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## NEOLIBERALISM, NEOREALISM, AND WORLD POLITICS

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In 1986 Robert O. Keohane edited a volume entitled *Neorealism and Its Critics*, which focused on the reformulation of traditional realist thinking about international politics by Kenneth Waltz (1979) and reactions from a variety of scholars. Waltz had recast the tenets of classical realism in order to delineate more clearly the effects of the structure of the international system on the behavior of nation-states. In addition, Waltz viewed his work as different from that of earlier realists in its treatment of power and of states as units of the system (Waltz 1979; 1990). The critics, according to Keohane (1986a:24), sought to move beyond the nation-state by "devising new international institutions or regimes," by reinterpreting the principles of sovereignty, or by challenging the "validity of the 'state as actor' model on which neorealism relies." Whereas some critics called for more attention to economic and environmental interdependence as well as changes in governmental functions, information, and international regimes, others attacked the epistemology on which Waltz based his argument.

In a sense, this volume picks up where *Neorealism and Its Critics* ended. Unlike that volume, however, the contributors to this one share many fundamental assumptions about the nature and purpose of social scientific inquiry. This allows them to engage one another's arguments directly and results in a more focused and productive debate.

In recent years the most powerful challenge to neorealism, sometimes labeled *structural realism*, has been mounted by neoliberal institutionalists. The term distinguishes these scholars from earlier varieties of liberalism, such as commercial liberalism, republican liberalism, and sociological liberalism (Nye 1988; Grieco 1988a:488*n*; Keohane 1990a). *Commercial liberalism* refers to theories linking free trade and peace; *republican liberalism* refers to theories linking democracy with peace; and *sociological liberalism* refers to theories linking transnational interactions with international integration. The immediate intellectual precursors of liberal institutionalism are theories of international regimes (Krasner 1983a).

### NEOLIBERALISM AND NEOREALISM: TERMS OF THE CONTEMPORARY DEBATE

Six focal points, described below, characterize the current debate between neoliberalism and neorealism.

#### The Nature and Consequences of Anarchy

Although no one denies that the international system is anarchical in some sense, there is disagreement as to what this means and why it matters. Arthur Stein (1982a:324) distinguishes between the "independent decision making" that characterizes anarchy and the "joint decision making" in international regimes and then suggests that it is the self interests of autonomous states in a state of anarchy that leads them to create international regimes. Charles Lipson (1984:22) notes that the idea of anarchy is the "Rosetta stone of international relations" but suggests that its importance has been exaggerated by the neorealists at the expense of recognizing the importance of international interdependence. Robert Axelrod and Robert O. Keohane (1985) emphasize the importance of anarchy defined as the absence of government but argue that this constant feature of world politics permits a variety of patterns of interaction among states. Joseph M. Grieco (1988a:497-98) contends that neoliberals and neorealists fundamentally diverge with respect to the nature and consequences of anarchy. He asserts that the neoliberal institutionalists underestimate the importance of worries about survival as motivations for state behavior, which he sees as a necessary consequence of anarchy.

Helen Milner (1991:70, 81–82) identifies the “discovery of orderly features of world politics amidst its seeming chaos” as “perhaps the central achievement of neorealists,” but she agrees with Lipson that the idea of anarchy has been overemphasized while interdependence has been neglected. Duncan Snidal (1991b) views Prisoner’s Dilemma (PD) situations as examples of the realist conception of anarchy, while Grieco (1988a) associates PD with neoliberalism. In general, neorealists see anarchy as placing more severe constraints on state behavior than do neoliberals.

### **International Cooperation**

Although both sides agree that international cooperation is possible, they differ as to the ease and likelihood of its occurrence. According to Grieco (this volume), neorealists view international cooperation as “harder to achieve, more difficult to maintain, and more dependent on state power” than do the neoliberals. None of the neoliberals represented in this book disagrees with this assessment. Both Keohane and Grieco agree that the future of the European Community will be an important test of their theories. If the trend toward European integration weakens or suffers reversals, the neorealists will claim vindication. If progress toward integration continues, the neoliberals will presumably view this as support for their views.

### **Relative Versus Absolute Gains**

Although it would be misleading to characterize one side as concerned only with relative gains and the other as concerned only with absolute gains, the neoliberals have stressed the absolute gains from international cooperation, while the neorealists have emphasized relative gains. The basic reference point for many of the authors in this volume is the following passage by a leading neorealist:

When faced with the possibility of cooperating for mutual gain, states that feel insecure must ask how the gain will be divided. They are compelled to ask not “Will both of us gain?” but “Who will gain more?” If an expected gain is to be divided, say, in the ratio of two to one, one state may use its disproportionate gain to implement a policy intended to damage or destroy the other. Even the prospect of large

absolute gains for both parties does not elicit their cooperation so long as each fears how the other will use its increased capabilities (Waltz 1979:105).

