

## Keohane, Robert, After Hegemony, Chpt. 7

purpose: relax unitary rational actor assumption and see whether international regimes make sense in a world of bounded rationality and empathy

summary: int'l regimes help boundedly rational actors, since they stabilize the expected behavior of other actors in the system (utility calculations are simplified); int'l regimes are also useful because they help present domestic leaders constrain the behavior of future leaders; if empathy actually does exist, then international regimes are useful because they facilitate nonsimultaneous exchanges with minimal expectations of payment

### A. bounded rationality (111)

- decisionmakers are cognitively incapable of rationally processing all available information, quite apart from uncertainties and complexities inherent in the external world, i.e. they have *bounded rationality*
- most people *satisfice*, rather than maximize, so that they search for information only until they find a course of action that falls above a satisfactory level (the “aspiration level”)
- heuristics: part of satisficing is relying on operating rules that simplify calculations in situations that repeat themselves, and adopting general principles that we expect to yield satisfactory results in the long-run
- governments satisfice and rely on heuristics all the time: organizational decision-making entails multiple goals defined in terms of aspiration levels, feedback rather than systematic forecasting of future conditions, and reliance on SOPs (re: Allison)
- international regimes are valuable even more under bounded rationality than under classical rationality, because regimes rules, unlike unilateral rules of thumb, constrain the actions of others (stabilizes expectations) and makes it easier to make one’s own utility calculations
  - constraint on actions of others derives from *reputation* costs, which affects a government’s ability to make future agreements; gov’ts need to show that they will keep future commitments even if it appears myopically disadvantageous to do so

### B. Constraining future choices (116)

- since gov’t leadership can change fairly frequently, groups in power may make decisions now that limit future choices (e.g. a leftist party’s large-scale spending programs can change the public’s spending / saving patterns that cannot be reversed easily by a conservative gov’t)
- policies that are incorporated in international agreements are even more difficult for future gov’ts to change, since they risk the costs of international retaliation and loss of reputation
  - e.g. GATT: bound mutual concessions in multilateral agreements, making tariff-cutting practices difficult for future gov’ts to overturn
  - e.g. Bretton Woods: restricted the inflationary propensities of future gov’ts
  - more generally, increasing liberalization of the international economy makes it difficult to undertake policy changes that are at odds with the policies of major states in the world political economy

### C. Empathy and International Regimes (120)

- what if states are altruistic, i.e. place higher utility on 1) ideals / morals, or 2) welfare of others, than on your own welfare, rather than egoistic?
  - problem: in general, you can construe any altruistic action in egoistic terms
- self-help assumes that empathy will always play a subordinate role; why, then do rules in world politics have moralistic overtones, and why are some exchange relationships unbalanced? Can we explain this using egoistic principles?
  - normative connotations with international law are egoistically useful because they 1) increase reputation costs of defection, and 2) perform labelling functions
  - unbalanced exchanges (consistently benefits one side more than another) are egoistically possible when an int’l regime is in place, since regimes facilitate nonsimultaneous exchanges (buy now, pay later) by creating incentives to repay debts (reputation costs)
- it may be easier to explain unbalanced exchanges and moral overtones in terms of generalized reciprocity, or altruistic, one-way flows of transactions with minimal expectations of repayment (he doesn’t really explain why this is the case)