

### Summary of Nye and Keohane, 6

The politics of Rule Making in Oceans and Money (yawn): How well do models of international regime change do?

<i>Date</i>	<i>Issue Area</i>	<i>Description of Change</i>	<i>Accounted for by economic process model?</i>	<i>Accounted for by changes in overall power structure?</i>	<i>Accounted for by changes in power within the issue?</i>	<i>Accounted for by changes in international organization?</i>
<i>Regime Establishment or Reconstitution</i>						
Pre-1920	Oceans	UK establishes free seas regime	Partially. UK benefits economically from regime.	Only Partially. UK naval power (not total military power) allowed it to set the rules.	Yes. UK leverages its massive naval power on this issue.	
1925	Money	UK returns to gold standard	Partially. Post WWI return to peace makes it possible (but misconceptions and the decision making process are also important).	No. Shift in both military and economic power should have led to a US-centered regime.		
1944-48	Money	Bretton Woods established but held in abeyance	Partially. Interdependence at a low ebb. Perceptions of future benefits from interdependence.	Yes. US economic and military dominance reflected in agreement.		
1958	Money	Bretton Woods fully established with return to capital account convertibility	Partially. Made possible by economic recovery in Europe.	Partially. US economic and military dominance reflected in agreement (but European economic recovery was also necessary).		
1976	Money	Kingston Agreement	Partially. Benefits of increasing trade (but close political ties also helped).	No. Increasing diffusion of power should have undermined agreement and made unitary leadership impossible.	No. Financial power did not change among primary actors at this time.	No. Agreement dominated by major industrialized countries.

Note that the table does not include failures of predicted regime change, such as the failure to institute a new exchange rate regime at the 1933 London Economic Conference.

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<i>Regime Weakening or Breakdown</i>						
1931	Money	UK goes off gold standard	Partially. Economic changes were crucial given a fragile political structure and previous political decisions.	No. Economic changes explain it. Changes in world power relations were not pronounced, though UK weakness helps explain regime's vulnerability.	Yes. UK inability to maintain prewar parity level is incongruous with its power as a major financial center.	
1945	Oceans	Extensions following Truman proclamation	Partially. Technological change increases incentives to claim jurisdiction over the seabed (but timing is not explained).	Yes. US preponderant in 1945 and later bipolarity keeps US from using naval dominance against South Americans.	Yes. US had gained in naval power relative to UK.	
1967	Oceans	Pardo speech; UN gets involved	Partially. Perceptions of benefits due to technological change (but timing is not explained).	No. Poor and coastal states did not become more powerful at this time.	No. Poor and coastal states did not increase their naval power at this time.	Yes. Norms and procedures in UN allow weaker nations to link sea to distributional issues.
1971	Money	Bretton Woods collapses	Partially. Technological and economic changes increase the speed and flow of funds, while Europe and Japan undergo major economic changes (but timing and the fact that the US took the lead are not explained).	No. Changes in military power played no role in the shift, and total economic power provides only a partial explanation.	Partially. US reserve position dropped faster than its share of world trade, creating incongruity between power to defend currency and total financial power (but it does not explain the timing).	No. Agreement dominated by major industrialized countries.

Keohane and Nye also consider domestic politics and leadership. They cite Kindleberger's theory of leadership lag to explain the slowness of the US to accept its new leadership role during the interwar years. They also point to significant domestic interest groups that pressured the US government on both oceans and international money issues, but they find that these groups typically buttressed trends predicted by the systemic level theories.

They provide three conclusions about the relative power of realist and complex interdependence explanations:

- 1) Complex interdependence is becoming increasingly more relevant over time.
- 2) Models based on economic process and overall power structure are better explained in terms of realism (Oceans pre-1920, 1945-46; Money 1944-48, 1958). In the presence of complex interdependence, realism is more likely to fail (Oceans 1925, 1931, 1971, 1976).
- 3) Traditional realist arguments are becoming less useful over time.