AFTER HEGEMONY

Cooperation and Discord in the World Political Economy

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COOPERATION AND INTERNATIONAL REGIMES

Hegemonic leadership can help to create a pattern of order. Cooperation is not antithetical to hegemony; on the contrary, hegemony depends on a certain kind of asymmetrical cooperation, which successful hegemons support and maintain. As we will see in more detail in chapter 8, contemporary international economic regimes were constructed under the aegis of the United States after World War II. In accounting for the creation of international regimes, hegemony often plays an important role, even a crucial one.

Yet the relevance of hegemonic cooperation for the future is questionable. Chapter 9 shows that the United States is less preponderant in material resources now than it was in the 1950s and early 1960s. Equally important, the United States is less willing than formerly to define its interests in terms complementary to those of Europe and Japan. The Europeans, in particular, are less inclined to defer to American initiatives, nor do they believe so strongly that they must do so in order to obtain essential military protection against the Soviet Union. Thus the subjective elements of American hegemony have been eroded as much as the tangible power resources upon which hegemonic systems rest. But neither the Europeans nor the Japanese are likely to have the capacity to become hegemonic powers themselves in the foreseeable future.[1]

This prospect raises the issue of cooperation "after hegemony," which is the central theme of this book and especially of the theories developed in Part II. It also leads back to a crucial tension between economics and politics: international coordination of policy seems highly beneficial in an interdependent world economy, but cooperation in world politics is particularly difficult. One way to relax this tension would be to deny the premise that international economic policy co-

[1] Historically, as noted in chapter 1, hegemonies have usually arisen only after major wars. The two principal modern powers that could be considered hegemonic leaders—Britain after 1815 and the United States after 1945—both emerged victorious from world conflicts. I am assuming, in regarding hegemony as unlikely in the foreseeable future, that any world war would have such disastrous consequences that no country would emerge as hegemonic over a world economy resembling that of the present. For a discussion of the cycle of hegemony, see Gilpin (1981) and Modelski (1978 and 1982),

ordination is valuable by assuming that international markets will automatically yield optimal results (Corden, 1981). The decisive objection to this argument is that, in the absence of cooperation, governments will interfere in markets unilaterally in pursuit of what they regard as their own interests, whatever liberal economists may say. They will intervene in foreign exchange markets, impose various restrictions on imports, subsidize favored domestic industries, and set prices for commodities such as petroleum (Strange, 1979). Even if one accepted cooperation to maintain free markets, but no other form of policy coordination, the further objection could be raised that economic market failure would be likely to occur (Cooper, 1983, pp. 45-46). Suboptimal outcomes of transactions could result, for a variety of reasons including problems of collective action. It would take an ideological leap of faith to believe that free markets lead necessarily to optimal results.

Rejecting the illusion that cooperation is never valuable in the world political economy, we have to cope with the fact that it is very difficult to organize. One recourse would be to lapse into fatalism—acceptance of destructive economic conflict as a result of political fragmentation. Although this is a logically tenable position for those who believe in the theory of hegemonic stability, even its most powerful theoretical advocate shies away from its bleak normative implications (Gilpin, 1981). A fatalistic view is not taken here. Without ignoring the difficulties that beset attempts to coordinate policy in the absence of hegemony, this book contends that nonhegemonic cooperation is possible, and that it can be facilitated by international regimes.

In making this argument, I will draw a distinction between the creation of international regimes and their maintenance. Chapter 5 seeks to show that when shared interests are sufficiently important and other key conditions are met, cooperation can emerge and regimes can be created without hegemony. Yet this does not imply that regimes can be created easily, much less that contemporary international economic regimes actually came about in this way. In chapter 6 I argue that international regimes are easier to maintain than to create, and that recognition of this fact is crucial to understanding why they are valued by governments. Regimes may be maintained, and may continue to foster cooperation, even under conditions that would not be sufficiently benign to bring about their creation. Cooperation is possible after hegemony not only because shared interests can lead to the creation of regimes, but also because the conditions for maintaining existing international regimes are less demanding than those required for creating them. Although hegemony helps to explain the creation of contemporary international regimes, the decline of hegemony does not necessarily lead symmetrically to their decay.

