

The Neo-Realist and Neo-Liberal Debate

Joseph M. Grieco. "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism", *Neorealism and Neoliberalism*, (New York: Columbia University Press), 1993.

- The author is a neo-realist and he accuses neo-liberal institutionalism of overemphasizing absolute gains while ignoring relative gains, which are a core of realist arguments.
- There are two major barriers to international cooperation: 1) cheating and 2) relative gains. Even though neo-liberal institutionalism convincingly argues that the structure of international cooperation can mitigate the first barrier, it has nothing to say about the second barrier. (118)
- Before the neo-liberal institutionalism emerged in 1980s, three immature paradigms had occupied the rivaling side of realism: functionalist integration theory (1940s-early 1950s), neofunctionalist regional integration theory (1950s-1960s), and interdependence theory (1970s).

The debate between realism and liberal institutionalism over the five propositions (Look at Table 5.1 on pg. 123)

1. Realism: States are the major actors in world affairs.
Liberalism: There are other key new actors in world affairs such as international agencies, supranational bureaucracies, labor unions, and transgovernmental coalitions.
 2. Realism: States are unitary or rational agents.
Liberalism: The decentralization of states hinders governments to pursue the most rational policies.
 3. Realism: International anarchy is a major force for shaping the motives and actions of states.
Liberalism: Other concerns such as technology knowledge and interdependence of domestic welfares on international society undermine the force of international anarchy.
 4. Realism: States in anarchy are preoccupied with power and security.
Liberalism: States are becoming more oriented toward economic growth and social security.
 5. Realism: International institutions affect the prospects for cooperation only marginally.
Liberalism: International institutions offer more optimistic promises than realism has argued.
- Postwar events in 1970s seem to support realist theory and to invalidate liberal institutionalism. However, international cooperation did not collapse and this endurance set the stage for a renewed liberal challenge to realism in the 1980s (121).

The Neo-Liberal Institutionalism

- The neo-liberal institutionalism accepts the first, second and third realist propositions that states are the major actors in world affairs and are unitary-rational agents and recognize realism's emphasis on anarchy to explain state motives and actions. (121)
- However, the new liberal theory gives major credit to the power of international institutions.
- In some cases, countries will be better off if they all cooperate. Nonetheless, as illustrated by Prisoner's dilemma, they are afraid of being cheat by the others and end up not cooperating.

Yet, neoliberals argue that, often, countervailing forces exist, especially when the interaction between countries is highly iterated. (122)

- Conditional cooperation is the best strategy to deal with problems of cheating in international anarchy, and this type of cooperation, as neoliberals assert, can be enforced by international institutions. (124)

Realism and the Failure of the New Liberal Institutionalism

- Neoliberals misunderstood that Prisoner's dilemma is a perfect representation of the realist world in which individuals try to maximize their own profits regardless of how well the others do; the behavior that has been termed 'rational egoism.' (125)
- Neoliberals also misunderstood that the realist definition of anarchy simply means the lack of supranational authority to enforce rules in a sense that countries may want to cooperate, but this lack of world's government prevents them from fully trusting other countries. (126)
- In fact, realists affirm that states care about how well the others do because the better they do, the higher power to threat they will obtain. Moreover, the role of supranational authority is not only to protect countries from being cheated in a cooperative situation, but also to prevent others from using violence in a war-like situation. (126)
- Also, neoliberals regard states as atomistic in character whereas neoliberals see them as positional. Atomistic character means that states' goal is to maximize their own positions regardless of the others'. On the other hand, positional character represents states that care whether the others are achieving relatively greater gains. In other words, while neoliberalism only concerns absolute gains, realism also put emphasis on relative gains. (128)
- However, state positionality does not cause states to pursue a mercantilist-defined self-interest. (128)
- In addition, states must pay attention to relative gains because they are not certain about one another's future intentions. Capabilities obtained from higher relative gains may heighten a future threat.
- States will always be concerned about relative gains. But the degree of their concern depends upon how adversary their partners are, whether the issue regards security or economic well-being, and etc. (129)