Stein (1982a:318) depicts the liberal view of self interest as one in which actors with common interests try to maximize their absolute gains. Actors trying to maximize relative gains, he asserts, have no common interests. Lipson (1984:15–18) suggests that relative gains considerations are likely to be more important in security matters than in economic affairs. Grieco (1988a:487) contends that neoliberal institutionalism has been preoccupied with actual or potential absolute gains from international cooperation and has overlooked the importance of relative gains. He suggests that "*the fundamental goal of states in any relationship is to prevent others from achieving advances in their relative capabilities*" (Grieco 1988a:498; italics in original). Snidal (1991b) disputes the neorealist contention that concerns about relative gains inhibit cooperation except in the special case of bipolar relationships between states preoccupied with relative gains. He also suggests that the distinction between relative and absolute gains is not so clear-cut as it might seem. The relative gains problem can be stated in terms of trade-offs between long- and short-term absolute gains. Powell (1991b) uses deductive models to argue that concerns about relative gains will inhibit cooperation when the utility of military force is high but not when the utility of force is low.<sup>1</sup> Mastanduno (1991) uses empirical case studies to address the questions of whether and how relative gains matter. His conclusions provide some support for both sides of the debate. While he finds concerns about relative gains present in the policy-making process in all of his three cases, such concerns were not reflected in the policy outcomes for all the cases. In his essay for this volume Keohane acknowledges that neoliberal institutionalists have underestimated the importance of relative gains in world politics under certain conditions. The important thing, according to Keohane, is to specify those conditions. He notes that this may be difficult since the behavior of states pursuing relative gains may be very similar to the behavior of states pursuing absolute gains.

### **Priority of State Goals**

Neoliberals and neorealists agree that both national security and economic welfare are important, but they differ in relative emphasis on these goals. Lipson (1984) argues that international cooperation is more likely in economic issue areas than in those concerning military security. Since neorealists tend to study security issues and neoliberals tend to study political economy, their differing estimates of the ease of cooperation may be related to the issues they study. Grieco (1988a) contends that anarchy requires states to be preoccupied with relative power, security, and survival. Powell (1991b) constructs a model intended to bridge the gap between neoliberal emphasis on economic welfare and neorealist emphasis of security. In his model, states are assumed to be trying to maximize their economic welfare in a world where military force is a possibility. For the most part, neorealists or neoliberals treat state goals by assumption. As Keohane (this volume) points out, neither approach is good at predicting interests.

### **Intentions Versus Capabilities**

The classical realist Hans J. Morgenthau depicted concern about the motives of statesmen as a fallacious way to understand foreign policy. Instead he advocated assuming that statesmen "think and act in terms of interest defined as power" (1967:5-6), which, he believed, would enable analysts to understand the actions and thoughts of statesmen better than they themselves do. Although contemporary neorealists are unlikely to take such an extreme position, they are likely to emphasize capabilities more than intentions. Grieco (1988a:498, 500) points out that uncertainties about the future intentions and interests of other states lead statesmen to pay close attention to capabilities, "the ultimate basis for their security and independence." In a similar vein, Krasner (1991) criticizes the neoliberals for overemphasizing intentions, interests, and information and underemphasizing the distribution of capabilities. Keohane (this volume) argues that the sensitivity of states to the relative gains of other states is significantly influenced by perceptions of the intentions of such states. Thus states worry more about relative gains of enemies than of allies. Stein (1982a) explains international regimes in terms of the pattern of

preferences of member states. In Stein's analysis, capabilities count only insofar as they affect the preferences and intentions of states. Differing views of the relative importance of capabilities and intentions thus provide another focal point of the debate.

### **Institutions and Regimes**

Both neorealists and neoliberals recognize the plethora of international regimes and institutions that have emerged since 1945. They differ, however, with respect to the significance of such arrangements. "Much of the contemporary debate," according to Keohane (this volume), "centers on the validity of the institutionalist claim that international regimes, and institutions more broadly, have become significant in world politics." The neorealists agree that this is an important point of contention. They believe that neoliberals exaggerate the extent to which institutions are able to "mitigate anarchy's constraining effects on inter-state cooperation" (Grieco 1988a:485).

These six focal points are not the only points of contention in the debate, but they should help orient the reader to the main arguments. Not every contributor to this volume addresses all six points, and the careful reader will notice that individual scholars contributing to the debate may introduce qualifications that make the six focal points seem overly simplified. And rightfully so. Any attempt to characterize the carefully wrought arguments of eleven scholars inevitably oversimplifies.

Important as it is to clarify the terms of the debate, it is also important to clarify what the debate is *not* about. Although the following four issues have figured prominently in earlier debates between realism and its critics, none is central to the current debate between neorealism and neoliberal institutionalism. First, the current debate does not revolve around techniques of statecraft. In 1977 Keohane and Nye listed the assumption that military force is a "usable and effective instrument of policy" (pp. 23-29) as one of the fundamental tenets of realism, one that they proceeded to call into question. Yet in 1988, Grieco's description of the five central propositions of realism mentions only a concern for power and security and says nothing about the utility of military force. Despite fleeting

references to this issue by some of the authors (e.g., Grieco 1988a:491n; Milner 1991:76, 78; Krasner 1991:342), only Robert Powell (1991b) devotes much attention to the question of the utility of military techniques of statecraft. It is not clear why this issue receives so little attention since it does not seem to have been resolved. One should not be surprised if it resurfaces as the debate evolves.

