

# Structural causes and regime consequences: regimes as intervening variables

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This volume explores the concept of international regimes. International regimes are defined as principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area. As a starting point, regimes have been conceptualized as intervening variables standing between basic causal factors on the one hand and outcomes and behavior on the other. This formulation raises two basic questions: first, what is the relationship between basic causal factors such as power, interest, and values, and regimes? Second, what is the relationship between regimes and related outcomes and behavior? The first question is related to a number of basic paradigmatic debates about the nature of international relations. But for the purposes of this volume the second is equally or more important. It raises the issue of whether regimes make any difference.

The articles in this volume offer three approaches to the issue of regime significance. The essays of Oran Young, and Raymond Hopkins and Donald Puchala see regimes as a pervasive characteristic of the international system. No patterned behavior can sustain itself for any length of time without generating a congruent regime. Regimes and behavior are inextricably linked. In contrast, Susan Strange argues that regime is a misleading concept that obscures basic economic and power relationships. Strange, representing what is probably the modal position for international relations scholars, elaborates a conventional structural critique that rejects any significant role for principles, norms, rules, and decision-making procedures. Most of the authors in this volume adopt a third position, which can be labeled "modified structural." They accept the basic analytic assumptions of

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structural realist approaches, which posit an international system of functionally symmetrical, power-maximizing states acting in an anarchic environment. But they maintain that under certain restrictive conditions involving the failure of individual action to secure Pareto-optimal outcomes, international regimes may have a significant impact even in an anarchic world. This orientation is most explicitly elaborated in the essays of Arthur Stein, Robert Keohane, and Robert Jervis; it also informs the analyses presented by John Ruggie, Charles Lipson, and Benjamin Cohen.

The first section of this introduction develops definitions of regime and regime change. The following section investigates various approaches to the relationship between regimes, and behavior and outcomes. The third section examines five basic causal factors—egoistic self-interest, political power, diffuse norms and principles, usage and custom, and knowledge—that have been used to explain the development of regimes.

### Defining regimes and regime change

Regimes can be defined 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.

This usage is consistent with other recent formulations. Keohane and Nye, for instance, define regimes as "sets of governing arrangements" that include "networks of rules, norms, and procedures that regularize behavior and control its effects."<sup>1</sup> Haas argues that a regime encompasses a mutually coherent set of procedures, rules, and norms.<sup>2</sup> Hedley Bull, using a somewhat different terminology, refers to the importance of rules and institutions in international society where rules refer to "general imperative principles which require or authorize prescribed classes of persons or groups to behave in prescribed ways."<sup>3</sup> Institutions for Bull help to secure adherence to rules by formulating, communicating, administering, enforcing, interpreting, legitimating, and adapting them.

Regimes must be understood as something more than temporary arrangements that change with every shift in power or interests. Keohane notes that a basic analytic distinction must be made between regimes and

<sup>1</sup> Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (Boston: Little, Brown, 1977), p. 19.

<sup>2</sup> Ernst Haas, "Technological Self-Reliance for Latin America: the OAS Contribution," *International Organization* 34, 4 (Autumn 1980), p. 553.

<sup>3</sup> Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (New York: Columbia University Press, 1977), p. 54.

agreements. Agreements are *ad hoc*, often “one-shot,” arrangements. The purpose of regimes is to facilitate agreements. Similarly, Jervis argues that the concept of regimes “implies not only norms and expectations that facilitate cooperation, but a form of cooperation that is more than the following of short-run self-interest.”<sup>4</sup> For instance, he contends that the restraints that have applied in Korea and other limited wars should not be considered a regime. These rules, such as “do not bomb sanctuaries,” were based purely on short-term calculations of interest. As interest and power changed, behavior changed. Waltz’s conception of the balance of power, in which states are driven by systemic pressures to repetitive balancing behavior, is not a regime; Kaplan’s conception, in which equilibrium requires commitment to rules that constrain immediate, short-term power maximization (especially not destroying an essential actor), is a regime.<sup>5</sup>

Similarly, regime-governed behavior must not be based solely on short-term calculations of interest. Since regimes encompass principles and norms, the utility function that is being maximized must embody some sense of general obligation. One such principle, reciprocity, is emphasized in Jervis’s analysis of security regimes. When states accept reciprocity they will sacrifice short-term interests with the expectation that other actors will reciprocate in the future, even if they are not under a specific obligation to do so. This formulation is similar to Fred Hirsch’s brilliant discussion of friendship, in which he states: “Friendship contains an element of direct mutual exchange and to this extent is akin to private economic good. But it is often much more than that. Over time, the friendship ‘transaction’ can be presumed, by its permanence, to be a net benefit on both sides. At any moment of time, though, the exchange is very unlikely to be reciprocally balanced.”<sup>6</sup> It is the infusion of behavior with principles and norms that distinguishes regime-governed activity in the international system from more conventional activity, guided exclusively by narrow calculations of interest.

A fundamental distinction must be made between principles and norms on the one hand, and rules and procedures on the other. Principles and norms provide the basic defining characteristics of a regime. There may be many rules and decision-making procedures that are consistent with the same principles and norms. *Changes in rules and decision-making procedures are changes within regimes*, provided that principles and norms are unaltered. For instance, Benjamin Cohen points out that there has been a substantial increase in private bank financing during the 1970s. This has meant a change in the rules governing balance-of-payments adjustment, but

<sup>4</sup> Robert Jervis’s contribution to this volume, p. 357.

<sup>5</sup> Kenneth Waltz, *Theory of International Relations* (Reading, Mass.: Addison-Wesley, 1979); Morton Kaplan, *Systems and Process in International Politics* (New York: Wiley, 1957), p. 23; Kaplan, *Towards Professionalism in International Theory* (New York: Free Press, 1979), pp. 66-69, 73.

