may suggest dissatisfaction when it comes to power transition theory:

An even distribution of political, economic, and military capabilities between contending groups of nations is likely to increase the probability of war; peace is preserved best when there is an imbalance of national capabilities between disadvantaged and advantaged nations; the aggressor will come from a small group of dissatisfied strong countries; and it is the weaker, rather than the stronger, power this is most likely to be the aggressor (Organski and Kugler, 1980, p. 19).

Power transition theory developed out of Organski's criticism of the excessively static character of theories such as balance of power and its seemingly inability to factor in the changing nature of state power and what implications this has on the international system (DiCicco and Levy, 1999, p. 681). This dominant power achieves its position through rapid economic development, and that other states develop rapidly, catch up and make the new order no longer applicable to the older, established order (DiCicco and Levy, 1999). If such a rising power is dissatisfied with its own place in the hierarchy, then it may wish to challenge
such an order and by doing so the probability of war between the challenger and dominant state peaks near the point of power transition between them (DiCicco and Levy, 1999).

There can also be a tendency when it comes to the critical nature of satisfaction that it does not necessarily have to do with the actual order, but the challengers place in the order. States that tend to feel there is a wide disparity between their actual achievements and the prestige accorded to them by others may engage in system de-stabilising behaviour (Chan, 2004, p. 208). This has lead to the proposition that dissatisfied powers tend to form minimum-winning coalitions, whereas satisfied powers tend to form over-large coalitions to defend the existing order (Chan, 2004).

The theory of power transition is centred on two key explanatory variables, relative power and the degree of satisfaction with the international order and these have become central in later derivatives such as hegemonic stability and war (DiCicco and Levy, p. 682). Hegemonic stability theory has involved, like power transition theory, aspects involving the transfer of power between great stabilisers in the international system. An example of hegemonic leadership on a global scale can be found in the United States in the 1950’s, where the United States used its power to balance itself between more formal alliances in regards to economics and more narrowly based regimes when it came to securing access to the scarce resource of oil (Keohane, 1984, p. 177).
This thesis is examining early stage conflict and tension that displays the behaviours found in power transition scenarios, but we are attempting to see if there is an isolated, or micro, transition point. From the outset of the theory, Organski did write of the positioning of power in relation to conflict and satisfaction. He wrote that if the state that is dissatisfied is weak, they cannot pose a risk to the dominant nation, and that it is only rarely that a great power is dissatisfied against another great power (Keohane, 1984).

The reason for this may be due to the fact that even when dissatisfaction takes place, the institutions that have evolved may still be of use to the state that is dissatisfied; in other words, the great power that is dissatisfied may be a great power due to the very institutions it is unhappy with. Institutional similarity and economic interdependence modify the likelihood of dissatisfaction; the more similar the institutions, the more interdependent the economies, the less likely a challenge will take place to the status quo (Rapkin and Thompson, 2003, p. 318).

While similarity and interdependence play a crucial role in regards to the actions of states in regards to the status quo, there is evidence that conflict is possible when there is destabilisation between states. When states encounter unexpected reversals or change in their power direction, there is an increased likelihood of extensive wars (Tessman and Chan, 2004, p. 131). The theory of power cycles contends that the growth and decline of power is the key to understanding the
occurrence of extensive wars and that the larger the number of major states that find themselves in these situations, the greater the tendency for disputes to become extensive wars (Tessman and Chan, 2004).

Power cycles are an outgrowth of the work started by Organski. Power transition theorists believe that differential rates of growth in power lead to an overtaking, but they place this again between the dominant and challenger state (Kim, 1991, p. 833). It is also a principal for power transition theorists that it is the internal development that is the cause of changes in power and that external means such as alliance formation are not as crucial (Kim, 1991).

It is the argument of this thesis that the foundations to understanding regional conflict and tensions that display characteristics of power transitions between regional rivals lies in the fact that internal development between the rivals in question is the key factor that needs to have a deeper examination of data to understand how this is happening. When examining an actual power transition scenario, the internal developments are crucial according to the theory to explain the transition, but it does so by examining the entire data in context. This thesis argues that internal developments are still crucial, but it is within the isolated parts that fluctuations will be found that are large enough to create conflict or tensions between two rivals.

This concept follows that patterns as developed within theory of power cycles as developed by Charles Doran. The theory argues changes in national power follow a pattern of ascendance, maturity, and decline and it is the trajectories
that reflect major states competitiveness in the international system (Tessman and Chan, 2004, p. 131). The theory argues that when these states encounter unexpected reversals in the direction or rate of change in their power trajectory, they are subject to various psychological impulses or judgemental challenges that increase the danger of extensive wars (Tessman and Chan, 2004).

Doran’s theory concentrates on major power and their cycles and fluctuations, as well as the key areas of power transition such as political capacity and satisfaction levels, as it can be argued that psychological impulses and challenges stem from these categories. If major powers, which have vast enough resources that minor changes in their trajectories can be compensated for, can react in such a manner, then it is possible for regional states to behave in the same manner. Unlike their major power counterparts, they will be subject to reactions to more minute characteristics that make up their power trajectory.

There have been criticisms of power cycles and how power transition has developed over time. Some such as Chan have remarked that since the development of the theory in 1958 by Organski, there has been a moving away from the attention that needs to be paid to the satisfaction of a hegemon in the system, and that instead of looking at distribution of power and allocation of resources in the international system, theorists have concentrated more on dyadic power distribution (Chan, 2004, p. 112). Chan believes that when it comes to power cycle theories, the key variable is the relationship between the new distribution of benefits a declining hegemon would receive compared to the new distribution of power (Chan, 2004, p. 115).
2.7. **Addressing Power Transition to the Conditions of Regional States**

If examining a legitimate power transition scenario, the arguments of Chan are issues that do need addressing; however, within the context of regional rivalries, its not the distribution of power within an international context that is of concern, but there is a point of contention that Chan raises that is actually another applicable characteristic to what we are concentrating on. Another area that Chan addresses in terms of the international system is what he calls the ‘commitment problem’. It is difficult for a challenger to offer insurance to the hegemon that it will not turn current concessions into an advantage for making future demands; just as a hegemon to send the same signals that it will resist future demands for further concessions (Chan, 2004, p. 117).

When speaking of a regional dyadic rivalry, the issues addressed earlier in terms of the psychological or judgemental challenges are highlighted as key areas instead of being issues as they are in Chan’s view on a global scale. Chan points out that concern of reputation costs, or “the impression that one can be pushed around”, and that physical proximity exacerbates this problem and in turn that it is situations of approximate parity, not necessarily transition or overtaking, that are likely occasions for military confrontation (Chan, 2004).

How this helps us in understanding early stage regional rivalries is in the fact that if there are indications of approximate parity on an isolated level in key areas of what gives regions either comparative advantage or strength, then the very issues that get exacerbated within these hegemonic situations, can manifest
regionally as if the situation is one of significance. It is the fear of losing reputation (political capacity and psychology) combined with the physical proximity of the rivals in relation to economic variables that are important for the political capacity and reputation of the states in question that drive the potentials for these early stage situations.\(^6\)

The overall factors that equate power in regards to power transition theory may provide a picture that does not describe the story.\(^7\) Overall, the key elements that comprise power may be large enough that the fluctuations that this thesis is looking for may not register and therefore, it appears when analysed that there is no comparison between the dyads in question. It is only when these figures are broken down into minute details that we find in some cases, massive fluctuations in the data in a short span of time, indicating that there is activity hidden within the data that may be provoking the situation.

Logically, it could be argued that if one regional rival is more powerful than another, then the more powerful nation would not consider the other a legitimate threat or at least by satisfaction that its position in the context of overall power as measured by power transition theories, be willing to either negotiate or not engage its rival at all, is a distinct possibility. Chan points out that there are many theorists such as Kim, Lemke, Reed and Organski who take the position that the dominant power is always satisfied, but believes that they are confusing

\(^6\) If you border a rival, have the same needs, same resources and your power is contingent on your ability to raise capacity and keep your nation psychologically strong, then these factors I argue would be extremely important to what brings about rival situations.

\(^7\) Remembering that power transition is designed originally to examine great powers, to look at the composites of say, the United States and the composites of China, if you choose to use the theory in this context, the 'story' or the reasons for the specific cause of rivalry may be missed or lost in the
power with satisfaction (Chan, 2004, p. 210). He believes that power is not satisfaction and that just because a state has more power does not make it content with its status (Chan, 2004).

2.8. Criticisms Within Power Transition Theory

Some such as De Soysa, Oneal and Park believe that Organski and Kugler biased their test as they defined the set of contenders to include the dominant state in the system and any state that had 80% of the power of a hegemon in any period measured (De Soysa, Oneal and Park, 1997, p. 512). Organski and Kugler sought to assess the likelihood of war under three conditions: Inequality of power, equality but no overtaking, and equality involving a transition, which again was basing the smaller power at 80% of the dominant's position (De Soysa, Oneal and Park, 1997). From this, theorists such as Houweling and Siccama sought to alter the theory so that it generalised Organski and Kugler's so that a contender was generalised, but did not bias their data (De Soysa, Oneal and Park, 1997). Again, even in alterations such as this, the primary focus was on major power dyads. Within a regional context, this can be applicable, but there are many cases where regional powers, even when they possess a valuable resource globally, are still not a major power within the international system. Saudi Arabia holds tremendous power in the system in terms of its resources, but this should not be mistaken for the ability to dictate the international order.

overall data being examined. Think of it as being asked to find one single cancer cell by looking at the entire body instead of the affected area.
De Soysa, et. al., state that the reason for such attempts is because if power transition theory is to be considered important, it must alter itself to fit expanded models (De Soysa, Oneal and Park, 1997). It is argued that the reason alterations, generalisations and other attempts have to be made is because power transition theory is a ‘big picture’ theory. They are designed, even in generalisations such as Houweling and Siccama’s to focus on major power aspects and by doing so, there is no real attempt to allow the theory to be applied to a more ‘pedestrian’ situation: the big picture focus has not allowed the theory to be generalised to more common situations.

What is meant by this is that there is nothing within the theories that states it is not possible for what is being applied to major powers to be used to examine what are in some cases succinct, ‘one off’ incidences between rival regional powers. Organski, Kugler, and all that have followed them within this framework have always examined the theory as it was originally stated; even in situations where regional transitions have been examined, they have always been placed within the context of a dominant and a contender in an overall regional context.

2.9. **Power Transition When the Dominant Country is not Involved**

Country A and country B may be weaker than Country C, but in the context of their situation, A and B are rivals and one is dominant over the other. Their interplay may not affect the status of Country C, but does that automatically mean that power transition theory cannot be applied to explain the reasoning’s
behind their current tensions? The theory states that there must be a dominant and contender, but by the attempts to alter and generalise the theory to make it more important, there is no rule that states the theory cannot be applied to a singular situation.

For example, Country A and Country B are in a current tension that has one or both nations sending signals that the issue at stake is either worth fighting for, or actual conflict has broken out. The examination of the power of both countries shows that Country A is more powerful then Country B to a level that according to power transition theories indicates that a conflict should not be present, as Country B has not attained the 80% threshold that the theory says should be present for such incidences to happen.

By extending the theory, looking at the isolated, or micro, data of the rivals in question though, there appears to be fluctuations in key areas of their data that are important for the countries in the context of the region. These fluctuations are within the parameters that power transition theory state and in some cases, there have been not only transitions of power in these key categories, but re-transitions, or returns to the status quo, in a short space of time. 8

Research into rivalries focuses on the aspect of conflict. Power Transition theory focuses on whether there was conflict at the point of transition. In regards to rapid overtaking, Rapkin and Thompson believe the faster the overtaking, the lower the probability of war (Rapkin and Thompson, p. 318).

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8 In other words, overtaking of the dominant power, then a retaking of that power in a short span of time. Because the transitions I am talking about are in sub areas, or isolated or ‘micro’ as I keep calling
Lemke and Reed believed that censoring data may miss some important understandings of the nature of rivalries. I believe that while conflict does not have to be present for the purposes of this examination, there has to be some form of escalation of tensions, and it is believed that when these tensions are examined, we should find evidence of these isolated, micro-fluctuations taking place in those moments in time.
Chapter Three: Methodology, Data and Introduction to Case Studies

Hypothesis:

power transition theory when extended to regional rivalries can help explain what causes them to develop and whether or not such rivalries manifest into conflict.

The methodology of this thesis is an attempt to extend power transition theory to help us understand regional rivalries. While power transition theory is being used, there needs to be an examination of the methodology used in determining rivalries, as the two are parallel and in some cases melded from each other.

This chapter will begin with a continuation of a review of the literature, but focused upon the make up of the methodology before defining the parameters that will be used for this study.

As stated in Chapter 1, I am only looking to extend one aspect of power transition and that is how power is measured. Even in extending this, it is important to understand the root concept of power as it was originally measured. In Chapter 2 this thesis wrote of Colaresi and Thompson's point that power transition theory has been used in the analysis of rivalries, but that a lack of development has taken place in understanding the variables that the theories are looking at. While it is power transition specifically that will be used, it is important to understand how the theory and the analysis and concept of rivalries share some similarities, as this thesis is attempting to extend how the literature has been developed.
3.2. The Original Foundations of Power Transition Theory

The founding literature of power transition comes from A. F. K. Organski and his book *World Politics*. Organski stated that "power is a major determinant of that part that the nation will play in international relations" (Organski, 2nd edition, 1968, p. 101). He also states that "power is the ability to influence the behaviour of others in accordance with one's own ends" (Organski, p. 104). Power is also a relationship between groups and that it presupposes that at least two groups have a relationship and this relationship has one that can make the other do as it wishes in a disagreement (Organski, 2nd edition, 1968).

Organski lists some of the aspects that confer power: wealth, resources, manpower, arms and that their effectiveness depends upon their use (Organski, 2nd edition, 1968, p. 106) and that part of a nation's power seems dependent upon its ability to influence but also its own estimation of such abilities (Organski, p. 108). Organski does acknowledge that with almost any situation, there will be more than just a dyadic situation taking place; however, he does state that for simplicity it is better to examine the main dyadic cases (Organski, p. 111) and this is how this thesis will measure its cases as well.

This is the same line of thinking that most scholars use in terms of rivalries. Issue has been a focus of rivalry literature for some time, and this is primarily focused upon two states and the issue that they seriously disagree on (Bennett, 1997, p. 230). The problems that lie in the study of rivalries are that it is primarily used to identify rivalries and has not been focused on understanding
the beginning and end of that rivalry (Bennett, p. 228). For this thesis, it is important to understand where the rivalry begins, and to do that, you have to have the tools to understand power and when that power is being exercised. Organski stated that the methods of exercising power were persuasion, rewards, punishments and force (Organski, 2nd edition, 1968).

The criterion for determining rivalries has been quite explicit in that militarised competitiveness or conflict has been present (Diehl and Goertz, p. 19). The literature regarding both power transition and rivalries has focused heavily on war and the preponderance of power within the system. Power transition theorists suggest that the existence of and the approximate uniformity of power increases the likelihood of war (Mansfield, 1994, p. 19). In chapter 2, this thesis highlighted that theorists such as Lemke and Reid believe that parity between two states is a major catalyst for rivalry. Bennett believes that this heavy focus on parity is due to the focus on identifying rivalries and that it is very difficult to pinpoint the exact moment that a rivalry begins or ends (Bennett, p. 228). This leaves us with the question of how to measure power in relation to a regional rivalry? This thesis is not tied to the concept of parity, nor is it tied to an actual armed conflict or war to establish that a rivalry is present.

So what method is useful in determining power for this thesis? I am concentrating on regional rivalries, but examining the rivalries ‘in the moment’ or even more simply: what was going on within the parameters of power during the moments that the rivalry manifested themselves. State A and state B engage in rivalry behaviour at point X. The reasoning for such behaviour may be
attributed to a tangible situation: State A wanted a piece of territory or state B felt it had the will of the people to address a grievance against state A; but this does not answer the question of ‘why at that moment?’ There must be something beyond the headlines of the rivalry that signalled within the constructs of power between the two, that the moment of opportunity had presented itself.

3.3. The Instruments of Power

Organski states that wealth, resources, manpower, arms, and diplomatic skill are the instruments of power (Organski, 2nd edition, 1968) and that they only confer power if they are used to influence the behaviour of other nations (Organski, 2nd edition, 1968). Organski stated that there were four ways in which a nation can influence another: persuasion, rewards, and the threat of punishment or use of actual force (Organski, 2nd edition, 1968). Two of these arguably have nothing to do with actual use of arms to exert power, and so the question is left as to why an actual conflict is necessary to deem two states in rivalry? Organski admits that measurement of international power is complex and is dependent upon many intangibles (Organski, 2nd edition, 1968, p. 123), but for the purposes of this thesis, we do not need actual conflict nor do we need to understand the complexities that make up power in the international system.

This thesis is looking at rivalry in a strictly dyadic sense. While there are complexities that involve all relationships, we are trying to determine what is

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9 An example would be 9/11. Why 9/11/01, why not 12/7/00 or 7/4/03? Why ‘then’? the same question for regional rivalry manifestation: why did it occur at the moment it did and not years earlier,
happening within the moments before, during and just after a rivalry has manifested itself between two regional states.

In terms of whether or not conflict must be present, it is the argument of this thesis that it is not a necessary condition, but as stated in Chapter 1, there has to be some form of threat of the use of force in the form of one or both sides moving assets or bringing the situation ‘to the brink’ of a conflict. Bennett argues that rivalries may constitute non violent means as well. He defined interstate rivalry as “a dyad in which two states disagree over the resolution of some issue for an extended period of time, leading them to commit substantial resources (military, economic or diplomatic) toward opposing each other (Bennett, 1997, p. 229). He goes on to say that there are frequent challenges to the disputed status quo by one or both states (Bennett, 1997). This definition is broad, but for the purposes of this thesis, the dyads that will be examined will have some form of threatened or actual conflict.

3.4. Uncharted Territory

This thesis is trying to address the ‘uncharted territory’ that Stinnett and Diehl described rivalry development. The literature in regards to rivalry and power transition theory is looking primarily to understand whether a rivalry has developed or in the case of power transition, whether there is conflict or peace at the point of transitions. Primarily, both are looking at a larger context scenario. In both cases, they have concentrated their energy on great power later or never at all?
scenarios. Power transition theory does examine regional situations, and rivalries on a regional level have been examined as well, but we have no understanding of what is happening in the moment of rivalry.

The uncharted territory that this thesis is exploring can be described as the rivalries boundary, event and conclusion of the primary moment of rivalry. I am not trying to examine the enduring nature of the rivalry, nor am I trying to establish whether the rivalry was violent. The concern here is for that structured moment of history where a rivalry manifested itself, freezing that moment and breaking down the information to its working parts to see if any causal evidence can be found across the boundaries of different rivalries in different regions.

The tool for such examination will be power transition theory extended and used as tool to help break the rivalry down into its component parts.

Organski and Kugler examined a half dozen different measurements of national capabilities, but found that only two: Organski’s focus on Gross National Product (GNP) and the Singer-Bremer-Stuckey Power Index model (Organski and Kugler, 1980, p. 67). They also focused on three models used to examine the relationship of these measurements to the relationship of war and peace in the international system (Organski and Kugler, 1980, p. 14). One of those models was power transition theory, which they describe as:

“an even distribution of political, economic, and military capabilities between contending groups of nations is likely to increase the probability of war; peace is preserved best when there is an imbalance of national capabilities between disadvantaged and advantaged nations; the aggressor will come from a small group of dissatisfied strong countries; and it is the weaker, rather than the stronger, power that is most likely to be the
Organski and Kugler continue by stating that power transition theory postulates that the speed with which modernisation occurs in big countries is quite important in disturbing the equilibrium that previously existed (Organski and Kugler, 1980). They stressed the fact that major countries play a major role on this equilibrium, even stating that the full development of small nations will pass unnoticed in the system and that it is only the larger states who can shake up the power distributions in the international system (Organski and Kugler, 1980, p. 21). Organski and Kugler believed that the key factors to be accounted for when measuring power transition were economic productivity and the efficiency of the political system in extracting and aggregating human material for national purposes (Organski and Kugler, p. 20). Their goal of the theory is to ascribe predictable behaviour to nations (Organski and Kugler, p. 23).

3.5. **Singularities**

While the theory attempts to ascribe predictable behaviour to nations, the problem in regards to regional rivalries was stated at the very beginning of this thesis: 75% of all rivalries are of short durations; single events where there was a contention between two states. Power transition theory is predominantly focused upon the big picture: the behaviours, actions and reactions of large states in the international system and how their actions either lead to war or peace, and it examines this scenario from the point of some form of parity in the system, either caused by rapid growth or a slow process.
So how does this help us when it comes to a regional rivalry? Some theorists such as Kim have extended power transition to examine alliance structures and its effects upon transitional situations (Kim, 1992, p. 156), but this does not help us, because while alliances may play a role in the behaviours of states in rivalry, it does not answer the question of why those two states chose that precise moment in time to engage in rivalry behaviour. Bueno De Mesquita and Kim extended the theory in terms of how perception plays a major factor along with alliances structures upon the possibilities of conflict in the international system (Kim, Bueno De Mesquita, 1995, p. 52), but like their rivalry counterparts, they focus again is upon the actual outbreak of violence; did it occur or not?