Second, earlier critics of realism, especially in the 1930s, 1940s, and 1950s, often cast the debate as one between altruistic moralists and egoistic power calculators. In the current debate, however, both sides argue from assumptions that states behave like egoistic value maximizers. Moral considerations are hardly mentioned. Third, the question of whether to treat states as the essential actors in international politics has been pushed into the background. Although neorealists and neoliberals disagree on the relative importance of non-state actors, both treat states as the primary actors. And fourth, this is not a debate between conflict theorists and cooperation theorists. The twin ideas that conflict and cooperation are intrinsic elements of international politics and that both can be studied at the same time are accepted by both sides. The books by neorealist Joseph M. Grieco (1990) and neoliberal Robert O. Keohane (1984) are contributions to theories of conflict *and* cooperation. Although neorealists are more likely to emphasize conflict and neoliberals are more likely to emphasize cooperation, both sides have moved beyond the simple dichotomy between cooperation and conflict that characterized earlier discussions.<sup>2</sup>

The quality of scholarly debate in this volume is extraordinarily high. That is to say, the authors genuinely try to understand and address one another's arguments. The overall tone of the essays in this volume signals a desire to advance knowledge rather than to score debating points in defense of entrenched positions.

There is, however, one unsatisfactory aspect of the debate. This might be called the terminological dimension. Loaded terms and semantic sleight of hand are anathema to scholarly debate. In this volume each school of thought carries an unfortunate label. Research programs, as Stephen Krasner (1991) points out, have connotations as well as denotations. And the connotation of "realism" (or "neorealism") is one of looking at the world as it really is. This was not only the connotation but the denotation as well for two of the intellectual forefathers of neorealism. For E. H. Carr, realism focused on

“what was and what is” in contrast to utopianism, which focused on what could and should be (Carr 1946:11). For Hans J. Morgenthau, realism earned its name by concentrating on “human nature as it actually is” and on “historic processes as they actually take place” (Morgenthau 1967:4). Inis L. Claude’s characterization of the usage of the phrase “balance of power” by an earlier generation of realists reminds us that scholarly debate can be impaired by loaded terminology:

[There is a] widespread tendency to make balance of power a symbol of realism, and hence of responsibility, for the scholar or statesman. In this usage, it has no substantive meaning as a concept. It is a test of intellectual virility, of he-manliness in the field of international relations. The man who “accepts” the balance of power, who dots his writing with approving references to it, thereby asserts his claim to being a hard-headed realist, who can look at the grim reality of power without flinching. The man who rejects the balance of power convicts himself of softness, of cowardly incapacity to look power in the eye and acknowledge its role in the affairs of states. (Claude 1962:39).

It is unfortunate that the current debate still uses the misleading terms *realism* and *neorealism*. The debate in this volume is not between those who study the world as it is and those who study the world as it should be; it is between two groups of scholars with reasonable disagreements as to how to describe and interpret the real world.

The term *liberalism* is objectionable less because of value loading than because it is likely to confuse and mislead. Neither realism nor liberalism has traditionally been considered the opposite of the other. The usual opposite of liberalism is conservatism. The term liberalism has figured more prominently in discussions of domestic politics than in discussions of international politics. Except for the relatively recent debate with respect to the propensity of liberal democracies to make war, the term liberalism has been largely confined to the discussion of economic aspects of international relations.<sup>3</sup>

Despite such objections, the terms *neorealism* (or *structural realism*) and *neoliberalism* (or *neoliberal institutionalism*) are so deeply embedded in the literature that little can be done. Perhaps as the debate progresses, we can develop more satisfactory labels for various schools of thought. Keohane (this volume) is also uncomfortable with the



labels. He suggests that liberal institutionalism "borrows as much from realism as from liberalism."

This section has sketched the main outlines of the debate. The remainder of this essay will discuss the historical roots of the contemporary debate and the related topics of anarchy, social order, and power. After that, some possible directions for future research will be reviewed.

## HISTORICAL ROOTS OF THE DEBATE

The previous section suggested that the current debate between neorealism and neoliberalism has moved beyond a mere rehashing of old arguments between realists and their critics. This does not mean, however, that there are no historical antecedents for various strains of the current debate.

There have been many thinkers over the centuries who have emphasized international anarchy, reliance on self help, the utility of military force, and the importance of balance-of-power calculations. Thucydides, Machiavelli, and Thomas Hobbes are frequently cited as intellectual ancestors of realism.

Likewise, various thinkers have emphasized international economic interdependence, international law and institutions, international communication, and societal norms. The ancient Stoics' conception of themselves as citizens of the world could be viewed as a challenge to a state-centric view of world politics. Early Christian philosophers believed that "God had endowed different regions with limited but varied products in order to give mankind an incentive to trade, so that through a world economy they would become united in a world society, and as children of one God they would learn to love each other" (Viner 1937:100).