<sup>6</sup> Fred Hirsch, *The Social Limits to Growth* (Cambridge: Harvard University Press, 1976), p. 78.

it does not mean that there has been a fundamental change in the regime. The basic norm of the regime remains the same: access to balance-of-payments financing should be controlled, and conditioned on the behavior of borrowing countries. John Ruggie argues that in general the changes in international economic regimes that took place in the 1970s were norm-governed changes. They did not alter the basic principles and norms of the embedded liberal regime that has been in place since the 1940s.

*Changes in principles and norms are changes of the regime itself.* When norms and principles are abandoned, there is either a change to a new regime or a disappearance of regimes from a given issue-area. For instance, Ruggie contends that the distinction between orthodox and embedded liberalism involves differences over norms and principles. Orthodox liberalism endorses increasing the scope of the market. Embedded liberalism prescribes state action to contain domestic social and economic dislocations generated by markets. Orthodox and embedded liberalism define different regimes. The change from orthodox liberal principles and norms before World War II to embedded liberal principles and norms after World War II was, in Ruggie's terms, a "revolutionary" change.

Fundamental political arguments are more concerned with norms and principles than with rules and procedures. Changes in the latter may be interpreted in different ways. For instance, in the area of international trade, recent revisions in the Articles of Agreement of the General Agreement on Tariffs and Trade (GATT) provide for special and differential treatment for less developed countries (LDCs). All industrialized countries have instituted generalized systems of preferences for LDCs. Such rules violate one of the basic norms of the liberal postwar order, the most-favored-nation treatment of all parties. However, the industrialized nations have treated these alterations in the rules as temporary departures necessitated by the peculiar circumstances of poorer areas. At American insistence the concept of graduation was formally introduced into the GATT Articles after the Tokyo Round. Graduation holds that as countries become more developed they will accept rules consistent with liberal principles. Hence, Northern representatives have chosen to interpret special and differential treatment of developing countries as a change within the regime.

Speakers for the Third World, on the other hand, have argued that the basic norms of the international economic order should be redistribution and equity, not nondiscrimination and efficiency. They see the changes in rules as changes of the regime because they identify these changes with basic changes in principle. There is a fundamental difference between viewing changes in rules as indications of change within the regime and viewing these changes as indications of change between regimes. The difference hinges on assessments of whether principles and norms have changed as well. Such assessments are never easy because they cannot be based on objective behavioral observations. "We know deviations from regimes," Ruggie avers, "not simply by acts that are undertaken, but by the intentionality and ac-

ceptability attributed to those acts in the context of an intersubjective framework of meaning."<sup>7</sup>

Finally, it is necessary to distinguish the weakening of a regime from changes within or between regimes. *If the principles, norms, rules, and decision-making procedures of a regime become less coherent, or if actual practice is increasingly inconsistent with principles, norms, rules, and procedures, then a regime has weakened.* Special and differential treatment for developing countries is an indication that the liberal regime has weakened, even if it has not been replaced by something else. The use of diplomatic cover by spies, the bugging of embassies, the assassination of diplomats by terrorists, and the failure to provide adequate local police protection are all indications that the classic regime protecting foreign envoys has weakened. However, the furtive nature of these activities indicates that basic principles and norms are not being directly challenged. In contrast, the seizure of American diplomats by groups sanctioned by the Iranian government is a basic challenge to the regime itself. Iran violated principles and norms, not just rules and procedures.<sup>8</sup>

In sum, change within a regime involves alterations of rules and decision-making procedures, but not of norms or principles; change of a regime involves alteration of norms and principles; and weakening of a regime involves incoherence among the components of the regime or inconsistency between the regime and related behavior.

### Do regimes matter?

It would take some courage, perhaps more courage than this editor possesses, to answer this question in the negative. This project began with a simple causal schematic. It assumed that regimes could be conceived of as intervening variables standing between basic causal variables (most prominently, power and interests) and outcomes and behavior. The first attempt to analyze regimes thus assumed the following set of causal relationships (see Figure 1).



Figure 1

Regimes do not arise of their own accord. They are not regarded as ends in themselves. Once in place they do affect related behavior and outcomes. They are not merely epiphenomenal.

<sup>7</sup> John Ruggie's contribution to this volume, p. 380.

<sup>8</sup> Iran's behavior may be rooted in an Islamic view of international relations that rejects the prevailing, European-derived regime. See Richard Rosecrance, "International Theory Revisited," *International Organization* 35, 4 (Autumn 1981) for a similar point.

The independent impact of regimes is a central analytic issue. The second causal arrow implies that regimes do matter. However, there is no general agreement on this point, and three basic orientations can be distinguished. The conventional structural views the regime concept as useless, if not misleading. Modified structural suggests that regimes may matter, but only under fairly restrictive conditions. And Grotian sees regimes as much more pervasive, as inherent attributes of any complex, persistent pattern of human behavior.

In this volume Susan Strange represents the first orientation. She has grave reservations about the value of the notion of regimes. Strange argues that the concept is pernicious because it obfuscates and obscures the interests and power relationships that are the proximate, not just the ultimate, cause of behavior in the international system. "All those international arrangements dignified by the label regime are only too easily upset when either the balance of bargaining power or the perception of national interest (or both together) change among those states who negotiate them."<sup>9</sup> Regimes, if they can be said to exist at all, have little or no impact. They are merely epiphenomenal. The underlying causal schematic is one that sees a direct connection between changes in basic causal factors (whether economic or political) and changes in behavior and outcomes. Regimes are excluded completely, or their impact on outcomes and related behavior is regarded as trivial.

Strange's position is consistent with prevailing intellectual orientations for analyzing social phenomena. These structural orientations conceptualize a world of rational self-seeking actors. The actors may be individuals, or firms, or groups, or classes, or states. They function in a system or environment that is defined by their own interests, power, and interaction. These orientations are resistant to the contention that principles, norms, rules, and decision-making procedures have a significant impact on outcomes and behavior.