Two states who engage in rivalry behaviour, as stated by Bennett may not manifest into violence, but it is the argument of this thesis that the suggestion of it by deployment of assets is an important aspect. De Soysa, et. al., extended power transition by using alternative measures to measure national capabilities, and also argued strongly that by extending and using new measurements, that power transition could be expanded to examine a larger sub-set of countries (De Soysa, Oneal, Park, 1997, p. 513), but again, their extension remains within the parameters of at a minimum strong states and stays within the boundaries of finding transitions based on accumulative data to measure the capabilities of the states in question.
3.6. Power Transition as a Tool for Understanding the Nature of Power

Power transition theory is a tool for understanding the nature of power when that power is in equilibrium between two entities. Its classical foundation, and the foundations that have been created from its extensions, applies it to only situations that make sense for it to be applied: you cannot have a transition of power, unless you know what constitutes the makeup of power overall. While this is the logical use for the theory, its use and the predominant arguments for its use, have been in regards to states that have a lot power in the international system.

Whether it has been intentional or not, and while some such as Organski and Kugler state that small states are in effect, inconsequential to the disturbance of the status-quo, the very arguments, even by those trying to fit power transition to accommodate a larger set of states, have boxed the theory into being only legitimate when there is data at a macro-level to substantiate capabilities of the nations being examined. This heavy emphasis on the complexities of power has missed what I believe is the pragmatic base of the argument: Some power transitions can occur in isolated areas, that while not disturbing the balance of the two states in question, does affect the behaviours, actions and reactions of the states due to their value as either a source of pride for that region, a source of comparative advantage, or its gain or loss affecting the political capacity for one or both of the states in question.
The Islamic Republic of Iran is not in any capacity to challenge the power of the United States, but the power, pride and political capacity it receives from its comparative advantage (oil and its revenue) at the moment, allows it to challenge the greater power where there should be none. If this is the case, then there is every possibility that the same scenarios can happen between regional states and create the atmosphere for rivalry, and yet go totally un-noticed due to the insignificance to the relative composition of power a state possesses. There is something happening within the context of a regional rivalry, and we need to break the rivalry down to its component parts, and see if any isolated transitional behaviours are taking place.

3.7. A Brief Moment in Time

Nothing in life is static, and the histories and development of nations is not different, but 75% of all rivalries are of short duration, which means that there is an event in time that eventually stabilises and some form of status quo is reached in the relationship of the states and things continue in a relatively predictable pattern. In terms of what this constitutes, we are talking about scenarios resembling break’s in the continuous historical line of the relationship.

However, 75% of rivalries being of short duration cause a break in this behaviour, but breaks that do not upset the entirety of the relationship. The relationship is buffeted by crisis, and then returns to a pattern long held, which appears as:
This thesis wants to freeze that moment in time, to hold it in the context of the moment to see what was transpiring within the makeup of the relationship to spawn the rise in tensions, the moment or peak when rivalry broke out, and the dissipation of tensions. Within this moment in time, I want to break down the components of power transition theory to see if there is any explanation for this period of time.

In some ways, it is a decomposition of power transition theory into its working components. By breaking down the applications, it is theorised that we may find answers that better explain regional rivalries. When power transition is broken down into its component parts, most of those parts should operate as they are intended to, but we should see one component of the whole that is not fitting properly. In simple terms, this means that power transition theory is applicable, but breaks down somewhere in its makeup, and it is believed that what is happening, is that an isolated, micro-transition is taking place in those moments in time that initiates the advent of rivalry between two regional powers.

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10 Power transition is not just a 'single' component just the same as a car is not 'one' piece of metal, what I mean by decomposition is that I want to take each variable as a separate entity, just like you
3.8. The Rivalry Catalyst

In examining power transition, Organski and Kugler examined the following components: The economic, technological, political, military and demographic components. Among scholars who have been interested in the construction of power estimates, there has been long agreement that these indicators suffice to furnish a reasonably accurate overall indication (Organski and Kugler, 1980, p. 31). What I am attempting to do is extend power transition theory by stripping it back to its classical beginnings and by doing so, allow us to peel away the entire catalyst of the rivalry being examined.

What is meant by a catalyst is that period five years prior to five years after a rivalry has taken place. Most theorists estimate power transitions within a 20 year time frame (Organski, Organski and Kugler, Kim, et.al.), but that is again for the measurement of transitions between great powers, and a longer time frame is necessary to understand the transition in its entirety. With a short duration rivalry, it is a moment of one or two crisis points that stabilise themselves, after which point, some continuity between the states in question continues, which I believe the window for such events are smaller as well.\textsuperscript{11}

This creates a shorter horizon on each side of the moment of rivalry. In this horizon we should see many factors that are prevalent in a power transition scenario, but we should also be able to examine the parameters that do not and once those are discovered, we will examine those in a more detailed sense to see

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\textsuperscript{11} There is no basis to say five years on either side of the rivalry, it is an arbitrary number I chose, if
if there is causal evidence to be found to explain the rivalry situation. A theory is like any object that is comprised of multiple elements: there is a foundation upon which it rests, but if the foundation has some form of structural weakness, it will not hold. Buildings that have concrete supports may collapse, but on first inspection, there is no apparent reason why; it is only on deeper investigation that sometimes evidence is found that micro-cracking, or break downs on a cellular level have happened which do not appear outwardly.

The concept I am presenting here is similar: we have situations where two states engage in rivalry behaviour, which is also similar to power transition scenarios, but when examined in its context as a foundation, power transition theory does not appear to have any validity, because there is no power transition taking place; however, deep within the foundations of the theory, there may be isolated transitions taking place which explain the behaviour of the states in question. If those isolated transitions are happening in conjunction with other aspects of power transition, then it can be argued that this may be a factor as to why that moment in time two states chose to engage in rivalry behaviour.

3.9. The Wake of Organski’s Third Stage

Organski stated that a nation goes through three stages of power transition:
Potential power, transitional growth in power and power maturity (Organski, 1968, p. 340). He also broke down the development of international relations into three periods: pre-industrial, industrialisation and unknown future stage.

great power transition is 20 years, I took half that, five years on either side of the rivalry breaking out.
(Organski, 1968, p. 344). In 1968 Organski believed we were in the midst of stage 2 (Organski, 1968), so it is fair to say that we are well established into the industrialisation period now. While there are still nations that are not industrialised, for the most part we are living in a global industrial revolution, and for the more developed states, we may be witnessing the evolution into the next stage of international relations.

Is it possible that because the major powers may be on the cusp of stage three in development that we may be seeing a mid-stage reactionary behaviour from those who are well established into stage two? In other words, as the great powers evolve into a new stage of development, is there tensions being created from the wake of this change? The increased number of industrialised mid to lower power states means that unlike normal power transition scenarios where there are few states competing, the field is crowded, there is less room to manoeuvre and because of this, the isolated, micro-economic nature of my extension may be applicable. It could be possible that the larger the participants in a field, the greater the propensity for isolated, micro-fissures to trigger transitional behaviours between regional rivals.

There is another possibility as well. In circles outside of academics, there is a possibility that everyone assumes that just because a nation, Venezuela for example, has international reach and that they have the same sophistication as the United States, United Kingdom, France or any of the other great powers, but what if the problem we’re missing is the fact that in 2006, we are seeing the same behaviours Organski spoke of in 1968? These regional powers have to
deal with, in some ways, cold war era issues in a modern globalised world. Could the rivalries we see erupt between regional powers be the cause of states like children, learning to adapt to their growing environment?

3.10. Back to the Foundations of Power Transition

Earlier I stated the desire to strip back power transition theory to its classical beginnings, and to do so means going back to what Organski in 1968 believed constituted the parameters of power: Population size, political efficiency, industrial strength and power shifts via internal development (Organski, 1968, p. 375). This thesis will use this as its basis of determination for analysis of the case studies, but how do we define these parameters in a modern sense? It should be noted that Organski himself substituted data in his original work where GNP was not available (Organski, 1968, p. 358). This thesis is not wishing to substitute the variables he assigned, but simply to ask if they can be evaluated from a different perspective where necessary to fit a modern world context.

An example of this is population size. While this is self-explanatory in many ways, there are arguable differences between how populations were perceived in 1968 and today. One such difference is also one variant Organski noted: mass immigration (Organski, 1968, p. 350). Organski believed that population size is the most important single determinant of national power (Organski, 1968, p. 203) and cited Canada as an example of a nation rich in resources and land, but
small in population\textsuperscript{12} and China, at the time an economically backward nation, was accorded great power in the system due to its population size (Organski, 1968).

I want to continue to measure population size as Organski based it, but also wish to consider another aspect: due to the changes in today’s world, with its global economic ties, mass communications, transport, etc. population size also can be a problem as well as a resource. This thesis argues that due to the increased availability of information, immigration and sectarian issues, population demographics must also be accounted for.

Some examples of this are Iraq. The population of Iraq is 26 million in 2006, but is this truly a strength? At present, discussions are underway, due to the sectarian nature of its populace of breaking Iraq into three regions, and by doing so, effectively ending the nation as it has been.\textsuperscript{13} While not the same, this is a parallel to Lebanon, a population of only 3 million, but a population divided amongst many ethnic and religious lines. These are two examples of sectarian divides that play real roles in the stability of these nations, but there are also

\textsuperscript{12} Organski stated that in 1968 no nation with a population less than 50 million was a major power.

\textsuperscript{13} While it ending Iraq as the sovereign nation it has been identified with even before the overthrow of Saddam Hussein may be conjecture, it cannot be disputed that by the simple fact that as of October 2006 the occupying forces are now considering a break-up of this nature means that the Iraq as we know it, will exist no more and it is quite apparent that it cannot function as it used to in the past. In many ways, Iraq’s population is a problem, not a resource.
many other factors from mass poverty to mass education that play vital roles in the control of many states and when being examined in relation to a rivalry with a neighbouring state, this must be considered as it affects the next variable.

Organski stated in his original work that political efficiency is vital to a nation, even slightly more important than economic development (Organski, 1968, p. 204). Organski stated that political or government efficiency is a core factor in power determinations and that is because the government is the tool by which all available human and material resources are mobilised and that once mobilised it is the government of a nation that wields that power internationally (Organski, 1968).

Organski wrote in the vein that political efficiency, like populations was purely a strategic asset; that it is an offensive tool, which once possessed it is there to be projected. In his original work he never speaks of it as a negative, but this thesis argues that for any positive in life, there is always an antithesis possibility and political efficiency is no different. When measuring this variable, this thesis is arguing that political efficiency should be measured as Organski outlined, but always bearing in mind that it may be political pressures to be efficient, due to a nation's populace that could be driving an issue to rivalry with a neighbour.

This plays into a another key aspect that Organski writes of and that is national morale. While Organski did not place great emphasis on morale, he did state that if national morale is bad or lacking, it can make efficient government
impossible (Organski, 1968, p. 205). An example of what this thesis argues is that country A is suffering through corrupt political and economic environments that cause its military to seize control of a state.

Now that the country A is in control of the military, its populace, whose morale is initially lifted, may put pressure on such an interim government to respond in some way, which could lead country A to attempt to mobilise its populace to respond to country B. In other words, political efficiency is a dual natured tool, governments may be responding to pressures placed upon them at a time of rivalry and when measuring the data of the case studies this factor needs to be kept in mind.

In terms of economic power, Organski as stated earlier, placed great emphasis upon GNP or GDP depending on what measurement that is being used. He acknowledges that it is difficult to untangle the contributions of political organisation and economic strength in relation to each other (Organski, 1968, p. 205) but states that we can say that a strong economy can offset poor resources, small territories or even small populations (Organski, 1968). Organski also states that were it not for a strong economy, most of the medium ranked states would not account for anything in international politics (Organski, 1968).

Organski stated that smaller states use their economic clout to “exploit to the full whatever power potential they possess” (Organski, 1968, p. 205). If this is the case, then there is a very simple direct question: would it not be reasonable
to suppose that because economic power is so vital at these lower levels, that it may be the fact that power transitions, or massive fluctuations that suggest a transition, on an isolated, micro-economic level may be cause enough for two regional powers to engage in a short term rivalry?

Like Lions on the Serengeti, there may be plenty of room for both, but any small encroachment upon territory important to one, may cause a response. Organski himself stated that shifts in power due to industrialisation and the ties between nations provide a recurring pattern that recently industrialised nations may be unhappy with their present position, and may challenge causing war (Organski, 1968, p. 376).

Organski states that war is most likely when there is an approaching balance of power between the dominant nation and its major challenger (Organski, 1968). If this is so, then again, is it not possible to postulate that if there is an approaching balance of power in an isolated area of economic power that is important to both nations, that this could be enough to spark a rivalry, remembering that rivalries are for the most part of short duration, and are not full scale wars. This same philosophy applies to power shifts via internal development.

These internal power shifts actually refer to the internal development of nations in relation to the ties that bind them to others (Organski, 1968, p. 355). It is these developments in relation to one another in accordance with the international system that are important. Organski stated that whether great or
small, the whole way of life for most nations is tied to the order to which they belong; its rules are their rules, and they cannot switch lightly and any change threatens the elites of that nation (Organski, 1968, p. 354). Like with economic power, these shifts must be accounted for, and are they present when there is a rivalry between two regional states?

3.11. The Cases to be Studied

The following chapter will examine case studies taken from different regions of the world and also from different states of rivalry. Power transition theory and theories on rivalry look for war within the system, as stated at the beginning of this thesis, rivalry for the purposes of this examination does not have to consist of war, but there has to be some action that causes regional states to threaten each other.

To evaluate the validity of this thesis, we will select four case studies: two where there was an outbreak of conflict, one in which there was or is not, and the fourth will use what has been determined to see if it is possible to ‘predict’ a possible outcome for a future relationship. This thesis will examine the Iran – Iraq war which began in 1980, the Konfrontasi between Indonesia and Malaysia in 1962. This thesis will then examine two cases of non-violent rivalry with the Beagle Channel dispute between Chile and Argentina 1977 – 1985 and finally I will examine the current situation between China and Japan. This final examination will take place under an unusual scenario in that we have to
establish firstly if China and Japan are in rivalry and if they are not, are they displaying any tendencies from the past and their present data to determine if there is a catalyst for rivalry.

The Iran-Iraq war was chosen for its location, the middle east, and for the fact that we have a direct confrontation, with defined beginning and end dates for the hostilities and for the fact that they are ‘classic’ rivals: this is a regional case where there has been rivalry for hundreds of years in the many forms that both nations have had, from tribes to empires to nations.

The Konfrontasi was chosen because it is in another region of the world, with different cultural perspectives, and like the Iran-Iraq war, we have a definable conflict that has taken place. The unique perspective of the Konfrontasi though is that it is a case of an established state, Indonesia, engaging in war with a ‘newborn’ state, Malaysia, which literally was only days old when this rivalry broke out, which raises the question of ‘why’?

The Beagle Channel dispute was chosen because again, I want to deliberately select different regions of the world to give some separation of rivalries, so that there is no potential connection between them, for example say if Jordan and Syria engaged in rivalry, it may be due to some effects of Iran and Iraq. This was also selected because it is a case of two well established states engaging in rivalry and it is a case deliberately selected because conflict did not break out.
China and Japan were selected because of the modern day implications of what is to happen to this region of the world. There is no argument that soon, if not now, this region of the world will have the 2\textsuperscript{nd} and 3\textsuperscript{rd} largest economies in the world, and it is also a case that soon, arguably, the world's newest 'superpower' will emerge in China and doing so with a neighbour that I argue, is not a superpower only because it chooses not to arm itself and all in closer quarters than the United States and Soviet Union ever were.

I have deliberately chosen to not examine a prior confrontation between China and Japan simply because the more recent confrontations have been between a massively militarised empire in Japan and an under-developed China. Today, the playing field has been levelled, the odds are even, and the stakes for the stability of the international system are high if rivalry should break out between the two. This is an opportunity to see if the extension can help establish the path of relations the two are on course for.

This thesis must address the issue of how do you measure the data necessary? As stated earlier, this thesis wishes to do a decomposition of the basic foundations of power transition theory to see if each individual component is present within the rivalry that is taking place. We will take the foundations of power transition, Organski's original criteria, and examine each component separately. The data will be measured on a scale of 1 to 5, with 1 indicating no presence with 5 indicating the strongest presence of a condition of power transition.
Each category of Organski’s original determinations for power will be examined, but how can you measure data that is subjective? In the case of such things as population size, political efficiency and power shifts, the analysis will consist of a historical examination of each case to establish some form of determination of its validity in terms of the theory. In the case of economic strength, a statistical analysis will need to take place first to measure power transition as it would normally be applied and then to examine any micro-economic data where such shifts could be occurring.
Chapter Four: Case Studies

4.1. The Iran - Iraq War 1980 - 1988

This thesis has emphasised a point continuously and that is most rivalries are of short duration, lasting only one or two disputes, and that war is not a primary condition to establish a rivalry; so how does the Iran - Iraq war constitute a short duration rivalry? The primary reason is that the war was strangely limited, with most fighting occurring between the two states armies with very little movement in territory, and this war was such that both nation’s capitals were not even affected on a day to day basis (Hiro, 1984, p. 3).

Twenty-six years after the initiation of conflict between the two sides, there is still debate as to what the reasons for the war were and who actually initiated the conflict. The Iraqi’s maintain that Iran started the war, but Iran and most observers of the conflict believe that Iraq was the aggressor (Swearingen, 1988, p. 405). Who started the conflict is not as important as why this conflict manifested itself in 1980?

This thesis will ask why this took place by using power transition theory to explain the events by breaking down the theory into each component part and examining each one separately and where the conflict fits with each before
reconstituting the parts to see an entire picture of the rivalry. At the end of each component, this thesis will make a determination of the level of power transition present according to its 1 to 5 scoring system.

4.2. Population Size

As stated earlier in this thesis, population size has been regarded as a positive tool in regards to power transition, but there is a dual nature to population, and in the case of Iran and Iraq there is a strong example of this. In terms of actual size, Iran has the larger population, and population according to Organski means logically more resources at a states disposal. In terms of Iran and Iraq, this category goes much deeper than numbers and plays a vital role in terms of the conflict.

In 2006, we are witness to the problems inherent within the population of Iraq, and in the 1970’s and 80’s, this problem was no different. The ruling party of Iraq at the time of the war with Iran was the Ba’th party, consisting of Iraq’s Sunni Muslims. The Sunni population constituted on 20% of Iraq’s entire population, with 60% consisting of Shiite Muslims and the remaining 20% Kurds who are Sunni, but zealously retain their ethnic identity (Swearingen, p. 412).

As well as maintaining their identity the Kurds had long been a secessionist group (Swearingen, 1988) and the Ba’th party by 1975 was unable to suppress this insurgency that was imposing an intolerable burden on its domestic system (Karsh, 1988, p. 86). This would lead to the Algiers Agreement of 6 March
1975 (Karsh, 1988), which will be examined in another section of this case study.

Relations between Iran and Iraq have frequently been hostile (Hiro, p. 4), and the insurgency that was crippling Iraq was in large part supported by the Shah of Iran as well as other insurgencies to topple the Ba’th party in Baghdad (Hiro, 1984). In turn when the Ba’th party supported secessionist elements within Iran’s Arab, Kurdish and Baluch minorities (Hiro, 1984), but in relation to the threat faced by Iraq’s ruling party, these were minor in comparison (Hiro, 1984). So with this pressure, population size for Iraq is actually a negative sum because of the nature of identification of identity along religious lines, as well as ethnicity as posed by the Kurdish insurgency. As will be examined later, the fact that Iraq had to agree to the Algiers agreement of 1975 offers proof of this argument.

So in terms of population, it would seem that Iran has a clear advantage over Iraq, but before 1980 Iran also was not firmly cohesive, and despite the occasional clash or dispute, there was a relative calm between the two sides after the 1975 agreement, but then four years after the signing, the issue of population took a fundamental turn that affects politics even today: The overthrow of the Shah of Iran and the institution of an Islamic fundamentalist state.

The overthrow created an instantaneous, diametrically opposed situation between Iran and Iraq. Iraq’s ruling population constituted only 20% of the
population and its doctrine was one of Arab unity, because the ruling Sunni
Muslims cannot emphasise religion (Swearingen, p. 412) and any message of
Arab unity is secular and socialist by its nature (Swearingen, 1988). Iran on the
other hand emphasised after the revolution Islamic fundamentalism which plays
on anti-Western, anti-modernist sentiments while stressing a return to the true
Islamic values of the past (Swearingen, 1988).

While the revolution in Iran may have been resisted by some, this thesis does
not wish to focus on this, because overall the overthrow of the Shah was largely
welcomed and the revolution consumed the country. With this change in power
in Iran, population as this thesis has argued, became not just a resource, but a
weapon between the two states.

