

# Realism, Neoliberalism, and Cooperation

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## Understanding the Debate

The study of conflict and cooperation has been an enduring task of scholars, with the most recent arguments being between realists and neoliberal institutionalists.<sup>1</sup> Most students of the subject believe that realists argue that international politics is characterized by great conflict and that institutions play only a small role. They also believe that neoliberals claim that cooperation is more extensive, in large part because institutions are potent.

I do not think that this formulation of the debate is correct. In the first section of this article, I argue that the realist-neoliberal disagreement over conflict is not about its extent but about whether it is *unnecessary*, given states' goals. In this context we cannot treat realism as monolithic, but must distinguish between the offensive and defensive variants.<sup>2</sup> In the second section, I explain

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1. John J. Mearsheimer, "The False Promise of International Institutions," *International Security*, Vol. 19, No. 3 (Winter 1994/95), pp. 5–49; Robert O. Keohane and Lisa L. Martin, "The Promise of Institutional Theory," *International Security*, Vol. 20, No. 1 (Summer 1995), pp. 39–51; Mearsheimer "A Realist Reply," *International Security*, Vol. 20, No. 1 (Summer 1995), pp. 82–93. See also Martin and Beth Simmons, "Theories and Empirical Studies of International Institutions," *International Organization*, Vol. 52, No. 4 (Autumn 1998), pp. 729–758; and Keohane and Martin "Institutional Theory, Endogeneity, and Delegation," paper prepared for meeting on "Progress in International Relations Theory," January 15–16, 1999, Scottsdale, Arizona, which says that "institutional theory" is a more descriptive title than "neoliberal institutionalism."

2. My definition of the distinction between offensive and defensive realism can be found below, pp. 48–50. For other discussions, see Jack L. Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca, N.Y.: Cornell University Press, 1991); Fareed Zakaria, "Realism and Domestic Politics," *International Security*, Vol. 17, No. 1 (Summer 1992), pp. 177–198; Charles L. Glaser, "Realists as Optimists: Cooperation as Self-Help," *International Security*, Vol. 19, No. 3 (Winter 1994/95), pp. 50–90; Randall L. Schweller, "Neorealism's Status-Quo Bias: What Security Dilemma?" *Security Studies*, Vol. 5, No. 3 (Spring 1996), pp. 90–121; Stephen Brooks, "Dueling Realisms," *International Organization*, Vol. 51, No. 3 (Summer 1997), pp. 445–478; Eric J. Labs, "Beyond Victory: Offensive Realism and the Expansion of War Aims," *Security Studies*, Vol. 6, No.

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*International Security*, Vol. 24, No. 1 (Summer 1999), pp. 42–63

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the disagreement in terms of what each school of thought<sup>3</sup> believes would have to change to produce greater cooperation. This raises the question of institutions. In the third section, I argue that realists claim not that institutions lack utility, but that they are not autonomous in the sense of being more than a tool of statecraft. Even if it is true that cooperation and the presence of institutions are correlated, it does not follow that cooperation can be increased by establishing institutions where they do not exist, which I think is why most people find the realist-neoliberal debate over cooperation of more than academic interest.

I do not want to exaggerate the gap separating realism and neoliberalism. Robert Keohane and Lisa Martin have noted that "for better or worse, institutional theory is a half-sibling of neorealism."<sup>4</sup> Both realism and neoliberalism start from the assumption that the absence of a sovereign authority that can make and enforce binding agreements creates opportunities for states to advance their interests unilaterally and makes it important and difficult for states to cooperate with one another.<sup>5</sup> States must worry that others will seek to take

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4 (Summer 1997), pp. 1–49; and Andrew Kydd, "Sheep in Sheep's Clothing: Why Security Seekers Do Not Fight Each Other," *Security Studies*, Vol. 7, No. 1 (Autumn 1997), pp. 114–155. Glaser uses the term "contingent realism," which I think is more descriptive than "defensive realism," but I use the latter term because it has gained greater currency.

3. I use this term because I do not think realism and neoliberal institutionalism can be sharply defined. Indeed, they are better labeled schools of thought or approaches than theories. Although this vagueness contributes to confusion as scholars talk past one another, a precise definition would be necessary only if either of these approaches really were a tight theory. In that case, falsification of propositions derived from the theory would cast doubt on the entire enterprise. But, for better and for worse, neither of these approaches has the sort of integrity that would permit the use of that logic. For an attempt to formulate a rigorous, but I think excessively narrow, definition of realism, see Jeffrey W. Legro and Andrew Moravcsik, "Is Anybody Still a Realist?" *International Security*, Vol. 24, No. 2 (Fall 1999). See also Kenneth N. Waltz, "Realist Thought and Neorealist Theory," in Robert L. Rothstein, ed., *The Evolution of Theory in International Relations* (Columbia: University of South Carolina Press, 1991), pp. 21–38; and the exchange between Colin Elman and Waltz in *Security Studies*, Vol. 6, No. 1 (Autumn 1996), pp. 7–61.

4. Keohane and Martin, "Institutional Theory, Endogeneity, and Delegation," p. 3; Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, N.J.: Princeton University Press, 1984), pp. 9, 29, 67; Robert O. Keohane, *International Institutions and State Power* (Boulder, Colo.: Westview, 1989), pp. 7–9. See also Glaser, "Realists as Optimists," p. 85; Randall L. Schweller and David Priess, "A Tale of Two Realisms: Expanding the Institutions Debate," *Mershon International Studies Review*, Vol. 41, Supplement 1 (May 1997), pp. 1–32; and Martin and Simmons, "Theories and Empirical Studies of International Institutions," pp. 739–740. In the statement quoted, Keohane and Martin refer to neorealism, not realism. For the purposes of this article, I do not need to distinguish between the two, as Waltz does very well in "Realist Thought and Neorealist Theory."

5. The realization that commitment is difficult within states as well has led to enormous progress in understanding domestic politics and arrangements among private actors, thus making recent analyses in American and comparative politics appear quite familiar to students of international politics. See Helen V. Milner, "Rationalizing Politics: The Emerging Synthesis among International

advantage of them; agreements must be crafted to minimize the danger of double crosses; the incentives that operate when agreements are signed may be quite different when the time comes for them to be carried out; and both promises and threats need to be made credible. Thus it will take some disentangling to isolate the areas in which there are important disputes between realism and neoliberalism.<sup>6</sup>

### *Possibilities for Cooperation*

Is it true that realism denies the possibility of international cooperation or, less extremely, that realists see less cooperation in world politics than do neoliberal institutionalists? I think the former statement is flatly wrong. The latter is also incorrect, but when properly reformulated, it points in a productive direction.

#### FALSE OR EXAGGERATED ISSUES

The affinity between realism and neoliberal institutionalism is not the only reason to doubt the claim that realism has no place for cooperation. This view would imply that conflict of interest is total and that whatever one state gains, others must lose.<sup>7</sup> This vision of a zero-sum world is implausible. The sense of international politics as characterized by constant bargaining, which is central to realism (but not to realism alone, of course), implies a mixture of common and conflicting interests. One can have fighting in a zero-sum world, but not politics.