Nowhere is this more evident than in the image of the market, the reigning analytic conceptualization for economics, the most successful of the social sciences. A market is characterized by impersonality between buyers and sellers, specialization in buying and selling, and exchange based upon prices set in terms of a common medium of exchange.<sup>10</sup> Max Weber states that in the market "social actions are not determined by orientation to any sort of norm which is held to be valid, nor do they rest on custom, but entirely on the fact that the corresponding type of social action is in the nature of the case best adapted to the normal interests of the actors as they themselves are aware of them."<sup>11</sup> The market is a world of atomized, self-seeking egoistic individuals.

<sup>9</sup> Susan Strange's contribution to this volume, p. 487.

<sup>10</sup> Cyril Belshaw, *Traditional Exchange and Modern Markets* (Englewood Cliffs, N.J.: Prentice-Hall, 1965), pp. 8-9.

<sup>11</sup> Max Weber, *Economy and Society* (Berkeley: University of California Press, 1977), p. 30.

The market is a powerful metaphor for many arguments in the literature of political science, not least international relations. The recent work of Kenneth Waltz exemplifies this orientation. For Waltz, the defining characteristic of the international system is that its component parts (states) are functionally similar and interact in an anarchic environment. International systems are distinguished only by differing distributions of relative capabilities among actors. States are assumed to act in their own self-interest. At a minimum they "seek their own preservation and, at a maximum, drive for universal domination."<sup>12</sup> They are constrained only by their interaction with other states in the system. Behavior is, therefore, a function of the distribution of power among states and the position of each particular state. When power distributions change, behavior will also change. Regimes, for Waltz, can only be one small step removed from the underlying power capabilities that sustain them.<sup>13</sup>

The second orientation to regimes, modified structural, is most clearly reflected in the essays of Keohane and Stein. Both of these authors start from a conventional structural realist perspective, a world of sovereign states seeking to maximize their interest and power. Keohane posits that in the international system regimes derive from voluntary agreements among juridically equal actors. Stein states that the "conceptualization of regimes developed here is rooted in the classic characterization of international politics as relations between sovereign entities dedicated to their own self-preservation, ultimately able to depend only on themselves, and prepared to resort to force."<sup>14</sup>

In a world of sovereign states the basic function of regimes is to coordinate state behavior to achieve desired outcomes in particular issue-areas.<sup>15</sup> Such coordination is attractive under several circumstances. Stein and Keohane posit that regimes can have an impact when Pareto-optimal outcomes could not be achieved through uncoordinated individual calculations of self-interest. The prisoners' dilemma is the classic game-theoretic example. Stein also argues that regimes may have an autonomous effect on outcomes when purely autonomous behavior could lead to disastrous results for both parties. The game of chicken is the game-theoretic analog. Haas and others in this volume suggest that regimes may have significant impact in a highly complex world in which *ad hoc*, individualistic calculations of interest could not possibly provide the necessary level of coordination. If, as many have argued, there is a general movement toward a world of complex inter-

<sup>12</sup> Waltz, *Theory of International Relations*, p. 118.

<sup>13</sup> *Ibid.*, especially chapters 5 and 6. This conventional structuralist view for the realist school has its analog in Marxist analysis to studies that focus exclusively on technology and economic structure.

<sup>14</sup> Robert O. Keohane's and Arthur A. Stein's contributions to this volume, pp. 330 and 300.

<sup>15</sup> Vinod K. Aggarwal emphasizes this point. See his "Hanging by a Thread: International Regime Change in the Textile/Apparel System, 1950-1979," Ph.D. diss., Stanford University, 1981, chap. 1.

dependence, then the number of areas in which regimes can matter is growing.

However, regimes cannot be relevant for zero-sum situations in which states act to maximize the difference between their utilities and those of others. Jervis points to the paucity of regimes in the security area, which more closely approximates zero-sum games than do most economic issue-areas. Pure power motivations preclude regimes. Thus, the second orientation, modified structuralism, sees regimes emerging and having a significant impact, but only under restrictive conditions. It suggests that the first cut should be amended as in Figure 2.

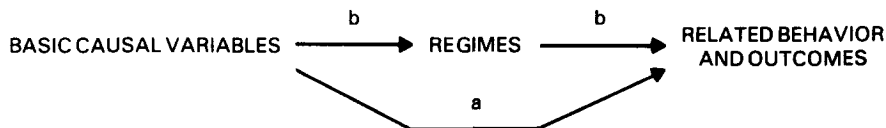


Figure 2

For most situations there is a direct link between basic causal variables and related behavior (path a); but under circumstances that are not purely conflictual, where individual decision making leads to suboptimal outcomes, regimes may be significant (path b).<sup>16</sup>

The third approach to regimes, most clearly elaborated in the essays of Raymond Hopkins and Donald Puchala, and Oran Young, reflects a fundamentally different view of international relations than the two structural arguments just described. These two essays are strongly informed by the Grotian tradition, which sees regimes as a pervasive phenomenon of all political systems. Hopkins and Puchala conclude that "regimes exist in all areas of international relations, even those, such as major power rivalry, that are traditionally looked upon as clear-cut examples of anarchy. Statesmen nearly always perceive themselves as constrained by principles, norms, and rules that prescribe and proscribe varieties of behavior."<sup>17</sup> The concept of regime, they argue, moves beyond a realist perspective, which is "too limited for explaining an increasingly complex, interdependent, and dangerous world."<sup>18</sup> Hopkins and Puchala apply their argument not only to an issue-area where one might expect communalities of interest (food) but also to one generally thought of as being much more unambiguously conflictual (colonialism).

Oran Young argues that patterned behavior inevitably generates con-

<sup>16</sup> The modified structural arguments presented in this volume are based upon a realist analysis of international relations. In the Marxist tradition this position has its analog in many structural Marxist writings, which emphasize the importance of the state and ideology as institutions that act to rationalize and legitimate fundamental economic structures.

<sup>17</sup> Raymond Hopkins and Donald Puchala's contribution to this volume, p. 270.

<sup>18</sup> *Ibid.*, p. 245.



vergent expectations. This leads to conventionalized behavior in which there is some expectation of rebuke for deviating from ongoing practices. Conventionalized behavior generates recognized norms. If the observer finds a pattern of interrelated activity, and the connections in the pattern are understood, then there must be some form of norms and procedures.