Iraq’s initial response to the overthrow was largely positive towards the new
Ayatollah Khomeini and was quickly willing to adhere to the status quo
between the two countries (Karsh, p. 87). However the response from Iran was
direct: the new regime called for an overthrow of the Hussein regime and the
establishment of a true Islamic state in Iraq (Swearingen, p. 412). It should be
noted that Saddam Hussein took power in 1979 as well, which this in and of
itself with a minority population ruling, would have created potential instability
that Hussein himself realised as he moved quickly against all sides who might
oppose his authority (Hiro, 1984, p. 5) including a severe attack against Iraq’s
Shiite Da’awa Party (Hiro, 1984).
While some such as Hiro dismiss the danger of being overthrown (Hiro, 1984, p. 5), it is the argument of this thesis that it was very much a concern and it was also a possibility. Power in terms of population is difficult in societies where there is great diversity or a lack of historical unity. Lebanon and Somalia are examples that come to mind, but especially so in Iraq, where a minority ruling government is not only confronted with the internal issues of a population largely divided by religious lines, but also its neighbour, who has just established a regime that is in direct opposition upon those religious lines would constitute a major concern for the Hussein regime.

If there is any tangible proof it lies in the fact that in late 1979, Iran escalated its anti-Ba’thist campaign by resuming its support for the Iraqi Kurds, providing moral and material support to Shiite underground movements such as the Da’awa Party, but also initiating terrorist attacks on prominent Iraqi officials, of which the most significant was the failed attempt against the life of Deputy Premier Tariq Aziz in 1980 (Karsh, p. 87).

There is one aspect of Organski’s original foundation, and I argue, for all the extensions that have followed, and that population size, political efficiency, industrial strength, and power shifts via internal development or any of the other focuses on power transition that has never been acknowledged but have one thing in common: they are all in some form about the human capacities of all societies. As will be seen with the other four components, they all tie back to the population of a society. When measuring great powers in the international system, populations and their abilities or environments may play a less
significant feature, but for the purposes of this thesis, political efficiency and power shifts via internal development at the least are all coherently tied to population in a way that, I believe, Organski never fully realised.

Organski and Kugler noted in their work *The War Ledger (1980)* that a population can overcome when it is united, such as with the case of Vietnam, but it is the belief of this thesis that the true nature of population’s has never been fully visited. The case of Iran and Iraq is one in which population is not only a resource, but a weapon or a disability depending on whose perspective you choose to view from.

4.3. Determinations from Population Size

In the subsequent sections, the issue of population will be revisited many times, but in the context of size itself, this thesis wishes to point out that size in numbers is an advantage to Iran, but this is not the real story. The real issue in terms of population is not its size, but its makeup, especially in terms of the middle east and Iraq. If looked at from the religious and ethnic lines, we have a clear advantage at least in the perceptions that the Iraqi leadership would have had, to Iran. Iraq was controlled by a religious minority in a regional neighbourhood that was seeing the rise of religious fundamentalism by not only its state rival, but its religious rival as well.

This is not to say that Iran was devoid of issues as well, as we will see within the power shift categories, but in terms of just population as its stands, it had the advantage not only within its territory, but the perception that perhaps, it could
have more. In terms of its viability to power transition, I would score the Iran-Iraq war a 5 due to the differing affects populations had for both. For Iraq population was the anti-thesis of being a resource and arguably, was a major factor in the war breaking out due to Saddam Hussein’s fears, which Iran is based on the successful revolution and its potential effect on Iraq. Population, while not in the Organski’s classic view, was a factor present during the outbreak of rivalry.

4.4. Political Efficiency

This thesis cited earlier that Organski stated political or government efficiency is a core factor in power determinations and that is because the government is the tool by which all available human and material resources are mobilised. The aspects that confer power to a government: wealth, resources, manpower, arms and how they are used relate to the efficiency of a government. Bueno de Mesquita said that nations are led by rational, forward-looking, expected-utility maximising leaders (Mintz, 1993, p. 596). Bueno de Mesquita’s and others measurement of this allowed for strong decisions, such as to use the military, to compensate for weaker ones such as political leadership (Mintz, p. 597). In the view of history, it could be argued that the average person on the street would say neither side in the Iran-Iraq war exercised any wise judgement at all, but the result should not blind us to the attempt.
So in terms of the Iran - Iraq war, what can be determined in terms of political efficiency? As stated in the previous paragraph, the results of the war, the lack of movement, the limited nature of it and the internal strife taking place within both nations at the time would suggest that the efficiency of the government was poor, but this is only looking at the results. It is the argument of this thesis that if you take into account just how bad the situation being present was for both sides, then there is some arguable form of logic being present from both camps.

The first decisive factor that started the war in earnest was the taking of the Shatt al-Arab river by Iraqi forces and five days after that total warfare began when a third of Iraq’s 200,000 man army moved across into Khuzistan (Hiro, 1984, p. 6). So why did Iraq make the choice to initiate this war in full? Iran before this time, had made subversive measures, attempted assassination’s, and had begun to support insurgency movements in a state controlled by a very small minority of its populace. In the past, Iraq had at least perceived the Shah, though unpleasantly, as a rational actor (Karsh, 1987, p. 88). The revolutionary regime in Tehran was a completely different rival, an irrational one (in the eyes of Iraq) motivated by an uncompromising ideology and its goals were wholly unacceptable to Iraq (Karsh, 1987).

Iran on the other hand, while forcing this perception upon Iraq, was also internally weak. Having just overthrown the Shah, the new Islamic regime was very weak at the time, and part of this was due to their own purges, especially within its military. Sources estimate that 140,000 military personnel deserted after the revolution, bringing Iran’s standing army to 110,000 (Hiro, 1984, p. 6)
as well as losing approximately 20% of its officer corps and 50% of its pilots (Karsh, 1987, p. 89). The Iranian military was in disarray and Hussein was arguably calculating the logical move of attacking Iran while there was this weakness.

The war itself was a virtual stalemate, and the entire history does not need to be mapped out for this thesis. The main centres of battle and control will be focused on when industrial strength is examined, but for the purposes of this section, in terms of its ability to be mobilised and used, was there a display of political efficiency? In the view of this thesis yes. It was not the lack of political efficiency that led to the quagmire between Iran and Iraq, but the simple fact that the quality of military leadership, combat experience, training and command and control were poor at best (Karsh, 1987, p. 90).

As stated earlier in this thesis, Organski was not sure if political efficiency was more important than industrial strength, and slightly edged efficiency over industry, but measuring efficiency is much the same as measuring population. The determinations are subjective, and they depend on what perspective you wish to view them from. In terms of use of arms, while to military observers it may appear comical, and to those who suffered through it and tried to stop the war, it was very violent and brutal, the fact remains is that the simple question of did both governments manage to mobilise what they had? The answer is yes. It can be argued that Iraq can be excused for some of its military errors given the fact that with so many enemies internally Hussein managed to maintain stability while mobilising a large percentage of his army against his neighbour.
Iran can also be excused for its ability to adjust quickly to the attacks. Having just purged its forces as well as seeing mass desertion, the ability for the Iranians to hold as they did, must be partially to the credit of the ability of the government to mobilise its citizenry.

In terms of wealth and resources, this thesis will examine those issues under industrial, or economic strength. It is the argument of this thesis that those criteria are better suited under economic activities, but in terms of the Iran - Iraq war, this is especially the case. There is an oddity to this conflict, and that is that both Iran and Iraq, outside of the small territorial boundaries of the war, were not really affected by its fighting. Was there a need to mobilise its wealth and resources towards the war? Of course the war would certainly place heavy burdens upon the state, but for the most part, the citizens of both sides who were not involved in the conflict, were not affected nor was there an actual need for mobilisation of such sorts.

It is hard to determine just what constitutes political efficiency in the case of this conflict. Both sides did mobilise what sources of power it did have in addressing the conflict, but those resources in terms of the overall whole did not affect the nation. While they were mobilised, it is the argument of this thesis that in terms of political efficiency, the overall score of this rivalry in terms of power transition must be scored low. In terms of its decisions, Iraq took advantage of a perceived weakened state with little result. Iran was more guilty of not taking advantage of its situation. With such a fervent uprising of the Shah, with 60% of the population of Iraq of the same faith, and with the middle-
east so heavily focused upon religious identity, Iran exported very little
revolution in the end. In terms of how middle-east politics operates, Iran did not
take full advantage of the opportunities present to it.

The overall score for the conflict in terms of political efficiency is 2. The
efficiency of both sides was poor at best, but it is arguable that this is due to the
nature of what was at stake in the war. The primary focus of the fighting had
much to do with territory, and specifically, territory that had much to do with
the comparative advantage of the region: Oil.

4.5. Economic Strength

While population, political efficiency and internal power shifts are all important
indicators in Organski’s original work on power transition, it is the argument of
this thesis that industrial, or economic as this thesis will call it, is the most
important indicator of all, if only simply for the fact that it is the most definable
proof of power that exists. The other three categories are subjective, but
economic power has evidence within data that can be sourced and measured. It
can be argued that Organski himself would agree with this, as ultimately, the
bases for most of his and others such as Chan, Kugler and Bueno de Mesquita
are based on the data presented via economic statistics.\textsuperscript{14}

\textsuperscript{14} This is speculation on my part, but in every work that has been done on power transition, at least by
Organski and Kugler, ultimately they rely on economic statistics to verify movement of power in the
international system. Even in his original work, Organski used production data to show power, so it is
possible to argue that my assumption is correct.
Organski's original work used steel production, and even suggested substituting that with pig-iron for the previous periods in history, to see measurements of power. A later work by Organski and Kugler used Gross National Product and acknowledged that it was used as "a rough surrogate of power" (Organski and Kugler, 1989, p. 181). What this suggests is that even the creator of power transition theory, as different measurements of data were available, was willing to extend, or even change, the data being measured to determine if transitions of power were taking place. Others such as De Soysa, Oneal and Park made this very argument that others such as Houweling and Siccama had followed Organski and Kugler's lead by extending the theory by making alterations to how power is measured (De Soysa, et.al., 1997, p. 510).

Organski spoke of three phases that a state must go through in terms of power transition. Stage one was underdevelopment, stage two is development and stage three is fully developed (Organski and Kugler, 1989, p. 178). These stages though were referred to in the context of great power scenarios, and that as one great power catches up to another, that great war appears in the international system (Organski and Kugler, 1989), but something has been missed within this argument: What if a country that is in stage two actually has great power in the form of something it possesses?

Even if a country does not possess something, what if they are overtaking another stage two country who happens to be its regional competitor? Organski, Kugler and Gilpin spoke of nations aging from youth to maturity (Organski and Kugler, 1989), but what if during this development two petulant teenagers come
to blows? This is the heart of the extension that this thesis wishes to attempt.

There are very few great powers in the international system, but there are many regional, or potential, regional rivals who while developing, are not fully developed nations. Iran and Iraq as well as two of the other three cases that will be examined fit this mode, it is only with China and Japan that we are not, and even in that case, it is a logical argument to say we are comparing a developed nation in Japan with a developing nation in China.

Organski initially argued that war would be waged as the challenger approached power parity with the dominant nation, that tensions would mount as the dissatisfied challenger threatened to catch up and overtake the dominant power (Organski and Kugler, 1989, p. 182). This is again, in relation to great powers in the international system, that Organski (quite rightly) was examining this situation from a perspective that both nations were fully developed. It must be remembered that Organski wrote this during the Cold War, where it was amazing to see Khrushchev pound his shoe at the United Nations. I do not think he, nor anyone, could imagine that in 2006, we could see someone such as the president of Venezuela walk into churches and denounce the US president as a “devil” on American soil.\(^\text{15}\)

\(^{15}\) As was seen in 2006. This point is important, because the world Organski was living in at the time was much more ordered than what we have today. To say that the conditions of today are no different than the cold war is foolish. Today while states such as Venezuela are no more powerful in reality than before, they do possess an ability to be problematic far beyond their reach in the 1960’s. This is what I am trying to establish now for not only Iran and Iraq, but for the other cases to follow.
Organski spoke of great powers, but what of developing nations? The argument this thesis makes is that while it may not be critical for the entire international system, the stakes within regions may be great. The point being made is this: *If there are new ways of measuring power between fully developed great powers, then it must be possible to suggest that when two states are not fully developed, their data will not be either, and it may be possible that some sort of transition or overtaking is happening within data that is considered critical to those two states, but gets overlooked in the classic measurements of power transition.*

When it comes to Iran and Iraq, we are talking about two states who were developing, but not fully developed. When it comes to both states as well, we are talking about economically one key component, and that is oil production. The Iran - Iraq war was a limited war. The definition of limited war is one which does not demand full military effort, conducted within confined theatre boundaries and leaves the bulk of civilian and military forces intact (Karsh, p. 91). Iraq’s territorial ambitions did not go beyond the Shatt al-Arab region and a small portion of Khuzestan and five days after this was achieved, Saddam Hussein ordered his forces to halt and proclaimed on national TV that Iraq’s “had achieved its territorial aims” (Karsh, p. 92).

So the obvious question is why stop there? What was the significance of claiming the relatively small portion of territory that Iraq did? Why was it so important to go beyond the Shatt al-Arab river and the portion of Khuzestan that it invaded? There are two compelling reasons: What many people may not realise is that Iraq is almost entirely land-locked and Iraq has long held that the
river was its primary connection to the Persian Gulf (Swearingen, 1988, p. 411). Khuzestan’s population is mostly Arab, Iraq had in the past before 1975 supported the Khuzestan rebel movement and after 1980, began to support it again (Swearingen, 1988, p. 415). The issues at stake then could be claimed as territorial and ideological, but the reality is that the area that Iraq invaded in Khuzestan was the area that was rich in oil reserves and the Shatt al-Arab waterway was also, but it also provided another access route for Iraqi oil. Is there anything within the economic data for the two that can support this?

4.6. The Rivalry Catalyst

Before the economic data is examined, I want to identify if there is a catalyst for the beginning of this rivalry. As stated earlier, the data that will be examined will look at a ten year period, five years before the start of hostilities and five years after. It is the belief of this thesis that there should be some event within that five year time frame that could be argued as the possible motivator for locking two sides into a course of rivalry. In other words, a catalyst that has trapped two regional states on a path that cannot be changed.

It is the argument of this thesis that the Iran - Iraq war has such a moment. The Algiers agreement of 1975 ceded the Shatt al-Arab river to Iran, the Iraqi defence minister said in 1980 “we would not have agreed if we’d had the choice” (Hiro, 1984, p. 4), and the agreement at the time was a deep source of shame for the Iraqi people (Swearingen, 1987, p. 408) and Saddam Hussein when he took power in 1978 vowed to redress this situation (Swearingen, 1987).
It should also be pointed out that this very river has been a source of dispute dating back to the first treaty signed in 1535, since then there have been 17 different treaties signed in regards to this river (Swearingen, p. 409), including 1975, five years before the outbreak of war.

4.7. **Economic Data Continued**

Using data collected from the United Nation’s Statistic Division, and using Organski’s original basis for measuring power, Gross Domestic Product, the data in relation to Iran and Iraq is as follows:

<table>
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<th>Year</th>
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<th>Iraq</th>
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<td>84136</td>
<td>13898</td>
</tr>
<tr>
<td>1976</td>
<td>98384</td>
<td>16691</td>
</tr>
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<td>1977</td>
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<tr>
<td>1982</td>
<td>77368</td>
<td>20108</td>
</tr>
<tr>
<td>1983</td>
<td>87469</td>
<td>18802</td>
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<tr>
<td>1984</td>
<td>87931</td>
<td>18910</td>
</tr>
<tr>
<td>1985</td>
<td>89473</td>
<td>18761</td>
</tr>
</tbody>
</table>

*Fig 4.1. GDP Iran and Iraq 1975 – 1985, source: United Nations Statistics Division*

Based on this rudimentary observation, there is no question that Iran was the dominant nation in terms of GDP, and that no power transition in terms of this...
measurement of power was even close to taking place. In the lead up to the overthrow of the Shah in Iran, there is a closing of the gaps between the two. In 1975, at the time of the signing of the Algiers agreement, Iraq only accounted for only 16.5% of Iran’s volume in relation to GDP. By the time of the outbreak of war in 1980, Iraq had significantly closed this gap to 35% of Iran’s volume, but still well outside of Organski’s 80% threshold.

Iran and Iraq though are not fully developed major powers in the international system, so this thesis now asks, what would be important for both Iran and Iraq to continue to develop? The comparative advantage that both possess is Oil, so this thesis then asked what does the data show in relation to the comparative advantage that both possess? The data presented some interesting results. The information on Oil production is categorised within the Mining, Manufacturing and Utilities category of the United Nation’s Statistic Division, and its data was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>Iran</td>
<td>25959</td>
</tr>
<tr>
<td>1976</td>
<td>Iran</td>
<td>29890</td>
</tr>
<tr>
<td>1977</td>
<td>Iran</td>
<td>21226</td>
</tr>
<tr>
<td>1978</td>
<td>Iran</td>
<td>21226</td>
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<tr>
<td>1979</td>
<td>Iran</td>
<td>17499</td>
</tr>
<tr>
<td>1980</td>
<td>Iran</td>
<td>9452</td>
</tr>
<tr>
<td>1981</td>
<td>Iran</td>
<td>9933</td>
</tr>
<tr>
<td>1982</td>
<td>Iran</td>
<td>15275</td>
</tr>
<tr>
<td>1983</td>
<td>Iran</td>
<td>16153</td>
</tr>
<tr>
<td>1984</td>
<td>Iran</td>
<td>14903</td>
</tr>
<tr>
<td></td>
<td>Iraq</td>
<td>7941</td>
</tr>
<tr>
<td></td>
<td>Iraq</td>
<td>9998</td>
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<tr>
<td></td>
<td>Iraq</td>
<td>10275</td>
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<td></td>
<td>Iraq</td>
<td>11963</td>
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<tr>
<td></td>
<td>Iraq</td>
<td>16178</td>
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<td>Iraq</td>
<td>16102</td>
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<td>Iraq</td>
<td>7226</td>
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<td>Iraq</td>
<td>6263</td>
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<td></td>
<td>Iraq</td>
<td>5728</td>
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<tr>
<td></td>
<td>Iraq</td>
<td>6237</td>
</tr>
</tbody>
</table>
In 1975, Iraq accounted for 30.5% of Iran's volume in terms of oil production. By 1979 and the overthrow of the Shah of Iran, Saddam Hussein's proclamation of righting the wrongs of the 1975 Algiers agreement, Iraq was accounting for 92% of Iran's volume in oil production and in 1980, and overtook Iran in this key statistical category. By 1985, Iraq's volume was back to only 41.7% of Iran's production volume. While not at 1975 levels, the status quo had returned. Both sides were producing less oil, and this did not impact greatly upon world oil markets as many nations had been stockpiling oil since the Iranian revolution (McNaugher and Quandt, 1984, p. 41).

Organski outlined the conditions for war between great powers in a power transition scenario as:

War would be waged as the challenger approach power parity with the dominant nation. Tensions between the two major contenders would mount as the dissatisfied challenger, growing faster than the dominant nation, threatened to catch up and overtake the dominant power. As each actor perceived that the power gap between them was disappearing, conflict would be triggered by the challenger who became impatient and mounted its attack before it was as strong as the dominant nation. (Organski and Kugler, 1989, p. 182).

However, Organski and Kugler tested this view and found that in reality, the challenger only attacked after it had surpassed the dominant nation (Organski and Kugler, 1989), however, this is again tested upon fully developed powers in the international system and not between two developing powers who are also
regional rivals. It is the argument of this thesis that states who are not fully evolved may not behave in the parameters that fully evolved states do, and that in fact, Organski's original assumption may have validity.

Organski gave us for distinct parameters originally: Approaching parity, $X_1$, tension, $X_2$, overtaking of dominant power threat, $X_3$ and perception, $X_4$, so if the equation of $X_1 + X_2 + X_3 + X_4$ is calculated, substituting overtaking with micro-overtaking, then it is arguable that there was a power transition taking place between Iran and Iraq and that ultimately this power transition was unsuccessful by Iraq, which may be due to the fact that in terms of traditional power transition, there was a clear advantage of overall power by Iran, which suggests the possibility that developing states could display power transition behaviour similar to great powers and that they are ultimately governed by the same rules.

This does not stop the attempt at power transition if the target is the area of comparative advantage that both states possess. In terms of economic strength, it is the argument of this thesis that Iran and Iraq displayed a micro-economic power transition and for the purposes of this thesis will be scored a 5 in relation to the theory on a micro-economic level, but a 1 in a Organski's classical sense.

4.8. Power Shifts via Internal Development

Organski and Kugler believed that the key factors to be accounted for when measuring power transition were economic productivity and the efficiency of

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16 The Micro again meaning the overtaking in one isolated, but important, area of data
the political system in extracting and aggregating human material for national purposes (Organski and Kugler, 1989, p. 20), but Organski also spoke of power shifts via internal development. Internal power shifts actually refer to the internal development of nations in relation to the ties that bind them to others (Organski, 1968, p. 355). It is these developments in relation to one another in accordance with the international system that are important. Organski stated that whether great or small, the whole way of life for most nations is tied to the order to which they belong; its rules are their rules, and they cannot switch lightly and any change threatens the elites of that nation (Organski, 1968, p. 354).