More worthy of exploration is the less extreme view that realism sees world politics as much more conflictful than does neoliberal institutionalism.<sup>8</sup> For

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Politics and American and Comparative Politics," *International Organization*, Vol. 52, No. 4 (Autumn 1998), pp. 759–786. It is often assumed that anarchy and the possibility of the use of force are the same, but this is not correct, as shown by Milner, "The Assumption of Anarchy in International Relations Theory: A Critique," *Review of International Studies*, Vol. 17, No. 1 (January 1991), pp. 71–74; and Robert Powell, "Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate," *International Organization*, Vol. 48, No. 2 (Spring 1994), pp. 330–334.

6. The differences may be sharper in some central issues I am putting aside here: the efficacy and fungibility of various forms of power, especially military power; the differences in state behavior when force, coercion, or unilateral solutions are available; and the frequency of such situations.

7. This view is hard even to conceptualize in a multipolar world. Any gain of territory or power by state *A* would have to come at the expense of some other state, but if it diminishes state *B* or state *C*, this might aid state *D*, at least in the short run, if *D* is the rival of *B* or *C*. Here the situation is zero-sum (or, more technically, constant sum) overall, but not all actors are hurt, and some may be advantaged, by another's gain.

8. How to measure and even conceptualize conflict and conflict of interest is not easy. See Robert Axelrod, *Conflict of Interest: A Theory of Divergent Goals with Applications to Politics* (Chicago: Markham, 1970).

realists, world politics is a continuing if not an unrelenting struggle for survival, advantage, and often dominance. Neoliberals do not deny the existence of cases of extreme conflict, but they do not see them as the entire or even a representative picture of world politics. In many cases and in many areas, states are able to work together to mitigate the effects of anarchy, produce mutual gains, and avoid shared harm.

Although not entirely misguided, this characterization of the difference between realism and neoliberalism is still wrong. To start with, some of this difference reflects the issues that the schools of thought analyze. Neoliberal institutionalists concentrate on issues of international political economy (IPE) and the environment; realists are more prone to study international security and the causes, conduct, and consequences of wars. Thus, although it would be correct to say that one sees more conflict in the world analyzed by realist scholars than in the world analyzed by neoliberals, this is at least in part because they study different worlds.<sup>9</sup>

Similarly, while neoliberal institutionalism is more concerned with efficiency and realism focuses more on issues of distribution, which are closely linked to power as both an instrument and a stake,<sup>10</sup> it is not clear that this represents different views about the world or a difference in the choice of subject matter. Neoliberalism's argument (usually implicit) that distributional conflicts are usually less important than the potential common gains stems at least in part from its substantive concern with issues in which large mutual benefits are

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9. The differences between the issue areas are not inherent, but it is generally believed that the factors that are conducive to cooperation, such as vulnerability, offensive advantage, and lack of transparency, are more prevalent in IPE than in the security arena. See Robert Jervis, "Security Regimes," *International Organization*, Vol. 36, No. 2 (Spring 1982), pp. 358–360; and Charles H. Lipson, "International Cooperation in Economic and Security Affairs," *World Politics*, Vol. 37, No. 1 (October 1984), pp. 1–23.

10. Nonetheless, I think neoliberals were enlightened by Jack Knight's argument that institutions can affect not only the level of cooperation, but who gains more. See Knight, *Institutions and Social Conflict* (New York: Cambridge University Press, 1992). Similarly, while neoliberals have drawn heavily on the literature on organizations, they pay little attention to power-laden analyses such as Charles Perrow, *Complex Organizations: A Critical Essay*, 3d ed. (New York: Random House, 1986). Robert O. Keohane acknowledges that he initially underestimated the significance of distributive issues. See Keohane "Institutional Theory and the Realist Challenge after the Cold War," in David A. Baldwin, ed., *Neorealism and Neoliberalism: The Contemporary Debate* (New York: Columbia University Press, 1993), pp. 446–447. See also Keohane and Martin, "The Promise of Institutional Theory," pp. 45–46. For a good discussion of distribution and institutions, see Powell, "Anarchy in International Relations Theory," pp. 338–343. For an argument that the shape of domestic institutions affects both the chance of international agreement and the distribution of the benefits, see Helen V. Milner, *Interests, Institutions, and Information: Domestic Politics and International Relations* (Princeton, N.J.: Princeton University Press, 1997).

believed to be possible, such as protecting the environment, rather than with disputes over values such as territory, status, and influence (if not dominance).

The related difference between realists and neoliberals on the issue of relative and absolute gains also should not be exaggerated, as recent formulations have explained.<sup>11</sup> To start with, it is not clear whether neoliberals are arguing that realists are incorrect to assert that states often are concerned with relative gains or that it is the states that err when they are thus concerned, perhaps because they have been socialized by realist prescriptions. Substantively, realists never claimed that relative gains were all that mattered—to assert this would be to declare international politics a zero-sum game—and many realists have been sensitive to possibilities of mutual security. Thus within a few months of the explosion of the first atomic bomb, realist scholars noted that once both sides had a sufficient number of these weapons, little could be gained by further increases and there was little to fear from the other side's increases. The title of the first major book on the subject, *The Absolute Weapon*, indicated quite clearly the radical change from a world in which the greatest form of military power was relative.<sup>12</sup> Indeed, this effect also undercuts much of the concern over relative gains in the economic area because they have much less impact on security.<sup>13</sup> Neoliberals also have adopted a less extreme position on the absolute-relative gains debate. They initially cast their arguments in

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11. Robert Powell, "Absolute and Relative Gains in International Relations Theory," *American Political Science Review*, Vol. 85, No. 4 (December 1991), pp. 701–726; Powell, "Anarchy in International Relations Theory," pp. 334–338; Glaser, "Realists as Optimists," pp. 74–75; and Arthur A. Stein, *Why Nations Cooperate* (Ithaca, N.Y.: Cornell University Press, 1990), chap. 5. Issues of relative versus absolute gains are not the same as distribution versus efficiency because an actor can care about distribution even in the absence of concerns about relative gains. It should also be noted that although the main reason for seeking relative gains today is to improve one's absolute situation tomorrow, some goods are inherently positional. See the classic and yet underappreciated analysis of Fred Hirsch, *Social Limits to Growth* (Cambridge, Mass.: Harvard University Press, 1976).

