

# Interdependence in World Politics

We live in an era of interdependence. This vague phrase expresses a poorly understood but widespread feeling that the very nature of world politics is changing. The power of nations—that age-old touchstone of analysts and statesmen—has become more elusive: “calculations of power are even more delicate and deceptive than in previous ages.”<sup>1</sup> Henry Kissinger, though deeply rooted in the classical tradition, has stated that “the traditional agenda of international affairs—the balance among major powers, the security of nations—no longer defines our perils or our possibilities. . . . Now we are entering a new era. Old international patterns are crumbling; old slogans are uninformative; old solutions are unavailing. The world has become interdependent in economics, in communications, in human aspirations.”<sup>2</sup>

How profound are the changes? A modernist school sees telecommunications and jet travel as creating a “global village” and believes that burgeoning social and economic transactions are creating a “world without borders.”<sup>3</sup> To a greater or lesser extent, a number of scholars see our era as one in which the territorial actors such as multinational corporations, transnational social movements, and international organizations. As one economist put it, “the state is about through as an economic unit.”<sup>4</sup>

Traditionalists call these assertions unfounded “globaloney.” They point to the continuity in world politics. Military interdependence has always existed, and military power is still important in world politics—witness nuclear deterrence; the Vietnam, Middle East, and India-Pakistan wars; and China’s military threats toward Taiwan or American intervention in the Caribbean. Moreover, as the Soviet Union has showed, authoritarian states could, at least until recently, control telecommunications and social transactions that they considered disruptive. Even poor and weak countries have been able to nationalize multinational corporations, and the prevalence of nationalism casts doubt on the proposition that the nation-state is fading away.

Neither the modernists nor the traditionalists have an adequate framework for understanding the politics of global interdependence.<sup>5</sup> Modernists point correctly to the fundamental changes now taking place, but they often assume without sufficient analysis that advances in technology and increases in social and economic transactions will lead to a new world in which states, and their control of force, will no longer be important.<sup>6</sup> Traditionalists are adept at showing flaws in the modernist vision by pointing out how military interdependence continues, but find it very difficult to interpret accurately today's multidimensional economic, social, and ecological interdependence.

Our task in this book is not to argue either the modernist or traditionalist position. Because our era is marked by both continuity and change, this would be fruitless. Rather, our task is to provide a means of distilling and blending the wisdom in both positions by developing a coherent theoretical framework for the political analysis of interdependence. We shall develop several different but potentially complementary models, or intellectual tools, for grasping the reality of interdependence in contemporary world politics. Equally important, we shall attempt to explore the *conditions* under which each model will be most likely to produce accurate predictions and satisfactory explanations. Contemporary world politics is not a seamless web; it is a tapestry of diverse relationships. In such a world, one model cannot explain all situations. The secret of understanding lies in knowing which approach or combination of approaches to use in analyzing a situation. There will never be a substitute for careful analysis of actual situations.

Yet theory is inescapable; all empirical or practical analysis rests on it. Pragmatic policymakers might think they need pay no more heed to theoretical disputes over the nature of the world than they pay to medieval scholastic disputes over how many angels can dance on the head of a pin. Academic pens, however, leave marks in the minds of statesmen with profound results for policy. Not only are "practical men who believe themselves to be quite exempt from any intellectual influences" unconscious captives of conceptions created by "some academic scribbler of a few years back," but increasingly the scribblers have been playing a direct role in forming foreign policy.<sup>7</sup> Inappropriate images and ill-conceived perceptions of world politics can lead directly to inappropriate or even disastrous national policies.

Rationale and rationalization, systemic presentation and symbolism, become so intertwined that it is difficult, even for policymakers themselves, to disentangle reality from rhetoric. Traditionally, classical theories of world politics have portrayed a potential "state of war" in which states' behavior was dominated by the constant danger of military conflict. During the Cold War, especially the first decade after World War II, this conception, labeled "political realism" by its proponents, became widely accepted by students and practitioners of international relations in Europe and the United States.<sup>8</sup> During the 1960s, many otherwise keen observers who accepted realist approaches were slow to perceive the development of new issues that did not center on military-security concerns.\* The same dominant image in the

\*In *The Troubled Partnership* (New York: McGraw-Hill for the Council of Foreign Relations, 1965) Henry A. Kissinger discussed alliance problems with hardly a reference to economic issues, although economic issues were beginning seriously to divide the NATO allies.

late 1970s or 1980s would be likely to lead to even more unrealistic expectations. Yet to exchange it for an equally simple view—for instance, that military force is obsolete and economic interdependence benign—would condemn one to equally grave, though different, errors.

What are the major features of world politics when interdependence, particularly economic interdependence, is extensive?<sup>9</sup> This is one of the two major questions we address in this book. In Chapter 2 we explore this question in general terms; in Chapter 5 and part of Chapter 7 we investigate it further in four case studies; and Chapter 8 examines the implications for American foreign policy. To lay the groundwork for these analyses, in the rest of this chapter we define what we mean by interdependence, differentiate its major types, and relate them to the concept of power, which remains fundamental to the analysis of world politics.

Interdependence affects world politics and the behavior of states; but governmental actions also influence patterns of interdependence. By creating or accepting procedures, rules, or institutions for certain kinds of activity, governments regulate and control transnational and interstate relations. We refer to these governing arrangements as *international regimes*. The second major question of this book is, How and why do international regimes change? Chapter 3 develops a set of explanations for the development of international regimes, and their eventual decline. In Chapter 6 we apply these explanations to issues of oceans and money, and in Chapter 7 we use them to understand some features of Canadian-American and Australian-American relationships.

But interdependence is not simply an analytical concept. It is also a rhetorical device employed by publicists and statesmen. For the statesman, eager to increase the number of people marching beneath his banner, vague words with broad appeal are useful. For the analyst, such vagueness is the path to a swamp of confusion. Before we can construct usable concepts, much less increase our understanding of interdependence and regime change, we must clear a way through the rhetorical jungle. Our task is to analyze the politics of interdependence, not to celebrate it.

## THE NEW RHETORIC OF INTERDEPENDENCE

During the Cold War, “national security” was a slogan American political leaders used to generate support for their policies. The rhetoric of national security justified strategies designed, at considerable cost, to bolster the economic, military, and political structure of the “free world.” It also provided a rationale for international cooperation and support for the United Nations, as well as justifications for alliances, foreign aid, and extensive military involvements.

National security became the favorite symbol of the internationalists who favored increased American involvement in world affairs. The key foreign policy coordinating unit in the White House was named the National Security Council. The Truman administration used the alleged Soviet threat to American security to push the loan to the British and then the Marshall Plan through Congress. The Kennedy administration employed the security argument to promote the 1962 Trade

Expansion Act. Presidents invoked national security to control certain sectoral economic interests in Congress, particularly those favoring protectionist trade policies. Congressmen who protested adverse economic effects on their districts or increased taxes were assured—and in turn explained to constituents—that the “national security interest” required their sacrifice. At the same time, special interests frequently manipulated the symbolism of national security for their own purposes, as in the case of petroleum import quotas, promoted particularly by domestic oil producers and their political allies.<sup>10</sup>

National security symbolism was largely a product of the Cold War and the severe threat Americans then felt. Its persuasiveness was increased by realist analysis, which insisted that national security is the primary national goal and that in international politics security threats are permanent. National security symbolism, and the realist mode of analysis that supported it, not only epitomized a certain way of reacting to events, but helped to codify a perspective in which some changes, particularly those toward radical regimes in Third World countries, seemed inimical to national security, while fundamental changes in the economic relations among advanced industrialized countries seemed insignificant.

As the Cold War sense of security threat slackened, foreign economic competition and domestic distributional conflict increased. The intellectual ambiguity of “national security” became more pronounced as varied and often contradictory forms of involvement took shelter under a single rhetorical umbrella.<sup>11</sup> In his imagery of a world balance of power among five major centers (the United States, the Soviet Union, China, Europe, Japan), President Nixon tried unsuccessfully to extend traditional realist concepts to apply to the economic challenge posed by America’s postwar allies, as well as the political and military actions of the Soviet Union and China.

As the descriptive accuracy of a view of national security dominated by military concerns declined, so did the term’s symbolic power. This decline reflected not only the increased ambiguity of the concept, but also American reaction to the Vietnam imbroglio, to the less hostile relationship with Russia and China summed up by the word *detente*, and to the misuse of national security rhetoric by President Nixon in the Watergate affair. National security had to share its position as the prime symbol in the internationalists’ lexicon with *interdependence*.