While the modified structural approach does not view the perfect market as a regime, because action there is based purely upon individual calculation without regard to the behavior of others, the third orientation does regard the market as a regime. Patterns of behavior that persist over extended periods are infused with normative significance. A market cannot be sustained by calculations of self-interest alone. It must be, in Ruggie's terms, *embedded* in a broader social environment that nurtures and sustains the conditions necessary for its functioning. Even the balance of power, regarded by conventional structural realist analysts as a purely conflictual situation, can be treated as a regime.<sup>19</sup> The causal schema suggested by a Grotian orientation either closely parallels the first cut shown in Figure 1, or can be depicted as in Figure 3.

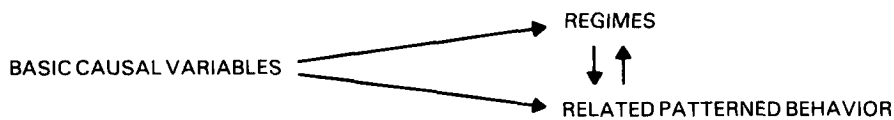


Figure 3

Patterned behavior reflecting calculations of interest tends to lead to the creation of regimes, and regimes reinforce patterned behavior.

The Grotian tradition that Hopkins and Puchala, and Young draw upon, offers a counter to structural realism of either the conventional or the modified form. It rejects the assumption that the international system is composed of sovereign states limited only by the balance of power. Rather, Hopkins and Puchala suggest that elites are the practical actors in international relations. States are rarified abstractions. Elites have transnational as well as national ties. Sovereignty is a behavioral variable, not an analytic assumption. The ability of states to control movements across their borders and to maintain dominance over all aspects of the international system is limited. Security and state survival are not the only objectives. Force does not occupy a singularly important place in international politics. Elites act within a communications net, embodying rules, norms, and principles, which transcends national boundaries.

This minimalist Grotian orientation has informed a number of theoretical postulates developed during the postwar period. Functionalism saw the possibility of eroding sovereignty through the multiplication of particularistic interests across national boundaries. Karl Deutsch's 1957 study of inte-

<sup>19</sup> Bull, *The Anarchical Society*, chap. 5.

gration, with its emphasis on societal communication, made a distinction between security communities and anarchy.<sup>20</sup> Some authors associated with the concept of transnationalism have posited a web of interdependence that makes any emphasis on sovereignty analytically misleading and normatively questionable. Keohane and Nye's discussion of complex interdependence rejects the assumptions of the primacy of force and issue hierarchy assumed by a realist perspective.<sup>21</sup> Ernst Haas points out that what he calls organic theories—eco-environmentalism, eco-reformism, and egalitarianism—deny conventional power-oriented assumptions.

Regimes are much more easily encompassed by a Grotian worldview. But, as the arguments made by Jervis, Keohane, Stein, Lipson, and Cohen indicate, the concept is not precluded by a realist perspective. The issue is not so much whether one accepts the possibility of principles, norms, rules, and decision-making procedures affecting outcomes and behavior, as what one's basic assumption is about the normal state of international affairs. Adherents of a Grotian perspective accept regimes as a pervasive and significant phenomenon in the international system. Adherents of a structural realist orientation see regimes as a phenomenon whose presence cannot be assumed and whose existence requires careful explanation. The two "standard cases" are fundamentally different, and it is the definition of the standard case that identifies the basic theoretical orientation. Stephen Toulmin writes that "any dynamical theory involves some explicit or implicit reference to a standard case or 'paradigm.' This paradigm specifies the manner in which, in the course of events, bodies may be expected to move." It is deviation from that movement which needs to be explained.<sup>22</sup> From a realist perspective, regimes are phenomena that need to be explained; from a Grotian perspective, they are data to be described.

In sum, conventional structural arguments do not take regimes seriously: if basic causal variables change, regimes will also change. Regimes have no independent impact on behavior. Modified structural arguments, represented here by a number of adherents of a realist approach to international relations, see regimes as mattering only when independent decision making leads to undesired outcomes. Finally, Grotian perspectives accept regimes as a fundamental part of all patterned human interaction, including behavior in the international system.

### Explanations for regime development

For those authors who see regimes as something more than epiphenomena, the second major issue posed by a schematic that sees re-

<sup>20</sup> See Arend Lijphart, "The Structure of the Theoretical Revolution in International Relations," *International Studies Quarterly* 18, 1 (March 1974), pp. 64-65, for the development of this argument.

<sup>21</sup> Keohane and Nye, *Power and Interdependence*, especially chap. 8.

<sup>22</sup> Stephen Toulmin, *Foresight and Understanding: An Enquiry into the Aims of Science* (New York: Harper Torchbooks, 1961), pp. 56-57. Toulmin's use of the term paradigm is similar to

gimes as intervening variables between basic causal factors and related outcomes and behavior becomes relevant. What is the relationship between basic causal factors and regimes? What are the conditions that lead to regime creation, persistence, and dissipation? Here regimes are treated as the dependent variable.

A wide variety of basic causal variables have been offered to explain the development of regimes. The most prominent in this volume are egoistic self-interest, political power, norms and principles, habit and custom, and knowledge. The last two are seen as supplementary, augmenting more basic forces related to interest, power, and values.

### 1. *Egoistic self-interest*

The prevailing explanation for the existence of international regimes is egoistic self-interest. By egoistic self-interest I refer to the desire to maximize one's own utility function where that function does not include the utility of another party. The egoist is concerned with the behavior of others only insofar as that behavior can affect the egoist's utility. All contractarian political theories from Hobbes to Rawls are based on egoistic self-interest. In contrast, pure power seekers are interested in maximizing the difference between their power capabilities and those of their opponent.