12. Bernard Brodie et al., *The Absolute Weapon* (New York: Harcourt Brace, 1946).

13. When states are allied—and expect to remain so in the future—each may gain "security externalities" from the others' economic gains. See Joanne Gowa, *Allies, Adversaries, and International Trade* (Princeton, N.J.: Princeton University Press, 1994), chap. 3. But relative economic gains can redistribute power within an alliance (as shown by Arthur A. Stein, "The Hegemon's Dilemma: Great Britain, the United States, and the International Economic Order," *International Organization*, Vol. 38, No. 2 [Spring 1984], pp. 355–386), and will be of concern if actors believe that they will influence future wealth. See Robert Jervis, "International Primacy: Is the Game Worth the Candle?" *International Security*, Vol. 17, No. 4 (Spring 1993), pp. 54–59; and John C. Matthews III, "Current Gains and Future Outcomes: When Cumulative Relative Gains Matter," *International Security*, Vol. 21, No. 1 (Summer 1996), pp. 112–146. Furthermore, despite the existence of nuclear weapons, an extreme gap in the economic health of the United States and Western Europe on the one hand, and the Soviet Union on the other, undermined the latter's security, largely by sapping its self-confidence.

terms of absolute gains, but soon acknowledged that it is dangerous for one state to seek absolute gains that would put it at a relative disadvantage vis-à-vis an adversary.<sup>14</sup>

AREA OF DISAGREEMENT: NOT CONFLICT, BUT UNNECESSARY CONFLICT

The disagreements between realism and neoliberalism have not only been exaggerated, but they have also been misunderstood. Neoliberalism does not see more cooperation than does realism; rather, neoliberalism believes that there is much more *unrealized* or *potential* cooperation than does realism, and the schools of thought disagree about how much conflict in world politics is *unnecessary* or *avoidable* in the sense of actors failing to agree even though their preferences overlap.<sup>15</sup> To put it in a context that frames the next section of this article, they differ over the changes that they believe are feasible and required to reduce conflict.

When a realist such as Stephen Krasner argues that much of international politics is "life on the Pareto frontier," he implies that states already have been able to cooperate to such an extent that no further moves can make all of them better off.<sup>16</sup> For neoliberals, in the absence of institutions we are often far from this frontier, and much of international politics resembles a prisoner's dilemma or a market failure in producing suboptimal outcomes for all concerned. Although neoliberals are strongly influenced by neoclassical economics, they reject the idea that the free play of political forces will capture all possible joint

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14. The greatest deficiency in the relative/absolute gains literature is that it has remained largely at the level of theory and prescription, with much less attention to when decisionmakers *do* in fact exhibit relative-gains concerns. Thus as noteworthy as the fact that leading academics employed impeccable logic to demonstrate the irrelevance of relative advantage in a world of mutual second-strike capabilities was the fact that each side's decisionmakers remained unpersuaded, continued to fear that the other sought nuclear superiority, and sought advantage, if not superiority, for itself. For a related argument, see Glaser, "Realists as Optimists," pp. 86–88. For a good empirical study in the trade area, see Michael Mastanduno, "Do Relative Gains Matter? America's Response to Japanese Industrial Policy," *International Security*, Vol. 16, No. 1 (Summer 1991), pp. 73–113.

15. For a parallel discussion of "real" and "illusory" incompatibility, see Kenneth E. Boulding, "National Images and International Systems," *Journal of Conflict Resolution*, Vol. 3, No. 2 (June 1959), p. 130. This distinction and the one I am making are not without their difficulties, as I discuss below. The move from conflicting preferences to conflictful behavior is not entirely direct because if information is complete and outcomes are infinitely divisible, the actors should be able to find a way of reaching the outcome that is cheaper than engaging in costly conflict. This is known as the Hicks paradox in economics and was introduced into the international relations literature by James D. Fearon in "Rationalist Explanations for War," *International Organization*, Vol. 49, No. 3 (Summer 1995), pp. 379–414. The subject is important but not central to the issues of concern here.

16. Stephen D. Krasner, "Global Communication and National Power: Life on the Pareto Frontier," *World Politics*, Vol. 43, No. 3 (April 1991), pp. 336–366.



gains.<sup>17</sup> Thus the old joke about two neoclassical economists walking down the street: one sees a \$20 bill, but before he can bend down to pick it up, his colleague says, "Don't bother; if it were really there someone would have gotten it before us." For neoliberal institutionalists, the world is littered with \$20 bills. Because they believe that there are many mutually beneficial arrangements that states forgo because of the fear that others will cheat or take advantage of them, they see important gains to be made through the more artful arrangement of policies. Like neoclassical economists, some realists doubt this, believing that all available \$20 bills have already been picked up. For them, it is unfortunately true that we live in the best of all possible worlds. And if this is the case, distributional issues loom large, making it hard to see how neoliberalist analysis can be brought to bear.<sup>18</sup>

To proceed further, we need to divide realism into offensive and defensive categories. Offensive realists think that few important situations in international politics resemble a prisoner's dilemma. This model does not elucidate the most crucial area of the pursuit of security by major powers because mutual security either is not sought or cannot be gained: one or more of the states is willing to risk war to expand or has security requirements that are incompatible with those of others. Thus for John Mearsheimer, states maximize power (which must be seen in relative terms) either because it is the means by which they can be secure or because they want other values that power is (correctly) believed to bring.<sup>19</sup> For Colin Gray, arms races are a reflection of conflicts of interest, and wars result not because of the mutual pursuit of security but because one if not both sides is aggressive.<sup>20</sup> For Randall Schweller, it is especially important to "bring the revisionist state back in" because security-seeking states do not get into unnecessary conflicts: they are able to discern

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17. This is not to say that all arguments that actors are below the Pareto frontier share neoliberalism's stress on the importance of institutions. Thus Deborah W. Larson's analysis of missed opportunities during the Cold War seeks to demonstrate that, at a number of points, lack of trust and related psychological impediments prevented the United States and the Soviet Union from relaxing tensions and reaching agreements that would have made both of them both better off. See Larson, *Anatomy of Mistrust: U.S.-Soviet Relations during the Cold War* (Ithaca, N.Y.: Cornell University Press, 1997).

18. For discussion, see Martin and Simmons, "Theories and Empirical Studies of International Institutions," pp. 744-747; and James K. Sebenius, "Challenging Conventional Explanations of International Cooperation," *International Organization*, Vol. 46, No. 1 (Winter 1992), pp. 334-339.

19. John J. Mearsheimer, *Great Power Politics* (New York: W.W. Norton, forthcoming).

20. Of Gray's voluminous writings, see, for example, Colin Gray, *Weapons Don't Make War: Policy, Strategy, and Military Technology* (Lawrence: University Press of Kansas, 1993); and Gray, *House of Cards: Why Arms Control Must Fail* (Ithaca, N.Y.: Cornell University Press, 1992).

one another's intentions and can move sufficiently quickly to protect themselves if others should become menacing.<sup>21</sup>

Defensive realists disagree, and take a position on the role of unnecessary conflict that has more in common with neoliberals. Scholars such as Charles Glaser, John Herz, Stephen Van Evera, and myself see the prisoner's dilemma as capturing important dynamics of international politics, especially through the operation of the security dilemma—the ways in which the attempt by one state to increase its security has the effect (often unintended and sometimes unforeseen) of decreasing the security of others. Often states would be willing to settle for the status quo and are driven more by fear than by the desire to make gains. According to this “spiral model” of international politics, both structural and perceptual reasons conspire to render self-defeating the actions states take to protect themselves. In many cases, it is the interactive process among states that *generates* conflict rather than merely reveals or enacts the preexisting differences in goals. Both sides would be satisfied with mutual security; international politics represents tragedy rather than evil as the actions of states make it even harder for them to be secure. This is not true in all cases, however. Aggressor states are common; security and other interests often create differences that are irreconcilable. In these and only these instances, defensive realists see conflict as unavoidable.