This chapter analyzes the meaning of two key terms: "cooperation" and "international regimes." It distinguishes cooperation from harmony as well as from discord, and it argues for the value of the concept of international regimes as a way of understanding both cooperation and discord. Together the concepts of cooperation and international regimes help us clarify what we want to explain: how do patterns of rule-guided policy coordination emerge, maintain themselves, and decay in world politics?

HARMONY, COOPERATION, AND DISCORD

Cooperation must be distinguished from harmony. Harmony refers to a situation in which actors' policies (pursued in their own self-interest without regard for others) *automatically* facilitate the attainment of others' goals. The classic example of harmony is the hypothetical competitive-market world of the classical economists, in which the Invisible Hand ensures that the pursuit of self-interest by each contributes to the interest of all. In this idealized, unreal world, no one's actions damage anyone else; there are no "negative externalities," in the economists' jargon. Where harmony reigns, cooperation is unnecessary. It may even be injurious, if it means that certain individuals conspire to exploit others. Adam Smith, for one, was very critical of guilds and other conspiracies against freedom of trade (1776/1976). Cooperation and harmony are by no means identical and ought not to be confused with one another.

Cooperation requires that the actions of separate individuals or organizations—which are not in pre-existent harmony—be brought into conformity with one another through a process of negotiation, which is often referred to as "policy coordination." Charles E. Lindblom has defined policy coordination as follows (1965, p. 227):

> A set of decisions is coordinated if adjustments have been made in them, such that the adverse consequences of any one decision for other decisions are to a degree and in some frequency avoided, reduced, or counterbalanced or overweighed.

Cooperation occurs when actors adjust their behavior to the actual or anticipated preferences of others, through a process of policy coordination. To summarize more formally, *intergovernmental cooperation takes place when the policies actually followed by one gov-*

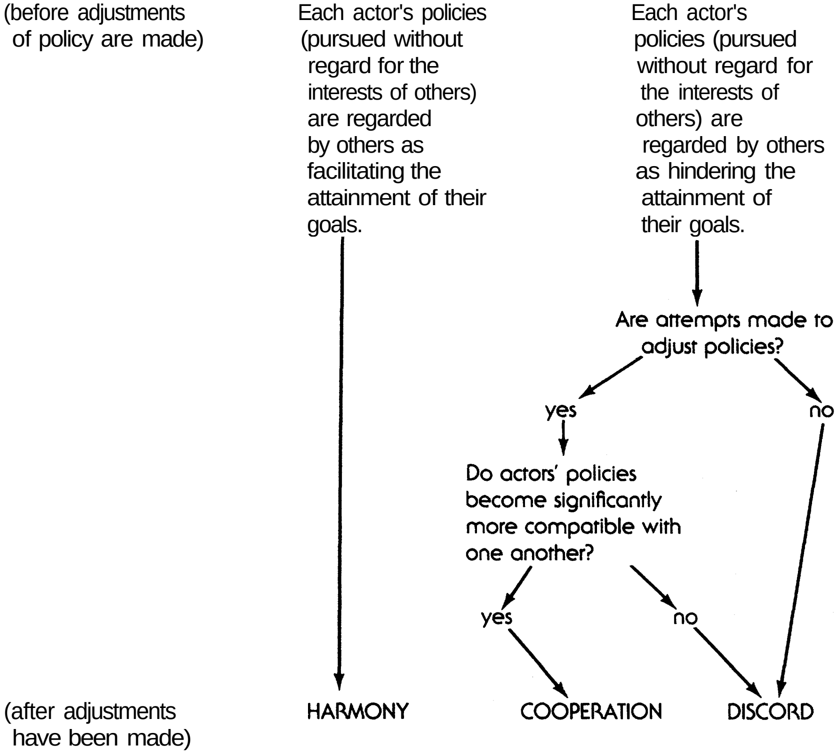
ernment are regarded by its partners as facilitating realization of their own objectives, as the result of a process of policy coordination.