Political leaders often use interdependence rhetoric to portray interdependence as a natural necessity, as a fact to which policy (and domestic interest groups) must adjust, rather than as a situation partially created by policy itself. They usually argue that conflicts of interest are reduced by interdependence, and that cooperation alone holds the answer to world problems.

“We are all engaged in a common enterprise. No nation or group of nations can gain by pushing beyond the limits that sustain world economic growth. No one benefits from basing progress on tests of strength.”<sup>12</sup> These words clearly belong to a statesman intending to limit demands from the Third World and influence public attitudes at home, rather than to analyze contemporary reality. For those who wish the United States to retain world leadership, interdependence has become part of the new rhetoric, to be used against both economic nationalism at home and

assertive challenges abroad. Although the connotations of interdependence rhetoric may seem quite different from those of national security symbolism each has often been used to legitimize American presidential leadership in world affairs.

Yet interdependence rhetoric and national security symbolism coexist only uneasily. In its extreme formulation, the former suggests that conflicts of interest are passé, whereas the latter argues that they are, and will remain, fundamental, and potentially violent. The confusion in knowing what analytical models to apply to world politics (as we noted earlier) is thus paralleled by confusion about the policies that should be employed by the United States. Neither interdependence rhetoric nor national security symbolism provides reliable guidelines for problems of extensive interdependence.

Rhetoricians of interdependence often claim that since the survival of the human race is threatened by environmental as well as military dangers, conflicts of interest among states and peoples no longer exist. This conclusion would only follow if three conditions were met: an international economic system on which everyone depended on our basic life-supporting ecological system were in danger; all countries were significantly vulnerable to such a catastrophe; *and* there were only one solution to the problem (leaving no room for conflict about how to solve it and who should bear the costs). Obviously these conditions are rarely all present.

Yet balance of power theories and national security imagery are also poorly adapted to analyzing problems of economic or ecological interdependence. Security, in traditional terms, is not likely to be the principal issue facing governments. Insofar as military force is ineffective on certain issues, the conventional notion of power lacks precision. In particular, different power resources may be needed to deal with different issues. Finally, in the politics of interdependence, domestic and transnational as well as governmental interests are involved. Domestic and foreign policy become closely linked. The notion of national interest—the traditionalists' lodestar—becomes increasingly difficult to use effectively. Traditional maxims of international politics—that states will act in their national interests or that they will attempt to maximize their power—become ambiguous.

We are not suggesting that international conflict disappears when interdependence prevails. On the contrary, conflict will take new forms, and may even increase. But the traditional approaches to understanding conflict in world politics will not explain interdependence conflict particularly well. Applying the wrong image and the wrong rhetoric to problems will lead to erroneous analysis and bad policy.

## INTERDEPENDENCE AS AN ANALYTIC CONCEPT

In common parlance, *dependence* means a state of being determined or significantly affected by external forces. *Interdependence*, most simply defined, means *mutual* dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries.

These effects often result from international transactions—flows of money, goods, people, and messages across international boundaries. Such transactions have

increased dramatically since World War II: “Recent decades reveal a general tendency for many forms of human interconnectedness across national boundaries to be doubling every ten years.”<sup>13</sup> Yet this interconnectedness is not the same as interdependence. The effects of transactions on interdependence will depend on the constraints, or costs, associated with them. A country that imports all of its oil is likely to be more dependent on a continual flow of petroleum than a country importing furs, jewelry, and perfume (even of equivalent monetary value) will be on uninterrupted access to these luxury goods. Where there are reciprocal (although not necessarily symmetrical) costly effects of transactions, there is interdependence. Where interactions do not have significant costly effects, there is simply interconnectedness. The distinction is vital if we are to understand the *politics* of interdependence.

Costly effects may be imposed directly and intentionally by another actor—as in Soviet-American strategic interdependence, which derived from the mutual threat of nuclear destruction. But some costly effects do not come directly or intentionally from other sectors. For example, collective action may be necessary to prevent disaster for an alliance (the members of which are interdependent), for an international economic system (which may face chaos because of the absence of coordination, rather than through the malevolence of any actor), or for an ecological system threatened by a gradual increase of industrial effluents.

We do not limit the term *interdependence* to situations of mutual benefit. Such a definition would assume that the concept is only useful analytically where the modernist view of the world prevails: where threats of military force are few and levels of conflict low. It would exclude from interdependence cases of mutual dependence, such as the former strategic interdependence between the United States and the Soviet Union. Furthermore, it would make it very ambiguous whether relations between industrialized countries and less developed countries should be considered interdependent or not. Their inclusion would depend on an inherently subjective judgment about whether the relationships were “mutually beneficial.”

Because we wish to avoid sterile arguments about whether a given set of relationships is characterized by interdependence or not, and because we seek to use the concept of interdependence to integrate rather than further to divide modernist and traditional approaches, we choose a broader definition. Our perspective implies that interdependent relationships will always involve costs, since interdependence restricts autonomy; but it is impossible to specify *a priori* whether the benefits of a relationship will exceed the costs. This will depend on the values of the actors as well as on the nature of the relationship. Nothing guarantees that relationships that we designate as “interdependent” will be characterized by mutual benefit.

Two different perspectives can be adopted for analyzing the costs and benefits of an interdependent relationship. The first focuses on the joint gains or joint losses to the parties involved. The other stresses *relative* gains and distributional issues. Classical economists adopted the first approach in formulating their powerful insight about comparative advantage: that undistorted international trade will provide overall net benefits. Unfortunately, an exclusive focus on joint gain may obscure the second key issue: how those gains are divided. Many of the crucial political issues of interdependence revolve around the old question of politics, “who gets what?”

It is important to guard against the assumption that measures that increase joint gain from a relationship will somehow be free of distributional conflict. Governments and nongovernmental organizations will strive to increase their shares of gains from transactions, even when they both profit enormously from the relationship. Oil-exporting governments and multinational oil companies, for instance, share an interest in high prices for petroleum; but they have also been in conflict over shares of the profits involved.

We must therefore be cautious about the prospect that rising interdependence is creating a brave new world of cooperation to replace the bad old world of international conflict. As every parent of small children knows, baking a larger pie does not stop disputes over the size of the slices. An optimistic approach would overlook the uses of economic and even ecological interdependence in competitive international politics.

The difference between traditional international politics and the politics of economic and ecological interdependence is *not* the difference between a world of “zero-sum” (where one side’s gain is the other side’s loss) and “non-zero sum” games. Military interdependence need not be zero-sum. Indeed, military allies actively seek interdependence to provide enhanced security for all. Even balance of power situations need not be zero-sum. If one side seeks to upset the status quo, then its gain is at the expense of the other. But if most or all participants want a stable status quo, they can jointly gain by preserving the balance of power among them. Conversely, the politics of economic and ecological interdependence involve competition even when large net benefits can be expected from cooperation. There are important continuities, as well as marked differences, between the traditional politics of military security and the politics of economic and ecological interdependence.

We must also be careful not to define interdependence entirely in terms of situations of *evenly balanced* mutual dependence. It is *asymmetries* in dependence that are most likely to provide sources of influence for actors in their dealings with one another. Less dependent actors can often use the interdependent relationship as a source of power in bargaining over an issue and perhaps to affect other issues. At the other extreme from pure symmetry is pure dependence (sometimes disguised by calling the situation interdependence); but it too is rare. Most cases lie between these two extremes. And that is where the heart of the political bargaining process of interdependence lies.

## POWER AND INTERDEPENDENCE

Power has always been an elusive concept for statesmen and analysts of international politics; now it is even more slippery. The traditional view was that military power dominated other forms, and that states with the most military power controlled world affairs. But the resources that produce power capabilities have become more complex. In the eyes of one astute observer, “the postwar era has witnessed radical transformations in the elements, the uses, and the achievements of power.”<sup>14</sup> And Hans Morgenthau, author of the leading realist text on international politics,

went so far in his reaction to the events of the early 1970s as to announce an historically unprecedented severing of the functional relationship between political, military, and economic power shown in the possession by militarily weak countries of “monopolistic or quasi-monopolistic control of raw materials essential to the operation of advanced economies.”<sup>15</sup>

Power can be thought of as the ability of an actor to get others to do something they otherwise would not do (and at an acceptable cost to the actor). Power can be conceived in terms of control over outcomes. In either case, measurement is not simple.<sup>16</sup> We can look at the initial power resources that give an actor a potential ability; or we can look at that actor’s actual influence over patterns of outcomes. When we say that asymmetrical interdependence can be a source of power we are thinking of power as control over resources, or the *potential* to affect outcomes. A less dependent actor in a relationship often has a significant political resource, because changes in the relationship (which the actor may be able to initiate or threaten) will be less costly to that actor than to its partners. This advantage does not guarantee, however, that the political resources provided by favorable asymmetries in interdependence will lead to similar patterns of control over outcomes. There is rarely a one-to-one relationship between power measured by any type of resources and power measured by effects on outcomes. Political bargaining is usually a means of translating potential into effects, and a lot is often lost in the translation.