The mercantilists, who dominated international thought in the seventeenth and eighteenth centuries, viewed both wealth and power in zero-sum terms. That is, one country's gain was another's loss. In their emphasis on preparation for war and relative gains, the mercantilists can be viewed as foreshadowing some of the concerns of later realists.<sup>4</sup>

Perhaps the closest counterpart of the modern debate between realism and neoliberalism is found in the works of the *philosophes* at

the end of the eighteenth century. They attacked almost all the ideas embraced by realists. They espoused the idea of a world civilization and world citizenship, promoted the idea of the primacy of domestic affairs over foreign affairs, denounced military alliances, and disputed the idea that the balance of power could ensure peace. They emphasized the mutual interests of states and advocated free trade, which they argued would help prevent war (Russell 1936; Gilbert 1951, 1961; Hinsley 1963).

In the twentieth century Woodrow Wilson joined the idea that free trade promotes peace with the idea of a universal international organization to promote the same goal. According to Felix Gilbert, "intellectually, a straight line leads from the enlightenment to Wilson's concept. His ideas about a 'new diplomacy' were definitely dependent on and influenced by the ideas which the eighteenth century had developed on this subject" (Gilbert 1951:37).

During the period between the two world wars, international relations began to emerge as an academic field, especially in the United States. William T. R. Fox describes this period as characterized by the assumption of an underlying harmony of international interests coupled with a belief that improved understanding and international institutions could rid the world of the scourge of war (Fox 1949). He points to the "failing of events in the 1930s to accord with the expectations generated by the academic study of international relations in the 1920s" (Fox 1949:67). The invasion of Manchuria, the signing of the Molotov-Ribbentrop agreement, and the failure of League of Nations sanctions against Italy disillusioned international relations scholars and planted the seeds from which modern realism grew.

After World War II realism emerged as the dominant paradigm among international relations scholars. Although a debate between realism and idealism occurred in the 1945-55 period, among political scientists "authentic self-proclaimed idealists were hard to find" (Fox 1989:239; see also Wolfers 1949; Herz 1950; Morgenthau 1952; Wright 1952; Cook and Moos 1953; and Schilling 1956). Despite the dominance of realism, David Mitrany's treatise on functionalism as an approach to peace appeared in the 1940s (Mitrany 1943; Claude 1956), and Ernst Haas's *The Uniting of Europe* appeared in 1958. Haas's neofunctionalism spawned numerous studies of regional integration in the 1960s.

During the 1970s and 1980s the debate between neorealism and liberal institutionalism began to take more definite shape. Three especially important works on the liberal side were the special issue of *International Organization* on "Transnational Relations and World Politics" in 1971 (Keohane and Nye 1972); Keohane and Nye's *Power and Interdependence* in 1977; and the special issue of *International Organization* on "International Regimes" in 1982 (Krasner 1983a). The first raised questions about the state-centric focus of realism and discussed such nonstate actors as the Roman Catholic Church, the Ford Foundation, and multinational business enterprises. In the second, Keohane and Nye, in their introduction and conclusion to the published book, explicitly challenged realism with respect to the state-as-actor assumption, the relative importance of military security on foreign policy agendas, the role of military force in international politics, and the fungibility of power resources among issue areas. The third, edited by Stephen D. Krasner, set forth both realist and liberal (labeled Grotian) views on international cooperation and institutions.

Three especially important works of neorealists during the 1970s and 1980s included Kenneth Waltz's "Theory of International Relations" in 1975, his *Theory of International Politics* in 1979, and Joseph Grieco's "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism" in 1988. The first was a preliminary version of the second, which has become the touchstone for neorealists, much as Morgenthau's text (1948) served as a touchstone for realists in the 1950s. The third explicitly challenged neoliberal institutionalism from a neorealist perspective and is included in this volume.

Although the realist vision has dominated thinking about world politics much of the time since Thucydides wrote his treatise on the Peloponnesian War, alternative visions have always existed. The contemporary debate between neorealism and neoliberalism is different from, yet rooted in, a debate that has been going on for centuries.

In order to lay the intellectual groundwork for the debate, the next three sections address conceptual and theoretical problems raised by the contributors. Two fundamental concepts used by both neoliberals and neorealists are anarchy and power. The next two sections are intended to alert the reader to some of the difficulties associated with these concepts.

## ANARCHY AND SOCIAL ORDER

Although the concept of anarchy has always been important to realist theories of international politics, it has been less prominent in liberal theories. In this volume, however, the assumption of anarchy plays an important role for most of the neoliberal authors as well. The reader, however, should not be lulled into thinking that neorealists and neoliberals necessarily agree on the meaning of anarchy or its consequences.

The term *anarchy* is one of the most slippery terms in political discourse. Often it is used to denote chaos and disorder—a Hobbesian war of all against all. Neorealists and neoliberals, however, agree that world politics exhibits some order—even though they may disagree on the nature, extent, and causes of that order. Thus, many theorists define anarchy in terms of the absence of government. This definition, however, begs the question of what is meant by “government.” Many of the activities carried on by governments have counterparts at the international level. Providing welfare support, management of economic affairs, interpreting laws, regulating commerce, regulating mail delivery, regulating air travel, promoting public health, and ensuring public safety are all governmental activities with counterparts at the international level. This suggests that conceptions of anarchy as the absence of government are based on some distinctively governmental characteristic that is missing at the international level. As Helen Milner’s contribution to this volume demonstrates, agreement is lacking as to precisely which governmental characteristic defines anarchy.