I wrote of developing nations in the sense that in many ways, they are teenagers within the international system, not fully mature, but strong and lacking in the experience to find their way through at times without conflict. Their possessiveness towards the things that make them strong, the comparative advantages that are helping them grow, may be the catalyst for these rivalries where there should be no confrontation at all in terms of power transition theory. When it comes to internal development via power shifts, Iran and Iraq displayed the dysfunction that Organski spoke of.

This thesis wrote on the value of oil production to both nations, and arguably, it is their lifeblood. When it comes to oil market shares, the stakes were large for both and their economic needs upon it substantial (McNaugher and Quandt, 1984, p. 41). This arguably, whether Iran and Iraq would have acknowledged the fact during the war, made them dependent upon the other, much the same as
Organski spoke of. In retrospect, we can say that this linkage has been maintained in the end, that the power shifts did not break fully their relationship to each other, but in the moment of 1980 to 1988, this was not the case.

While I'm not focusing on the relationship between Iran and Iraq during the Shah's reign in Iran, it has pointed out that the catalyst for this rivalry was established five years prior with the signing of the Algiers agreement. Prior to the signing of the agreement, while relations with Iran were arguably functional in comparison to what happened in 1980, the situation was tenuous at best. As early as 1969, the Shah was provoking actions by naval displays of supremacy in the Shatt al-Arab, which exacerbated Iraq's feelings of vulnerability (Karsh, 1987, p. 86). With these provocations, conflict did break out in the 1970's and by the time of the signing of the Algiers agreement in 1975, Iraq was not only unable to suppress the Kurdish insurgency, but it was left with no alternative but to seek some form of agreement with Iran and arguably left Iran with hegemony in the gulf (Karsh, 1987).

If this is calculated with the events leading up to 1980, and remembering that Organski was looking at the stability of the relationships between states in relation to the internal development of each, in terms of power transition theory we are looking for the reverse effect. Was there a lack of a relationship and did this lead to conflict in the system between these two states? The answer to this, even before 1980 is yes.
While this thesis is not debating the overall reasons for the war, the focal point of the conflict was the Shatt al-Arab river. This focal point was arguably on the ‘reason’ to justify war, but there has been conflict in regards to this river for 500 years prior, and for the most part, the conflicts had always been resolved well before the point of violence that took place starting in 1980. In terms of power transition theory, the Iran - Iraq war scores a 5 in terms of power shifts due to the dysfunctional nature of their relationship as well as the dysfunction present within their own internal systems.

4.9. A Brief Prologue

On the 25th anniversary of the war, the British Broadcasting Corporation (BBC) interviewed two soldiers, one Iraqi, one Iranian to ask what their perceptions were to the war, why it happened, why did it last for so long, who was responsible and what lessons were learned. As a veteran of the first gulf war between the coalition forces lead by the United States against Iraq, I am privy to the same understanding as these soldiers and that is whether it is the truth or not, what you are being told, what is conveyed to the people and what is the reality can be subjective, but the truth for these soldiers is telling in regards to power transition.17

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17 As a veteran of that war, I was witness to the exact nature and reason for the conflict for the United States. While we were told that a secondary reason for going to war was the liberation of Kuwait, that we were responding to the calls of that nation, the primary, overriding reason for going to war was not liberty or freedom, but to secure the interests of the United States in the region, and that was, to ensure that oil continued to free-flow out of the gulf, that Saddam Hussein was showing intentions of carrying forward into Saudi Arabia, and that full control of this region by him was unacceptable. This will never be found in any scholarly article, because like the men interviewed by the BBC, it is what was given to us by our commanders and what the people knew and what the leaders will tell of this war, may not be the same. It is the same with the reasons of why the war ended. With my clearances at the time, I was also privy to the knowledge many of my comrades were not, and that was all the Muslim countries involved in the coalition only gave approval to push Iraq out of Kuwait, to not cross over into
First the BBC interviewed Khaled Annakshabandi, a former special forces officer in the Iraqi army. When asked who bears responsibility for the war, he states “Iran, despite my hatred for Saddam Hussein” (www.bbc.co.uk). He continues, “The most significant reason for the outbreak of war was Ayatollah Khomeini and his statements about exporting the revolution, based on his ideological belief in the rule of the clerics” (Ibid).

This leads back to Organski’s use of political efficiency, but Annakshabandi continues, “None of the disasters of the war would have happened were it not for the stupidity of Khomeini first, Saddam second…the most significant thing I learned is that governments trade with the feelings of their people, especially religious fervour and nationalism (Ibid). This displays the lack of political efficiency in the end in regards to this war, but it also is telling for another reason: the lack of any strategic focus. The focus for the Iraqi officer was pure and simple, nationalism and the protection of his country from potential revolution from Iran.

The Iranian, a former university student who joined the effort, has a much different view, and in a parallel way, much the same. He says that while no independent official authority has issued a verdict, “the evidence shows the Iraqi army did it” (www.bbc.co.uk). While the Iranian knew of Saddam’s fear of “Iran’s interventions”, he also states “The Ba’th party in Iraq under Saddam had territorial and legal claims over Iran and was looking for a way to regain its

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Iraq or it would have created war against the United States.
trampled rights...with chaos in Iran (after the revolution) the civil and military systems were damaged (opportunity for a dissatisfied challenger) and Saddam felt that this was a good opportunity to capitalise and capture some (the oil) part of Iran...specifically the Khuzestan province” (www.bbc.co.uk). When asked what was learned, he said (Iran) “realised how much power they had” (www.bbc.co.uk).
Chapter Five: The Konfrontasi: Indonesia and Malaysia 1962-1966

Power transition theory incorporates two ideas: the importance of changing power distributions in the international system and the stabilising effects of concentrations of power and is keyed on two key explanatory variables: relative power and the degree of satisfaction with the international order (DiCicco and Levy, 1999, p. 682). The interaction effect between them is the primary determinant of war and peace (DiCicco and Levy, 1999). As stated earlier, Organski focused on the rising challengers’ movement to parity against the dominant power, but what happens when the dominant becomes the challenger in the stroke of a pen? This is the case with Indonesia and Malaysia and the rivalry they call the Konfrontasi.

5.1. Population

Based on direct numbers, Indonesia has a larger population than Malaysia, but this like Iran and Iraq, does not tell the whole story. While Organski stated that population is a positive tool for a government, Indonesia in the 1950’s and 60’s was much the same as Iraq by 1980. Indonesia has one of the planet’s largest populations, and with that has a vast human resource, but the reality that will be explained in further sections, is that population is the only statistical category where Indonesia is dominant to Malaysia and even in this category, it is the composition of the population that may have been a negative aspect.
It is not an overestimation to say that the political makeup of Indonesia is fractured. Iraq dealt with issues pertaining largely to religious doctrine, but for Indonesia, their fracture came most from political ideology lines, and the lines were deep. This thesis will not delve deeply into the political history of Indonesia, but the lines reflect the same balancing act Iraq juggled. During the 1950’s the initial move away from Franco-Dutch style government was being initiated by President Soekarno (Sutter, 1966, p. 524). These governments were hand picked by Soekarno, became increasing authoritarian and reflected a growing cult of personality (Sutter, 1966).

At the same time, Soekarno encouraged the growth of Indonesian Communist Party (PKI) and gathered a band of militant socialist around him who became known as ‘Soekarnoists’ (Sutter, 1966). This does not include the Masjumi, a moderate Muslim party which was the largest party in Indonesia in the 1950’s, the Indonesian Socialist Party (PSI) and the Indonesian Nationalist Party (PNI) (Sutter, 1966). By 1961, the PKI was displaying open insurrection in the street’s which lead to the military stepping in (and adding themselves into the political landscape) and created an uneasy ‘de-facto’ rule between the PKI, the military and the Soekarnoists (Sutter, p. 525). It was something that could only be described as ‘chaotic socialism’ (Hindley, 1964, p. 907).

There was also another fear for Soekarno, and that was the large Chinese population of Malaysia (Hindley, 1964). The Chinese Communist Party was supporting the PKI, but the reality is that only 24 percent of Malayan and 27 percent of Singaporean (for a brief period a part of Malaysia) as well as only 19
percent in Sarawak were born in China (Tilman, 1965, p. 417) and the Chinese, like any other civilisation, have only true social cohesion when faced with a threat (Ibid). It should also be noted that the Chinese Communist Party actually supported Indonesia during Konfrontasi (Sutter, p. 528).

How does this factor into population in terms of power transition theory? The reality is that it is very hard to measure what effect population had on the rivalry as the motives behind the Konfrontasi are complex, and in some ways, that is arguably the answer. The actual motives for the Konfrontasi, their number and their intensity vary among the various individuals and groups that comprised the governing coalition (Hindley, p. 913). The balancing act created by this fractured system was such that in 1960, Soekarno coined a new phrase called ‘Nasakom’ which was an acronym for nasionalisme, agama, komunisme (nationalism, religion, communism) and ‘Nasakomisation’ of government became very popular amongst all the competing forces within society (www.naa.gov.au).

The complexity and determination of an answer to how much population played out in terms of power transition theory lies in the fact, as will be discussed in following sections, that it was the Konfrontasi that held Indonesian society together, in the sense that the massive internal problems facing the country could be avoided by focusing upon Malaysia. This section has not spoken of the Malaysian population, and that is for one very distinct reason: the Konfrontasi began because of the formation of the Malaysian state itself. It was
in essence ‘a newborn’ in the international system and at this crucial moment of nation building “the Indonesian threat has helped weld together leaders of diverse groups who in more normal circumstances might find it difficult to work in harmony” (Tilman, p. 423).

This leads to another argument in regards to population: there is an obvious parallel between Iran and Iraq and Indonesia and Malaysia. Iraq was a state ruled by a strong willed leader and minority, Indonesia was a state ruled by a strong willed leader amongst a varied amount of strong willed parties. Iran can be argued to be a brand new state in flux. While the Iranian state via forms of the Persian and other empires has existed for thousands of years, the state that existed in 1980 was ‘night and day’ different from what existed just five years earlier. It was a revolutionary government in its infancy. Malaysia, while existing in various forms, including like Iran, in the form of an empire, had just been created; It was a government in its infancy. Iraq and Indonesia both perceived their newborn neighbours as threat’s, both external and internal (Iraq with the potential exportation of extremism, Indonesia with Chinese Communist ideology) and both used this as a way of stabilising their rule internally with their people (Saddam to consolidate power, Soekarno to keep opponents focused upon the Konfrontasi). The parallels are quite striking, and this thesis argues well within the range of logical debate.

But does this answer the question of power transition theory? It is the argument of this thesis that it does, but in relation to its belief that power transition theory
does not address the issue of transition by developing regional states, as argued earlier. Like Iran and Iraq, this thesis scores population 5 and for the exact same reasons. In the case of Indonesia, population was a negative aspect, and this will be explored in further sections, especially with economics. Soekarno was ‘playing all sides’ in a chaotic dance of power between competing factions in a complex country that this the fifth largest population on earth and the Konfrontasi, as will be seen with political efficiency, played an almost similar role as the war did for Iraq. For Malaysia, the answer is much simpler: A nation that was days old was given an instant enemy, no matter what the divisions were within Malaysia, they stood united and the Konfrontasi may have been the source of Malaysia’s survival today.

The Konfrontasi represents what I believe is a very unusual situation, and one that Organski could not have actually foreseen. Organski’s theory focuses on great powers, and as this thesis has argued, the theory is applicable to developing states, but it needs to refined to do so. This alone is one factor, but there is another that is more interesting and unusual. As the fifth largest country in the world, strategically placed between the Pacific and Indian oceans, sufficiently rich in resources, Indonesia would seem destined to play a major role in southeast Asia (Pauker, 1963, p. 687). The reality of the situation is that Indonesia was strong, but by the stroke of a pen, as soon as Malaysia was born, it was more powerful. In other words, there was no rising challenger, the power transition was instant. Indonesia went to bed a dominant power to its rival and woke up a challenger.
5.2. Political Efficiency

Galen stated that every animal defends itself with which it excels others and “that man is a creature formed for peace and war...his hands fit for handling arms...and we see infants using them spontaneously” (Grotius, 1625, book I). Power transition theory, is arguably, focused upon the examination of war and peace between powerful, mature nations. In the case of most regional rivalries the situation involves developing states who have not reached that full context of power and maturity associated with the theory.

Unlike in Galen’s time, the infants of the global political economy have not only the weapons, but the means to project that power whether successfully or not. When it comes to political efficiency, it is important to maintain the focus on the ability, not the result. The question is whether a state has mobilised the assets available to it for the purpose it intended, not whether it was successful. In terms of political efficiency, the case of Indonesia and Malaysia is once again, complicated and at times confusing.

Indonesia’s policies during the Konfrontasi were a source of bewilderment and disbelief (Pauker, 1964, p. 687), but just in 1962, Soekarno during an independence day speech was referring to Indonesia’s year of triumph (Pauker, 1964), and quite rightly as well. 1962 was the year that Indonesia successfully negotiated its dispute with the Netherlands over Western New Guinea.
peacefully in its favour (Pauker, 1964), and issue which for 12 years Soekarno fought and turned into a national obsession - and won (Pauker, 1964).

It is within this event that two key elements (but not the only) elements of the Konfrontasi can be found: A victory over a colonial power during the last days of colonial rule, and the belief fostered from that victory by Soekarno. While the polices of Indonesia during the Konfrontasi may be a source of bewilderment, it is the argument of this thesis that if looked at from the view of Soekarno himself it was not. When political efficiency was used so successfully with one situation, why would one think it would not again?

This case study is focusing heavily upon the actions of Indonesia due to the fact that it was Indonesia who initiated the rivalry, but also because Malaysia was literally in its first days of infancy as a new created state. While Malaysia was new, it is important to understand that it had been independent earlier than this point in time. Malaya was independent as of 1957, and in April 1959, the Treaty of Friendship with Indonesia was signed, and done so with the promise of good relations between the two (Sutter, 1966, p. 523), and yet almost four years later, the Konfrontasi begins.

One key factor in this situation, is the events of May 1961, in which a proposal was made to form a Malaysian Federation comprising Malaya, Singapore, Sarawak, North Borneo and Brunei (Sutter, 1966). This announcement, while not openly hostile, was also not well received by not only Indonesia, but the Philippines as well, which lead and accord between the two countries and
Malaya stating that the formation was welcome as long as Borneo joined of its own free will as ascertained by an independent and impartial authority (Sutter, 1966).

The reason for such hesitation from Indonesia about the formation of Malaysia was that many Indonesian leaders believed that Malaysia posed a threat to their own positions internally, that Malaysia was an artificial nation still controlled by the British and that she will only be a base from which Imperialist will try and harm Indonesia (Hindley, 1964, p. 906). This is the line that, while attributed to Indonesia’s leadership, was in reality that of Soekarno himself. Soekarno went as far as to state that Malaysia was formed to limit Indonesia’s sovereignty and overthrow its coalition (Hindley, 1964), but what were his reasons for making such statements? The real answers lie with economics and not imperialism.

By the end of 1960, Indonesia was suffering serious lags in economic production combined with massive deficit financing, which raise the fear of runaway inflation (Pauker, 1964, p. 688), as well as the alarming development that population growth was exceeding the rate of GDP (Pauker, 1964). The Indonesian government initiated very unpopular rationalisation schemes and announced its military budget would be cut in half by 1963 (Hindley, p. 904). This led to the International Monetary Fund allocating $500 million US to aid to Indonesia, but by the end of the year, this plan was abandoned, the military mobilised for war and the ending of trade with Malaysia (Hindley, 1964), which
also meant cutting off its trade route via Singapore, which at the time was a part of Malaysia (Hindley, p. 905).

The primary reason for this sudden change was that a confrontation with Malaysia provided an ‘excuse’ for abandoning these economic tasks (Hindley, 1964). It must be remembered that while Soekarno was in control, it was a control via a very complex arrangement between himself, the military and other parties, including a large Muslim community leadership. With the dispute with the Netherlands completed, Soekarno could not use this as a patriotic cause (Sutter, 1966, p. 525). Soekarno and his coalition were in need of a new cause to distract the Indonesian people from not only the economic troubles, but the complex and tenuous domestic political situation; Malaysia provided the proper rallying point (Sutter, 1966).

There was some good reason for this as well. As will be seen in the next section, Malaysia, while being a newborn to the international community, was born by and large ‘wealthy’. While not examined for the purposes of this thesis, it can be argued that Malaysia is one of the bright stars of British colonial rule and its transition from colonial holding to independent state. Indonesia did have good reasons to be worried, just as Iraq did with Iran, based on the perception of the situation.
Malaysia could have had a grave disruptive effect on Indonesia, because if it continued her economic progress based on private enterprise, it could have been a magnet for Indonesians dissatisfied with the chaotic socialism and the economic deterioration being ignored by its rulers (Hindley, 1964, p. 907). There was also the case of the export-producing Island of Sumatra, which was very discontent with the government, and only a few miles away from Malaysia (Hindley, 1964).

On February 13, 1963, Soekarno confirmed Konfrontasi, an ‘undeclared’ war with Malaysia and the slogan “crush Malaysia” was introduced (Sutter, 1966, p.526). The question remains, was political efficiency present during this rivalry? The answer to this as stated earlier, is both complex and confusing. In the case of Indonesia, was the military mobilised and used? The answer to this is yes, but the military was part of the ruling coalition. Was the resources available to Indonesia accessed and used? The answer to this is less clear. While on the surface, there appears to have been support the reality of the situation is that Konfrontasi was not supported by some Indonesians, particularly intellectuals and conservative Muslims, but the situation in Indonesia was such that they ‘towed the line’, and while it cannot be proven, it is likely due to the fact that they did so for the protection of their interests, not out of fear.

The Indonesian military campaign, along with many other aspects of the Konfrontasi, were largely unsuccessful. Indonesia tried everything from full invasion to terrorism in Singapore. While Malaysia did have the support of the
British and Australians, the Indonesians at one point with the help of the China, trained Chinese youths for an insurgency in Sarawak, and this, like all of the campaigns initiated during Konfrontasi, were mostly disastrous (Sutter, p. 529).

The rivalry between Indonesia and Malaysia is complex, and the preponderance of responsibility for this rivalry lie with Soekarno and Indonesia. In terms of political efficiency, the focus has been almost entirely, as will most of this case study be, upon its actions during this rivalry. In terms of political efficiency and power transition, this thesis would score Indonesia a 1 due to the highly dysfunctional nature of the entire situation. In terms of Malaysia, there is one key point to make. At a crucial and formative stage of nation-building, the Indonesian threat weld together leaders of diverse groups who in more normal circumstances might have found it difficult to work in harmony (Tilman, p.423). By the sheer nature of unifying itself well enough, and there were losses such as Brunei pulling out of the Federation (Singapore did as well, but later), Malaysia survived and survives today. In terms of power transition, Malaysia scores a 5 and overall, the score for this rivalry is 3.

5.3. Is There a Catalyst?

It is the argument of this thesis that an event horizon is present in the case of the Konfrontasi. The violent phase of the Konfrontasi began on April 12, 1963 (Sutter, p. 527); this is exactly four years from the date of a key event leading up
to the Konfrontasi, and within the five year window of my definition, which is an identifiable event that locks two states on a course of rivalry that cannot be reversed.

This event was the Treaty of Friendship signed between a newly independent Malaya and Indonesia in 1959. The key argument for this thesis is that the treaty was signed with Malaya proper, not the entity that would emerge as a potentially recognised nation in the international system. While there is no evidence that this is a direct cause, some such as Sutter (p. 523) have argued that it is the concept of the Federation that was one of the factors of Konfrontasi. It was with the realisation that the Federation was going to become a reality that I argue pulled further and further away from whatever concept Indonesia had of Malaya when it signed the treaty and as the head of Indonesia’s intelligence agency, Subandrio, said after the Singapore referendum, “We’ll have to take stock of the situation” (Sutter, p. 525).

5.4. Economic Strength

While the average person on the street does not think about such issues, I recently asked while having a coffee with someone to think carefully about this question: Who would you think is more powerful: Indonesia or Malaysia? The person thought carefully about this question, then looked at me and said
"Indonesia, because its bigger, and they worry the Australians quite a bit".\textsuperscript{18} In 1964, scholars such as Pauker would have agreed with him.

Pauker wrote the following in regards to what the aftermath of the Konfrontasi had done to Indonesia’s (at least short term) future:

> "In adopting a ‘crush Malaysia’ policy, Indonesia is in fact sacrificing her great power aspirations. Some day a unified and industrialised Indonesia could indeed, if her luck holds good, become a member of the inner circle of major world powers." (Pauker, 1964, p. 690)

The reality is much different. As stated earlier in this thesis, Indonesia went to bed the dominant actor, and woke up the challenger in terms of power in its own region. The simple fact of the matter is that as soon as the ink had dried on the creation of Malaysia, Malaysia in terms of its economic strength, was more powerful than Indonesia.

This creates a situation that Organski certainly could not have anticipated, nor do I believe in the heart of the Cold War when power transition theory was created, would he have speculated about, but this unusual situation is how do you measure power transition when the transition happens instantly? It is true that the data doesn’t change, but the relationship from which you analyse it \textit{does}. Do you consider Malaysia, who was literally only a few days old, the

\textsuperscript{18} While this will never be mistaken for a scientific survey, the point is valid as will be shown in the next sentence. I wanted to see what someone, who does not have any formal background, would think of this question based on his own perceptions.
dominant actor? Is Indonesia the challenger? It is yet again, and in some ways fitting, another example of the chaotic nature of this region of the world at this time.