To understand the role of power in interdependence, we must distinguish between two dimensions, *sensitivity* and *vulnerability*. Sensitivity involves degrees of responsiveness within a policy framework—how quickly do changes in one country bring costly changes in another, and how great are the costly effects? It is measured not merely by the volume of flows across borders but also by the costly effects of changes in transactions on the societies or governments. Sensitivity interdependence is created by interactions within a framework of policies. Sensitivity assumes that the framework remains unchanged. The fact that a set of policies remains constant may reflect the difficulty in formulating new policies within a short time, or it may reflect a commitment to a certain pattern of domestic and international rules.

An example of sensitivity interdependence is the way the United States, Japan, and Western Europe were affected by increased oil prices in 1971 and again in 1973–1974 and 1975. In the absence of new policies, which could take many years or decades to implement, the sensitivity of these economies was a function of the greater costs of foreign oil and proportion of petroleum they imported. The United States was less sensitive than Japan to petroleum price rises, because a smaller proportion of its petroleum requirements was accounted for by imports, but as rapid price increases and long lines at gasoline stations showed, the United States was indeed sensitive to the outside change. Another example of sensitivity interdependence is provided by the international monetary situation prior to August 15, 1971. Given the constraints on policy created by the rules of the International Monetary Fund (IMF), European governments were sensitive to changes in American monetary policy, and the United States was sensitive to European decisions regarding whether or not to demand the conversion of dollars into gold.



Sensitivity interdependence can be social or political as well as economic.\* For example, there are social “contagion effects,” such as the trivial but rapid spread of the fad of “streaking” from American to European society in 1974, or more significant, the way in which the development of radical student movements during the late 1960s was reinforced by knowledge of each other’s activities. The rapid growth of transnational communications has enhanced such sensitivity. Television, by vividly presenting starvation in South Asia to Europeans and Americans about to sit down to their dinners, is almost certain to increase attention to and concern about the issue in European and American societies. Sensitivity to such an issue may be reflected in demonstrations or other political action, even if no action is taken to alleviate the distress (and no economic sensitivity thereby results).

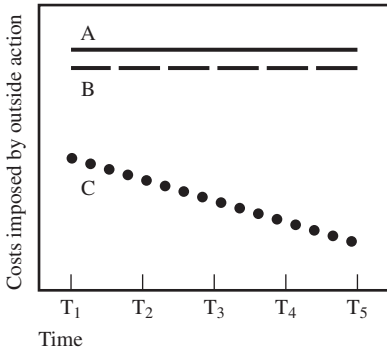
Using the word *interdependence*, however, to refer only to sensitivity obscures some of the most important political aspects of mutual dependence.<sup>17</sup> We must also consider what the situation would be if the framework of policies could be changed. If more alternatives were available, and new and very different policies were possible, what would be the costs of adjusting to the outside change? In petroleum, for instance, what matters is not only the proportion of one’s needs that is imported, but the alternatives to imported energy and the costs of pursuing those alternatives. Two countries, each importing 35 percent of their petroleum needs, may seem equally sensitive to price rises; but if one could shift to domestic sources at moderate cost, and the other had no such alternative, the second state would be more *vulnerable* than the first. The vulnerability dimension of interdependence rests on the relative availability and costliness of the alternatives that various actors face.

Under the Bretton Woods monetary regime during the late 1960s, both the United States and Great Britain were sensitive to decisions by foreign speculators or central banks to shift assets out of dollars or sterling, respectively. But the United States was less vulnerable than Britain because it had the option (which it exercised in August 1971) of changing the rules of the system at what it considered tolerable costs. The underlying capabilities of the United States reduced its vulnerability, and therefore made its sensitivity less serious politically.

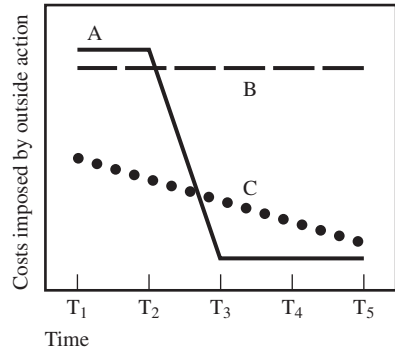
In terms of the cost of dependence, sensitivity means liability to costly effects imposed from outside before policies are altered to try to change the situation. Vulnerability can be defined as an actor’s liability to suffer costs imposed by external events even after policies have been altered. Since it is usually difficult to change policies quickly, immediate effects of external changes generally reflect sensitivity dependence. Vulnerability dependence can be measured only by the costliness of making effective adjustments to a changed environment over a period of time.

Let us illustrate this distinction graphically by imagining three countries faced simultaneously with an external event that imposes costs on them—for example, the situation that oil-consuming countries face when producers raise prices.

\*Since we are referring to the sensitivity of economies and polities to one another, not merely to price sensitivities or interest rate sensitivities as used by economists, our definition builds on, but differs from, that of Richard Cooper, *The Economics of Interdependence* (New York: McGraw-Hill, 1968).



**FIGURE 1.1** Sensitivity of three countries (assume policies unchanged)



**FIGURE 1.2** Vulnerability of three countries (assume policies unchanged)

Figure 1.1 indicates the sensitivity of the three countries to costs imposed by such an outside change. Initially, country A has somewhat higher sensitivity to the change than B and much higher sensitivity than C. Over time, furthermore, C's sensitivity falls *even without any policy changes*. This change might be caused by price rises in country C, which gradually reduce oil consumption, and therefore reduce imports. The total sensitivity of each country over the time covered by the graph is represented by the area under its respective line.\*

Suppose we now alter this picture by assuming that each country tries to change its policies in order to reduce the costs imposed by outside actions. In our oil example, this attempt might involve deciding to incur the high domestic costs of rationing or developing expensive internal energy sources. The extent of these costs and the political willingness to bear them would be the measure of vulnerability. The vulnerability of a country such as Japan is imposed primarily by that country's physical endowments and is virtually inescapable without drastic costs. For other countries, such as the United States, physical vulnerability is not so great. For instance, American efforts to formulate a new energy policy after 1973 were slowed by the lack of domestic consensus on the issue.

In Figure 1.2, depicting vulnerability, we can see that country A's vulnerability is much less than its sensitivity. A policy change at the beginning of the second time period allows that country, by the third period, to reduce costs imposed by external change almost to the vanishing point. Country A's diminished vulnerability would reflect an effective policy, to reduce costs imposed by external change almost to the vanishing point. Country A's diminished vulnerability would reflect an effective policy to become actually or potentially self-sufficient in petroleum. For instance, it might possess new sources of energy that could be developed by the government. B and C are less able to alter their situations by changing policy, thus remaining vulnerable to costs imposed by outside events.

\*Our example is deliberately simplified. Among other things, the costs of the situation at later points would, of course, have to be reduced by an appropriate discount rate.

The sensitivity dependence of the three countries at the time of the first external event is not, therefore, the same as their vulnerability dependence at that time. Measures of the immediate effects of changes will not precisely indicate long-term sensitivities (note that *C*'s sensitivity declines naturally over time), but they are likely to be even less accurate in measuring long-term vulnerabilities, which will depend on political will, governmental ability, and resource capabilities. In our example, although country *A* is more sensitive than country *B*, it is much less vulnerable.

Vulnerability is particularly important for understanding the political structure of interdependence relationships. In a sense, it focuses on which actors are "the definers of the *ceteris paribus* clause," or can set the rules of the game.<sup>18</sup> Vulnerability is clearly more relevant than sensitivity, for example, in analyzing the politics of raw materials such as the supposed transformation of power after 1973. All too often, a high percentage of imports of a material is taken as an index of vulnerability, when by itself it merely suggests that sensitivity may be high. The key question for determining vulnerability is how effectively altered policies could bring into being sufficient quantities of this, or a comparable, raw material, and at what cost. The fact that the United States imports approximately 85 percent of its bauxite supply does not indicate American vulnerability to actions by bauxite exporters, until we know what it would cost (in time as well as money) to obtain substitutes.

