

**Liberalism and International
Relations Theory**

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ABSTRACT

This article presents a framework for a non-utopian Liberal theory of international relations. The central insight shared by all Liberals is that states are embedded in domestic and international civil society, which decisively constrains their actions. This insight is reformulated as three core assumptions, which provide coherent microfoundational assumptions about key actors, their motivations, and the constraints they face. A wide range of hypotheses can be derived from this model, including propositions about the effects of democracy, nationalism, social inequality, commerce and international institutions on world politics. Some results differ from those commonly dubbed "Liberal" in current debates, particularly regarding the relatively narrow independent effect of international institutions on patterns of international cooperation. Liberalism enjoys several advantages over Realism, including its ability to predict progressive historical change and the substantive content of policy. A coherent Liberal paradigm permits more rigorous empirical testing of Liberal and Realist hypotheses against one another, but also points toward a productive synthesis between the two approaches.

Since the Renaissance, Western thought on world politics has been dominated by the tradition of political Realism, with its focus on state power, national interests and unitary decision-making.¹ There remains today an academic consensus, even among critics, on its continued "centrality...in the international political thought of the West."² Many aspects of the Realist tradition--among them its longevity, parsimony, and appeal to policy-makers--have been cited as reasons for its privileged position. From a social scientific viewpoint, however, the most fundamental reason is that it remains the only clearly articulated theoretical approach (often termed a "paradigm") in the field of international relations.³

Realism, to be sure, is not without critics. Over the past two centuries, the most persistent and powerful of these have come from the classical Liberal tradition, including Immanuel Kant, John Stuart Mill, Richard Cobden, Woodrow Wilson, Norman Angell, Joseph Schumpeter and John Maynard Keynes. Strands of classical Liberal thought have found their way into contemporary international relations theory, of which the following can be distinguished: republican liberalism holds that liberal democracies tend to be more pacific than other forms of government; pluralist liberalism argues that the maldistribution of social power or the existence of deep social cleavages creates incentives for international conflict; commercial liberalism asserts that economic interdependence creates incentives for peace and cooperation; and regulatory liberalism contends that international law and institutions promote international accommodation.⁴ Although their common heritage is recognizably Liberal, these strands are generally treated as fragmentary hypotheses or as separate criticisms of Realism, rather than variants of a single distinct and coherent Liberal theory of international relations.

My central purpose here is to propose a framework for Liberal theory of international relations that is both non-utopian and non-normative. I draw on arguments taken from classical philosophers but frame them in a way useful to social science. This resulting variant of Liberalism is based on coherent "microfoundations." In other words, it deduces empirical predictions about what states actually do from a consistent and coherent set of assumptions about the preferences of the fundamental social actors and the incentives facing them.⁵

This essay is divided into three parts. The first argues that the central insight distinguishing Liberal international relations theory is that states are embedded in domestic and international civil society (understood as an aggregation of individuals and voluntary groups), which places structural constraints on the behavior of the state by shaping the underlying preferences on which its foreign policy is based. This basic insight can be restated in the form of three core assumptions common to Liberal writings on international relations: the fundamental actors in world politics are individuals and privately-constituted groups with autonomous preferences; governments represent some subset of domestic social actors; and interstate behavior is shaped primarily by the pattern of state preferences, not state power.

In the second section, these Liberal assumptions are used to derive a wide range of otherwise apparently unrelated hypotheses in international relations and comparative politics, including classical Liberal claims about the effects of democracy, equality and commerce, neo-functional theories of integration and institutions, "second-image reversed" approaches to domestic policy formation, hypothetical connections between nationalism and war, and hypotheses linking social equality and foreign policy, to name a few. Thus unified, these variants of Liberal theory offer the promise of a coherent and broadly applicable theory of international politics.

As applied, this theory may yield results differing in important ways both from orthodox theories and from those commonly dubbed "Liberal" in many current debates. To illustrate this potential, the third section of the essay applies the Liberal model to international institutions, arguing that Liberal support for strong international regimes is carefully qualified. A brief conclusion points out some of the comparative advantages of the Liberal approach, and points the way toward an empirically promising synthesis between Liberalism and Realism.⁶

I. DEFINING THE LIBERAL THEORY OF INTERNATIONAL RELATIONS

A. Beyond Utopianism: Towards a Positive Liberal Theory

The theoretical framework set forth in this essay presents Liberalism as a social scientific theory of international relations, one that seeks to explain what states do, not what they should

do. Since Machiavelli advanced his celebrated distinction between "the effective truth of things" and the "imaginary republics and monarchies that have never been seen or have been known to exist," Realist critics have obstinately maintained that such a Liberal theory is impossible.⁷ They have typically presented Liberal claims not as realistic generalizations about human behavior, but as normative ideals of peace and cooperation, which they label "idealist," "legalist," "moralist," "reductionist" or "utopian."

In this spirit, John Herz devotes nearly a hundred pages to the "conflict between idealist theory and realist facts."⁸ Michael Howard criticizes Liberals for demanding a "Gandhian" sense of individual self-sacrifice--a position Morgenthau contrasts with Realism's "theoretical concern with human nature as it actually is, and with the historical processes as they actually take place".⁹ In Robert Gilpin's influential typology, a foundational claim of mercantilism is that "politics determines economics," while the Liberal counterpart is normative: "economics should determine politics."¹⁰ Finally, there is Martin Wight, surely the most zealous among Realist critics, for whom the cosmopolitanism of Kant, Mazzini and Wilson is the "most revolutionary of revolutionist doctrines"--a category containing Marxist-Leninism, early Islamic messianism, Counter-Reformation Catholicism, and other doctrines that share the beliefs that "human nature is perfectible," a "community of mankind" is immanent, and a "world state, divinely ordained" is feasible!¹¹

Even those social scientists who have contributed the most to our current understanding of Liberal international relations theory sometimes treat it as inherently more normative than explanatory. Robert Keohane, for example, contends that Liberal theories cannot meet the social scientific standards of parsimony set, if not always attained, by Realism. While conceding that "liberalism is more sophisticated [regarding human motives] than many of its critics have alleged," he nonetheless maintains that its underlying assertion of the moral worth and independence of the individual nonetheless introduces an ineluctable source of "indeterminacy" into liberal analyses of society: "In contrast to Marxism and realism, Liberalism is not committed to ambitious and parsimonious structural theory." It remains "a source of strength" primarily as a "guide" to normative choice.¹²

The lack of a paradigmatic rival to Realism and the artificial contrast between the real and the ideal that results from it are not just the concern of intellectual historians of international relations. Debates among social scientist have also been impoverished, for the following two reasons.

First, the lack of firm microfoundations creates considerable semantic confusion regarding the proper distinction between Realism and Liberalism, two terms widely employed in the field. Liberal arguments, I shall argue below, are often presented as Realist, and vice versa. Moreover, some theories appear uncategorizable, with one prominent theory of international cooperation recently evolving from "modified structural Realism" to "neo-Liberal institutionalism." Most important, unnecessary conflict between the two approaches has resulted, obscuring--as I suggest briefly in the conclusion--promising areas of compatibility and synthesis between the two theories.

Second, the lack of microfoundations inspires attempts to defeat Liberal arguments by reductio ad absurdum, as in the cases listed above, while discouraging the derivation and testing of more sophisticated Liberal hypotheses. The lack of a statement of Liberalism clear enough to support widespread empirical testing not only reduces our empirical knowledge about the validity of Liberal claims, but, paradoxically, reduces (or ought to reduce) our confidence in Realist predictions as well. Imre Lakatos, widely appropriated as a methodological guide to international relations theory, has observed that a scientific theory or paradigm can only be overturned by a superior alternative. Without a coherent Liberal counterpart, debates in international relations reduce too often to a series of skirmishes between Realism and its critics--a situation in which Realism never faces fundamental empirical challenges. Those who aim to refute Realism are condemned to amend it.¹³

B. From Political Philosophy to Social Science Theory

To distill a positive theory of international relations from classical Liberal writings, it is first necessary to detach Liberal statements about social reality from their normative context.

To this end, it is useful to forego all reference to "metaphysical" conceptions of human nature, divine will, natural teleology or a primordial state of nature, as well as--if only provisionally in the interest of theoretical parsimony--"idealistic" arguments that rely on moral persuasion, the spread of individual altruism, or the mutual recognition of Liberal ideology.¹⁴ Instead, the focus is here on those remaining elements in Liberal theory that assume a core of rational behavior by self-interested individuals.

The reliance on interest-based microfoundations, moreover, reflects the practice of normative Liberal philosophers themselves. Since the late 18th century, Liberal prescriptions have been grounded increasingly in generalizations about social reality, as well as mythical accounts, metaphysical claims or fundamental ethical postulates.¹⁵ By the time of Adam Smith and David Hume in Britain, Immanuel Kant in Germany, and Benjamin Constant (if not already Montesquieu) in France, the notion that a political philosophy could be deduced solely from its theology, transcendent reason or a pre-social conception of human nature had been definitively supplanted by theories more reliant on analysis of contemporary society. Similarly, the view that human beings, once persuaded by the proper arguments, would morally regenerate themselves, was largely abandoned.¹⁶

Instead, each of these thinkers sought to ground Liberal political philosophy more firmly in a theoretical understanding of individual interests and the social context of politics.¹⁷ Kant--while accepting the notion of an innate moral sense--sketched a progressive movement toward world peace that worked through the balancing of private, selfish concerns, even between nations populated by "devils."¹⁸ Smith and Hume abandoned the search for philosophical foundations in the invariant qualities of divine or human existence; instead, they "subordinated human practical reason to the contingencies of sociology, seeing history as a real causal process" based on the existing nature of man.¹⁹ "All plans of government," writes Hume with characteristic bluntness, "which suppose great reformation in the manners of mankind, are plainly imaginary."²⁰ Of Benjamin Constant, Stephen Holmes observes:²¹

Following Montesquieu and other eighteenth-century (particularly Scottish) examples,...[Constant] deliberately supplanted the contract myth with a theory

of social change. The liberal state is desirable not because it mirrors human nature or respects eternal human rights, but because it is the political arrangement most adequate to solving the problems of European society in its current state of economic, scientific and moral development.

In relying more heavily on social theory, each of these Liberals decisively rejected precisely those "utopian" foundations often erroneously ascribed to them by Realists. Instead, their prescriptions were grounded in social theories predicting variation in interstate conflict and cooperation, depending on the social conditions. The Liberal ideal of a world of peaceful commercial republics became a limiting possibility along a continuum, historical and theoretical, of potential political outcomes, the causes and consequences of which are accessible through the scientific study of politics, based on consistent assumptions about individual motivations and social structures.²² This continuum of state behavior, explored in more detail in the following section, comprises the link between classical Liberal philosophy and the contemporary social science of international relations.

C. The Core Assumptions of Liberal International Relations Theory

The foundations of the Liberal theory of world politics can be expressed in the form of three core assumptions, comprising the basic Liberal claims about the essential social actors and their motivations, the relationship between state and civil society, and the circumstances under which states develop strategies and make choices in the international system.²³ Here these assumptions are distilled from classical Liberal writings on international affairs and restated in language consistent with international relations theory.

1. Liberalism and the Nature of Civil Society

The first core assumption of liberal theory is that the fundamental actors in politics are members of domestic society, understood as individuals and privately-constituted groups seeking to promote their independent interests. Under specified conditions of social differentiation, individual autonomy and limited competition, individual behavior may be

channeled in ways that promote social order and the progressive improvement of individual welfare.

The most fundamental premise of Liberal political theory is that politics is embedded in a social context, which decisively constrains the purposes and possibilities of government. Society is analytically prior to the state, and domestic state-society relations constitute the central issue of politics.²⁴ Society, according to Liberals, is comprised of individual human agents with autonomous interests and identities, who seek to form private groups, organizations and arrangements to advance their social and political goals. Social and political order results from the aggregate interactions of such individuals, often acting without conscious design. Even in non-liberal societies, individuals and private groups are assumed to define their underlying preferences independently of politics and interact with others in an effort to realize them, though they may not always be in a position to articulate or realize them.²⁵ Liberal theory is methodologically individualist, its view of society pluralist.

This pluralist conception of society leads Liberals to reject the notion, often falsely attributed to them, that there exists an automatic harmony of interest between individuals, social groups, or, as we shall explore in more detail later, nations.²⁶ To the contrary, politics is always problematic, since it involves conflict between competing, sometimes incommensurable, private goals. A conflictless society, as Mill and de Tocqueville most vigorously asserted, would be profoundly illiberal. The "conflict of positive values," writes Isaiah Berlin, makes "social and political collisions" unavoidable.²⁷ To present Liberalism as a doctrine that holds that underlying social interests automatically converge, therefore, is to misunderstand the very foundation of the Liberal reform impulse, directed for centuries against the concentration and abuse of social and political power. For reformers, it is above all the successful management of social conflict through the restriction of the arbitrary use of public and private power--a problem that assumes social conflict--that recommends Liberal institutions and policies.²⁸

The predictions of Liberals follow directly from an analysis of specific conditions under which individual interests converge in such a way as to promote of social order and develop-

ment. From the late 18th century philosophers on, this analysis was to be approached empirically, through a "science of society."²⁹ Here I will suggest three broad implications for international politics that follow from the Liberal view of society.