Conclusion

- Realism specifies a wider range of systemic-level constraints on cooperation than does neoliberalism, i.e. it includes both absolute gains and relative gains when considering cooperation. (131)
- The author urges three empirical tests for the validity of these two theories. For the advantages of neoliberalism, it should be tested in the areas of international political economy and see whether there is any influence from realist arguments. Three tests investigate
 1. On the durability of economic-related arrangement.
Liberal view: countries prefer long-term arrangement.
Realist view: countries prefer short-term arrangement.
 2. On the number of partners in an arrangement.
Liberal view: countries prefer a small number of participants.
Realist view: countries prefer a larger number of participants.
 3. On the effects of issue-linkages on cooperation.
Liberal view: tightly knit linkages within and across issue areas facilitates cooperation.
Realist view: Based on the argument of future capability of states, linkages impede cooperation.

Stephen D. Krasner. "Global Communications and National Power: Life on the Pareto Frontier," *Neorealism and Neoliberalism*, (New York: Columbia University Press), 1993.

- The article focuses on global communications and how their institutional arrangements have been affected by the distribution of national power capabilities rather than by efforts to solve problems of market failure. (235)
- Basically, the realist argument of power is more suitable to explain the nature of institutional arrangements in global communication system than the liberalist argument.

Explaining International Regimes

- There are four possible configurations of interests, two of which can give rise to international regimes.

1) Zero-sum conflict and 2) Harmony need no international regime to ensure coordination.

3) Dilemmas of common aversions and 4) Dilemmas of common interests create incentives to establish and maintain international regimes.

3) Dilemmas of common aversions: the problem is not how to reach the cooperation; but which choice to cooperate on.

- The first type of dilemmas of common aversions involves the problem of coordination when it is required for a desirable outcome. Even though any choice is desirable, both players must select the same choice.
- The second type of dilemmas of common aversions involves questions of distribution as well as coordination, such as the battles of sexes. Both players know they need to reach an agreement; however, they may not agree on which choice they both will take.
- The exercise of power can resolve distributional conflicts in three ways.
 1. Power may select who will be in the game and who not.
 2. Power may dictate the rules of the game, i.e. who gets to move first.
 3. Power may be able to change the payoff matrix. (238)

4) Dilemmas of common interests: the problem is how to reach the cooperation.

- The classic example is Prisoner's Dilemma.
- Institutional mechanisms can help to reach the cooperation by inhibit cheating. (239)
- However, there is a little attention to power in this kind of game, only market-failure.

Global Communications

- Only power matters in the area of international communications
- The essay considers four issue-areas of international communications. In the areas of radio broadcasting and remote sensing, there are no international regimes because coordination is not necessary. In the other two issue-areas—allocation of the electromagnetic spectrum and telecommunications, there are international regimes. However, in recent years, distributional issues have become more consequential and power is used to determine where to end up on the Pareto frontier.

Conclusion

- The literature of international regimes focused on market failure suggests that the most important issue is how to reach the Pareto frontier.
- Power is ignored in the literature that focuses on market failure because it studies absolute gains not relative gains and power and solving problems of market failure are irrelevant.

- A power-oriented research program argues that power is needed for both facilitating cooperation and securing a higher distribution of benefits.
- The primary motivation for establishing international regimes for international telecommunications has been to solve coordination problems that have distributional consequences—not to address problems of market failure. (243)
- Regimes are relevant when there is a need to reach the Pareto failure, but relative power dominates once we are on the frontier and decide where to end up.
- Power has been determined by three considerations:
 1. Technology and market size
 2. Membership in universal international organizations
 3. Control over territorial access provided by juridical sovereignty
- It is hard to determine whether a power-oriented approach or a market failure dominates the study of international relations. However, three aspects suggest that the former is more appropriate than analyses based on the latter. 1) There are some issues in international politics that are zero sum. 2) It is possible to eliminate some players or to compel an actor to accept an outcome through the use of force. 3) The initial allocation of property rights has distributional consequences.
- In conclusion, power needs to be prioritized in the areas of security, autonomy and the distribution of valued resources. Neoliberal speculations hinders considerations of relative power capabilities.