In this volume the essays by Keohane and especially Stein most fully adopt and elaborate an interest-oriented perspective. Stein avers that "the same forces of autonomously calculated self-interest that lie at the root of the anarchic international system also lay the foundation for international regimes as a form of international order. . . . [T]here are times when rational self-interested calculation leads actors to abandon independent decision making in favor of joint decision making."<sup>23</sup>

Stein elaborates two circumstances under which unconstrained individual choice provides incentives for cooperation. The first occurs when such choice leads to Pareto-suboptimal outcomes: prisoner's dilemma and the provision of collective goods are well-known examples. Stein refers to this as the dilemma of common interests. Its resolution requires "collaboration," the active construction of a regime that guides individual decision making. Unconstrained individual decision making may also be eschewed when it would lead to mutually undesired outcomes and where the choice of one actor is contingent on the choice made by the other: the game of chicken is a prominent example. Stein refers to this as the dilemma of common aversions; it can be resolved through "coordination." Coordination need not be formalized or institutionalized. So long as everyone agrees to drive on the right side of the road, little more is needed. (Stein's concept of collaboration

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Kuhn's notion of an exemplar. See Thomas Kuhn, *The Structure of Specific Revolutions*, 2nd ed. (Chicago: University of Chicago Press, 1970), p. 187.

<sup>23</sup> Stein's contribution to this volume, p. 316.

conforms with the definition of regimes used here. It is not so clear that coordination involves regimes. Coordination may only require the construction of rules. If these rules are not informed by any proximate principles or norms, they will not conform to the definition of regimes set forth earlier.)

While Stein employs a game-theoretic orientation, Keohane utilizes insights from microeconomic theories of market failure to examine dilemmas of common interests. He is primarily concerned with the demand for regimes, the conditions under which *ad hoc* agreements fail to provide Pareto-optimal outcomes. He maintains that "Regimes can make agreement easier if they provide frameworks for establishing legal liability (even if these are not perfect); improve the quantity and quality of information available to actors; or reduce other transactions costs, such as costs of organization or of making side-payments."<sup>24</sup> These benefits provided by regimes are likely to outweigh the costs of regime formation and maintenance when there is asymmetric information, moral hazard, potential dishonesty, or high issue density. In addition, the costs of forming regimes will be lower when there is a high level of formal and informal communication among states, a condition more likely to be found in open political systems operating under conditions of complex interdependence.

Egoistic self-interest is also regarded as an important determinant of regimes by several other authors. Young argues that there are three paths to regime formation: spontaneous, in which regimes emerge from the converging expectations of many individual actions; negotiated, in which regimes are formed by explicit agreements; and imposed, in which regimes are initially forced upon actors by external imposition. The first two are based on egoistic calculations. Lipson argues that the differential pattern of acceptance of liberal rules in the international trading regime is a function of differential costs of adjustment across industrial sectors; where costs are low, continued adherence to liberal principles, norms, and rules is high. Cohen maintains that the rules of the balance-of-payments financing regime changed in the 1970s because higher oil prices and the petrodollar market altered calculations of interest. Jervis posits that regimes in the security arena will only be formed when states accept the status quo, the cost of war is high, and the spillover into other arenas is substantial. This last point, which echoes Keohane's argument about the importance of issue density, is similar to arguments made by Haas and by Puchala and Hopkins. Haas makes interconnectedness a central element of his analysis: regimes are designed to manage complexity and complexity increases with interconnectedness. Similarly, Puchala and Hopkins maintain that regimes are more likely to arise under conditions of complex interdependence. Hence calculations of egoistic self-interest emerge as central elements in most of the articles in this volume.

<sup>24</sup> Keohane's contribution to this volume, p. 338.

## 2. Political power

The second major basic causal variable used to explain regime development is political power. Two different orientations toward power can be distinguished. The first is cosmopolitan and instrumental: power is used to secure optimal outcomes for the system as a whole. In game-theoretic terms power is used to promote joint maximization. It is power in the service of the common good. The second approach is particularistic and potentially consummatory. Power is used to enhance the values of specific actors within the system. These values may include increasing power capabilities as well as promoting economic or other objectives. In game-theoretic terms power is used to maximize individual payoffs. It is power in the service of particular interests.

### a. Power in the service of the common good

The first position is represented by a long tradition in classical and neoclassical economics associated with the provision of public goods. The hidden hand was Adam Smith's most compelling construct: the good of all from the selfishness of each; there could be no more powerful defense of egoism. But Smith recognized that it was necessary for the state to provide certain collective goods. These included defense, the maintenance of order, minimum levels of welfare, public works, the protection of infant industries, and standards for commodities.<sup>25</sup> Economists have pointed to the importance of the state for establishing property rights and enforcing contracts; that is, creating conditions that prevent predatory as opposed to market behavior. The state must create institutions that equate public and private rates of return.<sup>26</sup> Keynesian analysis gives the state a prominent role in managing macroeconomic variables. For all of these arguments the purpose of state action is to further general societal interests.

<sup>25</sup> There is a lively debate over precisely how much of a role Smith accords to the state. Some (see for instance Albert Hirschman, *The Passions and the Interests* [Princeton: Princeton University Press, 1977], pp. 103–104) maintain that Smith wanted to limit the folly of government by having it do as little as possible. Others (see for instance Colin Holmes, "Laissez-faire in Theory and Practice: Britain 1800–1875," *Journal of European Economic History* 5, 3 [1976], p. 673; and Carlos Diaz-Alejandro, "Delinking North and South: Unshackled or Unhinged," in Albert Fishlow et al., *Rich and Poor Nations in the World Economy* [New York: McGraw-Hill, 1978], pp. 124–25) have taken the intermediate position endorsed here. Others see Smith trying to establish conditions for a moral society that must be based on individual choice, for which a materialistically oriented, egoistically maintained economic system is only instrumental. See, for instance, Leonard Billet, "The Just Economy: The Moral Basis of the Wealth of Nations," *Review of Social Economy* 34 (December 1974).