The first implication is that the most fundamental determinants of politics lie in society itself. Issue areas and situations are distinguished by distinctive patterns of social interests, creating different sets of constraints and opportunities for governments.³⁰ Where Realists tend to assume that the allegiance of the individual to the state takes precedence over all other ties, Liberals neither take popular support for state policies for granted, nor assume that the optimal state policy can be derived solely from the position of a state in the international political order. Private individuals independently calculate personal gains and losses from foreign policy, popular support for foreign policy initiatives, for governmental institutions and, indeed, for the survival of the state itself, all depend fundamentally on the precise nature of individual preferences and their relation to the international environment.

The second implication is that the potential for social order and progress can be realized only through institutions that channel private incentives toward social goals of wealth and security. Two institutions Liberals often emphasize are legally-guaranteed individual rights and competition in political and economic affairs. When functioning properly, the combination of rights and competition undermine "concentrations of privilege, prejudice and power" in society.³¹ D. J. Manning observes:³²

There is a curious symmetry about the remarks of Locke, Madison and Montesquieu on government, Smith, William Graham Sumner and Hayek on private enterprise and free competition, and Mill, de Tocqueville and Ortega y Gasset on the intolerance of the masses...[For each,] the stability and movement of society depend on its constituent parts remaining in balanced relationships. Excessive accumulations of power, wealth or opinion are threats to society's dynamism and equilibrium.

The greater such concentrations, the greater the danger that privileged groups will seek "rents"—individual gains that are not welfare-improving for society as a whole—at the expense of others. One form of such rent-seeking is international conflict, in which state policy benefits only particularistic interests.

The third implication follows directly. Despite its assumption of conflict, Liberalism is thus a meliorist doctrine, admitting the possibility of evolutionary social progress. Under circumstances of minimum individual rights and regulated competition, Liberals believe that political and socioeconomic development in the direction of greater wealth and security is possible.³³ By the early 19th century, most Liberals had come to believe that sustained socioeconomic development was possible and that republican forms of government and private economies would eventually prevail widely, though the process might be slow and the results imperfect.

These three implications of the Liberal view of politics and society will be developed in more detail in a subsequent sections. For now, we turn to the second assumption, which concerns the links between society and the state.

2. Liberalism and State-Society Relations

The second core assumption of Liberal international relations theory is that **all governments represent some segment of domestic society, whose interests are reflected in state policy.** Consistent with the view that society, understood as an aggregate of autonomous individuals and voluntary groups, is prior to the state, Liberal theories of politics accord a central place to the domestic institutions that link state and society. Liberals analyze such institutions primarily as mechanisms for the representation of social interests. The state is assumed to be representative of some set of social groups, although not all governments represent the entire population. For Liberals, the principal-agent relationship between the population and the state is thus a central issue; the extent of representativeness is thus an important variable in explaining state policy.³⁴

Systems of interest intermediation may take the form of direct "voice" (thorough formal electoral mechanisms or the informal actions of interest groups, personal networks or public persuasion) or the more indirect mechanism of "exit" (through social reactions to government policy).³⁵ Among institutions that provide voice, pure tyranny is at one theoretical extreme,

representing the interests of a single person, and pure democracy at the other, representing all citizens directly. Between these two extremes exist various forms of representation, which serve as "transmission belts" for the interests of certain domestic social groups, inside and outside the state apparatus. Even among republican forms of government, different systems of representation (presidential and parliamentary government, for example) can subtly bias representation in favor of different types of groups.³⁶ Where direct voice is not available, methods of "exit," the ability of individuals to evade the political control through non-participation or emigration, may be thought of as substitutes for it.³⁷

Even when underlying social interests converge, state policy, and with it the level of international conflict, may be influenced by the imperfect or partial representation of social interests. Imperfect representation permits concentrations of power to form, both inside and outside the state apparatus, which "capture" the state and use it to extract private gains (or "rents") from international conflict, while passing the costs on to others or to society as a whole.³⁸ Domestic political institutions may incorporate other, more subtle biases of interest articulation, such as those favoring short-term interests, encouraging inefficient decision-making or distorting preferences on single issues through the selective mobilization of interests.³⁹

Having stated the assumptions about the nature of civil society and its about its relation to the state, it remains to examine the interaction of states in the international system.

3. Liberalism and the Nature of the International System

The third core Liberal assumption, the one most uniquely applicable to international relations, is that the behavior of states--and hence levels of international conflict and cooperation--reflect the nature and configuration of state preferences.

Liberal theory analyzes international relations primarily in terms of the patterns of conflicting or convergent state preferences, which in turn reflect the social context of the state. Ceteris paribus, convergent state preferences beget interstate cooperation; divergent state pref-

erences generate interstate conflict.⁴⁰ Metaphorically speaking, it is the pattern of "demand" for certain international outcomes, not the specific institutional and geopolitical constraints imposed by the international political system on the "supply" of these outcomes, that imposes the fundamental constraint on state behavior. For Liberals, state purpose, not state power, is the most essential element of world politics.⁴¹

This claim--in essence, "what states do is determined by what they want"--may at first seem obvious, even tautological. In fact, however, it is a position that has drawn attacks for centuries, particularly from Realists. At the heart of Realism--and the classic Realist critique of Liberalism--is the argument that state behavior in the international system has ironic consequences: power politics prevents states from realizing their underlying preferences, and often even frustrates their intentions, by constraining them to pursue strategies (investment in the defense of "security" and the accumulation of power, alliances with enemies of enemies, etc.) considerably at variance with their desires. "In the history of international relations," writes Waltz, "results achieved seldom correspond to the intentions of actors....Causes not found in their independent individual characters and motives do operate among the actors collectively."⁴² In other words, what states do is determined by what they can get.

To understand more fully the divergence between Realism and Liberalism on this point, it is useful to begin with the view, common to both, that at any given moment, states are purposive, if not always perfectly rational, actors.⁴³ From the assumption of instrumental action, it follows by definition that both Liberals and Realists view events in world politics as a two-stage process of "social choice," in which individual states first define their preferences and then engage in a process of interstate strategic interaction (e.g. international bargaining, negotiation, coercion, institutional decision-making) to reach a common outcome.⁴⁴

Viewed within this simple two-stage model, the most fundamental difference between Realism and Liberalism, I propose, lies in the emphasis of each on a different stage: Liberals focus on domestic preference formation, Realists on interstate bargaining.⁴⁵ Realist theory explains state behavior and international outcomes primarily as the result of variations in the

external political constraints under which states bargain, most commonly specified in terms of the resources states command. Changing incentives result from the position of the state in the international political system. Realists thus exclude changes in underlying state preferences from theoretical scrutiny, treating them either as irrelevant, invariant or secondary. Given the assumption of rational behavior, and with cross-issue or cross-national variance in state preferences excluded from analysis, observed differences in state strategies and goals can only reflect an assessment of what can be achieved within the constraints set by the external political situation. Realists understand these external constraints in terms of the distribution of military and economic power, or, in the case of "modified structural Realism," in terms of international institutions, the level of uncertainty, the cost of bargaining and similar concerns.⁴⁶ For Realists, means, not ends, matter most.

In contrast, Liberals argue that variation in the pre-strategic purposes of states, grounded in their changing relationship to domestic and international civil society, is the most fundamental determinant of variations in foreign policy behavior and international diplomacy. Liberals therefore reject the dogma that state interests are "naturally" either convergent or conflictual.⁴⁷ (Realists have often presented Liberalism as a theory that applies only when state interests are convergent. But just as Liberals do not believe that all individual interests are harmonious, they deny that state preferences automatically converge.) Quite the opposite, Liberalism's most fundamental contribution to international relations theory lies in its specification of the social conditions that determine variations in the underlying level of conflict and convergence between the preferences of states.⁴⁸ For Liberals, ends, not means, matter most.

Liberalism is not, in Waltz's terminology, a "reductionist" theory that ignores the international context of state behavior. Instead, it is a "systemic" theory, but one in which foreign policy results from the convergence and divergence of state preferences or "purposes", not relative capabilities.⁴⁹ The proper test of Liberal theory, therefore, is not whether state behavior can accurately be predicted based on the preferences of a single state, but whether state behavior can be predicted based on the preferences of all the states involved.⁵⁰

Because it has a systemic component, Liberal theory helps explain the outcomes of coercion, bargaining, negotiation and other forms of interstate strategic interaction. While Liberalism is, in the first instance, a theory of preference formation, Liberals maintain that preferences themselves are a key determinant of interstate bargaining outcomes. Systemic outcomes result from the interaction of state preferences, not simply the distribution of bargaining resources. In this sense, Liberalism offers not just predictions about domestic preference formation, but also about the outcomes of interstate strategic interaction.

4. Maximalist and Minimalist Liberalism

Before proceeding to applications of Liberal theory, it is important to understand precisely what is implied when Liberals assert, in the third assumption above, that state interactions are influenced by the convergence and divergence of preferences. The theoretical relationship predicted by Liberals between state preferences and strategic interaction can be formulated in a strong and a weak form, which I term, respectively, "maximalist" and "minimalist" Liberalism.

Maximalist Liberalism: In many situations, it is realistic to assert that the incidence and outcome of interstate interactions depend solely on the level of convergence or conflict between underlying national preferences. This is the most parsimonious variant of Liberalism, since no independent measure of relative bargaining capability is necessary in order to predict the outcome of interstate interactions. The distribution of relative capabilities is subsumed under simplifying assumptions (just as Realists subsume domestic politics within assumptions about unitary state preferences). Interstate conflict is likely when the underlying conflict of interest between the social groups represented by each state is high, while cooperation is more likely when conflict of interest between the social groups represented by each state is low. This view I term "maximalist Liberalism."

Realists have long maintained that maximalist Liberalism is naïve. There is some truth here; and few Liberal thinkers propose maximalist Liberalism as universally applicable. None-

theless, Liberals should not abandon the maximalist position, for it retains more explanatory power than may appear at first glance. Many models of bargaining treat negotiations more like market transactions than total war, predicting outcomes directly from patterns of interests, rather than on the basis of threats and incentives based on independent sources of power, such as military capabilities, economic leverage, national autonomy or financial resources. The level of conflict of interest alone often determines whether any agreement is possible at all. In the most widespread negotiating models, outcomes are determined by the "win-set," "best alternative to negotiated agreement," or the "relative opportunity costs" of foregoing the agreement, which can help define the cooperative Nash and other related equilibrium solutions.⁵¹ In other models, differential discount rates, varying tolerance of risk, or by a dissimilar tolerance for bargaining costs. What such models have in common is that the plausible assumption that the willingness of the state to expend bargaining resources, and therefore the strategies it chooses, is assumed to be a direct function of its relative interest in the issue at stake. Since the predictions of systemic outcomes are based on patterns in pre-strategic preferences alone, rather than independent sources of bargaining leverage, they are compatible with maximalist Liberal theory.⁵²

Even where military means are involved and fundamental issues of political independence and territorial integrity are at stake, the outcomes of interstate interactions may often be determined by the relative intensity of the preferences ("resolve" or "determination"), not relative levels of capabilities. The extent to which governments mobilize social resources for foreign policy purposes varies substantially. Internal divisions often cause strong powers to lose wars against peripheral ones. The Boer War, Hitler's remilitarization of the Rhineland in 1936 and the Vietnam War can be cited as examples of cases in which "a strong preference for the issue at stake can compensate for a deficiency in capabilities."⁵³ In each of these cases, social purpose rather than state power was arguably the primary determinant not only of issues over which states bargain (the "bargaining space"), but the outcomes of bargaining as well.

Minimalist Liberalism: A less extreme version of the claim about the priority of preferences over capabilities—a position I term "minimalist Liberalism"—is often more appropriate.

Minimalist Liberals agree that Liberalism provides an accurate theory of preferences, but concede that Realism is often useful as a theory of bargaining.⁵⁴ In this view, Liberalism and Realism are analytically complementary, since they account for different aspects of a single process: Liberalism accounts for the nature of state interests in terms of the representation of civil society, Realism accounts for its actualization through relative bargaining capabilities. The nature of the goals states seek, and therefore underlying levels of interstate conflict, are predicted by Liberal theory, but the outcomes of conflict are determined, at least in part, by the power variables central to Realism.

Most Liberal thinkers have been minimalist Liberals; they acknowledge relative power resources as an important variable, but one subordinate to preferences. Kant, for example, accords the state system an indispensable role in human development. He is sensitive to the virtues of the balance of power, among these its capacity to "regulate the essentially healthy hostility which prevails among states...lest they should destroy one another." But Kant remains a Liberal in that he embeds his Realist insight firmly in a larger theory of social development, on the basis of which he predicted that the development of domestic law and institutions would eventually eliminate the need to rely on the balance of power, which he compared, in the metaphor of Jonathan Swift, to "a house which the builder had constructed in such perfect harmony with all the laws of equilibrium that it collapsed as soon as a sparrow alighted on it."⁵⁵ This was also the argument of John Dewey (later appropriated by George Kennan), who believed that postwar Western deterrent would be needed only until the Bolshevik revolution had run its course, whereupon the Soviet Union would collapse of its own accord, removing much of the security threat.