Readers should carefully scrutinize not only the definitions of anarchy used by various authors but also the consequences they attribute to it. In particular, readers should ask whether such consequences can logically be deduced from an assumption of anarchy or whether they should be treated as empirical hypotheses to be tested. There is confusion among both neoliberals and neorealists on such matters (Milner 1992).

Social scientists try to develop generalizations about social phenomena. When asked to explain a social phenomenon, social scientists are supposed to ask: “Of what is this an instance?” Perhaps the debate about the nature and consequences of international anarchy

would benefit from asking this question. The problem of explaining international order can be thought of as a subtype of the general problem of explaining social order. Social science theories developed outside the field of international relations may provide helpful insights. Kenneth Boulding, for example, suggests that the same three social mechanisms that produce order in families are also responsible for order at the level of the nation-state and the international political system (Boulding 1963; 1978; 1989). He identifies them as exchange relations, threat systems, and image integration. The first emphasizes rewards, the second punishments, and the third harmonization of perceptions and interests. Boulding postulates that all social systems rely on some combination of these processes to achieve and maintain social order.

It is easy to see examples of each process at the international level. Exchange processes are closely associated with trade, economic interdependence, and other kinds of problems studied by neoliberals. Threat systems relate to deterrence and similar phenomena of particular interest to neorealists. Image integration processes are the domain of those who study preference formation, learning, and misperception. Boulding's theory is but one example of the kind of general social science model that might be helpful in illuminating the problem of social order in world politics. It illustrates how a single model can incorporate the neoliberal emphasis on economic interdependence, the neorealist emphasis on military deterrence, and the psychologists' emphasis on preference formation.

### **CAPABILITIES AND COOPERATION**

"Although power is a key concept in realist theory," Waltz observes, "its proper definition remains a matter of controversy" (Waltz 1986:333). Another leading neorealist, Robert Gilpin, describes the "concept of power as one of the most troublesome in the field of international relations" (1981:13) and suggests that the "number and variety of definitions should be an embarrassment to political scientists" (1975:24). Although power plays a less crucial role in neoliberal theory, it has also proved to be a troublesome concept for them (Baldwin 1989). In preparing the reader for the essays that follow, therefore, it might be helpful to identify some of the problems

of power analysis (or capability analysis). These include the specification of scope and domain, the zero-sum problem, and the fungibility question.<sup>5</sup>

### Scope and Domain<sup>6</sup>

When neorealists and neoliberals debate the significance of relative gains in international politics, they sometimes neglect to specify precisely what kinds of gains they have in mind. Usually the answer is gains in capabilities. This answer, however, begs yet another question, namely: "Capabilities to get whom to do what?"

The most common conception of power in social science treats power relations as a type of causal relationship in which the power wielder affects the behavior, attitudes, beliefs, or propensity to act of another actor. As Nagel points out, "Anyone who employs a causal concept of power *must* specify domain and scope" (1975:14). This is easier to see if one restates the phrase "country A has power" as "country A causes." The latter phrase prompts one to ask what effects country A causes with respect to whom. Indeed, the phrase makes little sense without answers to such questions. It should be noted that the requirement that scope and domain be specified or clearly implied says nothing about the level of specificity. Thus the requirement is satisfied by either of the following two statements: "The United States has the power to get Iraq to destroy its nuclear weapons." "The United States has the power to get lots of nations to do lots of things." Although the phrase "lots of things" may be rather vague, it does satisfy the minimum requirements for a meaningful statement of a causal power relationship.

Waltz rejects the causal notion of power and proposes "the old and simple notion that an agent is powerful to the extent that he affects others more than they affect him" (Waltz 1979:192). Waltz's proposed alternative, however, does not eliminate the need to specify scope and domain. In terms of scope, one is entitled to ask which effects matter. In terms of domain, one is entitled to ask which "others" can be affected.<sup>7</sup> Some neorealist and neoliberal scholars have sought to avoid the need to specify scope and domain by using the term *capabilities* (or *power resources*) in their theories. This merely shifts the analytical focus from actual causes to potential causes. Any statement about a state's capabilities is based on a prediction about

which other actors can be affected in which ways. The observation that a state has a great deal of capability to win a war against many other countries is meaningful. The observation that a state has a great deal of capability begs two vital questions—"capability to get whom to do what?" Without some sort of answers to these two questions, the attribution of capability makes little sense.

Waltz (1979:131) suggests that the capabilities of states can be ranked according to "how they score on *all* of the following items: size of population and territory, resource endowment, economic capability, military strength, political stability, and competence." It is not clear, however, what criteria are to be used for the scoring. Perhaps his reference to the need for states to use their capabilities to "serve their interests" (1979:131) provides a clue as to the appropriate criteria, but this is a little vague.