With this definition in mind, we can differentiate among cooperation, harmony, and discord, as illustrated by figure 4.1. First, we ask whether actors' policies automatically facilitate the attainment of others' goals. If so, there is harmony: no adjustments need to take place. Yet harmony is rare in world politics. Rousseau sought to account for this rarity when he declared that even two countries guided by the General Will in their internal affairs would come into conflict if they had extensive contact with one another, since the General Will of each would not be general for both. Each would have a partial, self-interested perspective on their mutual interactions. Even for Adam Smith, efforts to ensure state security took precedence over measures to increase national prosperity. In defending the Navigation Acts, Smith declared: "As defence is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England" (1776/1976, p. 487). Waltz summarizes the point by saying that "in anarchy there is no automatic harmony" (1959, p. 182).

Yet this insight tells us nothing definitive about the prospects for cooperation. For this we need to ask a further question about situations in which harmony does not exist. Are attempts made by actors (governmental or nongovernmental) to adjust their policies to each others' objectives? If no such attempts are made, the result is discord: a situation in which governments regard each others' policies as hindering the attainment of their goals, and hold each other responsible for these constraints.

Discord often leads to efforts to induce others to change their policies; when these attempts meet resistance, policy conflict results. Insofar as these attempts at policy adjustment succeed in making policies more compatible, however, cooperation ensues. The policy coordination that leads to cooperation need not involve bargaining or negotiation at all. What Lindblom calls "adaptive" as opposed to "manipulative" adjustment can take place: one country may shift its policy in the direction of another's preferences without regard for the effect of its action on the other state, defer to the other country, or partially shift its policy in order to avoid adverse consequences for its partner. Or nonbargained manipulation—such as one actor confronting another with a *fait accompli*—may occur (Lindblom, 1965, pp. 33-34 and ch. 4). Frequently, of course, negotiation and bargaining indeed take place, often accompanied by other actions that are designed to induce others to adjust their policies to one's own. Each government

Figure 4.1. Harmony, Cooperation, and Discord



pursues what it perceives as its self-interest, but looks for bargains that can benefit all parties to the deal, though not necessarily equally.

Harmony and cooperation are not usually distinguished from one another so clearly. Yet, in the study of world politics, they should be. Harmony is apolitical. No communication is necessary, and no influence need be exercised. Cooperation, by contrast, is highly political: somehow, patterns of behavior must be altered. This change may be accomplished through negative as well as positive inducements. Indeed, studies of international crises, as well as game-theoretic experiments and simulations, have shown that under a variety of conditions strategies that involve threats and punishments as well as promises and rewards are more effective in attaining cooperative outcomes than those that rely entirely on persuasion and the force of good example (Axelrod, 1981, 1984; Lebow, 1981; Snyder and Diesing, 1977).

Cooperation therefore does not imply an absence of conflict. On the contrary, it is typically mixed with conflict and reflects partially successful efforts to overcome conflict, real or potential. Cooperation takes place only in situations in which actors perceive that their policies are actually or potentially in conflict, not where there is harmony. Cooperation should not be viewed as the absence of conflict, but rather as a reaction to conflict or potential conflict. Without the specter of conflict, there is no need to cooperate.

The example of trade relations among friendly countries in a liberal international political economy may help to illustrate this crucial point. A naive observer, trained only to appreciate the overall welfare benefits of trade, might assume that trade relations would be harmonious: consumers in importing countries benefit from cheap foreign goods and increased competition, and producers can increasingly take advantage of the division of labor as their export markets expand. But harmony does not normally ensue. Discord on trade issues may prevail because governments do not even seek to reduce the adverse consequences of their own policies for others, but rather strive in certain respects to increase the severity of those effects. Mercantilist governments have sought in the twentieth century as well as the seventeenth to manipulate foreign trade, in conjunction with warfare, to damage each other economically and to gain productive resources themselves (Wilson, 1957; Hirschman, 1945/1980). Governments may desire "positional goods," such as high status (Hirsch, 1976), and may therefore resist even mutually beneficial cooperation if it helps others more than themselves. Yet even when neither power nor positional motivations are present, and when all participants would benefit in the aggregate from liberal trade, discord tends to predominate over harmony as the initial result of independent governmental action.