<sup>26</sup> Jack Hirschleifer, "Economics from a Biological Viewpoint," *Journal of Law and Economics* 20 (April 1977); Weber, *Economy and Society*, pp. 336–37; Douglass C. North and Robert Paul Thomas, *The Rise of the Western World: A New Economic History* (Cambridge: Cambridge University Press, 1973), chap. 1.

The contemporary economist who has become most clearly associated with arguments emphasizing the instrumental role of power for cosmopolitan interests in the international system is Charles Kindleberger. In *The World in Depression*, Kindleberger argues that the depression of the 1930s could have been prevented by effective state leadership. An effective leader would have acted as a lender of last resort and provided a market for surplus commodities. In the interwar period the United States was able but unwilling to assume these burdens, and Great Britain was willing but unable. The result was economic chaos. In a more recent statement Kindleberger has listed the following functions that states perform for the international trading system:

1. Protecting economic actors from force.
2. Cushioning the undesirable effects of an open system by, for instance, providing adjustment assistance for import-competing industries.
3. Establishing standards for products. In the absence of such standards inordinate energy may be wasted finding information about products.
4. Providing a national currency that can be used as an international reserve and transactions currency.
5. Constructing public works such as docks and domestic transportation systems.
6. Compensating for market imperfections by, for instance, becoming a lender of last resort when private financial institutions become so cautious that their conservatism could destroy global liquidity.<sup>27</sup>

Despite its emphasis on political action, Kindleberger's perspective is still profoundly liberal. The purpose of state intervention is to facilitate the creation and maintenance of an environment within which a market based on individual calculations of self-interest can flourish. The market, like the human body, is basically healthy, but occasionally the intervention of some external agent (the state, a doctor) may be necessary.<sup>28</sup> A market economy will maximize the utility of society as a whole. Political power is put at the service of the common good.

#### b. Power in the service of particular interests

The articles in this volume are less oriented toward cosmopolitan ends; rather, they focus on power as an instrument that can be used to enhance the

<sup>27</sup> Charles P. Kindleberger, "Government and International Trade," *Princeton Essays in International Finance* (International Finance Section, Princeton University, July 1978). Adam Smith was less enamoured with leadership. He felt that reasonable intercourse could only take place in the international system if there was a balance of power. Without such a balance the strong would dominate and exploit the weak. See Diaz-Alejandro, "Delinking North and South," p. 92.

<sup>28</sup> Charles P. Kindleberger, *Manias, Panics, and Crashes: A History of Financial Crises* (New York: Basic Books, 1978).

utility of particular actors, usually states. A game-theoretic analogy makes it easier to distinguish between two important variants of the viewpoint of power in the service of particular interests. The first assumes that pay-offs are fixed and that an actor's choice of strategy is autonomously determined solely by these pay-offs. The second assumes that power can be used to alter pay-offs and influence actor strategy.

The first approach closely follows the analysis that applies when purely cosmopolitan objectives are at stake, except that political power is used to maximize individual, not joint, pay-offs. Under certain configurations of interest, there is an incentive to create regimes and the provision of these regimes is a function of the distribution of power. While Keohane focuses on the demand for regimes in his article in this volume, he has elsewhere argued that hegemons play a critical role in supplying the collective goods that are needed for regimes to function effectively.<sup>29</sup> Hegemons provide these goods not because they are interested in the well-being of the system as a whole, but because regimes enhance their own national values.

This emphasis on the need for asymmetric power distributions (supply-side considerations) should be contrasted with Stein's assertions concerning the efficacy of demand. The theory of hegemonic leadership suggests that under conditions of declining hegemony there will be a weakening of regimes. Without leadership, principles, norms, rules, and decision-making procedures cannot easily be upheld. No one actor will be willing to provide the collective goods needed to make the regime work smoothly and effectively. Stein's analysis, on the other hand, suggests that as hegemony declines there will be greater incentives for collaboration because collective goods are no longer being provided by the hegemon. The international system more closely resembles an oligopoly than a perfect market. Actors are aware of how their behavior affects others. When smaller states perceive that a hegemon is no longer willing to offer a free ride, they are likely to become paying customers. For Stein, interests alone can effectively sustain order. Hegemonic decline can lead to stronger regimes.

The second line of argument associated with power in the service of specific interests investigates the possibility that powerful actors may be able to alter the pay-offs that confront other actors or influence the strategies they choose. Here power becomes a much more central concept—the element of compulsion is close at hand. Weaker actors may not be able to make autonomous choices. The values assigned to a particular cell may be changed.

In this volume Oran Young develops the notion of imposed regimes. Dominant actors may explicitly use a combination of sanctions and incentives to compel other actors to act in conformity with a particular set of

<sup>29</sup> Robert O. Keohane, "The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967–77," in Ole R. Holsti et al., *Changes in the International System* (Boulder, Col.: Westview, 1980).

principles, norms, rules, and decision-making procedures. Alternatively, dominant actors may secure de facto compliance by manipulating opportunity sets so that weaker actors are compelled to behave in a desired way. Keohane posits that in the international system choices will be constrained in ways that give greater weight to the preferences of more powerful actors. Benjamin Cohen notes that the specific rules and institutional arrangements for the Bretton Woods institutions reflected the preferences of the United States much more than those of Great Britain. Jervis points out that weaker states had little option but to follow the balance of power regime of the 19th century with its emphasis on the special role of the great powers. In all of these cases more powerful actors created regimes that served their particular purpose, and other were compelled to accept them because their pay-offs were manipulated or their options were limited.

When a hegemonic state acts to influence the strategy of other actors the regime is held hostage to the persistence of the existing distribution of power in the international system. If the hegemon's relative capabilities decline, the regime will collapse. Young argues that imposed orders are likely to disintegrate when there are major shifts in underlying power capabilities. Hopkins and Puchala suggest that regimes that are highly politicized, diffuse, and biased in their distribution of values are likely to undergo radical transformation when power distributions change. For instance, the norms of the colonial regime collapsed because the power of its supporter, the major European states, eroded. This set of arguments about regime change and hegemonic decline differs from the analysis emerging from a focus on the provision of collective goods for either cosmopolitan or particularistic reasons. Here a decline in power leads to a change in regime because the hegemon is no longer able to control the pay-off matrix or influence the strategies of the weak, not because there is no actor to provide the collective goods needed for efficient regime functioning.

