

Charles Lipson (1993) “International Cooperation”

- ❖ The main question is to construct a theoretically principled account of why significantly different institutional arrangements are associated with international economic and security issues. An answer lies in the different forms of strategic interaction that typify these two broad issues. Lipson argues that the environmental context is significantly different in economic and security issues.
- ❖ A review of the Prisoner’s Dilemma (PD) game. The basic assumptions of PD players are in line with the realist conception of sovereign states in international politics: each is assumed to be a self-interested, self-reliant maximizer of his own utility.
- ❖ The mere fact of repetition changes several key features of the game, especially if the players can communicate. Not only does repetition permit players to make threats and commitments, it also makes reputation important. A player can also make his strategy explicitly contingent on the choices of others, including their willingness to cooperate for joint gains.
- ❖ A strategy of cooperation based on reciprocity (TIT-for-TAT) can foster the emergence of stable cooperation among egoists.
- ❖ Therefore, the iterated PDs suggest several elements of stable cooperation in international affairs. First, the actors’ perceptions that they are interdependent and that their decisions are mutually contingent. Second, a timely capacity to monitor and react to one another’s decisions. Third, a strong interest in the long haul. Fourth, moderate differences between the payoffs for cooperation and defection.
- ❖ However, the discussion of trade policy-making suggests some limits in our earlier treatment of strategic interaction under the PD. PD presumes that states are coherent, unitary, rational actors. This strong assumption is, of course, descriptively inaccurate. Governments do not choose between alternative tactics, as single decision makers might, to maximize expected returns or to assure some minimum payoff. Rather such choices are typically the product of politically mediated coalition bargaining.
- ❖ Four objections to using the PD as a model of international interaction. First, it oversimplifies the nature of the actors and distorts both their goals and policy processes. Second, it fails to acknowledge the cognitive and perceptual elements of strategic interactions. Third, it fails to capture subtle interactions: the give-and-take of bargaining, the creation of new alternatives, and the search for symmetry and joint gains. Fourth, it compresses a variety of bargaining situations into a single type of game when, in fact, several analytically distinct games are being played.
- ❖ Significantly different institutional arrangements are associated with international economic and security issues because of the sharply differing ideal-typical forms of strategic interaction in these two broad issues. Economic issues are characterized far more often by elaborate networks of rules, norms, and institutions, grounded in reasonably stable, convergent expectations. Security regimes, on the other hand, are very rare indeed. Security also lends itself to a different strategic interaction. While economic games often involve relatively simple coordination or mutually beneficial exchange, security issues are inherently more conflictual and their equilibria less stable. The differences in security and economic issues also involve the immediate and potentially

grave losses to a player who attempts to cooperate without reciprocation, and the risks associated with inadequate monitoring of others' decisions and actions. Nonetheless, one caveat to this reasoning is that security issues do open an opportunity for significant joint gains since the game (international interaction) is being played repeatedly.

- ❖ Cooperative solution in security issues is possible if the future is not highly discounted, and the penalty for unreciprocated cooperation is not devastating. If it takes time to execute a really damaging defection, and if good faith cooperators can detect violations promptly, then agreements are quite possible. They are possible, at least, if adversaries are confident about their monitoring and their ability to withstand a surprise defection.
- ❖ How does cooperation emerge in the first place? The rise of economic cooperation and commercial openness among industrial states has been associated with the rising power of hegemonies: Victorian Britain and postwar America. America's hegemonic system, like that of Victorian Britain, began with unilateral initiatives designed to spur multilateral cooperation. Once the hegemonic power declines, cooperation could be threatened and ambiguous. The transition from a hegemonic system, however, was especially difficult because it was followed by a series of economic catastrophes.
- ❖ Why do recessions and depressions create such powerful incentives to defect from collective agreements and cooperative conventions? First, a recession heightens calls for immediate solutions to crushing problems. Second, given the already difficult circumstances, the sucker's payoff may be disastrous. Cooperation becomes riskier in the short run and less valued over the long haul.
- ❖ That states are independent actors, as the realist tradition insists, is a durable truth. That their choices are interdependent, is equally important. It is precisely the juxtaposition of these two compelling features that defines the fundamental problems of international relations.
- ❖ Also Lipson points out that the centrality of policy choice should not be masked by an exaggerated distinction between the international political environment (Waltz's Third Image) and the internal structure and actions of state (the Second Image). The two images are analytically distinct but need not be treated as mutually exclusive. The real problem is to integrate choice and structure, not to depreciate or conflate the distinction.