This occurs even under otherwise benign conditions because some groups or industries are forced to incur adjustment costs as changes in comparative advantage take place. Governments often respond to the ensuing demands for protection by attempting, more or less effectively, to cushion the burdens of adjustment for groups and industries that are politically influential at home. Yet unilateral measures to this effect almost always impose adjustment costs abroad, and discord continually threatens. Governments enter into international negotiations in order to reduce the conflict that would otherwise result. Even substantial potential common benefits do not create harmony when state power can be exercised on behalf of certain interests and against others. In world politics, harmony tends to vanish: attainment of the gains from pursuing complementary policies depends on cooperation.

Observers of world politics who take power and conflict seriously should be attracted to this way of defining cooperation, since my definition does not relegate cooperation to the mythological world of relations among equals in power. Hegemonic cooperation is not a contradiction in terms. Defining cooperation in contrast to harmony should, I hope, lead readers with a Realist orientation to take cooperation in world politics seriously rather than to dismiss it out of hand. To Marxists who also believe in hegemonic power theories, however, even this definition of cooperation may not seem to make it relevant to the contemporary world political economy. From this perspective, mutual policy adjustments cannot possibly resolve the contradictions besetting the system because they are attributable to capitalism rather than to problems of coordination among egoistic actors lacking common government. Attempts to resolve these contradictions through international cooperation will merely transfer issues to a deeper and even more intractable level. Thus it is not surprising that Marxian analyses of the international political economy have, with few exceptions, avoided sustained examinations of the conditions under which cooperation among major capitalist countries can take place. Marxists see it as more important to expose relationships of exploitation and conflict between major capitalist powers on the one hand and the masses of people in the periphery of world capitalism on the other. And, from a Leninist standpoint, to examine the conditions for international cooperation without first analyzing the contradictions of capitalism, and recognizing the irreconcilability of conflicts among capitalist countries, is a bourgeois error.

This is less an argument than a statement of faith. Since sustained international coordination of macroeconomic policies has never been tried, the statement that it would merely worsen the contradictions facing the system is speculative. In view of the lack of evidence for it, such a claim could even be considered rash. Indeed, one of the most perceptive Marxian writers of recent years, Stephen Hymer (1972), recognized explicitly that capitalists face problems of collective action and argued that they were seeking, with at least temporary prospects of success, to overcome them. As he recognized, any success in internationalizing capital could pose grave threats to socialist aspirations and, at the very least, would shift contradictions to new points of tension. Thus even were we to agree that the fundamental issue is posed by the contradictions of capitalism rather than the tensions inherent in a state system, it would be worthwhile to study the conditions under which cooperation is likely to occur.

INTERNATIONAL REGIMES AND COOPERATION

One way to study cooperation and discord would be to focus on particular actions as the units of analysis. This would require the systematic compilation of a data set composed of acts that could be regarded as comparable and coded according to the degree of cooperation that they reflect. Such a strategy has some attractive features. The problem with it, however, is that instances of cooperation and discord could all too easily be isolated from the context of beliefs and behavior within which they are embedded. This book does not view cooperation atomistically as a set of discrete, isolated acts, but rather seeks to understand patterns of cooperation in the world political economy. Accordingly, we need to examine actors' expectations about future patterns of interaction, their assumptions about the proper nature of economic arrangements, and the kinds of political activities they regard as legitimate. That is, we need to analyze cooperation within the context of international institutions, broadly defined, as in chapter 1, in terms of practices and expectations. Each act of cooperation or discord affects the beliefs, rules, and practices that form the context for future actions. Each act must therefore be interpreted as embedded within a chain of such acts and their successive cognitive and institutional residues.