It is the conclusion of this thesis that we cannot make an assumption on either side. The only thing that can be done is work with the information we do know and see if the data supports any of the historical conclusions. We know that the Konfrontasi was initiated by Indonesia, we know that it started in 1963, but the ’war of words’ began roughly around 1961. Malaya was an independent entity in 1957, Malaya signed a treaty with Indonesia in 1959, and *Malaysia* came into existence in 1963. The Konfrontasi ended in 1966. In essence, we need to see what the data says between the periods 1959 to 1966.

The data concerning Indonesia and Malaysia is also problematic. For the purposes of this one case study, the information needed is not available for this thesis from the United Nation’s Statistical Division, and so the data is being sourced from the Penn World Tables. The data was selected in the ten year time frame as usual, with the reference point being 1963, the start of Konfrontasi, and beginning from 1958 and ending at 1968. The data once again in this time frame is sketchy at best, because there is no available data for Indonesia till 1960.

We can establish that at very least one of the underlining reason’s for the Konfrontasi was that Indonesia needed a ‘cause’ to divert the attention of the populace from the economic chaos that was happening within Indonesia. Based
on the data Malaysia from its inception, led Malaysia in almost every statistical category measured with minor exceptions as will be discussed momentarily. This thesis will examine firstly any significant data concerning Indonesia directly.

There are some changes of note happening within Indonesia. Firstly the data concerning real GDP for Indonesia from 1960 to 1964 was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>152.15</td>
</tr>
<tr>
<td>1961</td>
<td>153.80</td>
</tr>
<tr>
<td>1962</td>
<td>162.20 (Settlement with Netherlands, Soekarno claims victory)</td>
</tr>
<tr>
<td>1963</td>
<td>153.71 (Konfrontasi)</td>
</tr>
<tr>
<td>1964</td>
<td>156.51</td>
</tr>
</tbody>
</table>

Fig 5.1. GDP Indonesia, 1960 – 1964, Source: Penn World Tables

The following is the share of GDP by consumer, government and investment in that order for the same years:
1960  64.34  23.66  9.85
1961  67.32  22.02  13.86
1962  71.23  16.97  11.52
1963  72.34  17.91  9.18
1964  68.72  20.72  10.20

Fig 5.2. GDP by Consumer, Indonesia 1960 – 1964, Source: Penn World Tables

Now this information is placed against the exchange rate value of Indonesia’s currency in the same period:

1960    .075
1961    .088
1962    .243
1963    .575
1964    1.22
1966   75.90

Fig. 5.3. Exchange Rate Indonesia, 1960 – 1964, Source: Penn World Tables

1966 is added to for a specific reason, the rate of growth in the exchange rate is extreme between 1964 and 1966, the end of the Konfrontasi, but the economic indicators of GDP examined before, are relatively static. This suggests that there is artificiality within the data. In layman’s terms ‘something doesn’t add up’ with the data.
Now the economic data for Malaysia paints a different picture.

Starting with real GDP, their data shows as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>427.94</td>
</tr>
<tr>
<td>1961</td>
<td>418.55</td>
</tr>
<tr>
<td>1962</td>
<td>428.23</td>
</tr>
<tr>
<td>1963</td>
<td>436.45</td>
</tr>
<tr>
<td>1964</td>
<td>457.59</td>
</tr>
</tbody>
</table>

Fig 5.4. GDP Malaysia, 1960 – 1964, Source: Penn World Tables

Now in relationship of consumer, government and investment share of GDP for Malaysia, the data (in that order) is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumer</th>
<th>Government</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>64.20</td>
<td>11.35</td>
<td>12.03</td>
</tr>
<tr>
<td>1961</td>
<td>68.50</td>
<td>12.59</td>
<td>13.27</td>
</tr>
<tr>
<td>1962</td>
<td>69.21</td>
<td>12.99</td>
<td>14.89</td>
</tr>
<tr>
<td>1963</td>
<td>68.71</td>
<td>13.95</td>
<td>15.17</td>
</tr>
<tr>
<td>1964</td>
<td>68.00</td>
<td>15.30</td>
<td>14.56</td>
</tr>
</tbody>
</table>

Fig 5.5. GDP by Consumer, Malaysia, 1960 – 1964, Source: Penn World Tables
Malaysia's exchange rate for the same periods were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>3.06</td>
</tr>
<tr>
<td>1961</td>
<td>3.06</td>
</tr>
<tr>
<td>1962</td>
<td>3.06</td>
</tr>
<tr>
<td>1963</td>
<td>3.06</td>
</tr>
<tr>
<td>1964</td>
<td>3.06</td>
</tr>
<tr>
<td>1966</td>
<td>3.06</td>
</tr>
</tbody>
</table>

Fig 5.6. Exchange Rate, Malaysia, 1960 – 1964, Source: Penn World Tables

The exchange rate for Malaysia can suggest some artificiality as well, as its alliance with the United States and being a former British colony may have played some part in its incredible stability, but the GDP data can arguably refute that assumption. Malaysia displayed at this crucial point in its formation steady economic growth while keeping government consumption stable and attracting investment growth each year.

Of all the statistical data in comparison, this thesis argues that government share of GDP, in relation to the events of the Konfrontasi, gives us some indications. From 1962, the year Soekarno achieved diplomatic victory over the Netherlands to 1964, the heart of the Konfrontasi, this indicator is as follows:
1962 Indonesia 16.97 Malaysia 12.99  
1963 17.91 13.95  
1964 20.72 15.30  
1965 15.78 15.57  
1966 22.70 16.79  

Fig 5.7. Government Share of GDP, Indonesia and Malaysia, 1962 – 1966, Source: Penn World Tables

In 1963, not only did Indonesia declare Konfrontasi against Malaysia, it also abandoned its economic reforms, the following year government consumption of GDP increased as the war effort began in earnest. The exchange rate between 1964 and 1965 rose from 1.22 to 4.00 to 75.90 in 1966. Malaysia’s government consumption rose as would be expected during a crisis, but at manageable levels while maintaining its currencies stability.

The last statistical category this thesis wishes to show is the rate of growth of GDP between the two from 1961 to 1966. No data is available for Indonesia in 1960:

1961 Indonesia 2.47 Malaysia 4.43  
1962 3.83 3.04  
1963 3.71 4.08  
1964 3.64 2.62  
1965 3.52 4.60

91
The internal economic chaos within Indonesia is apparent. By the time of Konfrontasi in 1963, Indonesia was in serious decline, while Malaysia was showing steady, sustainable growth. 1964, as would be expected with an aggressor nation gearing up for war and a nation defending, we see growth in Indonesia and a dipping in Malaysia, but this is also the start of artificiality within Indonesia’s currency. This is another indicator that this thesis believes ‘suggests’ an argument in terms of power transition theory.

The term ‘suggests’ is used because we are presented with this unusual situation where a regional power is suddenly ‘not’ the regional power it thought is was. We are also dealing with information in the form of Indonesia that is from a corrupt government at the time.\(^\text{19}\) It is logical to deduce that a corrupt government produces corrupt data, especially in an age where the resources to verify such data would have been lacking in comparison to today's electronic global economy. Whether or not the data is accurately reported, there can be a conclusion drawn from it.\(^\text{20}\)

\(^{19}\) While it has not been discussed in this thesis, every scholar that has been cited in this thesis in regards to the Konfrontasi, Pauker, Hindley, et.al., have all noted that corruption was rampant within Indonesia and that this corruption was also destabilising Indonesia internally while she was fighting Malaysia, and Hindley points out that the Konfrontasi may have ended due to the potential overthrow of the government within Indonesia.

\(^{20}\) Any argument against this assumption needs to take into account that Enron managed to do this very thing. If a corporation who is watched dogged in this modern age can corrupt its reporting data, then so can a government in the 1960's.
It is the argument of this thesis that what we have in the Konfrontasi is a dissatisfied challenger who while realising that it is not at parity with the dominant nation, challenging that dominant nation out of fear of losing its perceived position within the international community. In other words, it is a dissatisfied challenger who *did not want either the international community or its regional neighbours knowing it was a challenger.* In terms of the youth of nations, it is a case of the big man on campus being pushed out by the new kid in town.

Indonesia knew the consequences of a successfully formed Malaysian Federation. They understood very well that the stability of growth, encouragement of free enterprise would not only turn perception inwards by its citizens against the government, but the realisation that there was an option to Indonesian dominance would have had huge implications. There is another key element to point out: the data examined does not include Singapore or Brunei. Singapore *was* at part of this Federation at the time, but if Brunei, with its vast oil wealth had joined as well, this may have signalled the end of Indonesia for quite some time, as a major competitor in its region, and most assuredly would have ended any speculation of world power aspirations.

This thesis understands fully that the implication made is tenuous and circumspect, but it is not impossible, and it is arguable that this is the condition that was present. It is believed that this may be the only case of its kind in the field of power transition and subsequent theories. It may even be a special case that needs examining by developing new theories to explain post colonial/cold
war creations of state and its relationship to power with its neighbours, but for the case of power transition theory, can we say it is present?

The overall data suggests no, but again, when examining the behaviour of the micro-data present within the Konfrontasi, this thesis scores a 4 for this case study based on the fact that the stability Malaysia presented against the chaos of Indonesia is suggesting some form of reaction to power by the Indonesian government. There was reaction to the economic strength and continuing growth of Malaysia by Indonesia, but we cannot score it a 5 because of the unique nature of the case study. There is reaction taking place at a micro-level, but it is not clearly definable. Like Iran - Iraq, this thesis scores economics a 1 in relations to Organski’s original assessment.

With the Iran - Iraq war, we saw that in terms of the overall development stage there was no parity present within the data, except for that area that comprised the comparative advantage for that region. With the Konfrontasi do we see the same? It cannot be stated with absolute certainty that there is, but for this area of the world, besides the rich mineral deposits and oil in such places as Brunei, the key to answering the question may lie in places such as Singapore. The strategic location of the states involved precludes it even today to be a source of foreign direct investment, and during this stage of their development, this was also the case.

While in economics, investment share of GDP is always fluctuating and is volatile, there was forming a clear separation in the level of investment share of
GDP between the two countries. This is not to say that investment was not happening in Indonesia, but if investment is necessary for growth, especially in developing countries, and if Indonesia was already perceiving its standing under threat, this factor would be a catalyst as well. It cannot be proven with any degree of certainty, but this thesis argues that there are clues to suggest that there was tension in the key comparative advantage categories between the two countries.

5.5. **Power Shifts via Internal Development**

This section will be very brief, because when it comes to the question of power shifts via internal development, the Konfrontasi scores a 5, and in much the same way as the Iran - Iraq war did. The very dysfunction, and in this case wholly on the side of Indonesia, is the reason for it. This thesis has described the chaos that was present within Indonesia at the time, and the very fact that the military eventually became part of the governing structure, alone dictates that power shifts internally were a key factor in the Konfrontasi. As stated earlier in this thesis as well, we may never truly know what the outcome of Malaysia’s future would have been if not attacked, but the unifying nature of Indonesia’s aggression in some fashion, created a unifying power shift internally in Malaysia, as was evidenced with the lack of support Soekarno found in regions of Malaysia where he thought support would be weak.
5.6. Rivalries involving Non-Conflict

Diehl and Goertz highlighted three requirements for there to be a rivalry in a dyadic system: Spatial consistency, time or duration, Military competitiveness/conflict (Diehl and Goertz, 2001, p. 18). This thesis has examined two cases where there has been military conflict, but what can be determined from cases of rivalry where no conflict is present? Why have some regional states engaged in rivalry at a specific point in time, but in their case, have not engaged in actual conflict? Is there any similarity or differences that would suggest why they did not when others did?
Chapter Six: The Beagle Channel Dispute: Argentina and Chile, 1978

The case study for the Beagle Channel dispute is difficult, but in an opposite way to the Konfrontasi: The dispute is arguably fairly straightforward and definable, but lacking in information, as the primary focus of most of the literature for this dispute lies with the mediation process by the Vatican, which will be examined later. It is believed one reason for a lack of historical data involving the dispute is due to the fact that in its latter stages the Falklands war between Argentina and the United Kingdom broke out, and this also will be briefly examined later in this case study, as the war itself had no direct consequence on the moment of time I am focusing on.

Another reason for a lack of information is due to the perception of the tension, as can be found in theatrical comedies made about this moment in time.21 While these were after the fact, and at the time, the tensions between government’s were very real, and public sentiment was high and the stakes potentially vital, the actual military competitiveness was brief, and even during its time, channels were still open by all parties concerned. The heaviest focus of the literature was upon the mediation process headed by the Vatican and not the moment of crisis that lead to both nation’s militaries being deployed for war.

21 In my research for this section, I found very little historical data involving the dispute, but did find a few reviews for comedies that had been written by Chilean and Argentine artists that involve situations revolving around the dispute, including one that about three Chilean military men guarding a lone, desolate island during their "war". In other words, the dispute itself is probably seen as a mere blip in time for both Argentina and Chile, and that in itself may be telling as the breakdown of the information goes.
6.1. The Dispute Itself

The Beagle Channel has been in dispute since the 19th century, with the first treaty signed in 1881 (www.victory-cruises.com). The channel is crucial due to a strategic location to its south, which has a congruent maritime extension of 30,000 square miles that is rich in mineral, fishing and possibly oil rights (www.wikipedia.com)\textsuperscript{22}. There had been over 50 boundary disputes between 1881 and the tensions of the 1970’s (www.wikipedia.com), and in 1971 the case went to the International Court of Justice and to arbitration by Britain’s Queen Elizabeth (www.wikipedia.com). The Queen ruled in favour of Chile in 1977 saying the islands and all adjacent formations belonged to Chile (Ibid). The Beagle Channel consists of the Picton (which lies directly at the mouth of the channel and literally between Chile and Argentina), Lennox and Nueva islands. On 25 January 1978 Argentina rejected the award and on December 9th, 1978, Argentina sent a naval squadron to the region and Chile followed suit (ibid). Three days later both militaries were put on high alert (www.victory-cruises.com).

It is that moment, December 1978 that is our focal point for this case study. Why after almost 100 years, did December 1978 see Argentina and Chile almost go to war, but did not? For the purposes of this thesis and its search for a rivalry catalyst, this places the window for this rivalry between 1973 and 1983, which this thesis will show presents an interesting issue itself in the case of Argentina.

\textsuperscript{22} Wikipedia is not a source I would normally condone for information, however, the breakdown of the situation I found concise and worthy of use.
6.2. Population

In the case studies involving Iran and Iraq, Indonesia and Malaysia where there was conflict between the two sides, we established that both cases had the commonality of the aggressor being a society that was in essence in chaos due to the myriad of competing factions, the divisions within populations down either religious or ideological lines, or both being present. In both cases the state was ruled by either a strong-willed party or leader, and in both cases, the leader's, Hussein and Soekarno, at the very least displayed a flair for what is usually associated with Latin American politics: *machismo*.

Chile and Argentina displayed much of the same characteristics as the others, but with one fundamental difference: both nations at the time were ruled by military governments (Laudy, p. 298), Chilean President Augusto Pinochet enjoyed absolute authority, while in Argentina, the nation was directly controlled by a military Junta (Ibid). For both sides, the difference between the conflict cases was that there was no coalitions present to deal with, and there were no factional divisions within the makeup of society. For Pinochet, the crisis was a concern for internal politics, but only due to the fact that it tested the confidence of the dictatorship during a time of prolonged economic stagnation and growing isolation within the international community (Laudy, p. 298). For Argentina, the situation was arguably more serious, as extremist
elements within the Junta regarded a conciliatory approach to Chile on the issue as a sign of weakness, which created an atmosphere where even the more moderate military leaders assumed a more confrontational posture (Laudy, p. 299).

While the case of Argentina and Chile share this parallel with the conflict cases, the fundamental difference between the two was the lack of factional forces within the populace of both nations, and this I argue is due to one primary factor. 92% of Argentina’s and 89% of Chile’s population are Roman Catholic (www.cia.gov). This is far different from the conflict cases in which there were competing religious factions within both cases of the aggressor states (Iraq and Indonesia) had a stake in not only the cultural makeup of society, but within the government itself. Two other factors that is different is that Argentina, the aggressor state in this rivalry, was not ruled by coalitions, no charismatic leader was overriding the Junta and as will be seen in a later section: the aggressor state was also the more powerful economically.

It is not the fact that both Argentina and Chile were of one religion that is the key. The religious homogeneity for this case was the unifying key. In other words, whether it was ideology or religion, the populations of both nations had some form of internal unifier, whereas in the conflict cases, there was no unifier within the system except for charismatic, strong willed leader’s and parties. This unifying presence even stretches beyond religion.
Chile's method of dealing with such things as its extensive and problematic territory has always been to have a strong, centralised government (Butland, 1957, p. 122) and Argentina, whether it be military or civilian rule since 1930, has had a unifying belief that Argentina to reclaim its position in the world must resolve the questions of economic growth and stability (Garrett, 1985, p. 272). Whether it be coups or democracy, both sides in Argentina shared this analytical perspective in common and both were seeking to address the political issues by addressing the prior questions (Garrett, 1985). That in and of itself is a unifying element, but there is yet another fundamental difference in terms of population.

In terms of their economies, both in the sense that Organski would classify them, were developing, but in terms of their age, these societies were not new, they were in my terms, upper-middle aged in their histories. Iran and Iraq, Indonesia and Malaysia may be older in terms of their histories as a people, and this is not an issue for argument for this thesis, but in the relationship of what we are talking about, functioning nation-states in the international system, there is no comparison.

Argentina and Chile were much older in their establishment. Chile and Argentina, arguably and factually, have been independent states since the 19th century (Pregger-Roman, 1991, p. 117) and the very issue that was leading to military tensions was present exactly 100 years earlier as was evidenced by the fact that:
“From 1876 to 1879 Chile and Argentina tried unsuccessfully to make either an acceptable boundary treaty or an arbitration agreement. Beginning in 1878, the situation assumed a more threatening aspect...Argentina (in 1879) proclaimed Chile and aggressor and made preparations for war.” (Talbott, 1967, p. 526)

Even relatively poor (in global economic scales) Chile held a comparative advantage in the 1890's as it produced 80% of the world's nitrate at the time, and was a global economic entity even then (Whitbeck, 1931, p. 273). In other words, the population, while having its diversity, was both well established and had unifying elements. Argentines felt about the Beagle Channel as they do of the Falklands/Malvinas islands (Garrett, 1985).

Chileans believed that their nation always capitulated, and this time, wanted their government to make a stand (Ibid), but by the time of ratification of the Treaty in 1984, 82% of all Argentines voted in favour of the agreement (www.nytimes.com). This is ultimately due to the fact that it was the Vatican's mediation, whose supreme moral authority and influence over the large Catholic populations in each country made it a mediating body that the governments and people could not ignore (Laudy, p. 292).

In terms of actual size and abilities, Argentina is larger than Chile, and has more human capital at its disposal, but both sides had capabilities in terms of how power transition theory would measure it. Did population play a factor in terms
of power transition theory in regards to this rivalry? The answer to this is yes in terms of traditional power transition theory and no in terms of how its constituted in regards to regional rivalries.

The populace was ready to support its governments either way in what happened and were also willing to seek peace and had the capabilities necessary for the potential conflict, but there was no conflict nor as we’ll see, no power transition present. In terms of the negative aspects that we saw in regards to rivalries that had conflict, none was present. In relation to the examination of this thesis, the overall score in regards to this rivalry is 1. The populations of both nations did not apply any negative pressures or perceptions upon the governments of the time.

6.3. Political Efficiency

While the populations of both countries did not play a factor in terms of power transition theory, the question of political efficiency asks did they use the resources available to them efficiently. In the case of this rivalry, the answer to this is yes, and it is in some ways due to the maturity of both societies. This will be discussed again when we talk of power shifts via internal development, but it's important to point out here that we are talking about a specific moment in time: the moment where tensions were high enough that there was a display of military capabilities by both sides; the moment where both were at the brink of war, not the end result of the mediation.
My focus with this thesis is the moments between 1973, five years before, 1978, the moment of crisis and 1983, which is one year before the Treaty of Friendship was signed. Within that time, as we will see, there were power shifts, but in terms of the political efficiency of the time, it is important to maintain the focus of 1978 and the events surrounding that year and not the aftermath of the rivalry.

Since 1881, both Chile and Argentina have displayed very good political efficiency. Remembering that this dispute has been historical, there has never been a war over the issue. 1978 was the closest that the two have come to war in that span of time and both since 1881 have displayed a willingness and an adeptness of using diplomacy to address the issue, even though the relationship between both nations has never been friendly.