Despite important similarities, three differences make defensive realists less optimistic than neoliberals. First, as noted above, defensive realists believe that only in a subset (size unspecified) of situations is conflict unnecessary. Second, and related to this, they believe that it is often hard for states to tell which situation they are in. The difficulty status quo powers have in recognizing one another, in part because of deeply rooted political and perceptual biases, is compounded by the high price to be paid for mistaking an expansionist state for a partner that seeks mainly security. Third, defensive realists have less faith in the ability of actors to reach common interests than do neoliberals: in some cases, mistrust and fear of cheating may be too severe to be overcome. The extent of the differences between the schools of thought are difficult to estimate, however, because realism and neoliberalism have rarely analyzed com-

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21. Randall L. Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back In,” *International Security*, Vol. 19, No. 1 (Summer 1994), pp. 72–107; and Schweller, “Neorealism’s Status-Quo Bias.” See also Kydd, “Sheep in Sheep’s Clothing.” This is why Charles Glaser sees “realists as optimists”: in most circumstances, states that seek security can develop a military posture that signals their benign intentions, thereby minimizing unnecessary conflict. Glaser, “Realists as Optimists,” pp. 67–70.



parable situations. Unlike defensive realists, neoliberals have concentrated on areas in which the costs of mistakenly believing that the other will cooperate are not prohibitive, and in which gains in efficiency are likely to be greater than conflicts over distribution. But it also seems that neoliberals see the restraints that actors can impose on others and themselves as stronger than defensive realists believe them to be. If arrangements to increase cooperation are so feasible, however, the obvious question, which I touch on later, is why they are not employed more often: Why are there still \$20 bills on the ground?

In summary, offensive realists think that the conflict we observe in international politics represents real incompatibility between desired states of the world. The famous example is the reply that Francis I of France gave in the early sixteenth century when he was asked what differences led to constant warfare with Spain's Charles V: "None whatever. We agree perfectly. We both want control of Italy!"<sup>22</sup> At the very least, offensive realists note, modeling politics as a prisoner's dilemma conceptualizes cooperation as a single alternative, the only one that is better over the long run than mutual defection. In fact, there are many outcomes better than mutual defection, and these distribute the gains in quite different ways and are inevitable sources of conflict. Neoliberals attribute much conflict to the failure to employ institutions that could move states to the Pareto frontier by facilitating secure and equitable agreements. Defensive realists fall between these views, arguing that a great deal depends on whether the state (assumed to be willing to live with the status quo) is facing a like-minded partner or an expansionist. In the latter case, their analysis parallels that of the offensive realists; in the former case, it is not unlike that of neoliberals.

### *Changes Needed for Cooperation*

Realists and neoliberals have different perspectives on what would have to change to increase cooperation in a particular situation.<sup>23</sup> These differences can be understood by applying Robert Powell's distinction between preferences

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22. Quoted in Frederick L. Schuman, *International Politics*, 7th ed. (New York: McGraw-Hill, 1953), p. 283.

23. A particularly insightful use of counterfactuals to explore changes that could have avoided a major war is Paul W. Schroeder, "Embedded Counterfactuals and the Case for World War I as an 'Unavoidable' War," in Richard Ned Lebow, Philip E. Tetlock, and Geoffrey Parker, eds., "Unmaking the West: Exploring Alternative Histories of Counterfactual Worlds," unpublished book manuscript, Ohio State University. I am concerned here with short-run changes that could reduce a current conflict, not with changes such as instituting a world government, making all states democratic, or using future DNA technology to alter human nature.

over strategies, or ways to reach goals, on the one hand, and changes in preferences over goals or outcomes, on the other.<sup>24</sup> Neoliberals are more optimistic than realists because they believe that changes in preferences over strategies usually are sufficient to produce mutual benefit. Much of this change can come by more and better information—information about the situation, information about what the other side has done and why it has done it, and information about what the other side is likely to do in the future.<sup>25</sup> States can cooperate by reducing transaction costs (the costs and risks associated with reaching and carrying out agreements) and, in turn, the successful reduction of such costs can facilitate cooperation. Institutions can play a large role here, and this helps explain why institutionalized cooperation can continue even when the initially propitious conditions have disappeared.<sup>26</sup> But it is hard to see how changes in information can be effective when changes in preferences over outcomes are required. Thus neoliberals do not discuss how states do or should behave when vital interests clash: there are no neoliberal analyses of the Cold War, the diplomacy of the 1930s, or relations between the United States and Iraq, and the approach could help in Kosovo only if there are some outcomes acceptable to both sides absent changes in power.

Offensive realists see much less room for increasing cooperation. Aggressors may be deterred or defeated, but given that the security dilemma is irrelevant or intractable, additional information cannot lead to conflict-reducing changes in preference over strategies. Furthermore, changes in preferences over outcomes may be out of reach if all states seek to dominate. Altering the incentives states face may be effective, but this will benefit one side only. Although changes in relative power drive much of international politics, they too alter what each state gains and do not bring mutual benefit. Increasing the costs of war may reduce violent conflict, but rarely can cooperation be increased by changing beliefs and information about the other or the world.

For defensive realists, much depends on the nature of the situation: the changes required when a status quo power faces an expansionist power are

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24. Powell, "Anarchy in International Relations Theory," pp. 318–321.

25. Thus reputation plays a central role in neoliberalism parallel to its role in deterrence theory. But what little empirical research we have casts grave doubt on the standard deductive claims for how reputations form and operate. See Ted Hopf, *Peripheral Visions: Deterrence Theory and American Foreign Policy in the Third World, 1965–1990* (Ann Arbor: University of Michigan Press, 1994); and Jonathan Mercer, *Reputation and International Politics* (Ithaca, N.Y.: Cornell University Press, 1996). See also Robert Jervis, "Signaling and Perception," in Kristen Monroe, ed., "Political Psychology," unpublished book manuscript, University of California at Irvine.

26. Keohane, *After Hegemony*. See also Celeste A. Wallander, *Mortal Friends, Best Enemies: German-Russian Cooperation after the Cold War* (Ithaca, N.Y.: Cornell University Press, 1998), pp. 19–34.

very different from the changes that could increase cooperation among status quo powers that fear one another. When dealing with aggressors, increasing cooperation is beyond reach, and the analysis and preferred policies of defensive realists differ little from those of offensive realists; when the security dilemma is the problem, either or both sides can seek changes in preferences over strategies (both their own and those of the other) in the form of implementing standard "cooperation under anarchy" policies. In these cases, defensive realists and neoliberals see similar ways to reduce conflict. Both embrace the apparent paradox that actors can be well advised to reduce their own ability to take advantage of others now and in the future. Both agree that cooperation is more likely or can be made so if large transactions can be divided up into a series of smaller ones, if transparency can be increased, if both the gains from cheating and the costs of being cheated on are relatively low, if mutual cooperation is or can be made much more advantageous than mutual defection, and if each side employs strategies of reciprocity and believes that the interactions will continue over a long period of time.<sup>27</sup>

Thus for defensive realists, diagnosis of the situation and the other's objectives is a critical and difficult step, which explains why analysts of this type come to different policy prescriptions if they have different views of the adversary.<sup>28</sup> For example, much of the American debate over how to respond to North Korea's nuclear program turns on beliefs about whether that country is driven by insecurity and seeks better relations with the United States on