Lists of the determinants of national capabilities, such as that by Waltz, resemble Morgenthau's famous "elements of national power" (1967:106-44). A careful reading of Morgenthau, however, provides clues as to the scope and domain that underlie his elements of national power. Why is the geography of Italy important? "For, under all conditions of warfare of which we know, this geographical situation has made it extremely difficult to invade Central Europe from Italy" (107). Why is self-sufficiency in food production important? Because "countries enjoying self-sufficiency, such as the United States and Russia, need not divert their national energies and foreign policies from their primary objectives in order to make sure that populations will not starve in war" (109). Why are raw materials important? Because "what holds true of food is of course also true of those natural resources which are important for industrial production and, more particularly, for the waging of war" (110). Why is industrial capacity an important element of national power? Because "the technology of modern warfare and communications has made the overall development of heavy industries an indispensable element of national power. Since victory in modern war depends upon the number and quality of highways, railroads, trucks, ships, airplanes, tanks, and equipment and weapons of all kinds, from mosquito nets and automatic rifles to oxygen masks and guided missiles, the competition among nations for power transforms itself largely into the production of bigger, better, and more implements of war" (113). And in discussing military preparedness as an element of national

power, Morgenthau removes all doubt about the policy-contingency assumptions underlying his analysis: "What gives the factors of geography, natural resources, and industrial capacity their actual importance for the power of a nation is military preparedness" (114). Regardless of Morgenthau's denials elsewhere of a military notion of power, his analysis of the elements of national power leaves little doubt as to what he has in mind.

Scholars who incorporate the concept of capability in their theories need to come to terms with the works of Harold and Margaret Sprout (1945; 1965; 1971). As realists during the 1930s and 1940s, the Sprouts subscribed to the idea that national power could be reduced to basic elements or foundations. Their *Foundations of National Power* (1945) foreshadowed Morgenthau's treatment of the elements of national power. During the 1950s and 1960s, however, they came to believe that the capabilities of nation-states could not be estimated outside the context of a set of assumptions about who was trying (or might try) to get whom to do what. As they put it:

Without some set of given undertakings (strategies, policies), actual or postulated, with reference to some frame of operational contingencies, actual or postulated, there can be no estimation of political capabilities. . . . Failure to keep discussions of capabilities . . . within some such policy-contingency frame of reference is all too common. Such failure tends to reduce statements about the "elements" or "foundations" of a given state's power and influence to various irrelevancies. The data of physical geography, or of demography, or of economic production, or of any other field have no intrinsic political relevance whatever. Such data acquire political relevance and significance only when related to some frame of assumptions as to what is to be undertaken or attempted in what operational contingencies (Sprout and Sprout 1965:215-16).<sup>8</sup>

### The Zero-Sum Problem

The idea that power is zero-sum, in the sense that more for one actor means less for another, is common in the literature of international relations. Discussions of relative capability gains are especially prone to employment of this notion. In its extreme form (i.e., insistence that more power for one actor *always* means less for another), it is easy to refute. Logically, a single actual or hypothetical example



should do the job. I have discussed three examples elsewhere and will only briefly mention them here:

1. Before Friday comes to live on Robinson Crusoe's island, neither has any power. After Friday's arrival, Crusoe may acquire power with respect to Friday; but this power gain cannot be offset by a loss in power by Friday, since Friday had no power to begin with.

2. If Crusoe handcuffs himself to Friday, he may increase his ability to affect Friday's movements; but he simultaneously increases Friday's ability to affect his (Crusoe's) movements.

3. The United States' military involvement in Vietnam increased not only American ability to affect Vietnamese policy but also Vietnamese ability to affect American policy. (Baldwin 1971; 1989).

Those who espouse the view that power is necessarily zero-sum are unlikely to be persuaded by such examples. They seem to be using a unidimensional conception of power along the following lines: If battleships (or whatever) are the measure of power, it is impossible for two countries to improve their power position vis-à-vis one another at the same time. The question, of course, is whether this sort of monolithic measure of power is useful. A multidimensional concept of power, which allows for variations in scope, weight, and/or domain, makes such monolithic measures problematic. Once scope and domain are introduced, it is both possible and plausible to describe an increase in battleships by both actors as an increase in the ability of each to destroy (scope) the other (domain).

It is, of course, true that politics is sometimes a zero-sum game. In presidential elections, for example, a win for Republicans is a defeat for Democrats. In international politics, however, such situations are rare. Thomas Schelling pointed out long ago that such a situation "would arise in a war of complete extermination, [but] otherwise not even in war" (Schelling 1960:4-5). "Winning" in a conflict, he observed, means gaining relative to one's own value system, not relative to one's adversary. Except for the rare situation of pure conflict, Schelling's approach enables one to envision conflict situations in which everyone may be a winner or a loser. It is worth noting that Schelling's view of winning relative to one's own value system captures the essence of Clausewitz's conception of victory in war. The important thing, according to Clausewitz, is to accomplish one's political goals, not necessarily to destroy the enemy (Clausewitz

1976). Several essays in this volume by authors on both sides of the debate seem to employ a zero-sum conception of power. The reader will have to decide whether such usage is appropriate in the context of a particular essay.