There is much evidence to suggest the plausibility of the minimalist Liberal position. States faced with similar geopolitical situations often behave in very different ways. Recent analyses of alliance formation, for example, suggest that while some portion of alliance formation can be explained using the power variables favored by Realists—power, proximity and offensive capabilities—the existence of expansionist or otherwise aggressive ambitions on the

part of one or more states is the most important single factor, often outweighing the underlying objective concerns.⁵⁶

Minimalist Liberals insist, however, that Liberalism must be the prior part of any synthesis between the two theories. There are a number of reasons why Liberalism precedes Realism, the most important of which is that the very definition of rationality implies action on the basis of a consistent set of preferences. For any rational actor, the process of preference formation must thus, in an analytical sense, be separable from and prior to the consideration of alternative strategies to realize those preferences. It is only very rarely possible to specify a theory of bargaining properly, let alone test it, without considering the underlying level of pre-strategic conflict.⁵⁷

The priority of Liberalism over Realism, and even the historical movement in the direction of a more Liberal world, nonetheless leaves open the question whether the explanation of any specific empirical phenomenon or category of phenomena is primarily attributable to Liberal factors, Realist factors, or some combination of the two. Empirical investigations to resolve this issue will require more precise specifications of Liberal theory, to which we now turn.

II. DERIVING LIBERAL THEORIES OF INTERNATIONAL RELATIONS

The three assumptions introduced in the previous section--society consists of self-interested individuals with potentially convergent interests, states are representative, and inter-state behavior reflects the pattern of state preferences--lay the foundation for the Liberal approach to international relations. Each assumption suggests a variable that influences the level of international conflict and cooperation. These are: the representativeness of domestic institutions, the level of social equality and cohesion, and the extent of transnational economic interaction.

Each variable points to a set of mechanisms by which international conflict can result from the failure to resolve distributional conflicts between domestic social groups in a way that

benefits society as a whole. The core Liberal arguments in each case are that the greater the mutual gains from social cooperation, the greater the incentives for political accommodation, but the greater the concentrations of social and political power, the greater the temptation for concentrated groups to provoke conflict in order to accumulate rents at the expense of others in society. Each of the three variants of Liberalism discussed below includes a form of this arguments.⁵⁸ In each case, the same approach applies to both political economy and national security. In other words, each of the arguments takes the same, fundamentally Liberal form, although the substantive details and applications may vary.

A. Republican Liberalism and Representative Institutions

For Liberals, the foreign policy preferences of governments are directly influenced by the formal representative institutions that link state and society. These domestic "transmission belts" include political parties, electoral systems and bureaucracies. Accurate representation of social interests in politics is always problematic; as social choice theorists remind us, even highly representative institutions often cannot avoid introducing biases into governmental decision-making.⁵⁹

Stated in its general form, the most celebrated republican Liberal proposition is that the more accurately representative institutions reflect individual preferences, the less likely that the government will provoke interstate conflict.⁶⁰ While a situation in which entire societies benefit from aggression is conceivable, Liberals presume that are such situations are much rarer than those in which there is conflict between the interests of small groups in two societies. William Godwin observed: "War and conquest...elevate the few at the expense of the rest; and consequently they may never be undertaken but where the many are the instruments of the few."⁶¹ Political institutions that restrict influence to small privileged subsets of society tempt such groups to promote aggressive policies that are beneficial to them, while compelling others to bear the costs. Moreover, the interests and risk-propensity of a small set of individuals are likely to be more variable than those of the polity as a whole. For these two reasons, the goals

of republican governments tend (with theoretically predictable exceptions discussed below) to converge to a greater extent than those of other regime types.

The precise causal links vary. Some non-republican states represent little more than the interests of state elites, as in the cases of independent military establishments, absolutist monarchies, and 20th-century Fascism. In these situations, policy comes to depend on the whims of the ruler or the interests of state bureaucracy in expanding its resources, as well as the ability of the state apparatus to extract resources from society.⁶² But Liberals must guard against the fallacy of linking conflict only with the predatory behavior of state elites. Another possibility is that skewed representation permits privileged social groups to "capture" state policy. This is the basis of many Liberal arguments about aggressive actions by imperfectly representative states, such as the claims that imperialism generally benefits a narrow range of interested parties and that international economic conflict stems from special interest group pressure. In either form, imperfectly representative regimes encourage concentrated groups to provoke conflict, if they can monopolize the benefits and evade the costs.

Republican Liberal arguments about imperfect representation are best known in the form of hypotheses about war. In the Liberal view, governments require a "purpose" for provoking war. The decisive condition for the outbreak of war is the existence of an "aggressor" with "revisionist," rather than "status quo" aims.⁶³ In the case of war, among the most destructive of human practices, the presumption that conflict is unlikely to be of net benefit to an entire society is particularly plausible. Aggressive war may result from an "unbalanced" policy, but where a wide range of social interests are represented, it becomes all but impossible. This is not to say that there is no conflict of interest among republics, only that republics are far less likely to invoke the relatively costly strategy of war. On this basis, Kant predicted that republics--countries that enjoy representative institutions, checks and balances, individual rights and the rule of law--would not make war upon one another.⁶⁴

A growing body of social scientific evidence supports the Liberal view. Although Liberal democracies are not involved in significantly fewer wars than their authoritarian counter-

parts, they never (or almost never) fight, nor ally against, one another--perhaps the single most striking empirical finding in international relations theory.⁶⁵ Democratic states do engage in low-level conflict, particularly against weak states with unstable domestic regimes, but tend to eschew the more costly alternative of open warfare, particularly against opponents of similar strength. Increases in the number of democratic states in the international system tends to dampen the number and intensity of wars.⁶⁶ Yet, if recent events are any indication, even a single non-democratic state among the major powers is enough to fundamentally alter the nature of state behavior.

The behavior, often hostile, of Liberal republics toward other forms of government is more difficult to explain, and some international relations theorists have invoked Liberal moralism to account for it.⁶⁷ Yet Liberal theory identifies at least two circumstances under which republican nations may indeed have a net interest in acting aggressively toward non-republican neighbors. First, Liberals (including reputed pacifists like John Dewey and Norman Angell) almost unanimously accept the possibility for wars of self-defense (or collective security). Democratic self-defense follows from the willingness of the population to defend a popular state. Where the aggressive goals of non-republican states pose an external security threat, preventive war or reform intervention may represent a rational form of longer-term self-defense.⁶⁸ This sentiment was widespread among early 20th-century Liberals, notably Thorstein Veblen, who distinguished on republican liberal grounds between the Japanese, Germans and perhaps the Russians, who may "safely be counted on to take the offensive," and the US, Britain and France, "who fight on provocation."⁶⁹ Second, Liberal states tend to commit acts of imperialism in areas where public order and market mechanisms for structuring private interactions do not yet exist in the periphery, meaning that international conflict may be a precondition for private contact.⁷⁰

While these explanations are consistent with the Liberal approach, most Liberals maintain that imperialism in fact fails to generate net economic benefits. Instead, they argue that distortions in representation caused imperialism. The groups benefiting from Liberal

imperialism--the military, uncompetitive and well-entrenched foreign investors and traders, and political elites--were particularly well-placed to influence policy.⁷¹

Military aggression among the great powers tends to be associated with small-group interests in non-representative states.⁷² This is not to say that Liberals predict unceasing belligerence by autocratic regimes, since the state preferences in any single case will depend on the views of those individuals who wield political power and the emergence of a cautious or enlightened despotism cannot be ruled out. A more sophisticated Liberal prediction, advanced by Hume, Smith and Kant, is that despotic power, bounded by neither law nor representative institutions, tends to be wielded more arbitrarily. The behavior of non-liberal states is thus more aggressive on the average, but also less predictable in any individual case.

Once again the evidence is persuasive. Stephen van Evera argues that "World War I and the Pacific War of 1941-45 were caused in part by the domination of civilian discourse by military propaganda" disseminated by military establishments seeking "the size, wealth, autonomy, and prestige that all bureaucracies seek"--a threat to peace that the imposition of civilian control over the military has eliminated.⁷³ Jack Snyder traces German, Japanese and British imperialism to misrepresentation--logrolling coalitions of elitist political cartels that encourage expansion at the expense of excluded parties.⁷⁴ Steven Walt argues persuasively that revolutionary elites, fearing counterrevolution at home, often adopt an aggressive policy abroad.⁷⁵ Empirical studies demonstrate that even in ancient and tribal societies, democratic polities were more pacific, suggesting that the risk-aversion of republics is based on the internal logic of domestic representation, rather than its conjunction with a particular modern ideology or social structure.⁷⁶ The remarkable risk-acceptance of tyrannies supports the Liberal view that narrow state elites are erratic, while posing a dual challenge to the Realist assumption of the "primacy of foreign policy" and to public choice theories of a rational rent-seeking state elite. Hitler resolutely provoked war against a coalition of countries whose armaments production, even before the war began, was considerably greater than that of the Axis and whose war-making potential was five times larger. Consistent with this is the notion that, in the 20th century, most states that initiated a war lost it.⁷⁷

Direct counterparts to the relationship between constitutional form and military aggression can be found in the international political economy. Trade policy provides an instructive example of the proposition that even within republican states, distortions of representation matter. With recognized exceptions for infant industries and oligopolies (considered in the upcoming section), Liberals generally argue that the net welfare would be improved if governments liberalized trade. Yet governments do not universally pursue liberal policies, even when they properly understand the social gains and losses. Liberals since Smith have explained this by arguing that domestic groups disadvantaged by international trade will seek to capture the government and turn it toward aggressive foreign economic policies, such as protection, competitive devaluation and the subsidization of industry. Labor-intensive sectors command disproportionate numbers of voters. Sectors dependent on public procurement forge close relations with government officials. Even the political party in power may influence the channels available to different interests, thus fundamentally influencing the willingness of nations to enter into international trade or monetary arrangements.⁷⁸ This set of explanations differs markedly from that offered by Realists and Mercantilists, most of whom tend to stress concerns about military security or an autonomous state preference for industrialization, rather than net economic welfare.⁷⁹

Studies of foreign economic policy suggest that the ability of states to maintain free trade depends in large part on their ability to institutionally manage domestic distributional conflicts. Paradoxically, a measure of insulation from direct pressure may render governments more representative. The corporatist democracies of Europe have institutions that encourage the formation of encompassing, rather than log-rolling, coalitions, in which centralized negotiations reach decisions for society as a whole, tend to enjoy faster and more stable economic growth and lower levels of protection.⁸⁰ In trade negotiations, institutional provisions for fast-track ratification or executive autonomy permit politicians to deflect the pressure of special interests.⁸¹ Conversely, proportional representation voting systems and, arguably, discretionary central bank policy impede international cooperation by encouraging undisciplined macro-economic policy in pursuit of short-term partisan ends, rather than long-term goals.⁸²

B. Pluralist Liberalism and Concentrations of Social Power

Pluralist Liberalism is the social analog to the institutional focus of Republican Liberalism. Just as distortions in political institutions may permit state policy to be captured by special interests, society itself may harbor deep divisions in interest or differentials in social power, permitting powerful groups to influence decision-making by manipulating information, distorting economic and political markets, or employing other forms of social coercion. Paul Milgrom and John Roberts remind that "the presumption that rents lead to inefficiencies only when they result from government intervention is...a mistake...any centralization of authority, whether in the public or the private sector,...gives rise to costly influence activities."⁸³ While pluralist and republican Liberalism are often complementary, as when certain social resources permit groups to be overrepresented in democratic decision-making, differentials in social power may also lead to social conflict even where political institutions weight social preferences accurately.

Pluralist Liberalism suggests two sources of international conflict, both linked with the protection of minority rights. The first, illustrated by the problem of ethnic minorities, is that social allegiances may not accord with domestic borders, undermining peaceful dispute resolution both domestically and internationally. The second, illustrated by the problem of individual rights, is that the distribution of social power may permit a single group to dominate policy, directly or indirectly. Both arguments suggest that there are domestic social, as well as institutional, preconditions for international peace. Both situations can lead domestic groups to support international conflict, in the expectation that the costs will be born by others.