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27. Kenneth A. Oye, ed., *Cooperation under Anarchy* (Princeton, N.J.: Princeton University Press, 1986), which includes essays by defensive realists and neoliberals. These arguments were developed in works that formed the basis for the Oye volume: Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984); Robert Jervis, "Cooperation under the Security Dilemma," *World Politics*, Vol. 30, No. 2 (January 1978), pp. 167–214; and Keohane, *After Hegemony*. It is not true, however, that a long "shadow of the future" by itself increases cooperation. When an agreement is expected to last for a long time, the incentives to bargain harder are greater. See James D. Fearon, "Bargaining, Enforcement, and International Cooperation," *International Organization*, Vol. 52, No. 2 (Spring 1998), pp. 269–305. Similarly, when what is at stake are actors' reputations for standing firm, as was true in many Cold War interactions, then issues of little intrinsic importance produce very high conflict. Much of the relative gains problem turns on the expectation that the outcome of the current interaction will strongly affect the actors' future well-being; states often fight at one time because they fear that otherwise they will be at a greater disadvantage in the future. Neoliberals argue that institutions can curb these effects.

28. For the importance of diagnosis, see Alexander L. George, *Bridging the Gap: Theory and Practice in Foreign Policy* (Washington, D.C.: United States Institute of Peace, 1993). See also Robert Jervis, *Perception and Misperception in International Politics* (Princeton, N.J.: Princeton University Press, 1976), chap. 3. In many cases, contemporary policymakers or later analysts may not be clear as to whether they are disagreeing about the nature of the situation the state is in or the policies that are appropriate for that situation.

acceptable terms or whether its goal is to push the United States off the peninsula and dominate South Korea, in which case North Korea would not refrain from developing atomic bombs in return for a reasonable agreement and instead would respond only to coercion.<sup>29</sup>

Often more fine-grained distinctions about preferences are required to understand what needs to change to increase cooperation. Because states have ladders of means-ends beliefs, some preferences over outcomes are, from a broader perspective, preferences over strategies. Thus many conflicts can be seen as both an avoidable security dilemma and the product of irreconcilable differences. For example, it can be argued that at bottom what Japan sought in the 1930s was security: dominance over the East Asia Co-Prosperty Sphere was desired not as an ultimate value or even for national wealth but as a source of strength and security. This in turn was needed not because Japan was under immediate Western pressure—this was an effect not a cause of Japan's policy—but rather because of the expectation that eventually the West would menace Japan. Cooperation would have been possible if the United States and Great Britain had been able to reassure Japan of their continuing goodwill (assuming that Japan did not engage in military adventures), but this was difficult if not impossible for states in anarchy. Although Japan's ultimate goals would not have to have changed to produce cooperation, "mere" alterations in images of the other side and the deployment of conflict-reduction strategies could not have kept the peace. Similarly, even if the United States and the Soviet Union ultimately sought security during the Cold War, deep internal changes were a prerequisite for far-reaching cooperation because each believed that the other would be a menace as long as its domestic system was in place.

### *Institutions and Cooperation*

As their name suggests, neoliberal institutionalists stress the role of institutions, broadly defined as enduring patterns of shared expectations of behavior that have received some degree of formal assent.<sup>30</sup> Here too it is important to

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29. Leon V. Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton, N.J.: Princeton University Press, 1998).

30. Similar definitions are found in Knight, *Institutions and Social Conflict*, pp. 2–4; Douglass C. North, *Institutions, Institutional Change, and Economic Performance* (New York: W.W. Norton, 1990), pp. 4–5; and Celeste A. Wallander, Helga Haftendorn, and Robert O. Keohane, "Introduction," in Haftendorn, Keohane, and Wallander, eds., *Imperfect Unions: Security Institutions over Time and Space* (New York: Oxford University Press, 1999), pp. 1–2. Despite its roots in economics, neoliberalism's treatment of institutions pays scant attention to principal-agent problems and the ways in which

understand the disagreement with realists, which is not over the existence of institutions or the fact that they are found where cooperation is high, but over the claim that they are more than instruments of statecraft and have an independent impact, "a life of their own."<sup>31</sup> The obvious threat to the latter argument is the assertion of endogeneity—if it is predictable that certain kinds of institutions will produce increased cooperation, then actors will establish such arrangements when and only when they want this outcome, which is likely to be consistent with realist analysis.<sup>32</sup> As Charles Glaser puts it, institutions are "the product of the same factors—states' interests and the constraints imposed by the system—that influence whether states should cooperate."<sup>33</sup> Neoliberals think that establishing an institution can increase cooperation. Realists believe that this is not so much a false statement as a false remedy, because the states will establish an institution if and only if they seek the goals that the institution will help them reach.

The contrast between realist and neoliberal views can be brought out by differing interpretations of Page Fortna's important finding that cease-fires are likely to be maintained when devices such as buffer zones, inspections, and arms limitations are involved.<sup>34</sup> Even though this conclusion holds when situational variables are held constant, the endogeneity problem arises as it must with any study comparing the outcomes of cases in which policymakers

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institutions and their leaders can maximize their own self-interest at the expense of those of the principals.

31. Keohane and Martin, "Institutional Theory, Endogeneity, and Delegation," agree that the question is posed correctly, although answered incorrectly, in Mearsheimer, "The False Promise of International Institutions." See also Martin and Simmons, "Theories and Empirical Studies of International Institutions." For the finding that joint membership in international organizations is negatively correlated with conflict, see Bruce M. Russett, John R. Oneal, and David R. Davis, "The Third Leg of the Kantian Tripod for Peace: International Organizations and Militarized Disputes, 1950–1985," *International Organization*, Vol. 52, No. 3 (Summer 1998), pp. 441–468. The recent literature on the role of institutions in domestic politics is very large: recent surveys are Peter A. Hall and Rosemary C.R. Taylor, "Political Science and the Three New Institutionalisms," *Political Studies*, Vol. 44, No. 5 (April 1996), pp. 936–957; and Ira Katznelson, "The Doleful Dance of Politics and Policy: Can Historical Institutionalism Make a Difference?" *American Political Science Review*, Vol. 92, No. 1 (March 1998), pp. 191–197.

32. Keohane and Martin, "Institutional Theory, Endogeneity, and Delegation." This is consistent with Keohane's "functional theory regimes" in *After Hegemony*, chap. 6.

33. Glaser, "Realists as Optimists," p. 85. See also Kenneth N. Waltz, "Realism after the Cold War," paper delivered at the annual meeting of the American Political Science Association, Boston, Massachusetts, September 3–6, 1998, pp. 23–29.