This argument parallels Clifford Geertz's discussion of how anthropologists should use the concept of culture to interpret the societies they investigate. Geertz sees culture as the "webs of significance" that people have created for themselves. On their surface, they are enigmatical; the observer has to interpret them so that they make sense. Culture, for Geertz, "is a context, something within which [social events] can be intelligibly described" (1973, p. 14). It makes little sense to describe naturalistically what goes on at a Balinese cock-fight unless one understands the meaning of the event for Balinese culture. There is not a world culture in the fullest sense, but even in world politics, human beings spin webs of significance. They develop implicit standards for behavior, some of which emphasize the principle of sovereignty and legitimize the pursuit of self-interest, while others rely on quite different principles. Any act of cooperation or apparent cooperation needs to be interpreted within the context of related actions, and of prevailing expectations and shared beliefs, before its meaning can be properly understood. Fragments of political behavior become comprehensible when viewed as part of a larger mosaic.

The concept of international regime not only enables us to describe patterns of cooperation; it also helps to account for both cooperation and discord. Although regimes themselves depend on conditions that are conducive to interstate agreements, they may also facilitate further efforts to coordinate policies. The next two chapters develop an argument about the functions of international regimes that shows how they can affect the propensity even of egoistic governments to cooperate. To understand international cooperation, it is necessary to comprehend how institutions and rules not only reflect, but also affect, the facts of world politics.

Defining and Identifying Regimes

When John Ruggie introduced the concept of international regimes into the international politics literature in 1975, he defined a regime as "a set of mutual expectations, rules and regulations, plans, organizational energies and financial commitments, which have been accepted by a group of states" (p. 570). More recently, a collective definition, worked out at a conference on the subject, defined international regimes as "sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behavior defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice" (Krasner, 1983, p. 2).

This definition provides a useful starting-point for analysis, since it begins with the general conception of regimes as social institutions and explicates it further. The concept of norms, however, is ambiguous. It is important that we understand norms in this definition simply as standards of behavior defined in terms of rights and obligations. Another usage would distinguish norms from rules and principles by stipulating that participants in a social system regard norms, but not rules and principles, as morally binding regardless of considerations of narrowly defined self-interest. But to include norms, thus defined, in a definition of necessary regime characteristics would be to make the conception of regimes based strictly on self-interest a contradiction in terms. Since this book regards regimes as largely based on self-interest, I will maintain a definition of norms simply as standards of behavior, whether adopted on grounds of self-interest or otherwise. Only in chapter 7 will the possibility again be taken seriously that some regimes may contain norms and principles justified on the basis of values extending beyond self-interest, and regarded as obligatory on moral grounds by governments.

The principles of regimes define, in general, the purposes that their members are expected to pursue. For instance, the principles of the postwar trade and monetary regimes have emphasized the value of open, nondiscriminatory patterns of international economic transactions; the fundamental principle of the nonproliferation regime is that the spread of nuclear weapons is dangerous. Norms contain somewhat clearer injunctions to members about legitimate and illegitimate behavior, still defining responsibilities and obligations in relatively general terms. For instance, the norms of the General Agreement on Tariffs and Trade (GATT) do not require that members resort to free trade immediately, but incorporate injunctions to members to practice nondiscrimination and reciprocity and to move toward increased liberalization. Fundamental to the nonproliferation regime is the norm that members of the regime should not act in ways that facilitate nuclear proliferation.

The rules of a regime are difficult to distinguish from its norms; at the margin, they merge into one another. Rules are, however, more specific: they indicate in more detail the specific rights and obligations of members. Rules can be altered more easily than principles or norms, since there may be more than one set of rules that can attain a given set of purposes. Finally, at the same level of specificity as rules, but referring to procedures rather than substances, the decisionmaking procedures of regimes provide ways of implementing their principles and altering their rules.