Vulnerability applies to sociopolitical as well as politico-economic relationships. The vulnerability of societies to transnational radical movements in the late 1960s depended on their abilities to adjust national policies to deal with the change and reduce the costs of disruption. When Sweden criticized American policy in Vietnam, its vulnerability to a possible American suspension of cultural contacts would have depended on how it could adjust policy to the new situation. Could exchange professors and tourists be attracted from elsewhere?<sup>19</sup>

Let us look again at the effects on the United States of a famine in South Asia. The vulnerability of an American administration to domestic protests over its lack of a food aid policy would depend on the ease with which it could adjust policy (for instance, by shipping more grain to India) without incurring other high political or economic costs.

How does this distinction help us understand the relationship between interdependence and power? Clearly, it indicates that sensitivity interdependence will be less important than vulnerability interdependence in providing power resources to actors. If one actor can reduce its costs by altering its policy, either domestically or internationally, the sensitivity patterns will not be a good guide to power resources.

Consider trade in agricultural products between the United States and the Soviet Union from 1972 to 1975. Initially, the American economy was highly sensitive to Soviet grain purchases: prices of grain rose dramatically in the United States. The Soviet Union was also sensitive to the availability of surplus American stocks, since its absence could have internal political as well as economic implications. The vulnerability asymmetries, however, ran strongly in favor of the United States, since its alternatives to selling grain to the USSR (Such as government storage, lower domestic prices, and more food aid abroad) were more attractive than the basic Soviet alternative to buying grain from the United States (slaughtering livestock and reducing meat consumption). Thus, as long as the United States government could retain coherent control of the policy—that is, as long as interest groups with a

stake in expanded trade did not control it—agricultural trade could be used as a tool in political bargaining with the Soviet Union.

Vulnerability interdependence includes the strategic dimension that sensitivity interdependence omits, but this does not mean that sensitivity is politically unimportant. Rapidly rising sensitivity often leads to complaints about interdependence and political efforts to alter it, particularly in countries with pluralistic political systems. Textile and steel workers and manufacturers, oil consumers, and conservatives suspicious of radical movements originating abroad are all likely to demand government policies to protect their interests. Policymakers and policy analysts, however, must examine underlying patterns of vulnerability interdependence when they decide on strategies. What can they do, at what cost? And what can other actors do, at what cost, in response? Although patterns of sensitivity interdependence may explain where the shoe pinches or the wheel squeaks, coherent policy must be based on an analysis of actual and potential vulnerabilities. An attempt to manipulate asymmetrical sensitivity interdependence without regard for underlying patterns of vulnerability is likely to fail.

Manipulating economic or sociopolitical vulnerabilities, however, also bears risk. Strategies of manipulating interdependence are likely to lead to counterstrategies. It must always be kept in mind, furthermore, that military power dominates economic power in the sense that economic means alone are likely to be ineffective against the serious use of military force. Thus, even effective manipulation of asymmetrical interdependence within a nonmilitary area can create risks of military counteraction. When the United States exploited Japanese vulnerability to economic embargo in 1940–41, Japan countered by attacking Pearl Harbor and the Philippines. Yet military actions are usually very costly; and for many types of actions, these costs have risen steeply during the last thirty years.

Table 1.1 shows the three types of asymmetrical interdependence that we have been discussing. The dominance ranking column indicates that the power resources provided by military interdependence dominate those provided by nonmilitary vulnerability, which in turn dominate those provided by asymmetries in sensitivity. Yet exercising more dominant forms of power brings higher costs. Thus, *relative to cost*, there is no guarantee that military means will be more effective than economic ones to achieve a given purpose. We can expect, however, that as the interests at stake become more important, actors will tend to use power resources that rank higher in both dominance and cost.

A movement from one power resource to a more effective, but more costly, resource, will be most likely where there is a substantial *incongruity* between the distribution of power resources on one dimension and those on another. In such a situation, the disadvantaged actor's power position would be improved by raising the level at which the controversy is conducted. For instance, in a concession agreement, a multinational oil company may seem to have a better bargaining position than the host government. The agreement may allow the company to set the level of output, and the price, of the petroleum produced, thus making government revenues to company decisions. Yet such a situation is inherently unstable, since the government may be stronger on the vulnerability dimension. Once the country has

**TABLE 1.1** Asymmetrical Interdependence and Its Uses

Source of independence	Dominance ranking	Cost ranking	Contemporary use
Military (costs of using military force)	1	1	Used in extreme situations or against weak foes when costs may be slight.
Nonmilitary vulnerability (costs of pursuing alternative policies)	2	2	Used when normative constraints are low, and international rules are not considered binding (including nonmilitary relations between adversaries, and situations of extremely high conflict between close partners and allies).
Nonmilitary sensitivity (costs of change under existing policies)	3	3	A power resource in the short run or when normative constraints are high and international rules are binding. Limited, since if high costs are imposed, disadvantaged actors may formulate new policies.

determined that it can afford to alter the agreement unilaterally, it may have the upper hand. Any attempt by the company to take advantage of its superior position on the sensitivity dimension, without recognizing its weakness at the vulnerability level (much less at the level of military force), is then likely to end in disaster.

We conclude that a useful beginning in the political analysis of international interdependence can be made by thinking of asymmetrical interdependencies as sources of power among actors. Such a framework can be applied to relations between transnational actors (such as multinational corporations) and governments as well as interstate relations. Different types of interdependence lead to potential political influence, but under different constraints. Sensitivity interdependence can provide the basis for significant political influence only when the rules and norms in effect can be taken for granted, or when it would be prohibitively costly for dissatisfied states to change their policies quickly. If one set of rules puts an actor in a disadvantageous position, that actor will probably try to change those rules if it can do so at a reasonable cost. Thus influence deriving from favorable asymmetries in sensitivity is very limited when the underlying asymmetries in vulnerability are unfavorable. Likewise, if a state chafes at its economic vulnerabilities, it may use military force to attempt to redress that situation as Japan did in 1941; or, it may subtly threaten to use force, as did the United States in 1975, when facing the possibility of future oil boycotts. But in many contemporary situations, the use of force is so costly, and its threat so difficult to make credible, that a military strategy is an act of desperation.

Yet this is not the whole story of power and interdependence. Just as important as understanding the way that manipulation of interdependence can be an instrument of power is an understanding of that instrument's limits. Asymmetrical interdependence by itself cannot explain bargaining outcomes, even in traditional relations among

states. As we said earlier, power measured in terms of resources or potential may look different from power measured in terms of influence over outcomes. We must also look at the “translation” in the political bargaining process. One of the most important reasons for this is that the commitment of a weaker state may be much greater than that of its stronger partner. The more dependent actor may be (or appear to be) more willing to suffer. At the politico-military level, the United States’ attempt to coerce North Vietnam provides an obvious example.

Yet the point holds even in more cooperative interstate relations. In the Canadian-American relationship, for example, the use or threat of force is virtually excluded from consideration by either side. The fact that Canada has less military strength than the United States is therefore not a major factor in the bargaining process. The Canadians can take advantage of their superior position on such economic issues as oil and natural gas exports without fearing military retaliation or threat by the United States. Moreover, other conditions of contemporary international interdependence tend to limit the abilities of statesmen to manipulate asymmetrical interdependence. In particular, the smaller state may have greater internal political unity than the larger one. Even though the more powerful state may be less dependent in aggregate terms, it may be more fragmented internally and its coherence reduced by conflicts of interest and difficulties of coordination within its own government.

We will explore this question further in Chapter 7 when discussing our findings on Canadian-American and Australian-American relations between 1920 and 1970. What we have said is sufficient to indicate that we do not expect a measure of potential power, such as asymmetrical interdependence, to predict perfectly actors’ successes or failures at influencing outcomes. It merely provides a first approximation of initial bargaining advantages available to either side. Where predictions based on patterns of asymmetrical interdependence are incorrect, one must look closely for the reasons. They will often be found in the bargaining process that translates power resources into power over outcomes.