1. Nationalism and Ethnic Minorities

Underlying patterns of ethnic identity belong among the social conditions that constrain the possibilities for effective political action. In the words of Woodrow Wilson, "national self-determination ranks as an essential corollary of democracy."⁸⁴ If Liberal assumptions of the

primacy of civil society and the representative function of the state obtain, the coincidence between borders and patterns of popular identification cannot be presumed. As Giuseppe Mazzini, the 19th century prophet of liberal nationalism, wrote of the borders within which the Italian language is spoken: "Brute force may for a little while contest these frontiers...but they have been recognized from of old by the tacit general consent of the peoples..."⁸⁵ This is not to say that nationalism is an aboriginal cultural force. Instead, Liberals view nationalism as a socially-constructed institution--a set of common identifications and organizational structures. It is in this sense that Mill can be seen to have argued that national identity "was, in a sense optional, and assimilating others was an open option, too."⁸⁶

Disjunctures between borders and allegiances create fundamental intra- and interstate conflicts of interest, which often express themselves in the form of political unrest. The causal links between ethnic conflict and political violence, including war are varied. Irredentism can undermine liberal institutions, because fundamental conflicts of interest tempt powerful ethnic groups to capture the state, mustering military force to quell national rebellions. Sometimes the troops are domestic, sometimes foreign. "Such armies," Mill observes, "have been the executioners of liberty throughout the whole duration of modern history."⁸⁷ While both democratic government and national succession may provide solutions to nationalist conflict, they are rarely stable or inexpensive solutions. A recent quantitative study concludes that over the last century and a half (from the nationalist uprisings of the mid-19th century to contemporary national liberation struggles), attempts to achieve autonomy or bloc for ethnic groups constitute the primary issue over which wars have been fought.⁸⁸ Once nationalist ideology is inflamed, elites can more easily manipulate popular sentiment for war. Case studies reveal that "transnational...ethnic groups" and the resulting "disputes over boundaries" generate characteristic patterns of political development, with a direct influence on alliance formation, domestic repression, nationalist ideology, civil war, aggression and other risky foreign policy behavior--a unique complex Myron Weiner has termed "the Macedonian Syndrome."⁸⁹ Even committed Realists now concede that disputes between "intermingled or divided nationalities"

are among the most probable catalyst for war in Eastern Europe and the former Soviet Union.⁹⁰

The relationship between ethnic heterogeneity and military conflict has parallels in the international political economy. While Liberals attribute most policies of "economic nationalism" to interest group pressure or imperfect representation, they also acknowledge the existence of an underlying core of irreconcilable, but mutually tolerated national interests, mostly involving the provision of public goods. The desire to defend cultural identity, national norms of social justice, and unique domestic institutions against international market pressures has sustained restrictions on immigration, continued sovereignty in the provision of social welfare and the imposition of taxes, and support for national cultural and religious institutions. Since the value of these public goods is often grounded in popular preferences, rather than market rationality, Liberals acknowledge that they can often impede accommodation internationally. Indeed, while they posing no threat to world peace, such conflicts may mark fundamental limits to the possibility of international cooperation.⁹¹

2. Individual Freedom and Concentrations of Social Power

A pluralist society, one with a dynamic balance between numerous, overlapping and balanced forms of social and political allegiance, will be most resistant to international conflict. Even under republican government, a relatively inegalitarian distribution of property, risk, information and other social goods may permit small groups to promote international conflict at the expense of society as a whole.⁹² Liberal institutions have many means, besides representative institutions, for seeking to maintain a measure of equality. Individual property rights create a minimum level of individual security, stabilize individual expectations, permits individuals to exploit local knowledge, encourage long-term calculations and promote individual initiative by bringing private returns to investment and innovation more closely in line with social benefits. The 20th century Liberalism of Wilson and Keynes employs state intervention to oppose monopolistic practices, redistribute income and provide public goods, all of which help to limit the formation of exceedingly powerful blocs of interest.

Two examples suggest the importance of social equality for international relations. First, states will tend to act more cooperatively if the risks of cooperation or conflict are shared equally. Norman Angell observed that "grave problems of adjustment...and dislocation," particularly in economic bad times, placed limits on the spread of liberal policies.⁹³ Small capitalist democracies employ welfare systems, corporatist labor-management arrangements, and labor retraining programs to distribute adjustment costs, thereby structuring side-payments that promote rapid economic adjustment. Conversely, most 19th and 20th century systems of conscription permitted the wealthy to achieve an exemption of hire a replacement--thereby limiting political opposition to war.⁹⁴

Second, social power, Schumpeter observed, can also take the form of manipulation of information.⁹⁵ In his classic account of imperialism, Hobson stressed that armaments producers, export interests and others who enjoy "economic monopolies and preferences" and "use the public resources to push their private interests" had privileged access--in part through ownership--to the media--a view supported by Jack Snyder's more recent analysis.⁹⁶ Van Evera, following Hans-Ulrich Wehler, argues persuasively that closed systems of education, elite manipulation of the press and restricted democratic debate contributed to the ideological foundations of 19th century aggression--militarism, hyper-nationalism, nationalist myths and social imperialism. Today, democratization and social leveling have undermined these ideological foundations.⁹⁷

C. Commercial Liberalism and Economic Interdependence

The view that political relations are decisively transformed by processes of economic development, most decisively stated by August Comte, is central to Liberal social science.⁹⁸ A number of causal links between socioeconomic development and conflict have been proposed. Liberals assert that economic development discourages interstate conflict by increasing the destructiveness of weapons, or at least the immediacy of their destructive potential. Economic progress within a private economy tends to increase the material stake of individuals

and private groups in society, thereby reducing their willingness to assume the risk of war.⁹⁹ Moreover, transnational commerce is closely linked to transnational communications. Increases in communications between societies--social contact, scientific communication, and cultural exchange--which are valued by individuals in each society and may contribute to the spread of political and economic reforms and greater understanding of common problems. Kant viewed that rapid diffusion of knowledge through transnational contact as a fundamental motor of human development--an argument recently termed "sociological Liberalism."¹⁰⁰ Finally, economic prosperity appears to be a prerequisite for stable republican government, with all its pacific implications. Cross-national studies indicate a close link between the prosperity and democracy, as predicted in Keynes' brilliant polemic, The Economic Consequences of the Peace--alongside Wilson's speeches probably the most influential Liberal document on international affairs of the Twentieth century--which criticized the harsh economic settlement imposed on Germany at Versailles on the ground that it would undermine the foundations of democratic politics. Despite other disagreements, Keynes, Wilson, Veblen and other post-WWI liberals agreed that social basis of the peace, not its political superstructure, was decisive for its viability. By the 1940s, Liberals had learned much.¹⁰¹

While each of these links between socioeconomic development and world politics merits closer attention, the phenomenon most extensively analyzed by Liberal international relations theorists is the direct connection between foreign policy and transnational interdependence--a condition of mutual sensitivity and vulnerability between private actors in different civil societies. Mill observed that "as civilization advances, every person becomes dependent for more and more of what most nearly concerns him, not upon his own exertions, but upon the general relations of society"--a generalization as applicable to transnational as domestic society.¹⁰² Increasing transnational interdependence is most evident in economic production, where the division of labor has become a complex, global network.

Consider the following two mechanisms by which commercial interdependence influences foreign policy: private political pressure for international transactions and market

pressure from mobile factors of production. First, Liberals argue that the greater the incentives for private actors to form international links, the more pressure they will place on the government to facilitate such interactions.¹⁰³ Because private transactions can be assumed to be of value to the individuals who entered into them, social interdependence can be presumed to create an incentive to avoid conflictual policies, insofar as they threaten them.¹⁰⁴ Richard Cobden concluded, "such is the character of free trade, that it unites, by the strongest motives of which our nature is susceptible, remote communities, rendering the interest of one the only true policy of the other..."¹⁰⁵

Secondly, Liberals argue that the mobility of factors of production--capital, labor, land and knowledge--constrains governments. Montesquieu observed that the more mobile the factors of production, the easier it is for their owners to "exit" from an inhospitable polity, thereby imposing a market constraint on the governments involved. On the contrary, immobile factors of production, including those specific to certain uses, face higher adjustment costs, often encouraging attempts to exercise "voice" to restrict international interdependence politically.¹⁰⁶ Mobility of goods, services and factors reduces the domestic economic policy autonomy of governments. Under conditions of high interdependence, it becomes difficult, sometimes impossible, to achieve domestic economic targets without international cooperation to stabilize expectations about policy.¹⁰⁷

In international security affairs, Liberals maintain that the existence of commercial interdependence increases the costs and decreases the benefit of war. As for the cost, war, embargoes and other forms of interstate coercion often interrupt or damage mutually beneficial networks of international transactions. The effects on the benefits of warfare are more subtle. Locke reasoned that "in a country not furnished with mines, there are but two ways of growing rich, either conquest or commerce," and by the late 18th century Liberals were agreed that the latter was generally more cost-effective.¹⁰⁸

Complex networks of modern production, moreover, impede efforts to extract resources from conquered territory. As long as land, resources and unskilled labor were the dominant

sources of wealth, revenues could sometimes be extracted from conquered or colonial economies at a profit. With the emergence of commercial capitalism, industrialization and finally the contemporary knowledge-based economy, however, factors of production have become more mobile and it became increasingly difficult to foreclose the private option of "exit." Van Evera maintains that in the past twenty years "post-industrial" economies have come to depend on open access to information, which is difficult to extract through conquest, thereby making peacemeal aggression all but impossible to carry out.¹⁰⁹

In the international political economy, private pressure for liberalization, market constraints imposed by factor mobility, and shrinking domestic policy autonomy are significant determinants of foreign economic policy. By the mid-18th century, Montesquieu had already observed that mobile factors of production, particularly commercial capital, placed constraints on economic policy. A monarch who debased the coinage, for example, "would fool himself," since "foreign exchange operations have taught bankers to compare coins from all over the world and to assess them at their correct value...These operations have done away with the great and sudden arbitrary actions of the sovereign, or at least with their success."¹¹⁰ Today, the convergence of European macroeconomic policies results in large part from the existence of similar external market constraints, mediated by transnational currency markets.¹¹¹ In trade policy, as Liberals predict, smaller countries reap higher benefits from trade liberalization and therefore tolerate lower levels of protection.¹¹²

Only the crudest Liberal theories of trade, however, employ aggregate measures of interdependence. Liberals have come to be suspicious of theories that predict a "one to one relationship between the amount of interdependence and the existence of cooperation among nations."¹¹³ Aggregate figures tell us something about general trends, but generate poor point predictions. If we consider instead the sectoral distribution of trade, more precise and accurate predictions about trade policy are possible. In this sense, Liberal theory subsumes "second-image reversed" hypotheses, in which domestic cleavages reflect, at least in part, differential private incentives for transnational interaction.

Numerous studies confirm that insofar as countries produce complementary goods, trading relations will be smooth; insofar as they produce identical, generic or import-competing goods, trade will be more conflictual. Theories of commercial policy successful predict patterns of protection on the basis of the international economic position of individual sectors, with uncompetitive sectors opposing free trade and more competitive sectors favoring it. Intra-industry trade undermines the cohesiveness of concentrated protectionist interests: even in the face of high import penetration, firms with multinational investments and exports interests often support free trade.¹¹⁴ Liberals also invoke international market imperfections to generate more precise policy predictions. Where increasing returns to scale, high fixed costs, surplus capacity or highly concentrated sources of supply render international markets are imperfectly competitive, modern neo-classical trade theory predicts oligopolistic behavior--precisely the "relative-gains" seeking stressed, though with other causes, by Realists.

D. The Coherence of Liberal Theory

Liberal hypotheses about representation, nationalism, pluralism, interdependence and institutions are stronger taken together than separately. Republican, pluralist and commercial Liberalism are compatible with each other, not simply because they share common micro-foundations, but also because their empirical results aggregate well.¹¹⁵ Tested alone, each may generate perverse results. Norman Angell, for example, maintained that nothing in his celebrated "unprofitability of war" thesis imputes "the impossibility of war"--a doctrine he dismissed as a "ridiculous myth," because rational calculations of unitary interest could always be upset by the intervening effects of misrepresentation, misunderstanding and social inequality.¹¹⁶ Similarly, any strong claim that interdependence leads to economic cooperation depends on a specification of the sectoral distribution of interests, the insulation of representative institutions against special interest groups, and the availability of side-payments for adjustment. Democratization may exacerbate international economic conflict.¹¹⁷ Parallel links were suggested above between economic growth and democratization, as well as between underlying social conditions and international institutions.

III. REGULATORY LIBERALISM AND ITS LIMITS

Support for international institutions is a position with which Liberals are closely associated in the popular mind, and for which they have been widely criticized. Late 19th and early 20th-century Liberals who sought to outlaw war, promote disarmament and enforce collective security bore the brunt of Realist attacks. Liberal philosophy--in particular the extension of the domestic rule of law to international affairs--inspired the Hague Peace Conferences, International Court of Justice, League of Nations, Washington Naval Treaty, and Kellogg-Briand Pact.