### 3. Norms and principles

To this point in the discussion, norms and principles have been treated as endogenous: they are the critical defining characteristics of any given regime. However, norms and principles that influence the regime in a particular issue-area but are not directly related to that issue-area can also be regarded as explanations for the creation, persistence, and dissipation of regimes. The most famous example of such a formulation is Max Weber's *Protestant Ethic and the Spirit of Capitalism*. Weber argues that the rise of capitalism is intimately associated with the evolution of a Calvinist religious doctrine that fosters hard work while enjoining profligacy and uses worldly success as an indication of predestined fate.<sup>30</sup> Fred Hirsch has argued that

<sup>30</sup> For a recent discussion see David Laitin, "Religion, Political Culture, and the Weberian



without precapitalist values such as hard work, self-sacrifice, loyalty, and honor, capitalist systems would fall apart. Such values are critical constraints on self-interested calculations that would too often lead to untrustworthy and dishonest behavior.<sup>31</sup>

Financing by various pariah groups around the world offers a clear example of the way in which noneconomic norms have facilitated market activity. For instance, bills of exchange were devised by Jewish bankers during the late Middle Ages to avoid violence and extortion from the nobility: safer to carry a piece of paper than to carry specie. However, the piece of paper had to be honored by the recipient. This implied a high level of trust and such trust was enhanced by conventions: established practices were reinforced by the exclusionary nature of the group, which facilitated surveillance and the application of sanctions. The importance of conventions for the use of bills of exchange is reflected in the fact that they were frequently used in the Mediterranean basin in the 16th century but they were not used at the interface with the non-Mediterranean world in Syria where, according to Braudel, "two mutually suspicious worlds met face to face." Here all dealings were in barter, or gold and silver.<sup>32</sup>

In this volume, Hopkins and Puchala make a distinction between the superstructure and the substructure. The superstructure refers to general and diffuse principles and norms that condition the principles and norms operative in a specific issue-area. They note, for example, that balance of power in 19th century Europe was a diffuse norm that influenced the nature of the regime for colonialism. Jervis argues that for regimes to develop in the security area the great powers "must believe that others share the value they place on mutual security and cooperation."<sup>33</sup> John Ruggie's highly original analysis of the postwar economic regime argues that it was founded upon principles of embedded rather than orthodox liberalism. The domestic lesson of the 1930s was that societies could not tolerate the consequences of an untrammelled market. This set of diffuse values, which permeated the capitalist world, was extended from the domestic to the international sphere in the Bretton Woods agreements.

This discussion suggests that there is a hierarchy of regimes. Diffuse principles and norms, such as hard work as a service to God, condition behavior in specific issue-areas. In international relations, the most important diffuse principle is sovereignty. Hedley Bull refers to sovereignty as the con-

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Tradition," *World Politics* 30, 4 (July 1978), especially pp. 568–69. For another discussion of noneconomic values in the rise of capitalism see Hirschman, *The Passions and the Interests*.

<sup>31</sup> Hirsch, *The Social Limits to Growth*, chap. 11. See also Michael Walzer, "The Future of Intellectuals and the Rise of the New Class," *New York Review of Books* 27 (20 March 1980).

<sup>32</sup> Fernand Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip II* (New York: Harper, 1975), p. 370. For the tie between bills of exchange and Jewish bankers see Hirschman, *The Passions and the Interests*, p. 72, and Immanuel Wallerstein, *The Modern World-System* (New York: Academic Press, 1974), p. 147.

<sup>33</sup> Jervis's contribution to this volume, p. 361.

stitutive principle of the present international system. The concept of exclusive control within a delimited geographic area and the untrammled right to self-help internationally, which emerged out of late medieval Europe, have come to pervade the modern international system.<sup>34</sup>

In this usage sovereignty is not an analytic assumption, it is a principle that influences the behavior of actors. With a few exceptions, such as Antarctica, Namibia, and the West Bank, sovereignty prevails. Those areas where sovereignty is not applied are governed by vulnerable regimes or lack regimes altogether. Sovereignty designates states as the only actors with unlimited rights to act in the international system. Assertions by other agencies are subject to challenge. If the constitutive principle of sovereignty were altered, it is difficult to imagine that any other international regime would remain unchanged.

#### 4. Usage and custom

The last two sets of causal variables affecting regime development are usage and custom, and knowledge. Usage and custom will be discussed in this section, knowledge in the next. Usage and custom, and knowledge, are not treated in this volume as exogenous variables capable of generating a regime on their own. Rather, they supplement and reinforce pressures associated with egoistic self-interest, political power, and diffuse values.

Usage refers to regular patterns of behavior based on actual practice; custom, to long-standing practice.<sup>35</sup> The importance of routinized behavior is particularly significant in the position taken by Hopkins and Puchala and by Young. For these authors, patterned behavior, originally generated purely by considerations of interest or power, has a strong tendency to lead to shared expectations. Patterned behavior accompanied by shared expectations is likely to become infused with normative significance: actions based purely on instrumental calculations can come to be regarded as rule-like or principled behavior. They assume legitimacy. A great deal of western commercial law, in fact, developed out of custom and usage initially generated by self-interest. Practices that began as *ad hoc* private arrangements later became the basis for official commercial law.<sup>36</sup>

In Oran Young's discussion of both spontaneous and imposed regimes, habits and usage play a significant role. Young does not make any strong claims for the specific conditions that lead to spontaneous regimes. However, the literature to which he refers—Schelling, Lewis, and Hayek—

<sup>34</sup> Bull, *The Anarchical Society*, pp. 8–9, 70.

<sup>35</sup> Weber, *Economy and Society*, p. 29.