## INTERNATIONAL REGIME CHANGE

Understanding the concept of interdependence and its relevance to the concept of power is necessary to answering the first major question of this book—what are the characteristics of world politics under conditions of extensive interdependence? Yet as we have indicated, relationships of interdependence often occur within, and may be affected by, networks of rules, norms, and procedures that regularize behavior and control its effects. We refer to the sets of governing arrangements that affect relationships of interdependence as *international regimes*. Although not so obvious as the political bargaining process, equally important to understanding power and interdependence is our second major question: How and why do regimes change?

In world politics rules and procedures are neither so complete nor so well enforced as in well-ordered domestic political systems, and the institutions are neither so powerful nor so autonomous. “The rules of the game include some

national rules, some international rules, some private rules—and large areas of no rules at all.”<sup>20</sup> The weakness of international organizations and the problems of enforcing international law sometimes mislead observers into thinking that international regimes are insignificant, or into ignoring them entirely. Yet although overall global integration is weak, specific international regimes often have important effects on interdependent relationships that involve a few countries, or involve many countries on a specific issue. Since World War II, for instance, specific sets of rules and procedures have been developed to guide states and transnational actors in a wide variety of areas, including aid to less developed countries, environmental protection, fisheries conservation, international food policy, international meteorological coordination, international monetary policy, regulation of multinational corporations, international shipping policies, international telecommunications policy, and international trade.<sup>21</sup> In some cases these regimes have been formal and comprehensive; in others informal and partial. Their effectiveness has varied from issue-area to issue-area and from time to time. On a more selective or regional level, specific groups of countries such as those in the European Community or the Organization for Economic Cooperation and Development (OECD) have developed regimes that affect several aspects of their countries’ relationships with each other.

International regimes may be incorporated into interstate agreements or treaties, as were the international monetary arrangements developed at Bretton Woods in 1944, or they may evolve from proposed formal arrangements that were never implemented, as was the General Agreement on Tariffs and Trade (GATT), which derived from the International Trade Organization proposed after World War II. Or they may be merely implicit, as in the postwar Canadian-American relationship. They vary not only in their extensiveness but in the degree of adherence they receive from major actors. When there are no agreed norms and procedures or when the exceptions to the rules are more important than the instances of adherence, there is a *nonregime* situation.\*

To understand the international regimes that affect patterns of interdependence, one must look, as we will in Chapter 3, at structure and process in international systems, as well as at how they affect each other. The *structure* of a system refers to the distribution of capabilities among similar units. In international political systems the most important units are states, and the relevant capabilities have been regarded as their power resources. There is a long tradition of categorizing the distribution of power in interstate systems according to the number and importance of major actors (for instance, as unipolar, bipolar, multipolar, and dispersed) just as economists describe the structure of market systems as monopolistic, duopolistic, oligopolistic, and competitive.<sup>22</sup> Structure is therefore distinguished from *process*, which refers to allocative or bargaining behavior within a power structure. To use

\*We are concerned in this book with the general question of adherence to specified basic norms of the regimes we examine. Regimes can also be categorized in terms of the degree and type of political integration among the states adhering to them. See J. Nye, *Peace in Parts* (Boston: Little, Brown, 1971), Chapter 2, for discussion of measurement of the integrative and institutional dimensions of regimes.

the analogy of a poker game, at the process level analysts are interested in how the players play the hands they have been dealt. At the structural level they are interested in how the cards and chips were distributed as the game started.

International regimes are intermediate factors between the power structure of an international system and the political and economic bargaining that takes place with it. The structure of the system (the distribution of power resources among states) profoundly affects the nature of the regime (the more or less loose set of formal and informal norms, rules, and procedures relevant to the system). The regime, in turn, affects and to some extent governs the political bargaining and daily decision-making that occurs within the system.

Changes in international regimes are very important. In international trade, for example, an international regime including nondiscriminatory trade practices was laid down by the General Agreement on Tariffs and Trade (GATT) in 1947. For over five decades, the GATT arrangements have constituted a relatively effective international regime. But the 1970s were marked by the partly successful efforts of less developed countries to change this regime. More broadly, by the mid-1970s, the demands of less developed countries for a New International Economic Order involved struggles over what international regimes should govern trade in raw materials and manufactures as well as direct foreign investment. Yet in the 1990s developed and less developed countries agreed on a new World Trade Organization (WTO), which extended and strengthened GATT.

In the two issue areas that we will investigate in Part II—money and oceans—some regime changes have been rapid and dramatic whereas others have been gradual. Dramatic changes took place in international monetary policy in 1914 (suspension of the gold standard); 1931 (abandonment of the gold-exchange standard); 1944 (agreement on the “Bretton Woods System”); and 1971 (abandonment of the convertibility of dollars as gold). Rules governing the uses of the world’s oceans changed more slowly, but with significant turning points in 1945 and after 1967. Yet we have no theory in the field of international relations that adequately explains such changes. Indeed, most of our theories do not focus on this question at all.

In Chapter 3, we shall look closely at the problem of explaining the change or persistence in the patterns of norms, rules, and procedures that govern interdependence in various issues. There we will lay out four models, or intellectual constructs, designed to explain regime change, and examine their strengths and weaknesses. The models rest on different assumptions about the basic conditions of world politics. Since world politics vary, over time and from place to place, there is no reason to believe that a single set of conditions will always and everywhere apply, or that any one model is likely to be universally applicable. Thus, before examining the explanatory models, we shall establish the conditions under which they can be expected to apply. As we indicate in the next chapter, in periods of rapid change such as the current one, assumptions about the conditions of world politics can differ dramatically.



# Realism and Complex Interdependence

One's assumptions about world politics profoundly affect what one sees and how one constructs theories to explain events. We believe that the assumptions of political realists, whose theories dominated the postwar period, are often an inadequate basis for analyzing the politics of interdependence. The realist assumptions about world politics can be seen as defining an extreme set of conditions or *ideal type*. One could also imagine very different conditions. In this chapter, we shall construct another ideal type, the opposite of realism. We call it *complex interdependence*. After establishing the differences between realism and complex interdependence, we shall argue that complex interdependence sometimes comes closer to reality than does realism. When it does, traditional explanations of change in international regimes become questionable and the search for new explanatory models becomes more urgent.

For political realists, international politics, like all other politics, is a struggle for power but, unlike domestic politics, a struggle dominated by organized violence. In the words of the most influential postwar textbook, "All history shows that nations active in international politics are continuously preparing for, actively involved in, or recovering from organized violence in the form of war."<sup>1</sup> Three assumptions are integral to the realist vision. First, states as coherent units are the dominant actors in world politics. This is a double assumption: states are predominant; and they act as coherent units. Second, realists assume that force is a usable and effective instrument of policy. Other instruments may also be employed, but using or threatening force is the most effective means of wielding power. Third, partly because of their second assumption, realists assume a hierarchy of issues in world politics, headed by questions of military security: the "high politics" of military security dominates the "low politics" of economic and social affairs.

These realist assumptions define an ideal type of world politics. They allow us to imagine a world in which politics is continually characterized by active or potential conflict among states, with the use of force possible at any time. Each state attempts to

defend its territory and interests from real or perceived threats. Political integration among states is slight and lasts only as long as it serves the national interests of the most powerful states. Transnational actors either do not exist or are politically unimportant. Only the adept exercise of force or the threat of force permits states to survive, and only while statesmen succeed in adjusting their interests, as in a well-functioning balance of power, is the system stable.

Each of the realist assumptions can be challenged. If we challenge them all simultaneously, we can imagine a world in which actors other than states participate directly in world politics, in which a clear hierarchy of issues does not exist, and in which force is an ineffective instrument of policy. Under these conditions—which we call the characteristics of complex interdependence—one would expect world politics to be very different than under realist conditions.

We will explore these differences in the next section of this chapter. We do not argue, however, that complex interdependence faithfully reflects world political reality. Quite the contrary: both it and the realist portrait are ideal types. Most situations will fall somewhere between these two extremes. Sometimes, realist assumptions will be accurate, or largely accurate, but frequently complex interdependence will provide a better portrayal of reality. Before one decides what explanatory model to apply to a situation or problem, one will need to understand the degree to which realist or complex interdependence assumptions correspond to the situation.