An example from the field of international monetary relations may be helpful. The most important principle of the international balance-of-payments regime since the end of World War II has been that of liberalization of trade and payments. A key norm of the regime has been the injunction to states not to manipulate their exchange rates unilaterally for national advantage. Between 1958 and 1971 this norm was realized through pegged exchange rates and procedures for consultation in the event of change, supplemented with a variety of devices to help governments avoid exchange-rate changes through a combination of borrowing and internal adjustment. After 1973 governments have subscribed to the same norm, although it has been implemented more informally and probably less effectively under a system of floating exchange rates. Ruggie (1983b) has argued that the abstract principle of liberalization, subject to constraints imposed by the acceptance of the welfare state, has been maintained throughout the postwar period: "embedded liberalism" continues, reflecting a fundamental element of continuity in the international balance-of-payments regime. The norm of nonmanipulation has also been maintained, even though the specific rules of the 1958-71 system having to do with adjustment have been swept away.

The concept of international regime is complex because it is defined in terms of four distinct components: principles, norms, rules, and decisionmaking procedures. It is tempting to select one of these levels of specificity—particularly, principles and norms or rules and procedures—as *the* defining characteristic of regimes (Krasner, 1983; Ruggie, 1983b). Such an approach, however, creates a false dichotomy between principles on the one hand and rules and procedures on the other. As we have noted, at the margin norms and rules cannot be sharply distinguished from each other. It is difficult if not impossible to tell the difference between an "implicit rule" of broad significance and a well-understood, relatively specific operating principle. Both rules and principles may affect expectations and even values. In a strong international regime, the linkages between principles and rules are likely to be tight. Indeed, it is precisely the linkages among principles, norms, and rules that give regimes their legitimacy. Since rules, norms, and principles are so closely intertwined, judgments about whether changes in rules constitute changes *of* regime or merely changes *within* regimes necessarily contain arbitrary elements.

Principles, norms, rules, and procedures all contain injunctions about behavior: they prescribe certain actions and proscribe others. They imply obligations, even though these obligations are not enforceable through a hierarchical legal system. It clarifies the definition of regime, therefore, to think of it in terms of injunctions of greater or lesser specificity. Some are far-reaching and extremely important. They may change only rarely. At the other extreme, injunctions may be merely technical, matters of convenience that can be altered without great political or economic impact. In-between are injunctions that are both specific enough that violations of them are in principle identifiable and that changes in them can be observed, and sufficiently significant that changes in them make a difference for the behavior of actors and the nature of the international political economy. It is these intermediate injunctions—politically consequential but specific enough that violations and changes can be identified—that I take as the essence of international regimes.[2]

[2] Some authors have defined "regime" as equivalent to the conventional concept of international system. For instance, Puchala and Hopkins (1983) claim that "a regime

A brief examination of international oil regimes, and their injunctions, may help us clarify this point. The pre-1939 international oil regime was dominated by a small number of international firms and contained explicit injunctions about where and under what conditions companies could produce oil, and where and how they should market it. The rules of the Red Line and Achnacarry or "As-Is" agreements of 1928 reflected an "anti-competitive ethos": that is, the basic principle that competition was destructive to the system and the norm that firms should not engage in it (Turner, 1978, p. 30). This principle and this norm both persisted after World War II, although an intergovernmental regime with explicit rules was not established, owing to the failure of the Anglo-American Petroleum Agreement (discussed in chapter 8). Injunctions against price-cutting were reflected more in the practices of companies than in formal rules. Yet expectations and practices of major actors were strongly affected by these injunctions, and in this sense the criteria for a regime—albeit a weak one—were met. As governments of producing countries became more assertive, however, and as formerly domestic independent companies entered international markets, these arrangements collapsed; after the mid-to-late 1960s, there was no regime for the issue-area as a whole, since no injunctions could be said to be accepted as obligatory by all influential actors. Rather, there was a "tug of war" (Hirschman, 1981) in which all sides resorted to self-help. The Organization of Petroleum Exporting Countries (OPEC) sought to create a producers' regime based on rules for prorationing oil production, and consumers established an emergency oil-sharing system in the new International Energy Agency to counteract the threat of selective embargoes.