<sup>36</sup> Leon E. Trakman, "The Evolution of the Law Merchant: Our Commercial Heritage," Part I, *Journal of Maritime Law and Commerce* 12, 1 (October 1980) and Part II, *ibid.*, 12, 2 (January 1981); Harold Berman and Colin Kaufman, "The Law of International Commercial Transactions (*Lex Mercatoria*)," *Harvard International Law Journal* 19, 1 (Winter 1978).

is oriented toward a microeconomic perspective focusing on egoistic self-interest. Certain patterns of behavior are first adopted because they promote individual utility. Once established, such practices are reinforced by the growth of regimes. Most American drivers (outside New York City) would feel at least a twinge of discomfort at driving illegally through a red light at an empty intersection. Behavior that was originally only a matter of egoistic self-interest is now buttressed by widely shared norms. Similarly, Young argues that successful imposed orders are bolstered eventually by habits of obedience. (It is not clear that, without these habits, Young's concept of imposed orders conforms with the definition of regime used here.) A pattern of behavior initially established by economic coercion or force may come to be regarded as legitimate by those on whom it has been imposed. Usage leads to shared expectations, which become infused with principles and norms.

### 5. Knowledge

The final variable used to explain the development of regimes is knowledge. Like usage and custom, knowledge is usually treated as an intervening, not an exogenous, variable. In an earlier study Ernst Haas, in this volume the most prominent exponent of the importance of knowledge, defined knowledge as "the sum of technical information and of theories about that information which commands sufficient consensus at a given time among interested actors to serve as a guide to public policy designed to achieve some social goal."<sup>37</sup> In his essay in this volume Haas points to the potentialities inherent in a stance of "cognitive evolutionism," which emphasizes sensitivity to the consequences of the generation of new knowledge. Knowledge creates a basis for cooperation by illuminating complex interconnections that were not previously understood. Knowledge can not only enhance the prospects for convergent state behavior, it can also transcend "prevailing lines of ideological cleavage."<sup>38</sup> It can provide a common ground for both what Haas calls mechanical approaches (most conventional social science theories) and organic approaches (egalitarianism and various environmentally oriented arguments).

For knowledge to have an independent impact in the international system, it must be widely accepted by policy makers. Stein points out that rules concerning health, such as quarantine regulations, were radically altered by new scientific knowledge such as the discovery of the microbe that causes cholera, the transmission of yellow fever by mosquitoes, and the use of preventive vaccines. Prior to developments such as these, national health regu-

<sup>37</sup> Ernst Haas, "Why Collaborate? Issue-Linkage and International Regimes," *World Politics* 32, 3 (April 1980), pp. 367-68.

<sup>38</sup> *Ibid.*, p. 368.

lations were primarily determined by political concerns. After these discoveries, however, national behavior was determined by an international regime, or at least a set of rules, dictated by accepted scientific knowledge. Jervis argues that in the present security arena the possibilities for an arms control regime may depend on whether the Soviet Union and the United States view strategy in the same way. In particular, mutual acceptance of Mutual Assured Destruction (MAD) can provide the basis for a regime. Without consensus, knowledge can have little impact on regime development in a world of sovereign states. If only some parties hold a particular set of beliefs, their significance is completely mediated by the power of their adherents.

New knowledge can provide the basis for what Hopkins and Puchala call evolutionary change, which usually involves altering rules and procedures within the context of a given set of principles and norms. In contrast, revolutionary change, which generates new principles and norms, is associated with shifts in power. As an example of evolutionary change, Benjamin Cohen points out that the fixed exchange rate system agreed to at Bretton Woods was based upon understandings derived from the interwar experience and then-current knowledge about domestic monetary institutions and structures. States were extremely sensitive to competitive devaluation and were not confident that domestic monetary policy could provide insulation from external disturbances. It was much easier to accept a floating exchange rate regime in the 1970s because the knowledge and related institutional capacity for controlling monetary aggregates had substantially increased. In a highly complex world, where goals are often ill-defined and many links are possible, consensual knowledge can greatly facilitate agreement on the development of an international regime. Such knowledge can light a clear path in a landscape that would otherwise be murky and undifferentiated.

In sum, the essays in this volume and the literature in general offer a variety of explanations for the development of regimes. The two most prominent exogenous variables are egoistic self-interest, usually economic, and political power. In addition, diffuse values and norms such as sovereignty and private property may condition behavior within specific issue-areas. Finally, usage and custom and knowledge may contribute to the development of regimes.

## **Conclusion**

In approaching the two basic questions that guided this exercise—the impact of regimes on related behavior and outcomes, and the relationship between basic causal variables and regimes—the essays in this volume reflect two different orientations to international relations. The Grotian perspective, which informs the essays of Hopkins and Puchala and of Young, sees regimes as a pervasive facet of social interaction. It is catholic in its

description of the underlying causes of regimes. Interests, power, diffuse norms, customs, and knowledge may all play a role in regime formation. These causal factors may be manifest through the behavior of individuals, particular bureaucracies, and international organizations, as well as states.

The structural realist orientation, which infuses the other essays in this volume, is more circumspect. The exemplar or standard case for the realist perspective does not include international regimes. Regimes arise only under restrictive conditions characterized by the failure of individual decision making to secure desired outcomes. The basic causal variables that lead to the creation of regimes are power and interest. The basic actors are states.

The arguments presented by Stein, Keohane, Jervis, Ruggie, Lipson, and Cohen do press beyond conventional realist orientations. They reject a narrow structural analysis that posits a direct relationship between changes in basic causal variables and related behavior and outcomes, and denies the utility of the regime concept. For this they are taken to task in Susan Strange's critique. However, the basic parametric constraints for these analyses are identical with those applied by more conventional structural arguments. The basic analytic assumptions are the same. Arguments that treat regimes as intervening variables, and regard state interests and state power as basic causal variables, fall unambiguously within the structural realist paradigm. A more serious departure from structural reasoning occurs when regimes are seen as autonomous variables independently affecting not only related behavior and outcomes, but also the basic causal variables that led to their creation in the first place. This line of reasoning is examined in the conclusion to this volume.