## THE CHARACTERISTICS OF COMPLEX INTERDEPENDENCE

Complex interdependence has three main characteristics:

1. *Multiple channels* connect societies, including: informal ties between governmental elites as well as formal foreign office arrangements; informal ties among nongovernmental elites (face-to-face and through telecommunications); and transnational organizations (such as multinational banks or corporations). These channels can be summarized as interstate, transgovernmental, and transnational relations. *Interstate* relations are the normal channels assumed by realists. *Transgovernmental* applies when we relax the realist assumption that states act coherently as units; *transnational* applies when we relax the assumption that states are the only units.
2. The agenda of interstate relationships consists of multiple issues that are not arranged in a clear or consistent hierarchy. This *absence of hierarchy among issues* means, among other things, that military security does not consistently dominate the agenda. Many issues arise from what used to be considered domestic policy, and the distinction between domestic and foreign issues becomes blurred. These issues are considered in several government departments (not just foreign offices), and at several levels. Inadequate policy coordination on these issues involves significant costs. Different issues generate different coalitions, both within governments and across them, and involve different degrees of conflict. Politics does not stop at the waters' edge.

3. Military force is not used by governments toward other governments within the region, or on the issues, when complex interdependence prevails. It may, however, be important in these governments' relations with governments outside that region, or on other issues. Military force could, for instance, be irrelevant to resolving disagreements on economic issues among members of an alliance, yet at the same time be very important for that alliance's political and military relations with a rival bloc. For the former relationships this condition of complex interdependence would be met; for the latter, it would not.

Traditional theories of international politics implicitly or explicitly deny the accuracy of these three assumptions. Traditionalists are therefore tempted also to deny the relevance of criticisms based on the complex interdependence ideal type. We believe, however, that our three conditions are fairly well approximated on some global issues of economic and ecological interdependence and that they come close to characterizing the entire relationship between some countries. One of our purposes here is to prove that contention. In subsequent chapters we shall examine complex interdependence in oceans policy and monetary policy and in the relationships of the United States to Canada and Australia. In this chapter, however, we shall try to convince you to take these criticisms of traditional assumptions seriously.

## Multiple Channels

A visit to any major airport is a dramatic way to confirm the existence of multiple channels of contact among advanced industrial countries; there is a voluminous literature to prove it.<sup>2</sup> Bureaucrats from different countries deal directly with one another at meetings and on the telephone as well as in writing. Similarly, nongovernmental elites frequently get together in the normal course of business, in organizations such as the Trilateral Commission, and in conferences sponsored by private foundations.

In addition, multinational firms and banks affect both domestic and interstate relations. The limits on private firms, or the closeness of ties between government and business, vary considerably from one society to another; but the participation of large and dynamic organizations, not controlled entirely by governments, has become a normal part of foreign as well as domestic relations.

These actors are important not only because of their activities in pursuit of their own interests, but also because they act as transmission belts, making government policies in various countries more sensitive to one another. As the scope of governments' domestic activities has broadened, and as corporations, banks, and (to a lesser extent) trade unions have made decisions that transcend national boundaries, the domestic policies of different countries impinge on one another more and more. Transnational communications reinforce these effects. Thus, foreign economic policies touch more domestic economic activity than in the past, blurring the lines between domestic and foreign policy and increasing the number of issues relevant to foreign policy. Parallel developments in issues of environmental regulation and control over technology reinforce this trend.

## Absence of Hierarchy among Issues

Foreign affairs agendas—that is, sets of issues relevant to foreign policy with which governments are concerned—have become larger and more diverse. No longer can all issues be subordinated to military security. As Secretary of State Kissinger described the situation in 1975:

progress in dealing with the traditional agenda is no longer enough. A new and unprecedented kind of issue has emerged. The problems of energy, resources, environment, population, the uses of space and the seas now rank with questions of military security, ideology and territorial rivalry which have traditionally made up the diplomatic agenda.<sup>3</sup>

Kissinger's list, which could be expanded, illustrates how governments' policies, even those previously considered merely domestic, impinge on one another. The extensive consultative arrangements developed by the OECD, as well as the GATT, IMF, and the European Community, indicate how characteristic the overlap of domestic and foreign policy is among developed pluralist countries. The organization within nine major departments of the United States government (Agriculture; Commerce; Defense; Health, Education and Welfare; Interior; Justice; Labor; State; and Treasury) and many other agencies reflects their extensive international commitments. The multiple, overlapping issues that result make a nightmare of governmental organizations.<sup>4</sup>

When there are multiple issues on the agenda, many of which threaten the interests of domestic groups but do not clearly threaten the nation as a whole, the problems of formulating a coherent and consistent foreign policy increase. In 1975 energy was a foreign policy problem, but specific remedies, such as a tax on gasoline and automobiles, involved domestic legislation opposed by auto workers and companies alike. As one commentator observed, "virtually every time Congress has set a national policy that changed the way people live...the action came after a consensus had developed, bit by bit, over the years, that a problem existed and that there was one best way to solve it."<sup>5</sup> Opportunities for delay, for special protection, for inconsistency and incoherence abound when international politics requires aligning the domestic policies of pluralist democratic countries.

## Minor Role of Military Force

Political scientists have traditionally emphasized the role of military force in international politics. As we saw in the first chapter, force dominates other means of power: *if* there are no constraints on one's choice of instruments (a hypothetical situation that has only been approximated in the two world wars), the state with superior military force will prevail. If the security dilemma for all states were extremely acute, military force, supported by economic and other resources, would clearly be the dominant source of power. Survival is the primary goal of all states, and in the worst situations, force is ultimately necessary to guarantee survival. Thus military force is always a central component of national power.

Yet particularly among industrialized, pluralist countries, the perceived margin of safety has widened: fears of attack in general have declined, and fears of attacks by *one another* are virtually nonexistent. France has abandoned the *tous azimuts* (defense in all directions) strategy that President de Gaulle advocated (it was not taken entirely seriously even at the time). Canada's last war plans for fighting the United States were abandoned half a century ago. Britain and Germany no longer feel threatened by each other. Intense relationships of mutual influence exist between these countries, but in most of them force is irrelevant or unimportant as an instrument of policy.

Moreover, force is often not an appropriate way of achieving other goals (such as economic and ecological welfare) that are becoming more important. It is not impossible to imagine dramatic conflict or revolutionary change in which the use or threat of military force over an economic issue or among advanced industrial countries might become plausible. Then realist assumptions would again be a reliable guide to events. But in most situations, the effects of military force are both costly and uncertain.<sup>6</sup>

Even when the direct use of force is barred among a group of countries, however, military power can still be used politically. During the Cold War each superpower used the threat of force to deter attacks by other superpowers on itself or its allies; its deterrence ability thus served an indirect, protective role, which it could use in bargaining on other issues with its allies. This bargaining tool was particularly important for the United States, whose allies were concerned about potential Soviet threats and which had fewer other means of influence over its allies than did the Soviet Union over its Eastern European partners. The United States had, accordingly, taken advantage of the Europeans' (particularly the Germans') desire for its protection and linked the issue of troop levels in Europe to trade and monetary negotiations. Thus, although the first-order effect of deterrent force was essentially negative—to deny effective offensive power to a superpower opponent—states could use that force positively—to gain political influence.

Thus, even for countries whose relations approximate complex interdependence, two serious qualifications remain: (1) drastic social and political change could cause force again to become an important direct instrument of policy; and (2) even when elites' interests are complementary, a country that uses military force to protect another may have significant political influence over the other country.

In North-South relations, or relations among Third World countries, as well as in East-West relations, force is often important. Military power helped the Soviet Union to dominate Eastern Europe economically as well as politically. The threat of open or covert American military intervention helped to limit revolutionary changes in the Caribbean, especially in Guatemala in 1954 and in the Dominican Republic in 1965. Secretary of State Kissinger, in January 1975, issued a veiled warning to members of the Organization of Petroleum Exporting Countries (OPEC) that the United States might use force against them "where there is some actual strangulation of the industrialized world."<sup>7</sup>

Even in these rather conflicted situations, however, the recourse to force seems less likely now than at most times during the century before 1945. The destructiveness

of nuclear weapons makes any attack against a nuclear power dangerous. Nuclear weapons are mostly used as a deterrent. Threats of nuclear action against much weaker countries may occasionally be efficacious, but they are equally or more likely to solidify relations between one's adversaries. The limited usefulness of conventional force to control socially mobilized populations has been shown by the United States failure in Vietnam as well as by the rapid decline of colonialism in Africa. Furthermore, employing force on one issue against an independent state with which one has a variety of relationships is likely to rupture mutually profitable relations on other issues. In other words, the use of force often has costly effects on nonsecurity goals. And finally, in Western democracies, popular opposition to prolonged military conflicts is very high.<sup>8</sup>

It is clear that these constraints bear unequally on various countries, or on the same countries in different situations. Risks of nuclear escalation affect everyone, but domestic opinion is far less constraining for authoritarian powers than for the United States, Europe, or Japan. Even authoritarian countries may be reluctant to use force to obtain economic objectives when such use might be ineffective and disrupt other relationships. Both the difficulty of controlling socially mobilized populations with foreign troops and the changing technology of weaponry may actually enhance the ability of certain countries, or nonstate groups, to use terrorism as a political weapon without effective fear of reprisal.