34. Page V. Fortna, "A Peace That Lasts," Ph.D. dissertation, Department of Government, Harvard University, 1998. See also Caroline A. Hartzell, "Explaining the Stability of Negotiated Settlements to Intrastate Wars," *Journal of Conflict Resolution*, Vol. 43, No. 1 (February 1999), pp. 3–22; and Barbara F. Walter, "Designing Transitions from Civil War: Demobilization, Democratization, and Commitments to Peace," *International Security*, Vol. 24, No. 1 (Summer 1999), pp. 127–155.

make different choices, and this allows neoliberals and realists to make different interpretations.<sup>35</sup> A neoliberal would argue that the efficacy of these arrangements shows their independent impact and implies that they would produce some good effect if they had been employed in other cases. Realists see the finding as a demonstration of the importance of statecraft but are skeptical of the implications for other cases, arguing that no set of control variables can capture all the factors that go into decisionmakers' judgments. There are likely to be good reasons why certain arrangements are adopted in some cases and not in others; if states had wanted to make it more difficult to break the cease-fire in the latter cases, and if technology, terrain, and third-party influences had permitted this, then they would have done so. The arrangements were reflections of the actors preferences over outcomes, and the cease-fires that broke down were then not instances of mutually undesired and unnecessary conflict. This kind of reasoning leads realists to argue that the key errors of reformers after World War I were to believe that the war had been caused by a lack of mechanisms for conflict resolution and to conclude that the path to peace was to establish such an organization even in the absence of shifts in the goals of the states.

### *Three Kinds of Institutions*

To analyze the role played by institutional arrangements and the links among interests, policies, and cooperation, we need to distinguish among three kinds of institutions. What is crucial is whether the arrangements merely further established interests or change preferences over outcomes, thereby permitting forms and degrees of cooperation that cannot be reached through the provision of more information and the deployment of standard ways to give actors confidence that agreements will be maintained. It is when institutions are autonomous in this sense that neoliberal analysis makes its most distinctive contribution.

#### INSTITUTIONS AS STANDARD TOOLS: BINDING AND SELF-BINDING

The first kind of institutions are well-known instruments of statecraft such as alliances and trade agreements. Neoliberals have argued that realists cannot explain why these agreements have any impact, given their strong arguments

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35. For further discussion of the methodological issues involved, see Robert Jervis, *System Effects: Complexity in Political and Social Life* (Princeton, N.J.: Princeton University Press, 1997), pp. 81–87.



about anarchy and the difficulties of making credible commitments. Although neoliberals have added to our knowledge of the mechanisms involved, in fact mechanisms are consistent with defensive realism's analysis of how actors can overcome prisoner's dilemmas, as noted earlier. Furthermore, there is no dispute that these institutions are reflections of states' preexisting interests.

Many institutions that make it more difficult and costly for states to defect in the future, and so modify anarchy, similarly embody preferences over outcomes. Realists are likely to stress the objective of binding others to keep their commitments; neoliberals are more sensitive to the fact that it can be equally important for actors—indeed, for powerful ones, more important—to bind themselves.<sup>36</sup> But the difference is in emphasis only, and a defensive realist would not be surprised by a German official's recent explanation of his support for strong European institutions: "We wanted to bind Germany into a structure which practically obliges Germany to take the interests of its neighbors into consideration. We wanted to give our neighbors assurances that we won't do what we don't intend to do anyway."<sup>37</sup>

Although realists see binding as somewhat more difficult and less likely to be desired than do neoliberals, they do not deny that states can take themselves out of anarchy if they choose to cede much of their sovereignty to a central authority, as the thirteen American colonies did. It is probably true that neoliberals see the "web of interdependence" among countries as stronger than do realists, in part because they believe that elites and members of the public place greater value on economic values as compared to security, status, and

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36. Compare, for example, Joseph M. Grieco, "State Interest and Institutional Rule Trajectories: A Neorealist Interpretation of the Maastricht Treaty and European Economic and Monetary Union," in Baldwin, *Neorealism and Neoliberalism*, pp. 116–169, and Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca, N.Y.: Cornell University Press, 1998). See also G. John Ikenberry, "Institutions, Strategic Restraint, and the Persistence of American Postwar Order," *International Security*, Vol. 23, No. 3 (Winter 1998/99), pp. 44–45, 55. For the role of institutions in self-binding, see Kenneth W. Abbott and Duncan Snidal, "Why States Act through Formal Organizations," *Journal of Conflict Resolution*, Vol. 42, No. 1 (February 1998), pp. 3–32. This emphasis on commitment is consistent with the past generation of research that has argued that the crucial role of governments in economic development is their willingness and ability to maintain domestic order while guaranteeing that they will not confiscate property and wealth, and the work on intertemporal games explaining why and how individuals might bind themselves to do what they would otherwise not do in the future. For the former, the classic study is Douglass C. North and Robert D. Thomas, *The Rise of the Western World: A New Economic History* (Cambridge: Cambridge University Press, 1973). For a brief summary of the literature in the latter area, see Partha Dasgupta, "Trust as a Commodity," in Diego Gambetta, ed., *Trust: Making and Breaking Cooperative Relations* (New York: Basil Blackwell, 1988), pp. 54–55.

37. Quoted in Jane Perlez, "Blunt Reasoning for Enlarging NATO: Curbs on Germany," *New York Times*, December 7, 1997, p. 18.

self-assertion. But these differences are elusive because they are matters of degree. No one thinks that institutions can be fully binding: even states such as Yugoslavia and the Soviet Union that once shared common institutions and were economically integrated have come apart in the face of strong conflicts, and the United States was held together only by force in its civil war. No one denies that institutions can be broken without any costs—indeed, these costs are what gives each actor some confidence that others will continue to respect them. But what is crucial is that irrespective of their strength, these arrangements are instituted because national leaders want them to have binding effects. The institutions can then be important, but even if they involve giving power to autonomous actors such as the United Nations' secretary-general or the World Trade Organization, they are *not* autonomous in the sense of over-riding or shaping the preferences of those who established them.

#### INSTITUTIONS AS INNOVATIVE TOOLS

The second set of institutions are ones that are potential tools but remain outside the realm of normal statecraft because leaders have not thought of them or do not appreciate their effectiveness. Here there is an area of unrealized common interest, and greater cooperation could be secured by increasing information and knowledge.<sup>38</sup> Because people learn from experience, problems that could not have been solved in the past may be treatable today. Furthermore, scholars can discover the efficacy of neglected instruments. For example, Keohane and Martin not only argue that it can be in the interest of states to delegate authority to unbiased bodies, but imply that this is not apparent to all decisionmakers. Thus increased understanding could allow them to cooperate more. Similarly, when defensive realists called for arrangements that decreased the "reciprocal fear of surprise attack" and developed the theory of arms control, they implied that a fuller and more accurate appreciation of crisis instability as a cause of war could lead to greater cooperation.<sup>39</sup>

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38. There is some overlap here with the arguments for the potential role of greater knowledge. See, for example, Ernst B. Haas, *When Knowledge Is Power* (Berkeley: University of California Press, 1990); and the special issue of *International Organization* on epistemic communities, edited by Peter J. Haas, "Knowledge, Power, and International Policy Coordination," *International Organization*, Vol. 46, No. 1 (Winter 1992).

39. Thomas C. Schelling, *The Strategy of Conflict* (Cambridge, Mass.: Harvard University Press, 1960), chap. 9; Schelling and Morton H. Halperin, *Strategy and Arms Control* (New York: Twentieth Century Fund, 1961); and Robert Jervis, "Arms Control, Stability, and Causes of War," *Political Science Quarterly*, Vol. 108, No. 2 (Summer 1993), pp. 239–253.