The most prominent and highly developed segment of contemporary writings on international political economy mirror this concern with institutions, more often referred to in this context as "international regimes." This literature presents international institutions as solutions to interstate collective action problems. By reducing risk and uncertainty about the intentions of other states, decreasing the bargaining costs of negotiating certain agreements, and linking together (or separating) issues, institutions can promote cooperation in situations where it would not otherwise be possible. Institutions are created through the imposition of a solution by a single state or a small subset of states ("hegemonic stability theory") and are maintained, even in the face of short-term incentives to defect, by the high bargaining (or "transactions") cost of renegotiation.¹¹⁸

Although some Liberals, particularly those of the mid-20th century, have advocated the formation of international institutions, Liberal international relations theory in fact reserves a very limited, often secondary role for international institutions as an independent constraint on state behavior. Kant, for example, was contemptuous of attempts to fashion autonomous public international institutions, whether in the form of world government, public international law, or supranational organizations--precisely because the underlying social conditions suggested by republican and pluralist Liberalism could not be met. A world state, Kant argued, would be incompatible with the underlying national, linguistic and religious loyalties of

peoples, and would quickly degenerate into "a most fearful despotism." As for international law, Kant maintained in his critique of Grotius, Pufendorf and Vattel that, it "cannot have the slightest legal force, since states as such are not subject to a common external constraint."¹¹⁹ Kant's "pacific union" of republics, designed to protect the member states, was a "voluntary gathering of various states which can be dissolved at any time, not an association...based on a constitution..."¹²⁰ Mill echoed the sentiment when he argued that international treaties should be annulled automatically at least once every twenty years.¹²¹

Wilson, following Kant, maintained that the decisions of his League of Nations were purely "moral," with no "legal compulsion," except if approved ex post facto by domestic institutions of democratic states--such as the U.S. Congress.¹²² Indeed, Wilson's initial draft of the League Covenant did not include any provisions for international law or a supranational court, both of which were eventually added at the insistence of European statesmen.¹²³ While Liberals like Keynes proposed more invasive international organizations after World War II, these were nonetheless limited to relatively narrow, largely economic tasks on which, it has been argued, there was assumed to be a high degree of consensus between governments on the need for interventionist domestic structures (macroeconomic stabilization, social welfare) inter-mediating between state and society.¹²⁴ In the Liberal view, most institutions are likely constitute "focal point" solutions to coordination problems, symbolic commitments aimed at shaping public expectations, or short-term reciprocal agreements based on convergent interests. They will enjoy far less independence, autonomy or sovereignty than states. For most Liberals, states remain the basic units of international public political organization; all competitors lack both legitimacy and power. Liberal theories concede that peoples do not yet consider themselves "citizens of the world," if indeed they ever will.¹²⁵

The theoretical reason for the cautious attitude of Liberal theory toward international institutions lies in the underlying assumption about the priority of state-society relations. It is the social foundations of international institutions, not the political environment in which they exist, that matter most. Rather than taking the normative view that institutions can be impor-

tant because international society should resemble a Liberal domestic society, the more prudent social scientific claim is that international institutions (of more than a minimal sort) can be important only where social conditions actually approximate those in a Liberal domestic society. In other words, institutionalist hypotheses hold only within constraints set by republican, commercial and pluralist theory. More concretely, the political effectiveness of institutions is dependent on the preexisting configuration of other sociological variables, such as national self-determination, democratization, economic development, and popular commitment to supranational ideals--which impose narrow constraints on the possibilities for political cooperation.¹²⁶

A "critical case" for Liberal skepticism of international institutions is Wilson's proposal for the League of Nations. Wilson believed that collective security was possible only between countries with republican government and national self-determination. In his celebrated April 1917 address to Congress calling for a Declaration of War, which introduced the celebrated dictum "the world must be made safe for democracy," Wilson argued that the League would be a "concert of purpose...set up amongst the really free and self-governed peoples of the world." The fact that autocratic governments, including Germany, were excluded was, for Wilson, "the first point" to remember about the League.¹²⁷

Wilson's conception of relations between the League and non-democracies was that of an unsentimental minimalist Liberal. If arbitration and sanctions failed, Article 10 prescribed that independent states "enforce" the peace militarily.¹²⁸ Insofar as Wilson relied also on moral factors to block aggressive war, it was in the form of public opinion acting within and through democracies.¹²⁹ He denied that the League Covenant could compel democracies to act other than they chose, insisting that it constituted only "a symbolic affirmation of the 'rightness' of democracies in their mutual relations."¹³⁰

By making explicit the republican, pluralist and minimalist Liberal foundations of the League, Wilson was implicitly stating the preconditions under which the League could be expected to function. The League would function effectively only if nationally self-

determining democracy was a near-universal form of government, controlling an overwhelming proportion of global military power, and democratic publics were willing to act on moral grounds to defend its principles.¹³¹ From this perspective, Wilson can be said to have predicted the failure of the League. Alongside the hesitancy on the part of the U.S. Congress, the primary obstacle to the realization of this scheme was the transition between 1917 and 1936 of twelve countries from democracy to dictatorship. The resulting shifts in state preferences were largely responsible for the intractable geopolitical position of France and Britain in the late 1930s.¹³² Both governments were forced to contemplate alliances with non-Liberal neighbors to assure their basic security, thereby decisively limiting their ability to oppose aggression in the League--the Italian crisis over Abyssinia being the best example. Wilson's scheme may have been idealistic or premature as policy, but it was sound international relations theory.

Similar arguments can be advanced about the commercial liberal preconditions for international economic cooperation. International economic regimes are designed to address "the central problem of international economic cooperation...[namely] how to keep the manifold benefits of extensive economic intercourse free of crippling restrictions while at the same time preserving a maximum degree of freedom for each nation to pursue its legitimate economic objectives."¹³³ Those in the functionalist tradition, including Karl Deutsch, Ernst Haas, and Keohane and Nye, have argued in different ways that international interdependence in the era of the technocratic welfare state promotes the creation and maintenance of global international economic regimes. These regimes are shaped by the level of market interdependence and the convergence between national economic policies.¹³⁴

While modern regime theory may appear to invite an analysis of regimes as secondary "intervening variables" between social forces and state behavior, most of the hypotheses developed and tested in contemporary analyses are Realist in inspiration.¹³⁵ Most regime studies take the existence of "interests as given and examines the conditions under which they will lead to cooperation."¹³⁶ They follow Realist assumptions in focusing on obstacles to

mutually beneficial cooperation stemming from international anarchy, which introduces a high level of uncertainty about the future actions of states. Uncertainty precludes cooperation increasing the risk of defection by other parties and by increasing the costs of bargaining to an agreement. Specific obstacles to cooperation include the number of actors, their relative power, the institutional structure in which they bargain, the sunk costs of existing institutions, and the role of supranational actors--all of which change the political context in which states make decisions.

By providing the public good of information, international institutions are the natural antidote to problems raised by anarchy. They reduce uncertainty by providing a fixed forum and a set of rules for negotiation, by monitoring the actions of other states and their consequences, by assigning legal liability for violations, by encouraging interstate exchanges of information, and by linking issues together in a way that increases the incentives of states to comply with temporarily undesired outcomes.¹³⁷ High bargaining (or transactions) costs of renegotiation assure that institutions will persist, continuing to shape state behavior even when the initial functional interests have changed. Judged by their analytical assumptions, rather than their policy prescriptions, such arguments are more properly termed "modified structural realism," not "neo-liberal institutionalism."

In the view of modified structural Realists, the stability of the postwar international economic institutions reflects the hegemonic power of the United States and, after its relative decline, the stabilizing influence of international institutions. Yet each attempt to extend hegemonic stability theory beyond the cases for which it was initially devised, has failed to confirm it. Similar results for other theories lead to the conclusion that "we do not have well-tested empirical generalizations, much less convincing explanatory theories of...regime change....Nor are we likely to...without better incorporation of domestic politics."¹³⁸

Liberal theory, with its emphasis on preference formation may offer a promising antidote to this unsatisfactory situation. Liberals accept that international institutions are often necessary to structure cooperation, particularly where political market failure is present, and would

not deny that they are likely to multiply in an increasingly interdependent world. They are skeptical, however, of the claim that they wield a strong independent influence on state behavior.¹³⁹ In this sense, Liberals are functionalists. They assume that under conditions of convergent interests, bargaining costs are low. In general, therefore, the demand for institutions creates its own supply. The decisive obstacles to regime-based cooperation lie in the process of preference formation: domestic rent-seeking, domestic political market failure, and imperfections in global markets. Similarly, stability of regimes in the face of incentives to defect stems, for Liberals, not principally from an appreciation of the high bargaining costs of renegotiation, but the costs to domestic actors of rapid shifts in expectations about policy. Institutions like GATT and the EC endure not because they reduce bargaining between diplomats, but because transnational and domestic interests have conformed to them.¹⁴⁰

There is good reason to believe that changes in preferences may provide a superior explanation of variance in regime-based international economic cooperation across countries, issues and historical eras. Take the example of postwar trade and monetary cooperation. Trade liberalization and monetary stability, in the Liberal view, are functional requirements of advanced industrial democracies, but political action to achieve them is often blocked by market imperfections, political misrepresentation, popular values and social inequality. As John Ruggie has argued, the roots of postwar regimes lie in a minimal consensus between major Western countries concerning the proper social purposes of government intervention in the economy—a consensus that decisively distinguished the postwar order from that of German Fascism or Soviet Communism.¹⁴¹ The system was resilient in the face of the economic dislocations of the 1970s and 1980s because of the high levels of intra-industry trade and foreign direct investment, which created constituencies for free trade. The institutions in place—the dollar standard, the IMF and GATT—coordinated government policies toward common long-term goals. Where strong incentives to defect were present, they collapsed.¹⁴²

In light of the distinction between these two approaches, the current debate over the nature of postwar international economic institutions—most recently Joseph Grieco's critique of

Keohane's institutionalism--is not, despite the terminology employed, a debate between Liberalism and Realism. Grieco is quite correct to point out that many (though by no means all) Realists assume highly conflictual state preferences, while Keohane assumes a prisoner's dilemma with the possibility of common gains. Yet at a deeper level, the debate is between two Realists--one harking back to traditional Realism, the other countering with "modified structural" Realism. Each presents an a priori specification of state preferences; each assumes that cooperation and conflict result from specific patterns of incentives and constraints posed by the external bargaining environment. And each thereby neglects the most plausible cause of protection, the one that occurs first to policy-makers, namely the mobilization of domestic special interests in response to sector-specific international market pressures. In this way, the decisive paradigmatic issue in the Liberal-Realist debate, namely whether variance in state preferences or bargaining environment better explains patterns of cooperation, goes unaddressed.¹⁴³

IV. CONCLUSION: TOWARDS A SYNTHESIS OF LIBERALISM AND REALISM

Formulated in this way--as a coherent, non-utopian theory of international relations, defined in terms of the identity and motivations of fundamental social actors--Liberalism offers a broad-ranging account of international politics, tied together by a common deductive logic and capable of explaining military, as well as economic phenomena.

Liberalism enjoys three related advantages over Realism. First, Liberalism offers an account of fundamental historical change in the international system. Realism offers a static (or at most cyclical) view of history. Both the gradual expansion of a liberal capitalist zone of peace and the direction of abrupt changes in international political and economic alignments, such as that which occurred in 1989, are readily predictable by Liberalism, while remaining Realist enigmas. Second, Liberalism goes beyond explanations of aggregate levels of cooperation and conflict in the international system. Unlike Realism, it also predicts the substantive content of state policies--the precise issues that will be of concern in particular circumstances

and the changing goals and purposes over which states bargain.¹⁴⁴ The progressive shift of diplomatic attention from "high" politics to "low" politics, for example, is inexplicable and irrelevant to Realism; it follows naturally from Liberal theory. Third, Liberalism integrates systemic and domestic factors into a single framework. Liberalism is not solely a unit-level theory that assumes an "inevitable primacy of domestic politics over foreign policy"; it has a systemic dimension as well.¹⁴⁵ The representation of transnational interests through domestic society to governments offers a causal mechanism that links domestic and international politics and thereby also the study of international relations with that of comparative politics.

More important, however, than the theoretical advantages of Liberalism over Realism are the opportunities to forge a productive synthesis between the two. By formulating Liberalism as a theory of the formation and interaction of state preferences and Realism as a theory about the effect of the strategic environment on interstate bargaining, the two become theoretically compatible. Both theories share a common underlying model of international politics--here the word "paradigm" might be more properly employed--based on the assumption of rational state action in international bargaining, but shifting preferences.

While in many circumstances the two approaches remain empirical competitors, the hybrid approach I term "minimalist Liberalism," suggested by this paradigm, offers a promising common ground for international relations theorists. While derived from Liberalism, it also compatible with the practice (if not always the theory) of those Realists, among them Morgenthau, Kennan and Kissinger, whose attempts to fuse Liberal ends with Realist means led them sometimes to vary state preferences independently of power.¹⁴⁶ Minimalist Liberalism is also compatible with Waltz's intermittent concessions that "unit level" factors, as well as structural ones, influence state behavior.¹⁴⁷ But Liberalism decisively rejects Waltz's widely-accepted assertion that systemic approaches generally, and Realism in particular, is the primary theory of international relations, while non-Realist claims should be treated as secondary. To the contrary, as long as we accept the notion that states act instrumentally in the international system, then Liberal analysis of underlying preferences must precede Realist analysis of the bargaining environment in any attempt to combine the insights of the two schools.

Theoretical priority, however, does not necessarily imply greater empirical power. Only direct tests between hypotheses drawn from the two theories can isolate the cases in which each provides a more accurate explanation. Such confrontations will enhance the scientific stature of both theories. And Liberalism, no longer Realists' utopian foil, will have emerged as a social scientific theory in its own right.

NOTES

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² Robert O. Keohane, "Theory of World Politics: Structural Realism and Beyond," in Neorealism and its Critics (New York: Columbia University Press, 1986) 158.

³ David Dessler reminds me that this use of the term "paradigm" does not accord well with the use of the term by Thomas Kuhn and Imre Lakatos to denote more fundamental concepts. The use of paradigm in this context may be particularly vulnerable to such criticisms in light of my conclusion that Liberalism subsumes Realism (but is compatible with it) within an even more fundamental model of rational state behavior. cf. Imre Lakatos, "Falsification and the Methodology of Scientific Research Programs," and Margaret Masterman, "The Nature of a Paradigm," in Imre Lakatos and Alan Musgrave, eds., Criticism and the Growth of Knowledge (London: Cambridge University Press, 1970), pp. 91-196.