### Fungibility

"Fungibility" refers to the ease with which capabilities in one issue-area can be used in other issue-areas. Although the assumption that power resources are highly fungible is often associated with neorealism, it is also found in some neoliberal works. Robert Axelrod's (1984) discussion of the strategy of TIT-for-TAT, for example, implies an underlying standard in terms of which a TIT is equivalent to a TAT (Baldwin 1990:112-15). In reading the contributors to this volume, the reader should ask what level of power fungibility the author is assuming and what the implications are for the essay in which it is found.

The question of what assumption about the fungibility of power resources (capabilities) is most useful for international theorizing has more than one good answer. It is instructive to note that one of the most successful efforts based on an assumption of high fungibility is the Correlates of War Project, which has a narrow focus in terms of scope (i.e., winning wars), and a broad focus in terms of time (i.e., several centuries).

This is not surprising. If one studies only one issue-area, then variations in the utility of power resources from one issue-area to another do not matter. And the longer the time frame of one's analysis, the more useful a high-fungibility assumption is likely to be. In politics, as in economics, more things are fungible in the long run than in the short.

Debates about whether the fungibility of power resources is high or low often seem rootless in the sense that the criteria for judgment are unspecified. Many would agree that Japan has much more influence on economic issues than on military ones, that "the power to knock down a person does not give us the power to teach that person to play the piano," and that the power "to bomb and burn a village cannot be completely or easily transformed into the power to win the sympathies of the inhabitants" (Deutsch 1988:30); but such examples do not *prove* that power resources *in general* are low in fungibility.

When addressing the question of whether to judge political power resources high or low in fungibility, it is useful to ask, "Compared to what?" The answer sometimes given is money.

But why use money as a standard of comparison? In the first place, it is the best example we have of fungible resources actually operating in social processes. In the second place, there is a large scholarly literature describing and analyzing what money is and how it works. In the third place, on the principle that it is useful to start from what we know and move to what we understand less well, it may be useful to compare money's role in economic exchange with the role of power resources in political exchange. In the fourth place, it is not clear what other standard is available. Although one might use the other end of the liquidity continuum as a standard of comparison (i.e., a situation in which each resource has only one use), most people would probably find it more useful to compare political power resources with the real-world phenomenon of money than with a hypothetical case that has never been found in the real world. And fifth, it has often been suggested that power is like money (Parsons 1963; Baldwin 1971; 1989; Deutsch 1988). It is important to understand both the advantages and disadvantages of such an analogy (Baldwin 1971).

Discussions of concerns about relative gains as motivators of state behavior often assume that states calculate and compare the value of capability gains more or less the way consumers calculate and compare the value of goods in a market. Although states do attempt such calculations, they face difficulties that consumers do not. In a monetized market, money serves not only as a medium of exchange but also as a standardized measure of economic value. In politics, however, there is no generally recognized measuring rod of political value to facilitate comparisons. It is sometimes suggested that money facilitates theorizing about economic behavior and that the absence of a political counterpart to money impedes theorizing about politics. Waltz (1990) has disputed this view, dismissing it as a mere measurement problem. He concedes that political capability "cannot be expressed in units, such as dollars, that would have clear meaning and be applicable to different instruments and ends" (1990:27-28); but he cites the absence of numbers in Adam Smith's theory in support of his contention that the lack of a political counterpart to money has nothing to do with theory construction.

From the standpoint of theory construction, however, the clarity of key concepts is essential. Although it is true that numbers do not play an important part in Adam Smith's analysis, he devotes considerable attention to clarification of the concept of money as both a measure of value and as a medium of exchange. When Adam Smith talks about the combined wealth of a country, it is clear what this means. When Waltz refers to the "combined capabilities" of a country, however, there is no comparably clear meaning. What makes the absence of a political counterpart to money an impediment to theory construction is not so much the difficulty of measurement; rather it is the clarity of the concept of political value. We have a much better idea of what it means to attribute economic value to something than we have of what it means to attribute political value to something.<sup>9</sup>

### **FUTURE DIRECTIONS**

Anatol Rapoport (1960) once distinguished among "fights" (in which opponents try to harm one another), "games" (in which opponents try to outwit one another), and "debates" (in which opponents try to convince each other). The essays in this volume clearly deserve to be classified as debates. Although neither side is likely to convince the other completely, each can learn from the other and thereby advance our understanding of international politics. Relative gains may be important in politics, but in scholarship absolute gains are what matter.

The debate between neorealism and neoliberalism continues to evolve. Each of the essays in this volume constitutes an important contribution to this debate. There are, however, several dimensions of the debate that need further elaboration and research.