As is the case with other analyses that are simultaneously descriptive and prescriptive,<sup>40</sup> however, there is tension between the claim that academics have ignored some kinds of institutions and the argument that it is states that have neglected them. To the extent that scholars can show that their peers have not appreciated a range of devices that states have in fact utilized, they undercut the claim that this finding can increase cooperation. My sense is that academics underestimate the ingenuity of skilled practitioners, although they may play a role in spreading such skill. For example, the recent settlement of the long-standing border dispute between Peru and Ecuador created “peace parks,” including a square kilometer that was the site of the last Ecuadoran stand against Peru in 1995 and the grave of twelve Ecuadoran soldiers. Although this land is in Peru and will remain under Peruvian sovereignty, it will be under Ecuadoran control.<sup>41</sup> If neoliberals could point to underutilized institutions or invent new ones, they could perform a major service, but because these instruments would still reflect underlying interests, realist claims would not necessarily be disturbed.

#### INSTITUTIONS AS CAUSES OF CHANGES IN PREFERENCES OVER OUTCOMES

The case is different, however, with a third kind of institution—those that change preferences over outcomes. Realists say that in a system of self-help, institutions cannot stop states from fighting “when push comes to shove.” Neoliberals reply that even if this is correct, it misses the more important point that institutions can make it less likely that push will come to shove by providing information, altering the consequences of shoving, and diminishing the desire to push. But if we are to classify the institutions as more than instruments of underlying interest, these changes must be unanticipated by the actors.

Borderline cases are attempts at what might be called “deep self-binding.” For example, the German effort discussed earlier can be seen as an attempt to shape not only future German behavior, but also future German preferences over outcomes. Just as Gary Becker argues that individuals may act in a certain

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40. For a discussion of problems with realism on this score, see Robert Jervis, “Hans Morgenthau, Realism, and the Scientific Study of International Politics,” *Social Research*, Vol. 61, No. 4 (Winter 1994), pp. 859–860.

41. Anthony Faiola, “Peru, Ecuador Sign Border Dispute,” *Washington Post*, October 27, 1998, p. 20; and “Peru and Ecuador Sign Treaty to End Longstanding Conflict,” *New York Times*, October 27, 1998, p. 3.

way to influence what their later tastes will be,<sup>42</sup> so today's German leaders may want to strengthen European ties to ensure that later Germans would not even contemplate or think desirable any independent military action or the pursuit of security policies that could endanger other European countries. If international institutions serve these functions, they can increase cooperation, and, more important, shape the future, but they still are serving the goals envisaged by the current decisionmakers.

This is not true if the changes that occur are unforeseen and unintended. The classic example is Ernst Haas's analysis of the spillover processes of regional integration in which decisionmakers seek limited cooperation but the policies they adopt for this purpose trigger changes in laws, incentives, interest group strategies, and eventually loyalties that lead to much greater integration.<sup>43</sup> The great diminution of national sovereignty that we have seen, the delegation of significant power to supranational bodies, and the development of some degree of popular identification with Europe rather than with individual nations were not what most of the European leaders sought at the start, but rather were the product of the institutions they established.<sup>44</sup> The institutions had "a life of their own" in not only binding the states more than the founders foresaw, but in changing beliefs about what is possible and desirable: they shaped, as much as they reflected, interests. When these processes operate, people are instruments of institutions rather than the other way around.

42. Gary S. Becker, *Accounting for Tastes* (Cambridge, Mass.: Harvard University Press, 1996), part 1. For more subtle treatments, see Amartya Sen, "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory," *Philosophy and Public Affairs*, Vol. 6, No. 4 (Summer 1977), pp. 317–344; and Albert O. Hirschman, "Against Parsimony: Three Easy Ways of Complicating Some Categories of Economic Discourse," in Hirschman, *Rival Views of Market Society and Other Recent Essays* (New York: Viking, 1986), chap. 6.

43. The literature on regional integration is enormous. See, for example, Karl W. Deutsch, *Political Community at the International Level* (Garden City, N.Y.: Doubleday, 1954); Ernst B. Haas, *The Uniting of Europe* (Stanford, Calif.: Stanford University Press, 1958); the special issue of *International Organization*, Vol. 24, No. 4 (Autumn 1970), entitled "Regional Integration," Leon N. Lindberg and Stuart A. Scheingold, eds.; Haas, *The Obsolescence of Regional Integration Theory* (Berkeley: Institute of International Studies, University of California, 1975); and Wayne Sandholtz, *High-Tech Europe: The Politics of International Cooperation* (Berkeley: University of California Press, 1992). For objections and rebuttals, see Stanley Hoffmann, "Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe," *Daedalus*, Vol. 95, No. 3 (Summer 1966), pp. 862–915; Alan S. Milward, *The European Rescue of the Nation-State* (London: Routledge, 1992); and Milward, Ruggero Ranieri, Frances Lynch, F. Romero, and Vibeke Sorensen, *The Frontier of National Sovereignty: History and Theory, 1945–1992* (London: Routledge, 1993). The most thorough liberal account is Moravcsik, *The Choice for Europe*.

44. For a brief discussion of both the intended and the unintended creation of identities, see James G. March and Johan P. Olsen, "The Institutional Dynamics of International Political Orders," *International Organization*, Vol. 52, No. 4 (Autumn 1998), pp. 960–964.

Less dramatically, arrangements developed for one purpose can be put to uses that were not originally contemplated. Thus Lisa Martin shows that Great Britain was able to gain European support for economic sanctions against Argentina during the Falklands War by using the coordinating mechanisms and forums of the European Community.<sup>45</sup> These institutions had been developed to facilitate economic integration within Europe; no one had thought that they would assist one EC member in its security policy against an outsider. But this did turn out to be the case, and their utility may have increased the faith that members (especially Great Britain) placed in them. Similarly, the consortium established to build nuclear reactors in North Korea as part of the bargain that ended the crisis with the United States in 1994 became an important venue for direct and quiet talks between North and South Korea.<sup>46</sup> Processes of biological evolution work in this way. Many new features of plants and animals are highly adaptive when they are fully developed. But, like wings on birds, they can rarely appear all at once and complete. If they are to arise, then, they must serve other functions in their half-way stages.<sup>47</sup>

The North Atlantic Treaty Organization is an example. Although NATO's functioning during the Cold War did not transform its members and it retains its original purpose of "keeping the Americans in, the Germans down, and the Russians out,"<sup>48</sup> its operation has influenced beliefs and preferences at all levels of government—from the members of the bureaucracy who have a stake in its success, to foreign office officials who have a potent new tool of joint action,

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45. Lisa L. Martin, "Institutions and Cooperation: Sanctions during the Falkland Islands Conflict," *International Security*, Vol. 16, No. 4 (Spring 1992), pp. 143–178. Martin and Simmons, "International Institutions," pp. 750–751, see unanticipated consequences (which they correctly note may not be the same as unintended ones) as a puzzle for institutional theory rather than as its strength.