The fact that the changing role of force has uneven effects does not make the change less important, but it does make matters more complex. This complexity is compounded by differences in the usability of force among issue areas. When an issue arouses little interest or passion, force may be unthinkable. In such instances, complex interdependence may be a valuable concept for analyzing the political process. But if that issue becomes a matter of life and death—as some people thought oil might become—the use or threat of force could become decisive again. Realist assumptions would then be more relevant.

It is thus important to determine the applicability of realism or of complex interdependence to each situation. Without this determination, further analysis is likely to be confused. Our purpose in developing an alternative to the realist description of world politics is to encourage a differentiated approach that distinguishes among dimensions and areas of world politics—not (as some modernist observers do) to replace one oversimplification with another.

## THE POLITICAL PROCESSES OF COMPLEX INTERDEPENDENCE

The three main characteristics of complex interdependence give rise to distinctive political processes, which translate power resources into power as control of outcomes. As we argued earlier, something is usually lost or added in the translation. Under conditions of complex interdependence the translation will be different than under realist conditions, and our predictions about outcomes will need to be adjusted accordingly.

In the realist world, military security will be the dominant goal of states. It will even affect issues that are not directly involved with military power or territorial defense. Nonmilitary problems will not only be subordinated to military ones; they will be studied for their politico-military implications. Balance of payments issues, for instance, will be considered at least as much in the light of their implications for world power generally as for their purely financial ramifications. McGeorge Bundy conformed to realist expectations when he argued in 1964 that devaluation of the dollar should be seriously considered if necessary to fight the war in Vietnam.<sup>9</sup> To some extent, so did former Treasury Secretary Henry Fowler when he contended in 1971 that the United States needed a trade surplus of \$4 billion to \$6 billion in order to lead in Western defense.<sup>10</sup>

In a world of complex interdependence, however, one expects some officials, particularly at lower levels, to emphasize the *variety* of state goals that must be pursued. In the absence of a clear hierarchy of issues, goals will vary by issue, and may not be closely related. Each bureaucracy will pursue its own concerns; and although several agencies may reach compromises on issues that affect them all, they will find that a consistent pattern of policy is difficult to maintain. Moreover, transnational actors will introduce different goals into various groups of issues.

### Linkage Strategies

Goals will therefore vary by issue area under complex interdependence, but so will the distribution of power and the typical political processes. Traditional analysis focuses on *the* international system, and leads us to anticipate similar political processes on a variety of issues. Militarily and economically strong states will dominate a variety of organizations and a variety of issues, by linking their own policies on some issues to other states' policies on other issues. By using their overall dominance to prevail on their weak issues, the strongest states will, in the traditional model, ensure a congruence between the overall structure of military and economic power and the pattern of outcomes on any one issue area. Thus world politics can be treated as a seamless web.

Under complex interdependence, such congruence is less likely to occur. As military force is devalued, militarily strong states will find it more difficult to use their overall dominance to control outcomes on issues in which they are weak. And since the distribution of power resources in trade, shipping, or oil, for example, may be quite different, patterns of outcomes and distinctive political processes are likely to vary from one set of issues to another. If force were readily applicable, and military security were the highest foreign policy goal, these variations in the issue structures of power would not matter very much. The linkages drawn from them to military issues would ensure consistent dominance by the overall strongest states. But when military force is largely immobilized, strong states will find that linkage is less effective. They may still attempt such links, but in the absence of a hierarchy of issues, their success will be problematic.

Dominant states may try to secure much the same result by using overall economic power to affect results on other issues. If only economic objectives are at stake, they may

succeed: money, after all, is fungible. But economic objectives have political implications, and economic linkage by the strong is limited by domestic, transnational, and transgovernmental actors who resist having their interests traded off. Furthermore, the international actors may be different on different issues, and the international organizations in which negotiations take place are often quite separate. Thus it is difficult, for example, to imagine a military or economically strong state linking concessions on monetary policy to reciprocal concessions in oceans policy. On the other hand, poor weak states are not similarly inhibited from linking unrelated issues, partly because their domestic interests are less complex. Linkage of unrelated issues is often a means of extracting concessions or side payments from rich and powerful states. And unlike powerful states whose instrument for linkage (military force) is often too costly to use, the linkage instrument used by poor, weak states—international organization—is available and inexpensive.

Thus as the utility of force declines, and as issues become more equal in importance, the distribution of power within each issue will become more important. If linkages become less effective on the whole, outcomes of political bargaining will increasingly vary by issue area.

The differentiation among issue areas in complex interdependence means that linkages among issues will become more problematic and will tend to reduce rather than reinforce international hierarchy. Linkage strategies, and defense against them, will pose critical strategic choices for states. Should issues be considered separately or as a package? If linkages are to be drawn, which issues should be linked, and on which of the linked issues should concessions be made? How far can one push a linkage before it becomes counterproductive? For instance, should one seek formal agreements or informal, but less politically sensitive, understandings? The fact that world politics under complex interdependence is not a seamless web leads us to expect that efforts to stitch seams together advantageously, as reflected in linkage strategies, will, very often, determine the shape of the fabric.

The negligible role of force leads us to expect states to rely more on other instruments in order to wield power. For the reasons we have already discussed, less vulnerable states will try to use asymmetrical interdependence in particular groups of issues as a source of power; they will also try to use international organizations and transnational actors and flows. States will approach economic interdependence in terms of power as well as its effects on citizens' welfare, although welfare considerations will limit their attempts to maximize power. Most economic and ecological interdependence involves the possibility of joint gains, or joint losses. Mutual awareness of potential gains and losses and the danger of worsening each actor's position through overly rigorous struggles over the distribution of the gains can limit the use of asymmetrical interdependence.

## Agenda Setting

Our second assumption of complex interdependence, the lack of clear hierarchy among multiple issues, leads us to expect that the politics of agenda formation and control will become more important. Traditional analyses lead statesmen to focus on



politico-military issues and to pay little attention to the broader politics of agenda formation. Statesmen assume that the agenda will be set by shifts in the balance of power, actual or anticipated, and by perceived threats to the security of states. Other issues will only be very important when they seem to affect security and military power. In these cases, agendas will be influenced strongly by considerations of the overall balance of power.

Yet, today, some nonmilitary issues are emphasized in interstate relations at one time, whereas others of seemingly equal importance are neglected or quietly handled at a technical level. International monetary politics, problems of commodity terms of trade, oil, food, and multinational corporations have all been important during the last decade; but not all have been high on interstate agendas throughout that period.

Traditional analysts of international politics have paid little attention to agenda formation: to how issues come to receive sustained attention by high officials. The traditional orientation toward military and security affairs implies that the crucial problems of foreign policy are imposed on states by the actions or threats of other states. These are high politics as opposed to the low politics of economic affairs. Yet, as the complexity of actors and issues in world politics increases, the utility of force declines and the line between domestic policy and foreign policy becomes blurred: as the conditions of complex interdependence are more closely approximated, the politics of agenda formation becomes more subtle and differentiated.

Under complex interdependence we can expect the agendas to be affected by the international and domestic problems created by economic growth and increasing sensitivity interdependence that we described in the last chapter. Discontented domestic groups will politicize issues and force more issues once considered domestic onto the interstate agenda. Shifts in the distribution of power resources within sets of issues will also affect agendas. During the early 1970s the increased power of oil-producing governments over the transnational corporations and the consumer countries dramatically altered the policy agenda. Moreover, agendas for one group of issues may change as a result of linkages from other groups in which power resources are changing; for example, the broader agenda of North-South trade issues changed after the OPEC price rises and the oil embargo of 1973–74. Even if capabilities among states do not change, agendas may be affected by shifts in the importance of transnational actors. The publicity surrounding multinational corporations in the early 1970s, coupled with their rapid growth over the past twenty years, put the regulation of such corporations higher on both the United Nations agenda and national agendas.