The first significant event leading to the tensions of 1978, was the decision by Argentina and Chile to have Great Britain arbitrate the dispute in July 1971 (Garrett, 1985, p. 86). A key point is that the British government was restricted to either accepting or rejecting whatever award was to legally binding on both sides and the sides started presenting their oral arguments in 1976 (Garrett, 1985). On may 2, 1977 the parties received the decision of the court. The International Court of Justice ruled in favour of Chile on all counts (Garrett, p. 92) and after the decision Chile announced that it would take matters in the future to the International Court of Justice.
Argentina, stunned by the decision, said that while it traditionally upheld international decisions, had a right not to comply due to national interests and would "announce its final position concerning the award later" (Garrett, 1985).

Tension began to increase, with both sides increasing their presence (Garrett, 1985). After the decision, while tensions were rising, Argentina made approaches to Chile about joint governance of the Islands in question in the Beagle Channel, which Chile withstood citing the international decision, but a series of negotiators did meet throughout 1977 (Garrett, 1985). Tensions further increased in early 1978, as Argentina started to pursue a militaristic policy and Argentine planes and ships repeatedly violated Chilean air and maritime space; Chile maintained its stance it had previously stated, citing international agreements in their favour (Garrett, 1985).

Argentina then began to use its media for support in its hard line stance with Chile at home (Garrett, p. 94). In general, the press urged rejection of the court's decision because it threatened 'national honour' and was forcing Argentina to cede an area of potential economic and strategic value (Garrett, 1985).

The Argentine people largely agreed with such sentiment (Garrett, 1985). Chile again maintained its position, and threatened to take the matter to the International Court of Justice, but still, Argentina and Chile were communicating and in January 1978, the presidents of both countries met at an Air Force base in Argentina in an attempt to defuse tensions (Garrett, 1985).
There was also appeals to the Organisation of American States for its help in the dispute (Laudy, p. 295).

The question of political efficiency comes down to whether or not, a government, with the resources at its disposal, is able to accomplish a task with what it has. In the case of the Beagle Channel dispute, we see a clear case of two mature nations in the international system, using what resources it had. Argentina pressing its military, media and civilian apparatuses to full effect both internally and towards Chile.

Chile, which was being isolated in the international community, maintained its stance, and while it too made provocative stances, did not fully escalate the situation when pressed by Argentina’s military moves, and throughout, both sides maintained dialogue, including the presidents themselves meeting. In other words, while all the functions available to them were in motion, they still maintained the discipline and maturity to keep channels open for discussion without damaging their position internally. In terms of political efficiency and power transition, this thesis scores this rivalry a 5 on both sides. This is an example of two developing states with a long history behind them using that maturity to its full advantage.

6.4. Is There a Catalyst?

There is no catalyst for this rivalry. A catalyst, by my definition, is any key event that locks two sides on a course of rivalry that cannot be avoided within a
ten year space of time from the moment rivalry has occurred. In this case that is 1978, the point of greatest tension. The key event in this moment of Chile and Argentina’s rivalry was 1971, the year they both signed an agreement to formally bind the situation to arbitration by the British. This is seven years from the point of tensions, and the only other major development in that time was the decision of the court in 1977. A catalyst is the key moment followed by a growing escalation of events that leads to the point of rivalry and then a series of events that begin to stabilise the relationship again. We have no catalyst for this rivalry, and it is also a rivalry that did not break out into conflict.

On just a very brief side note, while this thesis is not exploring this issue, it should be noted that another key event happened in what would have been the rivalry catalyst and that is the Falklands War of 1982 between Argentina and Great Britain. It cannot be proven here, and this thesis is not concentrating on this event, but it must be noted that war between them broke out exactly five years after the decision regarding the Beagle Channel. It may be worth evaluating the data concerning this event to see if Argentina and the UK, despite not being regional rivals, had been locked into catalytic rivalry some day.

6.5. Economic Strength

Vasquez argued that there is a strong relationship between territorial disputes and neighbouring rivals and that the relationship between proximity and rivalry is strongest at the non-major power level (Rasler and Thompson, 2000, p. 504). This is a very general assumption, as it is not always clear that these rivalries are
about territory as underlying the territorial reasons are ethnic sentiments, prestige, ideology and access to other places (Rasler and Thompson, 2000).

This is what we have seen so far with each rivalry that has involved conflict, but not this rivalry. It is true that prestige could be argued, as there were some pressures on both sides to maintain its position, but both governments held relatively stable positions and were not under threat from the populace on the issue. Access to other places was very much a core issue with the Beagle Channel, but this highlights the purpose of the thesis: we know this much to be true, but why? Why did the rivalry reach breaking point at this point in time of the histories of both nations? This thesis has used power transition theory as its tool to see if it can help us understand these rivalries between regional states and in the case of the Beagle Channel dispute, we are searching for any clues that suggest why this rivalry never manifested into conflict.

When it comes to economic strength, there is one fundamental truth to this rivalry: there was a clear advantage in terms of economic strength in favour of Argentina, there was no transition happening either in the classical sense, or in terms of micro-data. There was a similarity between Indonesia and Malaysia in that there were wild fluctuations with the exchange rate during the time of rivalry, but in the case of Argentina and Chile, it was both nations. There is simply nothing within the economic data between 1973 and 1983 (Penn World Tables) to suggest any form of power transition taking place between the two countries. However, there is something interesting in regards to Argentina and its behaviour during this time.
This thesis highlighted under political efficiency that for Argentina, whether it was a military Junta or a civilian government, the primary purpose of control by both was the same goal: stabilisation of the country economically. In terms of growth of GDP per capita in Argentina, there is a correlation between Argentina’s reactions and the time line of events in regards to this rivalry. We have no event horizon for this rivalry, and it formally ended in 1983, marking time from 1977, we see the following in regards to Argentina:

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
<th>Reaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>+4.34</td>
<td>Argentina accepts British decision, negotiates</td>
</tr>
<tr>
<td>1978</td>
<td>-4.36</td>
<td>Rejection of decision, military mobilised</td>
</tr>
<tr>
<td>1979</td>
<td>+6.17</td>
<td>Acceptance of Vatican mediation with accord</td>
</tr>
<tr>
<td>1980</td>
<td>+1.01</td>
<td>Negotiations continue, no</td>
</tr>
<tr>
<td>Year</td>
<td>Change</td>
<td>Movement</td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>----------</td>
</tr>
<tr>
<td>1981</td>
<td>-7.12</td>
<td>Chilean officials arrested, border closed</td>
</tr>
<tr>
<td>1982</td>
<td>-6.24</td>
<td>Rejection of General Treaty, Falklands War</td>
</tr>
<tr>
<td>1983</td>
<td>+2.33</td>
<td>Civilian rule returns, dispute formally settled.</td>
</tr>
</tbody>
</table>

Fig 6.1. Argentine Economic Growth Rates and Reactionary Events, Source: Penn World Tables and Laudy, p. 294

Does this have any relationship to power transition? The answer is no, because it is solely in regards to the dominant power. Chile, the supposed contender in power transition, and certainly the regional rival in this case, was in no position at any point in time to contend with Argentina for power. There are some arguments that can be made based on this data: If a dominant power in a region is experiencing fluxes or weaknesses in its position it may choose to engage in rivalry behaviour with its neighbour.
The weaker regional power, witnessing these fluctuations, but with no ability to challenge, may choose to tacitly engage in rivalry with its neighbour (Chile could not logically withstand Argentine power, but it is possible that they sensed these internal troubles as a sign to ‘stand their ground’ in this situation), but there is also yet another argument that can be made.

Over the last 500 years, there have been intermittent struggles between ascending regional hegemon’s and declining global system leaders (Rasler and Thompson, 2000, p. 508). Regional hegemon’s tend to base their challenge on land power while system leaders emphasise economic growth, trade and maritime capability (Rasler and Thompson, 2000). While less likely to escalate to war, once these type of rivalries do escalate they are more likely to have widespread implications for other states than are contests with predominantly spatial overtones (Rasler and Thompson, p. 507).

I believe that in the future, there should be an examination of the Falklands war based upon the arguments being made here, as it is my belief that we have a rivalry catalyst for the Falklands war, 1977, that escalated five years later into the actual conflict. It is possible that underlying the massive fluctuations in the growth rate of per capita GDP, that there are some hidden reasons for Argentina suddenly turning its attentions towards a small island that gathered the attention of the British Empire and led to war, and subsequently, the ending of the military Junta and also, peace between Argentina and Chile.
While this thesis scores economic strength a 1 for the Beagle Channel dispute in isolation, there are other questions remaining that may only be answered with an examination of the Falklands War at another time.

6.6. Did Anyone “Win” This Rivalry?

A few years ago, I took over running a Hotel. When I took over this position, there were no guests staying at the Hotel, and the business was going under. I instituted what could be argued an internal power shift by reducing prices and having the upper management staff deflect the anger of the owner, who was in this case the hegemon. He attacked arguing that he wanted $270 per room and that I was selling at $100, and even though the hotel was filled, that he had in essence ‘lost’ due to as Rasler and Thompson noted, his ‘prestige and ideology’ being defeated. In response to this, I simply noted one thing: Where once was nothing, there is now something. While having lost by his standards, and while it may not have been a satisfying victory, by having guests stay it was a victory none the less.

Argentina was the aggressor in this case, and I would argue that were I to interview those Argentines involved in the dispute and told them that they had ultimately won, they would resoundingly disagree, but this is based on perceptions of prestige and ideology and also, from the sting of defeat in the Falklands. The fundamental fact is that Chile, as of 1977, controlled everything by the ruling of the International Court of Justice, by 1983, while Chile still controlled the islands, Argentina was awarded access to the waterways in
question. Where there was nothing, now there is something, and while the taste of it may be bitter for the Argentineans, to say that it is not a victory is simply wrong.

6.8. **Power Shifts Via Internal Development**

In terms of power shifts, it could be argued and easy to assume, that there was a power shift via internal development. The ultimate resolution of this rivalry was due in large part to the defeat of the Argentines at the hand of the British Empire in the Falklands. This event precipitated a change of government from the military Junta to civilian rule, and it became a priority of the new government to resolve the rivalry with Chile peacefully.

But this is not a power shift due to the rivalry *itself*, nor is it a power shift at the point of critical tension in the rivalry, 1978. There may have been a power shift due to the actions of the Junta, but it was not due to the rivalry with Chile, in fact, the opposite is the case. During the point of critical tension, there was a unified Argentina, and there was a unified Chile. The arguments about the severity of rule, especially in Chile can be argued, but the fundamental fact is that even Pinochet consulted with parties he deemed hostile (Laudy, p. 298) because even these parties were in favour of standing up to Argentina (Ibid). The same can be said for the Junta in Argentina, there were no uprising or revolts, only a unified nation who felt they must send Chile a message. This thesis scores power shifts via internal development for this rivalry a 1.
Chapter Seven: The World of Tomorrow: China and Japan

The first decade of the 21st century sees the growth of the Peoples Republic of China as an economic power, but with this rise to power, there are many actors, such as the United States, who question whether a nation which has a population of 1.4 billion and an annual growth rate of 11% can accept its position in relation to its growing strength. Regionally, the shadow of this growth is cast most heavily over Japan, and in response to this, we are seeing a growth in the tensions between the current dominant regional power and its regional rival.

While there is tension between China and Japan, we cannot say at this present time that there is a rivalry between the two. Recently at a political science conference, I spoke on the issue of Sino-Japanese rivalry, and my conclusion is that at this present time, there is no true rivalry taking place, but I made this determination with great caution to the audience: that while I believe that rivalry is not present currently, there is a disturbing trend in their relations that is laying the parameters and groundwork for rivalry to ensue quite quickly, that both sides are in effect ‘probing and analysing’ each other at the moment, all the while dotting the lines for a full blown conflict rivalry. Both sides are politically and diplomatically mature enough to not rush into this situation, but wise enough to ‘be prepared’ should the need eventuate.

This relationship is large enough to constitute a thesis of its own, and for the purposes of this thesis, there is no possible way to cover every single parameter that would be needed to fully analyse the relationship. The issue of population
alone is a major factor that needs deep exploration, but cannot be done here. This leaves us with a problem: how do you measure this relationship briefly and how do you do it when you’ve just stated that a rivalry is not present at the current time?

The second question is more direct: while it is my belief that a rivalry is not present at the current time, it is also the strongly held belief of myself that China and Japan are laying foundations for rivalry, that in essence, I believe that both ‘know’ that such an eventuality is unavoidable (suggesting future catalysts) and while they attempt to manage the situation peacefully are laying that groundwork while doing so.

The first question is far more difficult: what do you measure? While the obvious step would be for most to focus on issues such as Taiwan and North Korea, and they will be part of the examination, there is a less obvious route: what issues were present in the prior case studies? In all three cases, we had the issue of population, which we have here as well, but the heart of the prior case studies revolved around some other key elements. Each case involved the aspect of ‘territory’, an island, a river or both. The issue itself was not truly about the territory in question, but it revolved around the physical issue and that is due to another primary factor, political efficiency.

Then there was the issue of economics, which is also a factor with this case. In the two case studies where conflict was present, power shifts via internal development were a factor, and was not where conflict did not take place. This
thesis will take these issues from the past, apply them to any relevant situations between China and Japan in the present, and evaluate their scores based on the potential for each issue to manifest.

7.1. Population

When it comes to population, there is a very direct fact: China has the world's largest population, is much larger than Japan and has the greatest potential for human capital of any nation on earth. This alone gives China the advantage, and disadvantage as stated earlier, because there are hundreds of millions of Chinese who have yet to experience the growth taking place, which has the potential for creating problems for the Chinese Communist Part (CCP).

This alone makes population an issue in terms of their relationship and power transition theory, but there is a deeper question as well: Japan's economy and population are developed fully, and as a developed nation, it would stand to reason that its professional demographic would reflect this. China is still developing, with hundreds of millions of its citizens needing work, and China must maintain growth to meet this need. In other words, as China's population develops, could this encroach on the livelihoods of Japanese citizens?

What does the data say 'beneath the surface'? Is there anything within the isolated data that can give us some indication of why there may be a stronger
indicator of potential rivalry than what the one major indicator tells us? What this thesis wishes to point out is that even in data which could be dismissed as insufficient or inconsequential, there may be signals hidden within their data.

In this case I'm choosing to select a statistical category that would normally not be used in any fashion, which was chosen after simply asking 'what sector does most of Japan's employees work?' The reason for the question is for the direct logical implication: The sector that most of Japan's employees work in will be a very important category for the nation. While a nation can be measured on its ability to mobilise its workforce to adapt and change with economic flows, the logical view would be that should outside forces begin to encroach on the sector that employs the most people in a nation, then that nation should feel tension. The most direct example can be given would be the Automotive industry in the United States in the 1970's when it started to feel competition from Japan.

According the Central Intelligence Agency data, most of Japan's workforce is in the service sector. The composition of Japan's workforce is as follows:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>agriculture</td>
<td>4.6%</td>
</tr>
<tr>
<td>industry</td>
<td>27.8%</td>
</tr>
<tr>
<td>services</td>
<td>67.7%</td>
</tr>
</tbody>
</table>

Of this, the workforce GDP was as follows:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>agriculture</td>
<td>1.7%</td>
</tr>
<tr>
<td>industry</td>
<td>25.8%</td>
</tr>
<tr>
<td>services</td>
<td>72.5%</td>
</tr>
</tbody>
</table>
67.7% of Japan’s workforce was responsible for 72.5% of its GDP. Even in basic terms, this is a substantial amount of a nation’s populace producing a substantial amount of the GDP for Japan. While the service sector is made up of many different areas of employment, a cursory glance would tell anyone that the services industry as a whole is very important to Japan.

How does China compare? In terms of the composition of the workforce, again according to the Central Intelligence Agency, the data was as follows:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>agriculture</td>
<td>49%</td>
</tr>
<tr>
<td>industry</td>
<td>22%</td>
</tr>
<tr>
<td>services</td>
<td>29%</td>
</tr>
</tbody>
</table>

In relation to GDP, the data was as follows:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>agriculture</td>
<td>12.5%</td>
</tr>
<tr>
<td>industry</td>
<td>47.3%</td>
</tr>
<tr>
<td>services</td>
<td>40.3%</td>
</tr>
</tbody>
</table>

In examination of China, roughly a quarter of its workforce is in the services industry. In relation to Japan in terms of employment, China accounted for 43% of Japan’s total workforce. In relation to GDP, China’s services sector accounted for 56% of Japan. While the data is too limited to make any real judgements, the face value of the data suggests that China is already accounting for almost 60% of Japan’s volume with only a third of its workforce in an area.
that three quarters of Japanese workers are located. The suggestion of this is
that there is a vast amount of room for growth in this area for China, and yet
they have already closed the gap with Japan to 56%. It could be argued that in
years to come as China closes in on parity in the service sector, the
repercussions to Japan’s workforce could be unemployment if they are not able
to adapt and evolve as China closes in on parity of production. This is not
enough information even for conjecture, but that is not the purpose of showing it
here.

The purpose for this information is that in the prior case studies, population was
a factor in regards to rivalry involving conflict, and was not in the case of
rivalry that did not manifest itself into conflict. In the cases of conflict,
populations produced pressure upon their governments to react, either positively
or negatively. We at present do not have this situation with China and Japan,
but it must be noted that in recent times, there have been issues that have
sparked tensions among the populace of both against each other.\textsuperscript{23} No matter
what the future holds, the populations of both nations, whether it be via growth
or prestige, will play a major role in the relationship of each nation and for the
purposes of this thesis, while it cannot score it a 5, because it is not at present,
the potential is such that it scores a 4.

\textsuperscript{23} In 2005 there were developing tensions over the Prime Minister of Japan visiting Japanese war
shrines, this manifested through the internet and spilled over into protests, some violent, in China.
7.2. **Political Efficiency**

To evaluate the political efficiency of China and Japan, I will briefly examine three issues. The first is the most direct and that is the issue of Taiwan. The second is the issue of island disputes that surround both nations, and thirdly, I will examine an area that most are not concentrating on in terms of rivalry: the pursuit to win diplomatic favour with African nations by both. Political efficiency in terms of power transition theory involves the ability for a state to mobilise its population to good effect. As we will see with internal development, and whether or not one agrees with the issue involving China, both nations are so internally stable at present that this is not an issue, but also Japan is economically a superpower, and while China is developing, economically so is she. When it comes to political efficiency, the issue at stake is more about the ability of both governments to pursue its purposes, as they have the human capital mobilised already.

7.3. **Taiwan**

When it comes to Taiwan, the stance of China is that it is a province that must be reunified with the mainland. This view by China has always been with the threat of reunification by force if necessary. Japan since the end of World War II has been a pacifist nation, whose constitution allows for a defence force, but prohibits the use of the military outside of its borders. While the territorial status of Taiwan is a major policy issue for China, Japan has some form of interest as well, but not in the same manner as China. This interest though is changing
from cautious diplomatic neutrality to one of active involvement in the activities of Taiwan, and by doing so, have helped spark the first sign of rivalry between itself and China.

Japan cut diplomatic ties with Taiwan in the 1970’s in deference to Beijing’s “one China” policy, but in recent months Japan has made a series of unprecedented overtures towards Taiwan, and twice in 2006 Japan’s foreign minister, Taro Aso, angered China by publicly calling Taiwan a “country” (Washington Post, 24 March 2006) Tokyo has also dispatched former general Yoichi Nagano as its first military attaché to its de facto embassy, and in 2004 a group of Japanese legislators formed a committee on Taiwanese security (Ibid).

This developing relationship places Japan firmly into the Taiwan situation with China, in the sense that as China’s power, both economically and militarily grows, so does Japan’s interest in fostering stronger relations with Taiwan. This appears to be Japan’s signal that its influence must be manifested as a counter to China’s growing influence in the region. This signal could be sent from most east Asian nations, but for Japan to stretch its political influence towards Taiwan is both beneficial for Tokyo economically and is a direct signal to Beijing that China’s growing influence in the region will not go unimpeded.

This political manoeuvring by Japan is enough to bring itself into contentious issues with China in regards to its Taiwan policy, but it is just part of the new dimensions by which Japan is approaching the subject. As of 2005 Japan, which has long adopted a neutral stance towards Taiwan, reversed this policy
when it joined the United States in a joint statement designating Taiwan as a “common strategic objective” (Jiang, 2005, p. 2). While the 2005 White Paper on the Defence of Japan does not recognise this new arrangement it highlights one of the reasons for this new position.

In its examination of Taiwan’s military capabilities, the paper states that Taiwan acknowledges that unless their forces are improved that China will gain the superior position between the two in or around 2006 (White Paper, 2005). There is some ambiguity to this situation, because even with direct joint statements, the wording is vague in regards to what role Japan would take in defence of Taiwan, but the possibility of its involvement is very real. A 2005 Security Consultative Committee Document prepared by United States Secretaries Rice and Rumsfeld in conjunction with Japanese Ministers Machimura and Ohno stated that in regards to the Japanese Self Defence Forces (SDF):

"The U.S. and Japan examined bilateral roles, missions, and capabilities, particularly those of the U.S. forces and the SDF, for responding to diverse challenges in the contemporary security environment, placing primary emphasis on the following two areas: Defence of Japan and responses to situations in areas surrounding Japan, including responses to new threats and efforts to improve the international security environment such as ... international peace cooperation activities." (Ibid).