⁴ Keohane, "International Liberalism Reconsidered," in John Dunn, ed. The Economic Limits to Modern Politics (Cambridge: Cambridge University Press, 1991), 165-194. Joseph Nye adds "sociological liberalism," which stresses transnational communication between private individuals, which I consider under commercial Liberalism. See Nye, "Neorealism and Neoliberalism," World Politics 40 (January 1988), 246. In his important pioneering work, Michael Doyle proposes different categories. See "Kant, Liberal Legacies, and Foreign Affairs," Philosophy and Public Affairs (12:3-4) (Summer and Fall 1983), 205-235, 325-353 and "Liberalism and World Politics," American Political Science Review (80:4) (December 1986), 1151-1169.

⁵ James S. Coleman, Foundations of Social Theory (Cambridge, MA: Harvard University Press, 1990).

⁶ These arguments are sketched in more detail in Andrew Moravcsik, "Liberalism and Realism Revisited," (University of Chicago, mimeograph, 1991), 42 pp.

⁷ Machiavelli, The Prince, Ch. XV.

⁸ John H. Herz, Political Realism and Political Idealism: A Study in Theories and Realities (Chicago: University of Chicago Press, 1951), 43-128.

⁹ Michael Howard, War and the Liberal Conscience (New Brunswick, NJ: Rutgers University Press, 1978), 134; Hans J. Morgenthau, Politics among Nations: The Struggle for Power and Peace, 3rd ed. (New York: Alfred Knopf, 1960), 4.

¹⁰ Robert Gilpin, U.S. Power and the Multinational Corporation: The Political Economy of Direct Foreign Investment (New York: Basic Books, 1975), 27, emphasis in the original. Gilpin reassesses Liberalism in The Political Economy of International Relations (Princeton: Princeton University Press, 1987), 26ff.

¹¹ Brian Porter, "Patterns of Thought and Practice: Martin Wight's 'International Theory'," Michael Donelan, ed., The Reason of States: A Study in International Political Theory (London: George Allen & Unwin, 1978), 65-67.

¹² Keohane, "International Liberalism Reconsidered," 166, 172-173. Keohane is also skeptical of Realism and Marxism, although apparently less so.

¹³ The paradoxical, yet inevitable result: "critiques only seem to reconfirm the centrality of Realist thinking in the international political thought of the West." Keohane, "Theory of World Politics," 158.

¹⁴ More "idealistic" explanations may in many cases be valid. Michael Doyle makes a plausible case, for example, that peace between republics is bolstered by its "moral foundations" of mutual respect between peoples. [Doyle, "Kant, Liberal Legacies," pp. 230-231.] Nonetheless, the use of a non-ideological specification of interests simplifies the analytical task and surely commands wider acceptance in social scientific circle.

¹⁵ I in no way mean to imply that in normative theory, one can eliminate moral assumptions entirely, thereby deriving "ought" from "is," but only that the extent to which such theories employ positive claims about the world, alongside moral postulates, may vary--and did so during this period.

¹⁶ Don Herzog, Happy Slaves: A Critique of Consent Theory (Chicago: University of Chicago Press, 1989).

¹⁷ This is not to assert that the normative conclusions of Liberal political philosophy can be derived from objective facts alone. For overviews of the history of the problem of philosophical foundations and their relation to social analysis in Liberal thought, see Sheldon Wolin, Politics and Vision: Continuity and Innovation in Western Political Thought (Boston: Little, Brown, 1960); Don Herzog, Without Foundations: Justification in Political Theory (Ithaca: Cornell University Press, 1985), 204-207; John Dunn, Rethinking Modern Political Theory: Essays 1979-83 (Cambridge: Cambridge University Press, 1985), 154-163; Stephan Collini, Donald Winch and John Burrow, That Noble Science of Politics: A Study in Nineteenth-century Intellectual History (Cambridge: Cambridge University Press, 1983), 1-22; John Gray, Liberalism (Minneapolis: University of Minnesota Press, 1986), 45-56.

¹⁸ Immanuel Kant, "Perpetual Peace," in Hans Reiss, ed. Kant's Political Writings (Cambridge: Cambridge University Press, 1970), 112.

¹⁹ John Dunn, "From Applied Theology to Social Analysis: The Break between John Locke and the Scottish Enlightenment," in Istvan Hont and Michael Ignatieff, eds., Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment (Cambridge: Cambridge University Press, 1983), 122; Herzog, Without Foundations, 161-217. For 17th and 18th century dissenters from the Liberal interpretation of this trend, see J. G. A. Pocock, The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition (Princeton: Princeton University Press, 1975), 333-505.

²⁰ David Hume, "Idea of a Perfect Commonwealth," in Essays Moral, Political and Literary (Indianapolis: Liberty Classics, 1985), 514.

²¹ Stephen Holmes, Benjamin Constant and the Making of Modern Liberalism (New Haven:

Yale University Press, 1984), 32.

²² For a view of these aspirations that appreciates both their ambition and their limitations, see Collini, Winch and Burrow, Noble Science.

²³ On the three levels-of-analysis, see Kenneth N. Waltz, Man, the State, and War: A Theoretical Analysis (New York: Columbia University Press, 1959).

²⁴ Wolin argues that the evolution from Hobbes to Locke marked a shift from the former's view that the rules of political life were independent of their social or theological context--a "vigorous assertion of the distinctiveness of the political"--to the latter's premise that political life is decisively shaped by the forms of social cooperation. Wolin, Politics and Vision, 286-294, 305-309, with the quotation on 305. See also Gray, Liberalism, 7-15; Ernst B. Haas, Beyond the Nation State: Functionalism and International Organization (Stanford: Stanford University Press, 1964), 32; Elie Halévy, The Growth of Philosophic Radicalism (Boston: Beacon Press, 1928), 506-508.

²⁵ This assumption about the nature and priority of society applies to both liberal and non-liberal countries, with the difference between them turning on the degree to which individuals are able to interact and found organizations independently of the state--thereby forming what Liberals term a strong "civil society."

²⁶ For the criticism that liberals believe in "harmony" as applied to commercial liberalism, see Waltz, Man, the State and War, 86.

²⁷ Isaiah Berlin, "The Pursuit of the Ideal," in The Crooked Timber of Humanity (New York: Knopf, 1991), 19.

²⁸ Halévy, Philosophic Radicalism, 489-490.

²⁹ For useful introductions, see Donald Winch, Adam Smith's Politics: An Essay in Historiographic Revision (Cambridge: Cambridge University Press, 1978); Judith Shklar, Montesquieu (Oxford: Oxford University Press, 1987), 67-110; Hume, "That Politics May be Reduced to a Science," in Essays, 14-31; Collini, et al., That Noble Science of Politics.

³⁰ For the modern counterpart in international relations theory, see Nye, "Neorealism," 249-251; Richard W. Mansbach and John A. Vasquez, In Search of Theory: A New Paradigm for Global Politics (New York: Columbia University Press, 1981).

³¹ Stanley Hoffmann, "Liberalism and International Affairs," Janus and Minerva: Essays in the Theory and Practice of International Politics (Boulder: Westview Press, 1987), 397.

³² D. J. Manning, Liberalism (New York: St. Martin's Press, 1976), 16.

³³ This in no way rules out the possibility of state intervention. In 20th century Liberalism, the state ceases to be "intrinsically distinct," becoming "a facility through which society can exercise leverage on itself and promote social welfare," while continuing to permit "the legitimate formation and more or less unimpeded and autonomous formation of organizations whereby a group's resources and claims may be brought to bear upon public policy." Gianfranco Poggi, "The Modern State and the Idea of Progress," in Gabriel Almond, et al., eds. Progress and its Discontents (Berkeley: University of California Press, 1982), 350-352.

³⁴ Here the Liberal theory draws on, but diverges in emphasis from theories of "global society." See K. J. Holsti, The Dividing Discipline: Hegemony and Diversity in International Theory (Boston: Allen & Unwin, 1985), 41-60; John W. Burton, World Society (Cambridge: Cambridge University Press, 1972), 19-21.

³⁵ Albert O. Hirschman, Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations and States (Cambridge: Harvard University Press, 1970); Charles E. Lindblom, Politics and Markets: The World's Political-Economic Systems (New York: Basic Books, 1977).

³⁶ In the very long term, most Liberals predict that governmental institutions will converge toward certain basic republican forms, such developments occur slowly and do not necessarily generate perfectly identical institutions. Accordingly, the precise nature of institutions remains an important variable.

³⁷ In the early modern period, for example, indirect constraints on royal prerogatives, particularly taxation, took both forms, "reflecting the likelihood of revolt or the emigration of his subjects." Douglass C. North and Robert Paul Thomas, The Rise of the Western World: A New Economic History (Cambridge: Cambridge University Press, 1973), 87.

³⁸ Recent literature on rent-seeking tends to stress efficiency losses from rent-seeking activity itself, rather than the results of the distortions themselves. For overviews, see Jagdish Bhagwati, "Directly Unproductive Profit-Seeking Activities," Journal of Political Economy 90 (October 1982), 988-1003; Paul Milgrom and John Roberts, "Bargaining, Influence Costs, and Organization," in James E. Alt and Kenneth A. Schepsle, eds., Perspectives on Positive Political Economy (Cambridge: Cambridge University Press, 1990).

³⁹ E. E. Schattschneider, The Semi-Sovereign People: A Realist's View of Democracy in America (Hinsdale: Dryden, 1975).

⁴⁰ By preferences, it is important to note, I mean the range of preferences brought by a state to an international interaction. Such preferences are defined across a set of potential future states of the world. They are "pre-strategic," in that they exclude the impact of bargaining threats and promises, but are not completely invariant with respect to the outside environment. Thus I diverge slightly from the economists' common usage in its inclusion of factors in the international environment, such as exogenous changes in assessments of the possible advantages from international social interaction (e.g. rising possibilities for mutually beneficial transactions). Since domestic pressures can be influenced by external opportunities facing private groups, the Liberal notion of preferences cannot be termed purely "domestic."

⁴¹ This is not to assert that factors (other than preferences) that influence interstate bargaining power, such as resources or institutional position, are irrelevant. At the very least, assumptions about the strategic environment must be made. Liberals do maintain, however, that variation in these factors is not the primary determinant of variations in state behavior.

⁴² Kenneth Waltz, Theory of International Politics (Reading, MA: Addison-Wesley, 1979), 65, also 90, 109-112, 196, 198, 271. The precise claim advanced by Realists is that variation in preferences are not causally connected with variation in state behavior. [66] Waltz makes the point with characteristic clarity: "If the aims, policies, and actions of states become matters of exclusive attention or even of central concern, then we are forced back to the descriptive level; and from simple descriptions no valid generalizations can logically be drawn....Rational behavior, given structural constraints, does not lead to the wanted results." [108-109] State preferences can thus be thought of as if they consisted of a lexical ordered set of preferences, with security firmly at the top. Morgenthau, who advances the same "as if" argument, notes: "A realist theory of international politics, then, will guard against two popular fallacies: the concern with motives and the concern with ideological preferences....Political realism...requires indeed a sharp distinction between the desirable and the possible." Hans J. Morgenthau, Politics among Nations: The Struggle for Power and Peace 3rd ed. (New York: Alfred Knopf, 1960), 6-7.

⁴³ Moravcsik, "Realism and Liberalism Revisited." In Waltzian terms, Realists and Liberals share the view that states interact in a state of political anarchy, but not the notion that they are

functionally undifferentiated.

⁴⁴ Strategic interaction is viewed as what David Easton calls an "allocative mechanism." See David Easton, A Framework for Political Analysis (New York: Prentice-Hall, 1965). James Morrow refers to these as mechanisms of social choice in his "Social Choice and System Structure in World Politics," World Politics 41 (October 1988), 75-99, who follows Oran R. Young, "Anarchy and Social Choice: Reflections on the International Polity," World Politics 30 (January 1978), 241-263. John Gerard Ruggie distinguishes between "purpose" and "power" in international cooperation, in "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," International Organization 36 (Spring 1982), 195-231. For similar models, see Moravcsik, "Disciplining Trade Finance: The OECD Export Credit Arrangement," International Organization 43 (Winter 1989), 174-177; Mansbach and Vasquez, In Search of Theory.

⁴⁵ More precisely, Liberals privilege variables that directly influence preferences; Realists stress variables that directly influence bargaining capabilities. See Andrew Moravcsik, "National Preference Formation and Interstate Bargaining in the European Community, 1955-1986," (Harvard University, Department of Political Science: Ph.D. Dissertation, January 1992), 27-31; Moravcsik, "Realism and Liberalism."

⁴⁶ Kenneth Waltz, Theory of International Politics (Reading, MA: Addison-Wesley, 1979), 60-67, 93-97.

⁴⁷ cf. Joseph M. Grieco, "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism," International Organization 42 (Summer 1988), 485-508, and the Realist literature cited there.

⁴⁸ In Kant's metaphorical scheme, the Liberal notion of progress depends precisely on this lack of interstate harmony: "Man wishes concord, but nature, knowing better what is good for the species, wishes discord." Kant, "Idea for a Universal History," in Reiss, ed. Kant's Political Writings, 45.