The most important research need is better understanding of the conditions that promote or inhibit international cooperation. The debate between neorealism and neoliberalism has generated at least six hypotheses worthy of more research and testing.<sup>10</sup> The first concerns the strategy of reciprocity. Both the theoretical and practical conditions under which such strategies promote cooperation deserve attention. The second hypothesis suggests that the number of actors affects the likelihood of cooperation. Although cooperation might seem easier with fewer actors, Milner (1992) has recently suggested that the relationship may be more complicated than that. The third

hypothesis relates actor's expectations about future interaction with one another in their willingness to cooperate. Although this topic has been studied deductively, relatively little empirical work has focused on it. Fourth, international regimes have been hypothesized as promotive of cooperation. The question of how much difference regimes make, however, remains a matter of dispute. In 1992 the journal *International Organization* devoted a special issue to a fifth hypothesis focusing on "epistemic communities" in fostering cooperation. Although the contributors to that volume test the hypothesis in several issue-areas, many opportunities for further research remain. The sixth hypothesis concerns the extent to which international cooperation is affected by the distribution of power among actors. Although hegemonic stability theory constitutes one variation of this hypothesis, others deserve to be explored. These six hypotheses provide a rich research agenda for both neoliberal and neorealist scholars.

The question of whether and how to take account of domestic politics is another avenue of research. As the essays in this volume demonstrate, one cannot blithely assume that neoliberals acknowledge the importance of domestic politics while neorealists ignore it. In these essays for this volume, both Grieco and Keohane urge greater efforts to forge theoretical links between domestic politics and international relations. Milner (1992) argues that consideration of domestic politics is relevant to understanding how states define their interests, why they choose some strategies and reject others, and the conditions under which states are likely to abide by international agreements. And Mastanduno's contribution to this volume provides an impressive conclusion that domestic factors are vital to understanding the way in which relative gains concerns are translated into policy.

One traditional point of contention between liberals and realists has been disagreement with respect to the utility of military force. Has this disagreement disappeared in the debate between neoliberalism and neorealism? The answer is unclear. Although some of the authors in this volume raise the issue, only Robert Powell gives it a prominent place in his analysis. Without further clarification of each school's position, it is difficult to determine whether this issue has been resolved or merely put on the back burner.

In any case the relative utility of various techniques of statecraft in promoting international cooperation is a potentially rewarding ave-

nue of research. Military statecraft, economic statecraft, propaganda, and diplomacy can be—and have been—used to promote cooperation. Both neorealists and neoliberals need to move beyond a priori assumptions about the utility of these techniques. More empirical research is desirable.

Looking back on the post-World War II debate between realism and idealism, Inis L. Claude (1981:198, 200) challenged the “notion of the essential opposition of realism and idealism” and suggested that they “are more properly regarded as complementary rather than competitive approaches to international affairs.” John Herz (1981:202) agreed with Claude and described his own position as “realist liberalism.” Joseph Nye (1988:238, 251) has echoed the view that the two approaches are complementary and expressed the hope that “the 1990s will be able to synthesize rather than repeat the dialectic 1970s and 1980s.” The essays in this volume are a step toward such a synthesis.

The debate between those who emphasize the constraints on international cooperation and those who stress the opportunities for such cooperation, however, will not—and should not—disappear. Humankind needs a healthy tension between what Reinhold Niebuhr has labeled the “children of light” and the “children of darkness”:

Pure idealists [children of light] underestimate the perennial power of particular and parochial loyalties, operating as a counter force against the achievement of a wider community. But the realists [children of darkness] are usually so impressed by the power of these perennial forces that they fail to recognize the novel and unique elements in a revolutionary world situation. The idealists erroneously imagine that a new situation automatically generates the resources for the solution of its problem. The realists erroneously discount the destructive, as well as the creative, power of a revolutionary situation. (Niebuhr 1944:176)

## NOTES

1. Powell refers to situations in which “the use of force is at issue.” I interpret this to refer to situations in which force is feasible or high in utility. For a discussion of how the utility of a technique of statecraft is determined, see Baldwin (1985).
2. For a poignant example of both the importance and difficulty of combining studies of conflict and cooperation, see the preface added in 1980 to Thomas C. Schelling’s classic *The Strategy of Conflict* (1960).

3. For discussion of liberalism in the international context, see Doyle (1983; 1986); and Zacher and Matthew (1992).
4. On mercantilist thought, see Viner (1948); and Heckscher (1955).
5. Each of these topics is discussed in more detail by Baldwin (1989).
6. *Domain* refers to the actor or actors with respect to which power is exercised, and *scope* refers to the dimension of their behavior that is affected.
7. Waltz's conception of power in terms of ability to affect others seems to be just as much a causal notion of power as Robert Dahl's (1968). Causal notions of power can be stated in a variety of ways. Waltz's definition of power in terms of who affects whom more strongly is similar to the views of Harry Eckstein (1973) and Peter Blau (1964). For a critique of such notions, see Baldwin (1978; 1989:114-18).
8. The Sprouts (1965:217n) cite their own earlier work (1945) as an example of failure to set the discussion of power in such a context. They cite S. B. Jones (1954) as an example of an early essay on capabilities, "in which the essentiality of such assumptions is quite explicit." Cf. Sprout and Sprout (1971:176-78).
9. The concept of political value unconnected with a specific set of activities is analogous to the concept of athletic prowess unconnected with a specified set of athletic activities. It is not just difficult to *measure* athletic prowess in the abstract, it is difficult to conceive what it *means*. The question of whether Babe Ruth was a better athlete than Jack Dempsey not only raises measurement problems, it raises conceptual problems as well.
10. The discussion of the six hypotheses is based on Milner (1992). See this work for further elaboration.