46. Sigal, *Disarming Strangers*, p. 203.

47. Stephen Jay Gould, "Not Yet a Wing," *Natural History*, Vol. 94, No. 10 (October 1985), pp. 12–25. Institutions, like evolution, can also "lock in" arrangements that are suboptimal or advantage one party. There is also a parallel in the argument that "social capital" in the form of dense networks of groups and voluntary associations have the unintended effect of facilitating a wide range of political and economic activities. The best known work is perhaps Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, N.J.: Princeton University Press, 1993). See also Putnam, "Tuning In, Tuning Out: The Strange Disappearance of Social Capital in America," *PS: Political Science & Politics*, Vol. 28, No. 4 (December 1995), pp. 664–683. For critical reviews of the literature, see Robert W. Jackman, "Social Capital and Politics," *Annual Review of Political Science* (Palo Alto, Calif.: Annual Reviews Press, 1998), vol. 1, pp. 47–74; and Alejandro Portes, "Social Capital: Its Origins and Applications in Modern Sociology," *Annual Review of Sociology* (Palo Alto, Calif.: Annual Reviews Press, 1998), vol. 24, pp. 1–24.

48. Furthermore, post-Cold War developments show the continuing importance of national conflicts and U.S. power. Robert J. Art, "Why Western Europe Needs the United States and NATO," *Political Science Quarterly*, Vol. 111, No. 1 (Spring 1996), pp. 1–39; and Waltz, "Realism after the Cold War."

to political leaders who will lose domestic or international support if they act unilaterally rather than through the institution.

More broadly, institutions can generate many different kinds of powerful feedback. For example, the Anglo-French Entente of 1904 created a dynamic that greatly increased cooperation between these countries and also between them and Russia in ways that were not initially foreseen or desired (and, as both a cause and an effect of these changes, increased Anglo-German hostility).<sup>49</sup> In other cases, the institutions can erode the power of those who played the dominant role in establishing them by giving voice, legitimacy, and forms of influence to weak or new actors, as has proven the case with important international organizations, including regional development banks.<sup>50</sup>

Perhaps the most important path by which institutions can change preferences is through domestic politics. Drawing on liberalism, neoliberalism holds that states are not all alike and that preferences in part arise internally. To the extent that this is correct, international arrangements can alter the power, beliefs, and goals of groups in society in ways that will affect foreign relations. Thus arms control agreements can strengthen the hands of "doves"; lowered tariff barriers can drive out inefficient producers and bolster the advocates for still lower tariffs; one of the less foolish arguments in favor of expanding NATO is the belief that this will give reformers in East Europe greater influence.<sup>51</sup>

I think we have underestimated the importance of these dynamic effects of institutions. Although the instruments of diplomacy, including standard and innovative institutions, are adequate for realizing some degree of cooperation, they are fragile and leave the world full of conflict unless they produce or are accompanied by deeper changes in what the actors want and how they conceive of their interests.<sup>52</sup> Many of these effects were not expected at the time

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49. Jervis, *System Effects*, pp. 146–165, 243–252.

50. Stephen D. Krasner, *Structural Conflict: The Third World against Global Liberalism* (Princeton, N.J.: Princeton University Press, 1985).

51. Helen V. Milner, *Resisting Protectionism: Global Industries and the Politics of International Trade* (Princeton, N.J.: Princeton University Press, 1988); Scott C. James and David A. Lake, "The Second Face of Hegemony: Britain's Repeal of the Corn Laws and the American Walker Tariff of 1846," *International Organization*, Vol. 43, No. 1 (Winter 1989), pp. 1–29; and Lars S. Skålnes, "From the Inside Out: NATO Expansion and International Relations Theory," *Security Studies*, Vol. 7, No. 4 (Summer 1998), pp. 44–87. See also Keohane, "Institutional Theory and the Realist Challenge after the Cold War," p. 295. I think Martin and Simmons are too harsh when they say that "institutionalists have generally neglected the role of domestic politics"; see "Theories and Empirical Studies of International Institutions," p. 747. I am grateful to Robert Keohane for discussion on this subject.

52. Thus my analysis of the Concert of Europe that is based on defensive realism denies or at least ignores the deeper changes that Paul W. Schroeder argues had occurred. See Schroeder, "Did the



because although states often seek to bind others and even themselves to behave in certain ways in the future, only rarely will they consciously seek to alter their values and preferences over outcomes. So it is perhaps the unintended consequences of institutions that are not only the most interesting, but also the most powerful. This raises an obvious question for scholars: If we teach decisionmakers that institutions can have unintended effects, that small steps toward cooperation may lead to limitations on national sovereignty and broad changes in politics, preferences, and values, will they hasten on or be forewarned and refrain from taking these steps?

### *Conclusions*

I have sought to clear away some of the underbrush obscuring the differences between realist and neoliberal schools of thought. The former, especially in its defensive variant, does not deny the possibility of cooperation. Cooperation does need to be explained, but it is a puzzle rather than an anomaly.<sup>53</sup> That is, although realists do need to explain the conditions that lead to cooperation, its existence is not necessarily discrepant with the approach any more than the existence of conflict disconfirms neoliberalism. But neoliberals see more conflict as unnecessary and avoidable than do realists. The contrast is greater with offensive realists, who believe that the compelling nature of the international environment and the clash of states' preferences over outcomes put sharp limits on the extent to which conflict can be reduced by feasible alternative policies. Defensive realists believe that a great deal depends on the severity of the security dilemma and the intentions of the actors, which leads these scholars to a position that is not only between the offensive realist and neoliberal camps but is also contingent, because prescriptions depend heavily on a diagnosis of the situation.

It is useful to ask whether changes in preferences over strategies would be sufficient to produce greater cooperation. Neoliberalism argues that this is often the case and, more specifically, that institutions are efficacious instruments for this purpose. But this raises two related questions. If institutions can

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Congress of Vienna Rest on a Balance of Power?" *American Historical Review*, Vol. 97, No. 3 (June 1992), pp. 683–706; and Jervis, "A Political Science Perspective on the Balance of Power and the Concert," *ibid.*, pp. 716–724. For a fuller presentation of Schroeder's views, see Schroeder, *The Transformation of European Politics, 1763–1848* (New York: Oxford University Press, 1996).

53. Thomas S. Kuhn, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1962).

bring such mutual benefit, why have states not employed them more often? Second, are institutions effects or causes? The answer to the first question may turn on a response to the second: realists usually argue that institutions are largely effects and are established when and only when decisionmakers believe that there are mutual benefits to be gained. They are tools of statecraft, important ones to be sure, but mainly a reflection of state interest. If leaders have not fully appreciated the role that institutions can play, however, scholarly ingenuity and research can lead to their deployment in situations in which they would have otherwise been neglected. Even more interestingly, when the actors have limited foresight, institutions can be autonomous not only in the sense of helping actors limit the pernicious effects of anarchy, but in more deeply affecting actors' preferences over outcomes. They may then shape what actors seek and want, usually in ways that were not contemplated at the start. This, it seems to me, is a very fruitful area of research, as is the related question of what our theories assume about the knowledge and expectations of the actors we are studying.