Politicization—agitation and controversy over an issue that tend to raise it to the top of the agenda—can have many sources, as we have seen. Governments whose strength is increasing may politicize issues, by linking them to other issues. An international regime that is becoming ineffective or is not serving important issues may cause increasing politicization, as dissatisfied governments press for change. Politicization, however, can also come from below. Domestic groups may become upset enough to raise a dormant issue, or to interfere with interstate bargaining at high levels. In 1974 the American Secretary of State's tacit linkage of

a Soviet-American trade pact with progress in detente was upset by the success of domestic American groups working with Congress to link a trade agreement with Soviet policies on emigration.

The technical characteristics and institutional setting in which issues are raised will strongly affect politicization patterns. In the United States, congressional attention is an effective instrument of politicization. Generally, we expect transnational economic organizations and transgovernmental networks of bureaucrats to seek to avoid politicization. Domestically based groups (such as trade unions) and domestically oriented bureaucracies will tend to use politicization (particularly congressional attention) against their transnationally mobile competitors. At the international level, we expect states and actors to “shop among forums” and struggle to get issues raised in international organizations that will maximize their advantage by broadening or narrowing the agenda.

### **Transnational and Transgovernmental Relations**

Our third condition of complex interdependence, multiple channels of contact among societies, further blurs the distinction between domestic and international politics. The availability of partners in political coalitions is not necessarily limited by national boundaries as traditional analysis assumes. The nearer a situation is to complex interdependence, the more we expect the outcomes of political bargaining to be affected by transnational relations. Multinational corporations may be significant both as independent actors and as instruments manipulated by governments. The attitudes and policy stands of domestic groups are likely to be affected by communications, organized or not, between them and their counterparts abroad.

Thus the existence of multiple channels of contact leads us to expect limits, beyond those normally found in domestic politics, on the ability of statesmen to calculate the manipulation of interdependence or follow a consistent strategy of linkage. Statesmen must consider differential as well as aggregate effects of interdependence strategies and their likely implications for politicization and agenda control. Transactions among societies—economic and social transactions more than security ones—affect groups differently. Opportunities and costs from increased transnational ties may be greater for certain groups—for instance, American workers in the textile or shoe industries—than for others. Some organizations or groups may interact directly with actors in other societies or with other governments to increase their benefits from a network of interaction. Some actors may therefore be less vulnerable as well as less sensitive to changes elsewhere in the network than are others, and this will affect patterns of political action.

The multiple channels of contact found in complex interdependence are not limited to nongovernmental actors. Contacts between governmental bureaucracies charged with similar tasks may not only alter their perspectives but lead to transgovernmental coalitions on particular policy questions. To improve their chances of success, government agencies attempt to bring actors from other governments into their own decision-making processes as allies. Agencies of powerful states such as the United States have used such coalitions to penetrate weaker governments in

such countries as Turkey and Chile. They have also been used to help agencies of other governments penetrate the United States bureaucracy.<sup>11</sup> As we shall see in Chapter 7, transgovernmental politics frequently characterizes Canadian-American relations, often to the advantage of Canadian interests.

The existence of transgovernmental policy networks leads to a different interpretation of one of the standard propositions about international politics—that states act in their own interest. Under complex interdependence, this conventional wisdom begs two important questions: which self and which interest? A government agency may pursue its own interests under the guise of the national interest; and recurrent interactions can change official perceptions of their interests. As a careful study of the politics of United States trade policy has documented, concentrating only on pressures of various interests for decisions leads to an overly mechanistic view of a continuous process and neglects the important role of communications in slowly changing perceptions of self-interest.<sup>12</sup>

The ambiguity of the national interest raises serious problems for the top political leaders of governments. As bureaucracies contact each other directly across national borders (without going through foreign offices), centralized control becomes more difficult. There is less assurance that the state will be united when dealing with foreign governments or that its components will interpret national interests similarly when negotiating with foreigners. The state may prove to be multifaceted, even schizophrenic. National interests will be defined differently on different issues, at different times, and by different governmental units. States that are better placed to maintain their coherence (because of a centralized political tradition such as France's) will be better able to manipulate uneven interdependence than fragmented states that at first glance seem to have more resources in an issue area.

## Role of International Organizations

Finally, the existence of multiple channels leads one to predict a different and significant role for international organizations in world politics. Realists in the tradition of Hans J. Morgenthau have portrayed a world in which states, acting from self-interest, struggle for "power and peace." Security issues are dominant; war threatens. In such a world, one may assume that international institutions will have a minor role, limited by the rare congruence of such interests. International organizations are then clearly peripheral to world politics. But in a world of multiple issues imperfectly linked, in which coalitions are formed transnationally and transgovernmentally, the potential role of international institutions in political bargaining is greatly increased. In particular, they help set the international agenda, and act as catalysts for coalition-formation and as arenas for political initiatives and linkage by weak states.

Governments must organize themselves to cope with the flow of business generated by international organizations. By defining the salient issues, and deciding which issues can be grouped together, organizations may help to determine governmental priorities and the nature of interdepartmental committees and other arrangements within governments. The 1972 Stockholm Environment Conference strengthened the position of environmental agencies in various

governments. The 1974 World Food Conference focused the attention of important parts of the United States government on prevention of food shortages. The September 1975 United Nations special session on proposals for a New International Economic Order generated an intragovernmental debate about policies toward the Third World in general. The International Monetary Fund and the General Agreement on Tariffs and Trade have focused governmental activity on money and trade instead of on private direct investment, which has no comparable international organization.

By bringing officials together, international organizations help to activate potential coalitions in world politics. It is quite obvious that international organizations have been very important in bringing together representatives of less developed countries, most of which do not maintain embassies in one another's capitals. Third World strategies of solidarity among poor countries have been developed in and for a series of international conferences, mostly under the auspices of the United Nations.<sup>13</sup> International organizations also allow agencies of governments, which might not otherwise come into contact, to turn potential or tacit coalitions into explicit transgovernmental coalitions characterized by direct communications. In some cases, international secretariats deliberately promote this process by forming coalitions with groups of governments, or with units of governments, as well as with nongovernmental organizations having similar interests.<sup>14</sup>

International organizations are frequently congenial institutions for weak states. The one-state-one-vote norm of the United Nations system favors coalitions of the small and powerless. Secretariats are often responsive to Third World demands. Furthermore, the substantive norms of most international organizations, as they have developed over the years, stress social and economic equity as well as the equality of states. Past resolutions expressing Third World positions, sometimes agreed to with reservations by industrialized countries, are used to legitimize other demands. These agreements are rarely binding, but up to a point the norms of the institution make opposition look more harshly self-interested and less defensible.

International organizations also allow small and weak states to pursue linkage strategies. In the discussions on a New International Economic Order, Third World states insisted on linking oil price and availability to other questions on which they had traditionally been unable to achieve their objectives. As we shall see in Chapters 4 through 6, small and weak states have also followed a strategy of linkage in the series of Law of the Sea conferences sponsored by the United Nations.

Complex interdependence therefore yields different political patterns than does the realist conception of the world. (Table 2.1 summarizes these differences.) Thus, one would expect traditional theories to fail to explain international regime change in situations of complex interdependence. But, for a situation that approximates realist conditions, traditional theories should be appropriate. In the next chapter we shall look at the problem of understanding regime change.

**TABLE 2.1** Political Processes under Conditions of Realism and Complex Interdependence

	<b>Realism</b>	<b>Complex interdependence</b>
Goals of actors	Military security will be the dominant goal.	Goals of states will vary by issue area. Transgovernmental politics will make goals difficult to define. Transnational actors will pursue their own goals.
Instruments of state policy	Military force will be most effective, although economic and other instruments will also be used.	Power resources specific to issue areas will be most relevant. Manipulation of interdependence, international organizations, and transnational actors will be major instruments.
Agenda formation	Potential shifts in the balance of power and security threats will set agenda in high politics and will strongly influence other agendas.	Agenda will be affected by changes in the distribution of power resources within issue areas; the status of international regimes; changes in the importance of transnational actors; linkages from other issues and politicization as a result of rising sensitivity interdependence.
Linkages of issues	Linkages will reduce differences in outcomes among issue areas and reinforce international hierarchy.	Linkages by strong states will be more difficult to make since force will be ineffective. Linkages by weak states through international organizations will erode rather than reinforce hierarchy.
Roles of international organizations	Roles are minor, limited by state power and the importance of military force.	Organizations will set agendas, induce coalition-formation, and act as arenas for political action by weak states. Ability to choose the organizational forum for an issue and to mobilize votes will be an important political resource.