While not directly stating Taiwan in the white paper, there is enough inference to implicitly suggest that a defence contingency of Taiwan is a possibility. If Taiwan is being used as a litmus test there are clear indicators of a move by Japan to secure its influence in East Asia against the rising tide of Chinese
political and economic clout. The stance of China in regards to Taiwan is well known. Its position in relation to the island has remained static. For China, nothing in regards to their view of Taiwan is new; Taiwan is a province that must be reunited with the mainland. The issue of rivalry between China and Japan, at least in terms of the issue of Taiwan, has in this case been the initiative of the Japanese. While the actual status quo has not changed, Japan has certainly put itself on the playing field of a very real issue to the government of China.

7.4. Island Disputes

There are numerous disputes over islands in Asia. Most of these islands are small, uninhabited pieces of land that have no real significance in terms of their landmass, but harbouring underneath and around their localities, are the potentials of conflict. The issue at stake in regards to the islands is proven, or potential, deposits of vital resources that each nation desires to possess.

This paper will focus on one particular dispute involving the Diaoyu Islands, but some other areas in dispute and with whom are (Huang, C., 1997):

<table>
<thead>
<tr>
<th>Island</th>
<th>Disputants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokdo/Takeshima</td>
<td>South Korea/Japan</td>
</tr>
<tr>
<td>Kuril/Nth Territories</td>
<td>Russia/Japan</td>
</tr>
<tr>
<td>Spratley's</td>
<td>Phillipines/Malaysia/Indonesia</td>
</tr>
<tr>
<td></td>
<td>China/Vietnam/Taiwan</td>
</tr>
</tbody>
</table>
The Diaoyu, or Senkaku Islands are eight uninhabited islands located 240 nautical miles southwest of Okinawa (Huang, C., 1997). This dispute is between China, Japan and Taiwan and currently shows no signs of boiling over into any hostilities between the three. The three governments have made a point of stating that they wish this dispute to not come between them and their bilateral relationships (Huang, C., 1997). The reason for examining this one, seemingly benign issue is because like many of the disputed islands involving China and Japan, the issue involves resources, which as demand grows for the finite riches that such islands possess, may become more of a strategic concern, but it is a seemingly separate issue that this island represents that could represent the catalyst for growth of the rivalry between China and Japan, and that is the issue of political capacity.

The island's history dates back to 1403 where Chinese navigational records annotate the discovery of them, and while the dispute over the islands can date back to Article 2 of the Treaty of Peace and a 1952 agreement between Taiwan and Japan, the heart of modern day disputes can be found from 1969 when the United Nations Economic Commission suggested possible large hydrocarbon deposits in the waters around the islands (Huang, C., 1997).

In 1970, the United States and Japan signed the Okinawa Reversion Treaty in which the islands were included as the possession of Japan, but immediately China and Taiwan protested vigorously, and in September 1970, a Taiwanese
gunboat crew actually set foot on the island and raised the Taiwanese flag (Ibid). This prompted China to intervene saying the islands belonged to them, because Taiwan belonged to China as well (Huang, C., 1997). The United States eventually took a neutral stance over the issue, which helped enable the status quo of impartiality between the three to return.

However, this issue has become something of a symbolic fight that is being waged by groups within all three states. In 1978 the right wing Japan Youth Association constructed a lighthouse on the island in an attempt to enhance Japan’s sovereignty claims (Huang, C., 1997). Feeling pressure from the Democratic Progressive Party (DPP), the ruling Kuomintang Party (KMT) mayor of the city of Kaohsiung in 1996 organised a landing party on the island in response (Huang, C., 1997). On 9 September 1996, the Japan Youth Association landed on the island and reconstructed a lighthouse on the island. In response to this, Chinese communities from Hong Kong and Taiwan held large protests against the Japanese government (Huang, C., 1997).

The issue took yet another turn in 2005 when Japan announced that it would actually take control of the lighthouse, which prompted the Chinese Foreign Ministry to call this illegal and invalid, and prompting a committee member to say that Japan is taking advantage of the tensions involving Taiwan to stake its claim over the islands (China Daily, 2005). While previous to this the governments of China, Japan and Taiwan had shelved this dispute, it is the actions of individuals and non-governmental and localised political situations that have threatened to change the interaction of the three in regards to the issue
(Dzurek, 2006).

Remembering that in power transition political capacity is the ability to mobilise the populace to achieve your goals. Organski and Kugler describe this as “the capacity of the governmental system to mobilize the human and material resources at its disposal” (Organski and Kugler, 1980, p. 8) but there is another side to political capacity, and that is the fact that both China and Japan are sensitive to the ability of their populace to mobilise and react to its policies. Even in a strong, one party system such as China’s, it can be argued that they may be even more sensitive to the political efficacy of its citizens when it comes to matters that pertain to the image and status of the party on an international scale; and in particular, when it applies to the projection of power towards its neighbours.

The Diaoyu islands are directly considered a benign situation where all the states concerned do not wish to have strained relations over, but indirectly, they represent something larger. For Japan, any sign of softness in regards to the situation has ramifications with other, more important concerns such as with its dispute over the northern territories with Russia. For Taiwan, they cannot afford to press the issue because of the reliance on their economic relationship with Japan (Huang, 1997), but also for a new aspect; Taiwan can now begin to calculate alignment with Japan in the event of hostilities with China. For China, it is even more important; any softness over these islands is an implied softness on its stance with Taiwan, as the two are tied together (Huang, 1997).
The symbiotic nature of the situation creates a broader issue and because of that, a seemingly insignificant issue has greater implications. How this helps us in understanding a potential rivalry between China and Japan is in the fact that if a minor island dispute can manifest itself into an issue of comparative advantage or strength in relation to broader objectives, then the very issue can manifest regionally as if it is one of significance. It is the fear of losing reputation (political capacity and psychology) combined with the physical proximity of the rivals in relation to strategic variables that are important for the political capacity and reputation of the states in question that drive the potential for seemingly insignificant matters to become the catalyst for rival tensions.

7.5. **Africa: An Invisible Front in East Asia**

China is by far the fastest growing economy on the planet. Japan is the second largest economy on the planet. On the bare face of this, there is a natural rivalry that comes from sheer competition, but there is something unique to their relationship. Like all nations, China and Japan need resources, but unlike some, their need for it is crucial to the foundations of its doctrines. If China is to maintain this unprecedented growth and prosperity it must find resource rich markets. If Japan is to literally *survive* it must have access to the very same products. This situation alone is a catalyst for tension and potential conflict in their region, as examined by looking at one seemingly insignificant set of islands, but this tension has carried over to a new front line. This invisible front can be found in Africa, and another potential rivalry issue being played out between the two Asian giants.
Like Japan’s recent initiatives regarding Taiwan, in the case of Africa, the momentum lies directly in the hands of Beijing. In 2006, Chinese president Hu Jintao has made two trips to the continent and with it has come growing admiration for their developing relations and most African nations see China as a guide for their own economic development (Fujita and Mochizuki, 2006). This has also been enhanced by China’s strong support for developing nations in the form of a $10 billion loan and aid package over the next three years (Fujita and Mochizuki, 2006).

Japan on the other hand has been slow to respond to these developments to the literal point that as Prime Minister Koizumi arrived in Ethiopia for the first time, President Hu had just left for the second; but its not simply in arrivals and departures that Japan has been slow to react to the vigorous attention China is paying to Africa. In 2004, Japan’s total development package was $1 billion, and this was the total after a reduction, now Japan has announced a $10 billion package over five years (Fujita and Mochizuki, 2006). In both the physical and the fiscal, the fact remains that Japan is left emulating China and it is doing so to a sceptical African audience.

China has unveiled this year an official paper entitled “China’s African Policy” which adheres to China’s Five Principles to Peaceful Coexistence: mutual territorial respect, non-aggression and interference, equality and mutual benefit, and peaceful coexistence. Unlike Japan and many other western nations, there is no mention of human rights and (logically) of democratic rights, which most
western governments have displayed ethical concerns over in their dealings with Africa (McGivering, 2006). As one Chinese official stated their dealings with Africa “fully reflects China’s sincerity” (Xinhua News Agency, June 2006).

Meanwhile, Prime Minister Koizumi described Japan’s aid to Africa as something “that should be appreciated even if Japan does not spend too much money.” (Fujita and Mochizuki, 2006).

As Japan has placed itself implicitly into the affairs of Taiwan, so has China done so in the affairs of Japan’s status in Africa. On face value, it appears that China has indeed scored a major international relations victory in regards to its Africa policy of ‘sincerity’, but as Japan with Taiwan, there is an implicit reasoning behind and how China is operating in Africa that is very much turning an ideological front line into an object of pursuit. Like the many potentially resource rich islands in east Asia, Africa is quickly becoming a treasure trove of Chinese resource security.

China’s growing dependence on imported energy, in particular oil, is driven by some key factors (Lieberthal and Herberg, 2006, p. 11). These include fear of domestic shortages and rising costs undermining economic growth, which in turn threatens a government that has placed its right to rule on economic performance, which could create the real risk of social instability should economic stagnation set it (Lieberthal and Herberg, 2006). By 2015, it is estimated that 70% of China’s oil imports will come from the middle east and by 2025, 40% of China’s gas supplies will come from overseas sources.
(Lieberthal and Herberg, p. 12). China has built a substantial portfolio of contracts in Africa. China’s National Oil Companies have centred their equity production in Sudan and supply contracts with Nigeria and Angola (Lieberthal and Herberg, P. 14).

Beijing’s involvement also extends to military aid for Sudan and Zimbabwe, as well as promises of Chinese investment to Morocco and Kenya (Fujita and Mochizuki, 2006). Many of Beijing’s loans to Africa are targeted to infrastructure projects that facilitate development of the petroleum industry (Eisenman, 2006). Africa now accounts for the majority of deals that have been finalised by Chinese National Oil Companies (Eisenman, 2006). In just the area of petroleum, it is quite evident that China is pursuing an aggressive program in regards to Africa to secure the access to the vital resources it possesses that China, in particular its government, will need to secure stability in the future. Like the Diaoyu islands, the issue in many ways becomes one of addressing the political capacity of both the government of China and its sensitivity to its citizens growing ability to send signals to the ruling party.

How does this affect Japan? The growing influence of China in Africa doesn’t necessarily mean that Japan cannot access the same markets, but just as with the Diaoyu islands, Africa represents something of a signal to Japan. In 2005, China displaced Japan as the second largest importer of African oil after the united states and this gap is growing (Eisenman, 2006), and as this gap grows, there is the possibility that Japan’s loss of reputation will grow as well, because for Japan and China, the issue of Africa stretches beyond resource dependency.
In 2005 Japan, along with Germany, India and Brazil, petitioned to become permanent members of the United Nations Security Council; a move which was rejected, largely due to the African Union nations rejecting their bid as China had requested of them (Fujita and Mochizuki). Of Africa’s 53 states, China now has diplomatic ties with 47 (Servant, 2005), and while not uniform on every issue, it is potentially 47 votes within the United Nations that Japan must account for in certain situations, thus weakening its ability to project its strength and reputation.

This is also a bonus for China, as it is also potentially 47 votes for any issues involving Taiwan, which in turns creates added pressure upon Japan in its implicit support for them. The issue of rivalry between China and Japan, at least in terms of the issue of Africa, has been the initiative of the Chinese. It is too early to ascertain if the actual status quo has changed, but China has certainly put itself in the dominant position in what has become a very real issue to the government of Japan.

Based on terms of political capacity and efficiency, the potential for rivalry, and it could be argued where there is actual rivalry taking place now, China and Japan score a 5 for the purposes of this thesis. It is the belief of this writer that if there is any kind of power transition actually taking place between China and Japan, it is in the realm of diplomacy and the political efficiency of both nations.
7.6. Economic Strength

It is fair to argue that China is a late comer to the global political economy in the modern age. Excluding its extensive history and contact with western powers (to its detriment most times) in the modern age, and in a position where it is in control of the directions it takes, China is a power that is developing into a super-power. International capital flows finance production in countries where labour is relatively abundant and ready to be employed (Isard, 2005, p.5) and of all nations, there is none so ready as China.

Obtaining foreign technology has been a vital component in Japan’s rise as an economic superpower and by the 1980’s it had caught up with the United States and Europe (Nester, 1995, p. 318), Japan has a long history of protecting technological interests by organising consortium’s (Nester, 1995). However, by the 1990’s the importance of the governments focus on industrial policies has diminished as its economy has grown more complex (Nester, 1995).

One thing is certain: in our lifetime, and quite soon in our lifetime, Japan and China will compose the second and third largest economies on the planet, and by their proximity, create Asia as the dominant financial centre of the planet for at least the next century, and arguably beyond, and while the United States maintains its role as the economic hegemon and incurs the brunt of economic openness with current deficits and reduction in its own industries
competitiveness (Gray, 2004, p. 44) there is going to be yet another situation happen: the overtaking of Japan by China as the second largest economy on the planet.

The question I am interested in for this thesis is whether or not we have this transition taking place now? Is there anything to suggest by using power transition that would indicate whether or not economically a rivalry is brewing between the two nations? There is also the question of where do you base your starting point on? Do we have anything that can be used as a basis point?

7.7. Is There a Catalyst?

There is no catalyst for this case study. At this point in time, while there have been tensions between China and Japan, they are tensions that have not spoiled the relationships, with both sides visiting the other more than once this year in friendly diplomatic meetings. There simply is nothing to base a point of contention on to the level that it strains the relationship to the point of rivalry, but there is a bases point from which to look at data: China’s inclusion in the WTO in 2002. This is the bases from which this examination will take place, and we will use both the United Nations Statistics Division and the Penn World Tables to examine them. The Penn World Tables only goes to the year 2000, two years prior to WTO inclusion, the United Nations Statistics division goes to 2004, which gives us more data, but both have some interesting information.
7.8. **Economic Strength Continued**

Unlike the previous three case studies, this relationship has the potential, and does, reach beyond its region. It is already a global competition for regional dominance. If there is a hegemon in the international system, it is the United States, and as long as the United States maintains its vast military superiority in Air Force and Naval assets, it will continue to play hegemon over China and Japan, but excluding US power, this is in effect, a battle for global dominance between these potential regional rivals.

If this were an actual examination of power transition, it is known that between the actors, China would be considered the challenger to Japan’s dominant position in the region. As Yu, et. al. state that two key elements in the theoretical premise of power transition, they argue that when the relative powers between the United States and China (in their paper) narrow down, there will likely be a boost in the dissatisfaction or hostility towards the United States (Yu, Tan, Chen, and Ho 2005, p. 11).

It is possible to hypothesis that due to the proximity, the dependence upon the factors stated earlier, and the level of power in the international system of the two that the same should apply in terms of China’s relative position to Japan. Again, while we are not examining the issue in whole, by looking at the rate of closure China is having against Japan in terms of GDP, it can be argued that at the most minimal level possible, that the potential for rivalry exists between the two either now or in the near future.
According to the United Nations Statistics Division, the GDP for China and Japan in 1997, five years prior to China’s entry into the WTO was as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>817023</td>
</tr>
<tr>
<td>Japan</td>
<td>3452198</td>
</tr>
</tbody>
</table>

Fig. 7.4. GDP China and Japan, 1997, Source: United Nations Statistics Division

In 1997, China accounted for only 23.67% of Japan’s volume in terms of GDP.

In 2004, two years after China’s entry into the WTO, the data was as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1418895</td>
</tr>
<tr>
<td>Japan</td>
<td>3534844</td>
</tr>
</tbody>
</table>

Fig. 7.5. GDP China and Japan, 2004, Source: United Nations Statistics Division

In the span of four years, China had closed this gap to 40.1%, while still not near a power transition, the rate of closure is astounding, and it is fair to argue that the gap is even close now in 2006. In terms of the classical definition of power transition, there is no transition taking place, and at this present moment in time, we do not see any confrontations between China and Japan.

What about isolated economic indicators? Is there anything to suggest in the data that there is an even greater closure between the two? Maintaining the focus upon the United Nations Statistics Division, there is an area in the isolated data that is telling. The one thing that both nations are reliant upon is resources. All nations are reliant upon resources, but as we have seen with the increase in demand for petroleum as China grows, and by the actions of Japan in World War II, which arguably was due in large part from her lack of natural resources,
that this is a critical area of comparative advantage, in the sense of growing
global economic powers needing the resources to maintain growth, that China
and Japan would need advantage in.

In 1997, the level of production in Mining, Manufacturing and Utilities for
China and Japan was as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>446109</td>
</tr>
<tr>
<td>Japan</td>
<td>983463</td>
</tr>
</tbody>
</table>

Fig. 7.6. Manufacturing and Utilities, China and Japan, 1997, Source: United Nations Statistics Division

China constituted only 45.3% of Japan’s volume. By 2004, the data was as
follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>853561</td>
</tr>
<tr>
<td>Japan</td>
<td>104572</td>
</tr>
</tbody>
</table>

Fig. 7.7. Manufacturing and Utilities, China and Japan, 2004, Source: United Nations Statistics Division

In the span of seven years, China has closed this gap to 81.7%, well within the
parameters set out by power transition for there to be the potential for growing
dissatisfaction by China, and certainly in comparison to the two case studies
where conflict eventuated between rivals, for there to be caution in regards to
the satisfaction levels between China and Japan, but again, excluding the minor
tensions at present, there are no indications that the two nations are heading for
conflict.
In terms of the Penn World Tables\textsuperscript{24}, there is only one economic statistic in isolation that is of interest, and that is the level of openness of the two countries. China's openness in terms of consumer GDP and investment is better than Japan's and by sizeable margins. It is only in the area of government openness that Japan is \textit{vastly} more open than China and while this is not surprising on one level, it is potentially telling for the future.

Remembering that Japan's economic growth and strength was derived from protection of its industries, its not surprising that Japan's openness is weaker than China's, who is reliant upon foreign investment. As nations develop, their rate of growth begins to slow down. China is developing, and Japan is developed, but the problem for Japan is that China is closing in on their economic strength and they have not come close to fully developing, and yet Japan, who is protectionist in its behaviour, is in effect, 'closing doors where opportunity may knock'. In terms of the future, as the gaps narrow between China and Japan, the incentive of openness may play a factor in tensions.

China is far less transparent when it comes to government. The dealings of the Chinese Communist Party are sometimes a mystery, and corruption within China is rampant, and is acknowledged by not only other governments such as the United States, but by China itself. Any student of Chinese history can tell you this is not unusual for China, but it creates another situation. The one factor that, as far as this writer knows, has never been examined when it comes to the growth of China, is what happens if this growth hits recession? Anything that

\textsuperscript{24}
rises can fall and we have no analysis as to what would happen internally to China should a major economic crisis hit it. Investors are wary of a lack of transparency, and should the government of China continue to maintain its lack of it, it could possibly play a future in the growth of China economically, which in turn puts pressure upon it, which in turn creates tensions between it and Japan. In other words, the micro-economic indicators suggest that transition is happening, and that there are underlying data to suggest future difficulties for both.

In terms of scoring for this case study, in terms of traditional power transition, this thesis scores China and Japan a 3, because while there is no transition present at this stage, there is going to be a transition of power in the near future barring any sort of catastrophe in the international system. In terms of the micro-economic indicators, this thesis scores this case study a 5. In terms of availability to produce resources and in terms of the openness of their economies, China and Japan are in fluctuation, and are within the realm of power transition in terms of their Utility production. The seeds of rivalry are there in the micro-data, and in the next chapter we will examine why there has not been conflict at this present time.

7.9. **Power Shifts via Internal Development**

When it comes to power shifts via internal development, it is fair to argue that both nations are very stable, that any internal developments are happening by and large with the consent of their populace. In the case of China, and argued
much in American politics, the question of democracy as the economy grows is an issue. This is a possibility, but it is the argument of this thesis, that if the United States thinks it’s an overriding issue, they are wrong. This paper cannot delve into the history of China, but its history spans over 2,000 years, and as anyone who has studied Chinese history can attest, most of that history, whether it be through dynastic, conquered, or communist rule, has been one of a single authoritarian state and that in times where this has not been the case, the country has fractured every time.

As unpopular as this statement may be, if I was to advise the United States government in its policies, it would be for positive reinforcement of rule by a single party with the continued openness of society on an individual and economic level. To put it bluntly: democracy doesn’t work for all societies, and it is my belief it will not work in the case of China.

But what of another form of power shift? Namely, the continued growth and the protection of gains for China and the continued maintenance of the status quo for Japan? In other words, what of military development of the two countries? This issue is also too complex and deep to fully explore for this paper, but I do wish to highlight one area that should be paid attention to in regards to China’s continued military development. If this relationship, or any other situation involving China, manifests itself into conflict, then the signal that should be watched is how China is developing its Naval capabilities, and in particular, its diesel Submarine fleet.²⁵

²⁵ Most of my knowledge was obtained through my eight years of service in the United States
The nuclear Submarine is the supermodel of subs, its what people imagine when they think of submarines in the modern age, but there is one disadvantage that is worth note between nuclear and diesel: diesel submarines are quiet and very hard to detect, and with developing technology, they are getting even more difficult to detect. Nuclear subs are very noisy in comparison and can never shut down. Its strength lies in its ability to sit underwater for weeks at a time, but diesel submarines can run shallow and quietly, which is precisely what would be needed for a nation that may have future conflicts over resource rich islands or should they deem it necessary, a military operation to retake Taiwan.