⁴⁹ Nor is Liberalism simply a "theory of foreign policy," limited to the explanation of the foreign policy goals of a particular state. In a passage characteristic of much Realist criticism of Liberal theory, Waltz asserts that the "individual characters and motives" of states and statesmen cannot possibly be important because "results seldom correspond to the intentions of actors." [Waltz, Theory of International Politics, 65] But this misses the point. By Waltz's own criterion, Liberals do advance a "systemic" argument, insofar as they explain the nature and outcomes of interstate interactions in terms of "how [states] stand in relation to one another." In contrast to Realism, however, Liberals believe that it is the configuration of state preferences, not state resources, that imposes the most fundamental systemic constraint on state behavior. For a different view of expanding Waltz's model to include functional differentiation, see John Gerard Ruggie, "Continuity and Transformation in the World Polity: Toward a Neorealist Synthesis," World Politics (35:2) (January 1983), 261-285, who distinguishes between "power" and "purpose."

⁵⁰ Morrow, "Social Choice," 81.

⁵¹ For application of "relative opportunity cost of exclusion" to the European Community, see Moravcsik, "National Preferences and Interstate Bargaining," 57-61, 77. For overviews, see I. William Zartman, "The Structure of Negotiation," and James K. Sebenius, "Negotiation Analysis," in Victor A. Kremenyuk, ed., International Negotiation: Analysis, Approaches, Issues (San Francisco: Jossey-Bass, 1991), 65-77, 203-215; Alvin E. Roth, ed., Game Theoretic Models of Bargaining (New York: Cambridge University Press, 1985); Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," International Organization 42 (Summer 1988), 427-460. On the relationship of such models to Nash equi-

libria, see Jon Elster, The Cement of Society: A Study of Social Order (Cambridge: Cambridge University Press, 1989), Chapter Two.

⁵² It is important here to distinguish between "preferences" and "interests". I use interests to refer to particular political "strategies" of states and preferences to refer to the underlying "states of the world" that these policies seek to realize. Strictly speaking, then bargaining on the basis of "balance of interests" is compatible with Realism insofar as the interests are preferences over political outcomes derived from strategic concerns, while it is compatible with Liberalism insofar as the "balance of interests" reflects the balance of preferences over states of the world.

⁵³ Morrow, "Social Choice," 83-84. See also Andrew J. R. Mack, "Why Big Nations Lose Small Wars: The Politics of Asymmetrical Conflict," World Politics 27:2 (January 1975), 175-200.

⁵⁴ On the clash between the goals espoused by Liberals and the means they must use, see Hoffmann, "Liberalism and International Affairs," 394-417. For an application to Morgenthau, see Andrew Moravcsik, "Rereading Realism," (Unpublished Paper, delivered at the Center for Science and International Affairs, Harvard University, Spring 1988), 39 pp.

⁵⁵ Kant, "On the Common Saying: 'This may be true in Theory but it does not apply in Practice'," "Idea for a Universal History with a Cosmopolitan Purpose," in Reiss, ed., Kant's Political Writings, 49, 92.

⁵⁶ The four factors, but not the theoretical dichotomy between power variables and intentions, are stressed in Stephen Walt, The Origins of Alliances (Ithaca: Cornell University Press, 1987), 21-28.

⁵⁷ Given the close relationship between preferences and power in conflictual situations, to ignore the possibility of variation in preferences is to accept a high risk of omitted variable bias. cf. James D. Fearon, "Counterfactuals and hypothesis testing in Political Science," World Politics 43 (January 1991), 169-195. Liberal theory also subsumes Realist theory empirically. Liberalism often permits us to specify the empirical domain in which Realist theory applies. Realist analysis tends to become more important in certain social situations--such as issues of high conflict--predicted by Liberal theory, and less important in others. See Moravcsik, "Realism and Liberalism Revisited."

⁵⁸ Michael Howard's brilliant polemic against Liberal views of war, War and the Liberal Conscience, contains instructive examples of the dangers of failing to interpret specific Liberal doctrines as specific cases of a more general sociological rule. Howard uses the warlike nature of totalitarian regimes in the 20th-century as evidence against the view that wars are caused by the "militarized aristocratic ruling class," overlooking the fact that Liberal theory views both as interchangeable instances of a small group coopting government policy. Elsewhere in the book, Howard attributes other views to liberals--such as the interwar British Labour Party's view about the inherently warlike nature of capitalism--that were held primarily by non-liberal groups. War and the Liberal Conscience (New Brunswick: Rutgers University Press, 1986), 98-99, 130-131.

⁵⁹ For an introductory overview, John Craven, Social Choice: A Framework for Collective Decisions and Individual Judgements (Cambridge: Cambridge University Press, 1992).

⁶⁰ Liberal social scientists from Joseph Schumpeter through Robert Dahl have designated "contestation" and "inclusiveness" (or "the right to participate") as the essential elements of democratic rule. Robert A. Dahl, Polyarchy: Participation and Opposition (New Haven: Yale University Press, 1971), 2-9. Dahl believes the key factors are opportunities to "formulate preferences,...signify preferences,...and have preferences weighted equally in the conduct of

government." Kant believed that most essential to representative government was the guarantee of minimal rights to individuals, thereby protecting them from arbitrary coercion, whether by tyrants, tyrannous majorities, or lawless individuals. Doyle's reformulation places more emphasis on political rights--juridical guarantees of minimum rights and broad-based representative government--and economic rights--private property and freedom from government intervention in the economy. Doyle, "Kant, Liberal Legacies," 207-208. For our purposes, each of the fundamental elements of liberal government--the rule of law, individual rights, and representative government, an open economy--may be seen as means of compelling the government to represent the entire polity in a fair manner. Holmes, "The Liberal Idea," American Prospect (Fall 1991), 92-93.

⁶¹ William Godwin, Enquiry Concerning Political Justice and its Influence on Modern Morals and Happiness (Harmondsworth: Penguin, 1976 (1798)), 507.

⁶² David A. Lake, "Powerful Pacifists: Democratic States and War," American Political Science Review 86 (March 1992), 24-27.

⁶³ Here it is important to distinguish between states with revisionist "strategies" and states with revisionist "preferences." Realists fear the former, Liberals the latter. See Stephen van Evera, "Primed for Peace: Europe after the Cold War," International Security 15 (Winter 1990/91), 32; Evan Luard, War in International Society: A Study in International Sociology (New Haven: Yale University Press, 1986), 389-390.

⁶⁴ Kant, "Perpetual Peace"; Doyle, "Kant, Liberal Legacies."

⁶⁵ Doyle, "Kant, Liberal Legacies," 213-217.

⁶⁶ Zeev Maoz and Nasrin Abdolali, "Regime Types and International Conflict, 1816-1976," Journal of Conflict Resolution 33 (March, 1989), 24, 30-32.

⁶⁷ Doyle, "Kant, Liberal Legacies," 230. cf. Lake, "Powerful Pacifists," 29.

⁶⁸ Liberals must distinguish, in John Dewey's words, between "persons who hoped and worked for a world free from...war," with whom he identified himself, and those "opposed to war under any and all conditions." See Gary Bullert, The Politics of John Dewey (Buffalo: Prometheus Books, 1983), 113.

⁶⁹ For Veblen, "perpetual peace" must be based on social changes: "at best, the state...is an instrumentality for making peace, not for perpetuating it..." After World War I, only the expansion of capitalist industrial society under a generous peace that reestablishes economic prosperity would lead to peace. Thorstein Veblen, Imperial Germany and the Industrial Revolution, cited in Max Lerner, ed., The Portable Veblen (Harmondsworth: Penguin Books, 1976), 562-564, 577-579, 607-629. Although Veblen's views have been interpreted as socialist, due to his economic vision of history, but he is more properly seen as a forerunner of the reformist Liberalism of Keynes and the New Deal, due to his sharp distinction between technological dynamic and changing forms of economic organization. See Lerner's introduction to the volume above, 25-27, 30-36, 39-40. See also Thorstein Veblen, An Inquiry into the Nature of Peace and the Terms of its Perpetuation (New York: B. W. Huebsch, 1919).

⁷⁰ Lake, "Powerful Pacifists," 29-30. These tend also to be areas in which the states inhabiting such areas are comparatively weak and the costs of aggression correspondingly modest for the entire society.

⁷¹ John A. Hobson, Imperialism: A Study (London: Nisbet, 1902); Jack Snyder, Myths of Empire: Domestic Politics and International Ambition (Ithaca: Cornell University Press, 1991).

⁷² Cited in Wolfers and Martin, Anglo-American Tradition, 197.

⁷³ Van Evera, "Primed for Peace," 18, 20.

⁷⁴ Snyder, Myths of Empire.

⁷⁵ Stephen Walt, "Revolution and War," World Politics 44 (April 1992), 321-368.

⁷⁶ Bruce Russett, "Esoteric Evidence on the "Democracies Rarely Fight Each Other?" Phenomenon," (The Edmund J. James Lecture at the University of Illinois at Champaign-Urbana, 25 October 1991), mimeograph.

⁷⁷ Carl Kaysen, "Is War Obsolete?," International Security 14 (Spring 1990), 59.

⁷⁸ For evidence on the interwar monetary system, see Simmons, "Who Adjusts?"; Eichengreen, Golden Fetters.

⁷⁹ Gilpin summarizes this as a conception of the state as an "organic unit" in which "the whole is more than the sum of its parts." Robert Gilpin, U.S. Power, 28.

⁸⁰ Mancur Olson, The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities (New Haven: Yale University Press, 1982); David Cameron, "Social Democracy, Corporatism, Labor Quiescence, and Representation of Economic Interests in Advanced Capitalist Society," in John H. Goldthorpe, ed., Order and Conflict in Contemporary Capitalism (Oxford: Clarendon, 1984).

⁸¹ Gilbert R. Winham, International Trade and the Tokyo Round Negotiations (Princeton: Princeton University Press, 1986); Robert A. Pastor, Congress and the Politics of U.S. Foreign Economic Policy, 1929-1976 (Berkeley: University of California Press, 1980); David A. Lake, Power, Protectionism and Free Trade: International Sources of U.S. Commercial Strategy, 1887-1939 (Ithaca, NY: Cornell University Press, 1988).

⁸² Barry Eichengreen, Golden Fetters: The Gold Standard and the Great Depression, 1919-1939 (Oxford: Oxford University Press, 1992) 21-26.

⁸³ Paul Milgrom and John Roberts, "Bargaining, Influence Costs, and Organization," in James E. Alt and Kenneth A. Schepsle, eds., Perspectives on Positive Political Economy (Cambridge: Cambridge University Press, 1990), 86-87.

⁸⁴ Inis Claude, Swords into Plowshares: The Problems and Progress of International Organization, 3rd edition, (New York: Random House, 1964), 57.

⁸⁵ Mazzini "Introduction to The Duties of Man," cited in David Sidorsky, ed., The Liberal Tradition in European Thought (New York: Capricorn Books, 1970), 328. For Mill, belonging to a nation-state is an individual decision, "in a sense, optional, and assimilating others [is] an open option, too." Paraphrased in Alan Ryan, J. S. Mill (London: Routledge, 1974), 214-215.

⁸⁶ Alan Ryan, J. S. Mill (London: Routledge, 1974), 214-215.

⁸⁷ John Stuart Mill, Considerations on Representative Government. Essays on Politics and Society, John M. Robson, ed., (Toronto: University of Toronto Press, 1984), 548.

⁸⁸ Kalevi J. Holsti in Peace and War: Armed Conflicts and International Order, 1648-1989 (Cambridge: Cambridge University Press, 1991), 144-145, 280-282.

⁸⁹ Myron Weiner, "The Macedonian Syndrome: An Historical Model of International Relations and Political Development," World Politics 23 (July 1971), 667-668, 670.

⁹⁰ John Mearsheimer realizes the importance of this point and attempts to circumvent the problem by asserting that nationalism results from external insecurity. It is a "second-order force in international politics," the causes of which "lie largely in the international system." Yet even Mearsheimer leaves open questions, since he holds that "hyper-nationalism is most likely to develop under military systems that require reliance on mass armies." See his "Back to the future: Instability in Europe after the Cold War," International Security (15:1) (Summer, 1990), 21. The problem may be empirically tractable through observations whether there is more resurgent nationalism in Eastern Europe than in Western Europe over the coming decades, as Liberal theory predicts.

⁹¹ On the existence of a "zone of legitimate difference" on such issues between Liberal states, see Anne-Marie Burley, "Law Among Liberal States," (Paper delivered at the University of Chicago, mimeograph, 1991). On the protection of social particularities and the extension of liberal market policies, see Wolfgang Hager, "Protectionism and Autonomy: How to Preserve Free Trade in Europe," International Affairs 58 (Summer 1982), 413-428; Ruggie, "International Regimes," 385-392.

⁹² Tocqueville maintained that only a society that succeeds in achieving both relative social equality and political liberty—a bourgeois democracy—will tend seek "peace and prosperity," rather than "power and glory." Raymond Aron, Main Currents in Sociological Thought, vol. 1, (Garden City, NY: Doubleday, 1968), 242-243.

⁹³ Norman Angell, The Great Illusion, 1933 (New York: Putnam, 1933), 275.

⁹⁴ Peter Katzenstein, Small States and World Markets: Industrial Policy in Europe (Ithaca: Cornell University Press, 1985).

⁹⁵ Joseph A. Schumpeter, Capitalism, Socialism and Democracy, 3rd edition, (New York: Harper, 1950), 263-265.