If we were to have paid attention only to the principle of avoiding competition, we would have seen continuity: whatever the dominant actors, they have always sought to cartelize the industry one way or another. But to do so would be to miss the main point, which is that momentous changes have occurred. At the other extreme, we could have fixed our attention on very specific particular arrangements, such

exists in every substantive issue-area in international relations where there is discernibly patterned behavior" (p. 63). To adopt this definition would be to make either "system" or "regime" a redundant term. At the opposite extreme, the concept of regime could be limited to situations with genuine normative content, in which governments followed regime rules *instead of* pursuing their own self-interests when the two conflicted. If this course were chosen, the concept of regime would be just another way of expressing ancient "idealist" sentiments in international relations. The category of regime would become virtually empty. This dichotomy poses a false choice between using "regime" as a new label for old patterns and defining regimes as Utopias. Either strategy would make the term irrelevant.

as the various joint ventures of the 1950s and 1960s or the specific provisions for controlling output tried by OPEC after 1973, in which case we would have observed a pattern of continual flux. The significance of the most important events—the demise of old cartel arrangements, the undermining of the international majors' positions in the 1960s, and the rise of producing governments to a position of influence in the 1970s—could have been missed. Only by focusing on the intermediate level of relatively specific but politically consequential injunctions, whether we call them rules, norms, or principles, does the concept of regime help us identify major changes that require explanation.

As our examples of money and oil suggest, we regard the scope of international regimes as corresponding, in general, to the boundaries of issue-areas, since governments establish regimes to deal with problems that they regard as so closely linked that they should be dealt with together. Issue-areas are best defined as sets of issues that are in fact dealt with in common negotiations and by the same, or closely coordinated, bureaucracies, as opposed to issues that are dealt with separately and in uncoordinated fashion. Since issue-areas depend on actors' perceptions and behavior rather than on inherent qualities of the subject-matters, their boundaries change gradually over time. Fifty years ago, for instance, there was no oceans issue-area, since particular questions now grouped under that heading were dealt with separately; but there was an international monetary issue-area even then (Keohane and Nye, 1977, ch. 4). Twenty years ago trade in cotton textiles had an international regime of its own—the Long-Term Agreement on Cotton Textiles—and was treated separately from trade in synthetic fibers (Aggarwal, 1981). Issue-areas are defined and redefined by changing patterns of human intervention; so are international regimes.

Self-Help and International Regimes

The injunctions of international regimes rarely affect economic transactions directly: state institutions, rather than international organizations, impose tariffs and quotas, intervene in foreign exchange markets, and manipulate oil prices through taxes and subsidies. If we think about the impact of the principles, norms, rules, and decision-making procedures of regimes, it becomes clear that insofar as they have any effect at all, it must be exerted on national controls, and especially on the specific interstate agreements that affect the exercise of national controls (Aggarwal, 1981). International regimes must be distinguished from these specific agreements; as we will see in chapter

6, a major function of regimes is to facilitate the making of specific cooperative agreements among governments.

Superficially, it could seem that since international regimes affect national controls, the regimes are of superior importance—just as federal laws in the United States frequently override state and local legislation. Yet this would be a fundamentally misleading conclusion. In a well-ordered society, the units of action—individuals in classic liberal thought—live together within a framework of constitutional principles that define property rights, establish who may control the state, and specify the conditions under which subjects must obey governmental regulations. In the United States, these principles establish the supremacy of the federal government in a number of policy areas, though not in all. But world politics is decentralized rather than hierarchic: the prevailing principle of sovereignty means that states are subject to no superior government (Ruggie, 1983a). The resulting system is sometimes referred to as one of "self-help" (Waltz, 1979).