The nature of the assets that China possesses and is acquiring will answer many questions as to their intent. Some assets are made for specific purposes. Aircraft Carriers are made for power projection, nuclear submarines are designed for long range ballistic counter strikes or fast attacks against long range targets. Diesel subs are designed for coast line warfare, in this regard to understand where China perceives its rivalry, measure the future asset acquisitions in the future.

At present from a cursory glance of their naval capabilities, China is well prepared at present to challenge Japan militarily as a rival in some respects, but there are many in the United States who believe that China’s military continues to suffer great weakness because of a lack of innovation, engineering, and

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Navy during which my clearances and close proximity to the command structure enabled me to gather ‘life data’.
bloated bureaucracy (Report to Congress, 2006). China’s grand military strategy is one of maintaining balance for sustaining economic development and maintaining a favourable securing environment so that economic development can continue (Report to Congress, 2006). China also maintains the “24 character” philosophy developed by Deng Xiaoping: observe calmly, secure position, cope with affairs, hide capacities, bide time and maintain a low profile (Report to Congress, 2006).

In regards to how this translate into rivalry with Japan is not known at this time, because of the nature of Japan’s defence lies with the United States so heavily, we cannot determine how future tensions will drive Japanese thinking in regards to a military build-up, but there are ways of projecting the direction of both. The heart of any question in regards to China and its military must be asked on three levels: Are the assets being acquired designed for Island warfare? Are the assets being acquired designed for long range power projection? Are the assets being acquired designed for securing and protecting supply lines? The current build-up of the Chinese military is in too early of a stage to determine long range predictions.

At present, there are no indications that China is preparing for long range power projection and that China’s sea denial strategy is focused on surrounding Taiwan and its immediate periphery (Report to Congress, 2006). This is a concern, and it is why focus needs to move towards an examination of the direction they are developing their Navy. No military is guided by the actions of one branch; the cohesiveness of all units is the key to the success of any
operation, but I believe that a close eye should be paid to China's naval forces as it is here that a good indicator of their intentions will lie in the future.

In regards to these intentions, it should be noted that while mainly cited for political reasons, the United States recently agreed to move its marine expeditionary force from Okinawa to Guam which enables the United States to have a strategic presence which is closer to Taiwan than previously before and is sovereign U.S. territory; part of this move has seen a new strategic position in that part of Japan's new initiative is to prepare its forces to meet any possible invasion of "remote islands" (Rice, Rumsfeld, et.al, 2005).

In other words, like a game of chess, the pieces are in place for both sides, but instead of giving away their positions, they are cautiously plotting three and four moves ahead. In terms of internal development, in the classical sense, the score for this case study should be a 1, but there are so many complex factors taking shape in the relationship of the two, that it is hard to ascertain the exact nature of this category at this present time and that is largely due to the Chinese adeptly 'holding its cards' to not reveal its true position as yet and it is that very issue that scores this case study a 2.5. There is not enough data to suggest a true power shift, but there is enough going on 'behind the scenes' with the challenger to suggest that the eventuality must be prepared for.
Chapter Eight: Analysis

In the first three chapters, I laid the foundations of taking a theory, developed by Organski, which was designed to examine the transition of power between great powers in the international system and extend that to look at the layers of power between regional states below that level. While an examination of rivalries is not new, we have established from the beginning that the development of these rivalries is an area that is 'uncharted territory' as Stinnett and Diehl stated. At times, this thesis has potentially given its reader a sense that Organski’s power transition is being attacked.

This is quite the opposite of the intention. It is believed that power transition is not only applicable for the examination of regional rivalries, but that power transition beyond this area is a tool for much greater understandings than what it is being applied to. I believe that Organski was more intuitive than what he has been given credit for, in that power transition as a theory is also a framework, and it is believed that if Organski were asked, he would probably agree that this framework was designed for new applications to be applied and by doing so extend the theory to help fit understandings beyond its original attempt, and as Organski himself stated, “We can even predict who (future challengers) will be” (Organski, 1968, p. 339).

Organski stated that to explain major trends in international politics, one “must turn away from such exciting and colourful problems as to how many missiles Russia (remembering he wrote this during the Cold War) has or what one head
of state said to another” (Organski, 1968, p. 338) but that its is within the data, especially population size, political efficiency and economic development that true power and shifts are determined (Organski, 1968).

This is where the potential negative aspect towards the theory from this thesis comes. This thesis argues that power transition needs to be extended for the purpose of regional rivalries, because Organski established the theories on one fundamental premise: that the cases he was examining were of states that were fully developed, great powers in the international system. It is not a criticism, it is simply stating a fact: that if you are looking at great powers, then the theory should be applied as Organski intended it to be used, but to take those same standards and apply them to regional states whose power is weaker, less developed and less mature is like saying your pet cat is a tiger. Their behaviours may be the same, but they are two differently developed creatures and their behaviours have to be examined in a modified fashion, this is the same for power transition.

The areas of power are the same, but their behaviours are not. One example that was given was population size, and that population should not just be looked at as a tool or positive resource, it can have negative applications for a developing state. Organski would say that, in terms of great powers, population could be a negative if the intellectual capital or the government’s ability to mobilise it were not there, but in cases such as Iraq, where the majority of the population if not trying to overthrow the government are certainly not assisting it, must be accounted for in power transition at this level of power.
That is not a criticism of Organski, it is a simple fact: his theory was designed originally for a specific purpose which was beyond this level, and in fact, it is praise to Organski that his theory can be extended and re-applied. I am a strong supporter of the work he has done.

This thesis took four case studies, two where there were conflict between the rivals, one where there was not, and one where we attempt to ascertain (much as I would argue Organski would do) if there is a rivalry developing and what kind it will be based on the data from the other three. I gave a points based system for each of the categories Organski deemed important and applying the arguments for extending the definitions of the categories. In one area, economic strength, we applied the theory as given and also applied it to the extension.

For each case study I have the following data: population, political efficiency, economic strength, and power shifts. I also have provided three other categories which are subjective and the opinion of this writer: do we have a catalyst for the rivalry, was the rivalry initiated by the challenger or the dominant nation and was their a victory by the aggressor? The results of the data, with conflict rivalries first, are as follows:
<table>
<thead>
<tr>
<th></th>
<th>Iran - Iraq</th>
<th>Indonesia/ Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Political Efficiency</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Economic strength</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Micro-Economic</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Challenger/Dominant</td>
<td>Challenger</td>
<td>Challenger</td>
</tr>
<tr>
<td>Catalyst</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Power shift</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Victory by aggressor</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Fig. 8.1. Transitional Behaviour Chart, Conflict Rivalries

I believe that there is something to be drawn from the data. In the cases where there was conflict by regional rivals, there were population factors in combination with weak political efficiency, while there was no classical power transition happening economically, there were transitions of power taking place in micro-economic aspects of their relationship which were in the case of Iran and Iraq the sudden dominance of oil production by Iraq and for Indonesia and Malaysia, the rare event of a newborn state obtaining dominance over another state overnight and the consequences to the economy of Indonesia, which also overnight became a challenger.

This is combined with a specific event, a catalyst that captured both sides on a course that could not be avoided, which were treaties that the aggressor nation could not accept, or in the case again of Indonesia, was not foreseen when they signed the original treaty. There were subsequent power shifts taking place at
the time of rivalry in both cases, and in both cases it was the Challenger who
was the aggressor and both times the challenger was beaten back.

The challenger perceived an opportunity due to the nature of the isolated
economic situations in key statistical data to actually challenge the dominant
nations position. I argue that in both cases, the challenging government used
the reasoning of the catalyst as a basis for conflict within their own societies,
and this was due to the fact that they were feeling negative perceptions within
their internal populations which lead to power shifts internally for each.

In the case of Argentina and Chile, where there was no conflict, the data is as
follows:

<table>
<thead>
<tr>
<th></th>
<th>Chile - Argentina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1</td>
</tr>
<tr>
<td>Political Eff</td>
<td>5</td>
</tr>
<tr>
<td>Economic strength</td>
<td>1</td>
</tr>
<tr>
<td>Micro-Economic</td>
<td>1</td>
</tr>
<tr>
<td>Challenger/Dominant</td>
<td>Dominant</td>
</tr>
<tr>
<td>Catalyst</td>
<td>no</td>
</tr>
<tr>
<td>Power shift</td>
<td>1</td>
</tr>
<tr>
<td>Victory by aggressor</td>
<td>yes</td>
</tr>
</tbody>
</table>

Fig. 8.2. Transitional Behaviour Chart, Non-Conflict Rivalry

Across the board there are clear differences between the rivalries that resulted in
conflict and this dispute. In the case of Chile and Argentina there was a stable population with high political efficiency, there was no event horizon that locked the two sides into an unavoidable confrontation (though the argument again is that this may have happened between Argentina and the United Kingdom), there were no power shifts taking place, the dominant nation was the aggressor and while it was not a complete victory, the Argentines did come out with more than what it would have had it not threatened war.

When it comes to economic strength there was also no classical transition of power, but no transitional behaviours of any sort taking place within the micro-data as well. Across the board there was clear establishment that Argentina was the dominant nation. Chile had no perceived opportunity to challenge, and its behaviour during the crisis was reflective of this. Chile did not back down, but it did not initiate either and made great strides to ensure (at least to the international community) that its position was not to initiate. There was no reason for them to do so, but for Argentina there was every reason: it was clearly the dominant nation in all categories and would continue to be so even if it lost, but it was this signal that it would initiate conflict that may have been the catalyst for the resolution without war. In layman’s terms everything ‘played out as it should have’ in terms of this rivalry.

This leaves us with China and Japan, where we have no rivalry at present, but we want to see if we can establish how they fit as well in these comparisons and see if we can determine the future course of their relationship. Their data is as follows:
<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Political Efficiency</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Economic strength</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Micro-Economic</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Challenger/Dominant</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Catalyst</td>
<td>no</td>
<td></td>
</tr>
<tr>
<td>Power Shift</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Victory by aggressor</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

I believe that we are going to see a conflict rivalry between China and Japan if there is any catalyst established for the two, and it is argued that in the next 20 years, such a situation will develop either through direct treaties or through international agreements. This conflict will be initiated by Japan and it will be of short duration. I make this argument based on the assessment of the data. It does not matter who it is in comparison to, any case study of China automatically has population as an issue. It is believed that conflict will be of short duration due to the fact that both sides have very strong, stable and efficient political systems. It is believed that the aggressor, Japan, will not be the victor in this conflict and that is due to the economic data.
China and Japan have an unusual situation: there are already isolated indications of power transition taking place, so the question is left of why does China not behave in the manner of the two conflict rivalry cases? It is the argument of this thesis that because of their political efficiency, China is also aware of the fact that in the classical sense, while not there yet, they are approaching a power transition with Japan. In other words, there’s no need to rush that which is going to happen anyway. In the cases of conflict with the other case studies, there was no power transition taking place in a classical sense. For those cases, there was a window of opportunity that presented itself, but China has no concerns. They are going to challenge Japan for its position both regionally and globally and If all this is taken into account, then the pressure of this relationship lies clearly with Japan.

This leaves the question of when? This will be determined by what power shifts take place and again, what specific event that will set these two states within a rivalry catalyst. This is where this thesis scored a 2.5 for this relationship, we simply do not know what is to come in terms of the power shifts that will take place as both sides grow closer to parity. It could be argued that were there no classical power transition taking place economically, then the position of each in terms of power shifts internally might have been shown by now, but it is the fact that a power transition is closely following an isolated transition that is delaying this category.
The reasoning for that it will be a conflict rivalry also lies in the fact that the foundations are there that were present in all three case studies, and that is the continuing bargaining in regards to the Island disputes both sides have with themselves and others, but this combined with the global stakes of their relationship in combination with their resource dependencies and China’s need for sustained mass development means that a negotiated non-conflict rivalry is unlikely such as the Beagle Channel.

In any case, the conflict when it does take place will be of short duration, and this will ultimately come down to the political efficiency of both sides. I believe that a future study should examine the connection of strong political efficiency and the length of conflict, as I believe that there are indications that the stronger the political efficiency of both sides, the shorter the conflict.
Chapter Nine: Conclusion

The actual study of how rivalries develop is ‘uncharted territory’, in essence, the field of rivalries has focused much its analysis in regards to what could be argued the ‘easy avenue’ of long term rivalries. When a conflict between two sides is long term, consisting of multiple confrontations spanning sometimes over decades, it is easier to analyse due to the extensive information that would be available, but this fails to answer the most important question of ‘why’? If the majority of all rivalries are of short duration, then the vast majority of casual information as to why these rivalries develop lies within this parameter. All rivalries begin their lives as short term rivalries, they all must have a beginning and so the answers to why lie within what has taken place, in that given moment in time, that initiated the rivalry in the first place.

In layman’s terms ‘power is relative’ to where you are in the context of any given moment. To measure and understand why these rivalries are initiated, I chose to take power transition theory and apply it to the concept of regional rivalries to see if it can help explain why they develop. The theory itself is designed for a different purpose in that its primary function has always been the transition of power between great powers in the international system and whether or not this leads to war. This again, like long term rivalries, makes it easy to examine case studies as with great powers, there is a vast amount of data available to analyse and breakdown the cause of such transitions and to determine if those causes lead to war.
Power is relative, and while a tiny nation may have no effect on the global political economy, its behaviour may have a great effect upon its neighbour and for those states, the stakes are real and the effects of what is happening, are real. If power transition can explain power at a greater level, then I believe that it can explain power at any level, and it is argued that the creator of power transition theory, Organski, would agree that the theory is a framework or skeleton, by which facets of power can be interchanged to fit the context of what is being examined.

Organski himself laid out this argument by his interchanging of data to fit a specific historical point in time, in other words, to fit what was relative to power at a given moment in time. To measure power by information technology in the 19th century is the same as measuring pig iron in the 21st. The concept of power as the human race evolves also changes and adapts itself. Power transition theory has been downcast, and sometimes totally dismissed, because scholars have not looked beyond what was being portrayed.

The theory is a framework, with certain criteria that measure power, but what defines those criteria can change over time. 100 years ago, population was the same as it is today, but it is not; in 1906 it was how many people could produce certain industrial items or fight, today it is how many post graduate students are being produced and do they have the ability to fight with the latest technology? In other words, Organski established quite correctly that to measure something as abstract as power, there are certain categories to power that are definable, but how you define them is open to debate and that they do change.
over time. If this is added to the fact that power is relative to whatever perspective you come from, then it can and has been argued in this thesis that the categories of power must be interpreted in regards to the societies they measure.

If Kingdom A goes to war with Kingdom B, because the populace of A is close to overthrowing its monarchy and to avoid this it initiates a conflict to either distract its populace or to gain more power to prevent an overthrow, it is still population having an affect within power transition theory. To dismiss this because it is not measuring the abilities of the populace to produce is a mistake and I believe this is why power transition theory has lost some legitimacy and why its not been used aggressively to measure rivalries.

If it is dismissed because of the fact that a state is not behaving in the manner of a great power is also a mistake. Again, power is relative, and you cannot analyse Papua New Guinea to the same standards as Germany; it is as analysing the acorn with the tree. Different states with different levels of development must be analysed from their current development level and this means that the categories of power will sometimes behave differently.

The central question this thesis attempted to answer was:

Can power transition theory be extended to help explain what causes regional rivalries to develop and whether or not such rivalries manifest into conflict?

To answer this question we examined four case studies, two of the case studies were rivalries that manifested itself into conflict, for one there was no conflict,
and for the fourth we took the unusual step of examining a relationship that is displaying, some would even argue is, a rivalry and attempting to determine based upon the previous three whether there will be a rivalry with confrontation, one without or no rivalry at all.

If the majority of all rivalries are not enduring, if rivals become rivals due to the first dispute not being resolved, and if the rivalry is manifested due to the outcomes of interactions between the two, then I proposed the question of what happens within the interactions of non-enduring rivalries needs to be addressed. If enduring rivalries are manifested from initial rivalry behaviour, then the entire concept of why these rivalries take place lies in the initial reasoning for the interactions.

By reasoning, I meant ‘causes’; the legitimising reason for each encounter between dyads may be different, but I believed there must be a cause for the dyads to respond to each other at that given moment in time. Two individuals may come into conflict more than once, but in each case, something has triggered the response to go into conflict. The reasons for those individuals may be different in each conflict, but the cause of ‘why go back into conflict now’ needs to be found. States in rivalry should behave in the same fashion; otherwise, they would remain in constant conflict with each other which is not the case.

Lemke and Reed acknowledge as Colaresi and Thompson have that there is no strategic theory of rivalry and that researchers have never distinguished between
the initiators of rivalry and their targets. This thesis has attempted to answer
this question, but not primarily. The primary question being addressed is why
the rivalry behaviour was initiated and by doing so, help to fill a gap in the
literature in regards to this subject. In answering this primary question, the
secondary one of who initiates and who is their target was also answered.

In examining power transition, Organski’s classical interpretation examined:
population, political efficiency, economic strength and power shifts via internal
development. What I attempted to do is extend power transition theory by
stripping it back to its classical beginnings, fitting the definitions of each
category to the relationship of the cases, extending one area and also introduced
a new concept, the rivalry catalyst, and by doing so, allow us to peel away the
entire spectrum of the rivalry being examined.

What is meant by a catalyst is that period five years prior to five years after a
rivalry has taken place. Most theorists estimate power transitions within a 20
year time frame (Organski, Organski and Kugler, Kim, et.al.), but that is again
for the measurement of transitions between great powers, and a longer time
frame is necessary to understand the transition in its entirety. With a short
duration rivalry, it is a moment of one or two crisis points that stabilise
themselves, after which point, some continuity between the states in question
continues, which I believe the window for such events are smaller as well. This
creates a shorter horizon on each side of the moment of rivalry. In this horizon
we should see many factors that are prevalent in a power transition scenario, but
we should also be able to examine the parameters that do not and once those are
discovered, we can examine those in a more detailed sense to see if there is causal evidence to be found to explain the rivalry situation.

In the cases where there was conflict by regional rivals, there were population factors in combination with weak political efficiency, while there was no classical power transition happening economically, there were transitions of power taking place in isolated, micro-economic aspects of their relationship which were in the case of Iran and Iraq the sudden dominance of oil production by Iraq and for Indonesia and Malaysia, the rare event of a newborn state obtaining dominance over another state overnight and the consequences to the economy of Indonesia, which also overnight became a challenger.

This is combined with a specific event, a catalyst, that captured both sides on a course that could not be avoided, which in this case were treaties that the aggressor nation could not accept. There were subsequent power shifts taking place at the time of rivalry in both cases, and in both cases it was the Challenger who was the aggressor and both times the challenger was beaten back.

It is my argument that in regards to rivalries involving conflict, the challenger perceives an opportunity due to the nature of the isolated, micro-economic fluctuations in key statistical areas to actually challenge the dominant nations position. It is argued that in such cases, the challenging government used the reasoning of the event horizon's as a basis for justification of conflict within their own societies, and this was due to the fact that they were feeling negative
perceptions within their internal populations which lead to power shifts internally for each.

In the case of rivalries not involving conflict there was a stable population with high political efficiency, there was no catalyst that locked the two sides into an unavoidable confrontation, there were no power shifts taking place, the dominant nation was the aggressor and while it was not a complete victory, the dominant nation did come out with more than what it would have had it not threatened war.

When it comes to economic strength there was also no classical transition of power, but no transitional behaviours of any sort taking place within the isolated data as well. Across the board there was clear establishment in non conflict rivalries of which regional rival was dominant. The weaker nation had no perceived opportunity to challenge, and its behaviour during the crisis was reflective of this.

While not backing down, the weaker rival did not initiate any conflict and made great strides to ensure that its position was perceived that way. There was no reason for them to challenge the dominant rival, but for the dominant rival it was the opposite: it was clearly the dominant nation in all categories and would continue to be so even if it lost, but it was this signal that it would initiate conflict that may have been the catalyst for the resolution without war.
It has been a long held belief by myself that the field of political science, while grounded in the conclusions to be drawn from the past, needs to expand itself to be useful in helping understand the present and future of situations that are present before the planet today. As clichéd as it sounds, the truth of matter is that the world is changing, and there are storm clouds on our horizon and we need to take a proactive stance on how we apply our field to helping answer questions of consequence today.

This thesis examined the future for the single purpose of trying to show that it is possible to extend beyond the historical and at least attempt to ascertain the future based on what we can glean from our past, and it is believed in time, this thesis will hold up to its predictions, that based on the evidence laid out, the next great rivalry of our time is taking shape in Asia and that China and Japan are on such a course for a conflict based rivalry, and that with power transition theory, greater exploration is needed as to its validity as more than a theory, but as a tool to help prepare for eventualities that will face us in years to come.

The Den of nations each year grows smaller, and as this territory shrinks, so does the room to hunt and gather, and like those Lions on the African plains, with each step comes threats, hostility and conflict. It is up to us as scholars to begin to not only understand why the Lion has clashed, but which one is going to next and by doing so, help maintain the stability and peace that we will need in the turbulent times to come.
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