⁹⁶ John Hobson, cited in Wolfers and Martin, Anglo-American Tradition, 256, 261. Snyder, Myths of Empire.

⁹⁷ Van Evera, "Primed for Peace," 22, 28-31, who follows Hans-Ulrich Wehler's analysis of the German Kaiserreich.

⁹⁸ Edward L. Morse, Modernization and the Transformation of International Relations (New York: Free Press, 1976), 77-82.

⁹⁹ Cautious "bourgeois" attitudes on the part of an educated, propertied middle class are conducive to political stability. Van Evera, "Primed for Peace," 28-29. Quality of life is positively correlated with peaceful behavior. For empirical support, see Jack E. Vincent, "Analyzing Shifts in International Conflict from Quality of Life Indicators," Journal of Peace Research 24 (December 1987), 393-405.

¹⁰⁰ Nye, "Neo-Realism and Neo-Liberalism."

¹⁰¹ John Maynard Keynes, The Economic Consequences of the Peace (Harmondsworth: Penguin, 1988). On the same point, Angell's The Peace Treaty and the Economic Crisis of Europe is cited in J.D.B. Miller, Norman Angell and the Futility of War: Peace and the Public Mind (New York: St. Martin's, 1986), 15.

¹⁰² John Stuart Mill, "Civilization," cited in Russell Hardin, Morality within the Limits of

Reason (Chicago: University of Chicago Press, 1988), 131.

¹⁰³ Some argue that this latter form of interdependence is likely, *ceteris paribus*, to increase the importance of domestic politics. Stanley Hoffmann, "Domestic Politics and Interdependence," in Janus and Minerva: Essays in the Theory and Practice of International Politics (Boulder: Westview Press, 1987), 270; Andrew Moravcsik, "Integrating International and Domestic Explanations of World Politics: A Theoretical Introduction," Robert Putnam, Peter Evans, Harold Jacobson, eds., Double-Edged Diplomacy (Berkeley: University of California Press, 1992).

¹⁰⁴ Richard Cobden insists on maintaining the distinction between "intercourse betwixt Governments" and "connection between the nations of the world." Cited in Peter Cain, "Capitalism, War and Internationalism in the Thought of Richard Cobden," British Journal of International Studies 5 (October 1979), 238.

¹⁰⁵ Richard Cobden, cited in Wolfers and Martin, Anglo-American Tradition, 194.

¹⁰⁶ Jeffrey A. Frieden, Debt, Development and Democracy: Modern Political Economy and Latin America, 1965-1985 (Princeton: Princeton University Press, 1991), 19-22.

¹⁰⁷ Richard N. Cooper, The Economics of Interdependence: Economic Policy in the Atlantic Community (New York: Columbia University Press, 1968); Edward L. Morse, Modernization, 123-132.

¹⁰⁸ Locke, cited in Wolfers and Martin, 000. Liberals tend to presume that except in specified cases of market failure private transactions are generally more efficient than public ones.

¹⁰⁹ Kaysen, "Is War Obsolete?" 53; Van Evera, "Primed for Peace," 14-16. A strong version of this claim is that war cannot pay, while a weaker version is that even if profitable, a more pacific policy would be generate more net gains.

¹¹⁰ Cited in Albert O. Hirschman, The Passions and the Interests: Political Arguments for Capitalism before its Triumph (Princeton, NJ: Princeton University Press, 1977), 74, 83-87. Montesquieu also advanced a sociological argument, arguing that commerce softens manners.

¹¹¹ Moravcsik, "National Preferences," 478-487.

¹¹² Cameron, "Social Democracy," Katzenstein, Small States.

¹¹³ Richard Rosecrance, The Rise of the Trading State (New York: Basic Books, 1985), 4. See also Morse, Modernization, 116.

¹¹⁴ Helen V. Milner, Resisting Protectionism: Global Industry and the Politics of International Trade (Princeton: Princeton University Press, 1988).

¹¹⁵ Hume laid particular emphasis on the design of political institutions, Montesquieu on the mores and manners of the population, and Smith on the economy. Yet none of these thinkers and few of their followers presented these theoretical emphases as in any fundamental way mutually exclusive. Winch, Adam Smith's Politics; Shklar, Montesquieu; Hume, "That Politics may be Reduced to a Science."

¹¹⁶ Norman Angell, The Great Illusion, 1933 (New York: Putnam, 1933), 53, 268-270.

¹¹⁷ As popular pressures grew stronger between 1880 and 1930, it became increasingly difficult to enforce international monetary discipline or free trade under the Gold Standard. One reason was that whereas political systems in which few groups were mobilized had that demo-

cratic systems granted direct and indirect power to business and conservative parties in some countries and socialist parties and labor unions in others, leading to conflicting foreign economic policies. Eichengreen, Golden Fetters, 317-389; Karl Polanyi, The Great Transformation: The Political and Economic Origins of our Time (Boston: Beacon Press, 1944), 223-236; Beth A. Simmons, Who Adjusts? Domestic Sources of Foreign Economic Policy during the Interwar Years (Dissertation, Department of Government, Harvard University, 1991).

118 Stephen Krasner, ed., International Regimes (Ithaca: Cornell University Press, 1981); Keohane, After Hegemony.

119 Kant "Perpetual Peace," in Reiss, ed. Kant's Political Writings, 96, 103. According to Andrew Hurrell, international norms "draw [their] force from common interest and reciprocity" under circumstances in which states are not engaged in a "war of extermination." See his "Kant and the Kantian Paradigm in International Relations," Review of International Studies 16 (July 1990), 188.

120 "Perpetual Peace," cited in Reiss, ed. Kant's Political Writings, 103. Even war, Kant declared, "is not so incurably evil as that tomb, a universal autocracy." Kant, "Religion within the Limits of Reason," cited in Hurrell, "Kantian Paradigm," 190. See Burley, "Law and Liberal States," for a reconstruction and extension of Kant's analysis of the possibilities for international law.

121 John Stuart Mill, "Treaty Obligations (1870)," in Essays on Liberty, Law and Education, John M. Robson, ed. (Toronto: University of Toronto Press, 1984), 346-348. See also Stephan Collini's "Introduction," xxix.

122 Wilson was thus untroubled by provisions for unanimous voting (in the League Council) and the right to withdraw. Hamilton Foley, ed. Woodrow Wilson's Case for the League of Nations (Princeton: Princeton University Press, 1923), 84-87, see also 58-59, 74-87.

123 Warren F. Kuehl, Seeking World Order: The United States and International Organization to 1920 (Nashville: Vanderbilt University Press, 1969), 340-344.

124 Ruggie, "International Regimes," 388; Charles Maier, "The Politics of Productivity," Peter Katzenstein, ed. Between Power and Plenty: The Foreign Economic Policy of Advanced Industrial Democracies (Madison: University of Wisconsin Press, 1977).

125 cf. K. J. Holsti, The Dividing Discipline: Hegemony and Diversity in International Theory (Boston: Allen & Unwin, 1985), 42.

126 A regime is defined as a set of "implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge." Regimes were initially proposed as intervening variables. Stephen Krasner, "Structural Causes and Regime Consequences: Regimes as Intervening Variables," in Krasner, ed., International Regimes (Ithaca: Cornell University Press, 1983), 2.

127 Wilson cited in Foley, Woodrow Wilson's Case, 129 and in Wolfers and Martin, Anglo-American Tradition, 278.

128 Accordingly, the League rejected applications from states, like Liechtenstein, that lacked a minimum of military strength. John H. Herz, International Politics in the Atomic Age (New York: Columbia University Press, 1959), 78.

129 Wilson in Foley, Woodrow Wilson's Case, 147, 198-199.

130 Holsti, Peace and War, 187.

- ¹³¹ Wilson in Foley, Woodrow Wilson's Case, 64-65: "...when that great arrangement is consummated there is not going to be a ruler in the world that does not take his advice from his people. There are not going to be many other kinds of nations long. The people of this world--not merely the people of America...--have determined that there shall be no more autocratic governments. The Hapsburgs and the Hohensollerns are permanently out of business. They are out of date because this Great War with its triumphal issue, marks a new day in the history of the world."
- ¹³² Wilson's advocacy of disarmament has been much maligned since, but, ironically, this is precisely what the democracies did, not because of an exaggerated belief in the League's efficacy (the governments of Britain, France and the United States were all skeptics), but because of domestic constraints and a failure to take seriously the totalitarian threat. See William E. Rappard, Uniting Europe: The Trend of International Cooperation since the War (New Haven: Yale University Press, 1930). cf. Herz, Nation-State, 66; Arthur S. Link, Wilson the Diplomatist: A Look at his Major Foreign Policies (New York: New Viewpoints, 1974), 20, 127-156. The success of the collective security operation against Iraq in 1991 suggests that the existence of a powerful democratic consensus is a possible factor.
- ¹³³ Cooper, Economics of Interdependence, 5.
- ¹³⁴ Ernst B. Haas, "Technocracy, Pluralism and the New Europe," Stephen R. Graubard, ed. A New Europe? (Boston: Houghton Mifflin, 1964), 62-88. Haas stresses the central role of individuals and private groups, including firms, pointing out the "the beauty of this Liberal conception is that it does not seek harmony and it does not presuppose selfless human motives. Order can develop from chaos...Human actors can be accommodated in the system without any utopian assumptions." Haas, Beyond the Nation-State, pp. 33-34.
- ¹³⁵ Krasner, "Regimes as Intervening Variables," in International Regimes.
- ¹³⁶ Keohane, After Hegemony, 6.
- ¹³⁷ Keohane, After Hegemony, 85-109. Each of these arguments--the importance under anarchy of a predominant power or behavioral uncertainty--has a direct counterpart in the analysis on security matters by Waltz, Gilpin and other Realists.
- ¹³⁸ Robert O. Keohane and Joseph S. Nye, "Power and Interdependence Revisited," International Organization 41 (Autumn 1987), 742.
- ¹³⁹ To test this hypothesis, one might seek to measure whether the transactions costs of the creation of international institutions are indeed high. For suggestive evidence that they are not, see Stephan Haggard and Andrew Moravcsik, "The Political Economy of Financial Assistance to Eastern Europe, 1989-1991," in Robert Keohane, Stanley Hoffmann and Joseph Nye, eds. After the Cold War (Cambridge: Harvard University Press, forthcoming).
- ¹⁴⁰ Ernst B. Haas, The Uniting of Europe: Political, Social and Economic Forces, 1950-1957 (Stanford, CA: Stanford University Press, 1958). In principle, this hypothesis could be tested against the modified structural Realist alternative by examining the stability of agreements across a set of cases in which bargaining costs and private involvement vary.
- ¹⁴¹ Ruggie, "International Regimes," 385-392. See also Alan Milward, The Reconstruction of Western Europe, 1945-51 (Berkeley: University of California Press, 1984).
- ¹⁴² Milner, Resisting Protectionism; Eichengreen, Golden Fetters.
- ¹⁴³ Joseph M. Grieco, Cooperation among Nations: Europe, America, and Non-Tariff Barriers to Trade (Ithaca: Cornell University Press, 1990). The key theoretical claim of this fascinat-

ing analysis is that in at least three out of seven cases of Tokyo Round NTB codes, US or European non-agreement or non-implementation reflected "relative gains" concerns raised by "the threat of violence...to survival and independence," rather than the worries about "cheating" that Robert Keohane's model of cooperation, grounded in a Prisoner's Dilemma, would predict.

Unfortunately, the three decisive case studies (technical barriers to trade, government procurement and anti-dumping) provide only very inconclusive evidence in support of the relative-gains seeking hypothesis, largely because Grieco tends to code any interstate distributional disagreement as "relative gains-seeking," without distinguishing precisely between possible motivations. (His treatment of anti-dumping contains a brief exception.) Observed distributional conflict is subject to at least two other interpretations. The first is that it results from imperfect bargaining--the failure to successfully negotiate an agreement to divide the joint "surplus." In this case, no relative-gains concerns are relevant, and one can assume that more time and information, more precise agreements or more efficient negotiating techniques would eventually resolve the problem. The second interpretation is that conflict results from global market imperfections (strategic trade policy) or pressure from powerful domestic interest groups in relatively uncompetitive sectors. Grieco does not test this hypothesis either, but it seems quite plausible, given the politics of government procurement and standards setting provisions among Western democracies. Since Grieco presents no evidence linking the failure to reach a successful bargaining outcome with national security concerns, the empirical debate remains open.

¹⁴⁴ John Ruggie ["International Regimes," 382] notes that "power may predict the form of the international order, but not its content....To say anything sensible about the content of international economic orders...it is necessary to look at how power and legitimate social purpose become fused to project political authority into the international system." This may concede too much, since Liberalism can go far towards explaining bargaining outcomes as well.

¹⁴⁵ Morse, Modernization, 54.

¹⁴⁶ Fareed Zakaria, "The Ultimate Resumé, Review of Godfrey Hodgson, "The Colonel: The Life and Wars of Henry Stimson, 1967-1950," The National Interest (Summer 1991), 78-84; Andrew Moravcsik, "Integrating International and Domestic Explanations of World Politics: A Theoretical Introduction," in Robert Putnam, Peter Evans, Harold Jacobson, eds., An Interactive Approach to International Politics (Berkeley: University of California Press, 1992).

¹⁴⁷ Waltz, Theory, 63-67.