Sovereignty and self-help mean that the principles and rules of international regimes will necessarily be weaker than in domestic society. In a civil society, these rules "specify terms of exchange" within the framework of constitutional principles (North, 1981, p. 203). In world politics, the principles, norms, and rules of regimes are necessarily fragile because they risk coming into conflict with the principle of sovereignty and the associated norm of self-help. They may promote cooperation, but the fundamental basis of order on which they would rest in a well-ordered society does not exist. They drift around without being tied to the solid anchor of the state.

Yet even if the principles of sovereignty and self-help limit the degree of confidence to be placed in international agreements, they do not render cooperation impossible. Orthodox theory itself relies on mutual interests to explain forms of cooperation that are used by states as instruments of competition. According to balance-of-power theory, cooperative endeavors such as political-military alliances necessarily form in self-help systems (Waltz, 1979). Acts of cooperation are accounted for on the grounds that mutual interests are sufficient to enable states to overcome their suspicions of one another. But since even orthodox theory relies on mutual interests, its advocates are on weak ground in objecting to interpretations of system-wide cooperation along these lines. There is no logical or empirical reason why mutual interests in world politics should be limited to interests in combining forces against adversaries. As economists emphasize, there can also be mutual interests in securing efficiency gains from voluntary exchange or oligopolistic rewards from the creation and division of rents resulting from the control and manipulation of markets.

International regimes should not be interpreted as elements of a new international order "beyond the nation-state." They should be comprehended chiefly as arrangements motivated by self-interest: as components of systems in which sovereignty remains a constitutive principle. This means that, as Realists emphasize, they will be shaped largely by their most powerful members, pursuing their own interests. But regimes can also affect state interests, for the notion of self-interest is itself elastic and largely subjective. Perceptions of self-interest depend both on actors' expectations of the likely consequences that will follow from particular actions and on their fundamental values. Regimes can certainly affect expectations and may affect values as well. Far from being contradicted by the view that international behavior is shaped largely by power and interests, the concept of international regime is consistent both with the importance of differential power and with a sophisticated view of self-interest. Theories of regimes can incorporate Realist insights about the role of power and interest, while also indicating the inadequacy of theories that define interests so narrowly that they fail to take the role of institutions into account.

Regimes not only are consistent with self-interest but may under some conditions even be necessary to its effective pursuit. They facilitate the smooth operation of decentralized international political systems and therefore perform an important function for states. In a world political economy characterized by growing interdependence, they may become increasingly useful for governments that wish to solve common problems and pursue complementary purposes without subordinating themselves to hierarchical systems of control.

CONCLUSIONS

In this chapter international cooperation has been defined as a process through which policies actually followed by governments come to be regarded by their partners as facilitating realization of their own objectives, as the result of policy coordination. Cooperation involves mutual adjustment and can only arise from conflict or potential conflict. It must therefore be distinguished from harmony. Discord, which is the opposite of harmony, stimulates demands for policy adjustments, which can either lead to cooperation or to continued, perhaps intensified, discord.

Since international regimes reflect patterns of cooperation and discord over time, focusing on them leads us to examine long-term patterns of behavior, rather than treating acts of cooperation as isolated events. Regimes consist of injunctions at various levels of generality, ranging from principles to norms to highly specific rules and decisionmaking procedures. By investigating the evolution of the norms and rules of a regime over time, we can use the concept of international regime both to explore continuity and to investigate change in the world political economy.

From a theoretical standpoint, regimes can be viewed as intermediate factors, or "intervening variables," between fundamental characteristics of world politics such as the international distribution of power on the one hand and the behavior of states and nonstate actors such as multinational corporations on the other. The concept of international regime helps us account for cooperation and discord. To understand the impact of regimes, it is not necessary to posit idealism on the part of actors in world politics. On the contrary, the norms and rules of regimes can exert an effect on behavior even if they do not embody common ideals but are used by self-interested states and corporations engaging in a process of mutual adjustment.