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INTERESTS • INTERACTIONS
INSTITUTIONS

FOURTH EDITION

FOURTH EDITION

World Politics

Interests, Interactions, Institutions

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World Politics

Interests, Interactions, Institutions

Jeffry A. Frieden
Harvard University

David A. Lake
University of California, San Diego

Kenneth A. Schultz
Stanford University

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Contents in Brief

Preface xvi

Introduction xxiv

Part One: Foundations

Chapter One: What Shaped Our World? A Historical Introduction 2

Chapter Two: Understanding Interests, Interactions, and Institutions 42

Part Two: War and Peace

Chapter Three: Why Are There Wars? 88

Chapter Four: Domestic Politics and War 138

Chapter Five: International Institutions and War 186

Chapter Six: Violence by Nonstate Actors: Civil War and Terrorism 236

Part Three: International Political Economy

Chapter Seven: International Trade 294

Chapter Eight: International Financial Relations 346

Chapter Nine: International Monetary Relations 386

Chapter Ten: Development: Causes of the Wealth and Poverty of Nations 424

Part Four: Transnational Politics

Chapter Eleven: International Law and Norms 462

Chapter Twelve: Human Rights 498

Chapter Thirteen: The Global Environment 540

Part Five: Looking Ahead

Chapter Fourteen: Challenges to the Global Order 584

Glossary A-1

Credits A-9

Index A-11

Contents

Preface xvi

Plan of the Book xvii

Pedagogical Features: Applying the Concepts xviii

Innovative Online Resources for Students and Instructors xviii

Acknowledgments xix

Introduction xxiv

What Is World Politics and Why Do We Study It? xxiv

Puzzles in Search of Explanations xxvi

The Framework: Interests, Interactions, and Institutions xxviii
Levels of Analysis xxx
Integrating Insights from Realism, Liberalism, and Constructivism xxxi

Thinking Analytically about World Politics xxxvii

Study Tool Kit xxxviii

Part One: Foundations

Chapter 1: What Shaped Our World? A Historical Introduction 2

Thinking Analytically about What Shaped Our World 4

The Emergence of International Relations: The Mercantilist Era 5
HOW DO WE KNOW? *Mercantilism and the 13 Colonies* 7
WHAT SHAPED OUR WORLD? *Colonialists and the Colonized* 9

The Pax Britannica 10
The Hundred Years' Peace 10
Free Trade 12
The Gold Standard 13
Colonial Imperialism 14

The Thirty Years' Crisis 15
Tension in Europe 15

World War I and Its Effects 19
Interwar Instability 21
World War II 22

The Cold War 23
The Superpowers Emerge 23
The Blocs Consolidate 24
Decolonization 28
The Rise of the Third World 30
The Cold War Thaws 30

The Age of Globalization 31
The Cold War Ends 31
Worldwide Economic Developments 32
Challenges to the New Order 34

What Will Shape Our World in the Future? 37
America's Role in the World 37
Globalization 38
Looking Ahead 38

Study Tool Kit 40

Chapter 2: Understanding Interests, Interactions, and Institutions 42

Thinking Analytically about Interests, Interactions, and Institutions 44

Interests: What Do Actors Want from Politics? 45
Actors and Interests 47
WHAT SHAPED OUR WORLD? *The Rise of the State* 48

Interactions: Why Can't Actors Always Get What They Want? 51
Cooperation and Bargaining 53
When Can Actors Cooperate? 57
Who Wins and Who Loses in Bargaining? 63

Institutions: Do Rules Matter in World Politics? 68
How Do Institutions Affect Cooperation? 68
HOW DO WE KNOW? *The International Diffusion of Election Monitoring* 72
Whom Do Institutions Benefit? 74
Why Follow the Rules? 76

Conclusion: Explaining World Politics 78

Study Tool Kit 80

SPECIAL TOPIC: *A Primer on Game Theory* 82

Part Two: War and Peace

Chapter 3: Why Are There Wars? 88

Thinking Analytically about Why Wars Happen 90

What Is the Purpose of War? 91
Interests at War: What Do States Fight Over? 93
Bargaining and War 96
Compellence and Deterrence: Varieties of Coercive Bargaining 99

Do Wars Happen by Mistake? War from Incomplete Information 103
CONTROVERSY: *Can We Negotiate with North Korea?* 104
Incentives to Misrepresent and the Problem of Credibility 109
Communicating Resolve: The Language of Coercion 111

Can an Adversary Be Trusted to Honor a Deal? War from Commitment Problems 118
Bargaining over Goods That Are a Source of Future Bargaining Power 118
Prevention: War in Response to Changing Power 120
Preemption: War in Response to Fear of Attack 122
HOW DO WE KNOW? *Bargaining and the Duration of War* 124
WHAT SHAPED OUR WORLD? *Prevention and Preemption in World War I* 126

Is Compromise Always Possible? War from Indivisibility 127

Has War Become Obsolete? 130
Changing Interests: Declining Conflict over Territory 131
Changing Interactions: The Rising Costs of War 132
Changing Institutions: Democracy and International Organizations 133

Conclusion: Why War? 135

Study Tool Kit 136

Chapter 4: Domestic Politics and War 138

Thinking Analytically about Domestic Politics and War 140

Whose Interests Count in Matters of War and Peace? 141
National versus Particularistic Interests 141
Interactions, Institutions, and Influence 144

Do Politicians Spark Wars Abroad in Order to Hold On to Power at Home? 146
What Do Leaders Want? 148
HOW DO WE KNOW? *Are Women Leaders More Peaceful than Men?* 149
The Rally Effect and the Diversionary Incentive 150
Do Leaders "Wag the Dog"? 152
The Political Costs of War 154

Do Countries Fight Wars to Satisfy the Military or Special Interest Groups? 156
Bureaucratic Politics and the Military 157
WHAT SHAPED OUR WORLD? *The Kargil War and Military Influence in War* 159
Interest Groups: Economic and Ethnic Lobbies 160
How Can Small Groups Have a Big Influence on Policy? 162
How Do Domestic Interests Affect International Bargaining? 166

Why Don't Democracies Fight One Another? 168
What Is Democracy? 170
Representation, Accountability, and Interests in War and Peace 171
Democracy and the Bargaining Interaction 176
Does Democracy Cause Peace? 179

Conclusion: What if All the World Were Democratic? 180
CONTROVERSY: *Should We Prefer a Friendly Dictator or a Hostile Democracy?* 182

Study Tool Kit 184

Chapter 5: International Institutions and War 186

Thinking Analytically about International Institutions and War 188

Alliances: Why Promise to Fight Someone Else's War? 189
Interests and Alliances 191
Alliances and Interstate Bargaining 194
How Alliances Establish Credibility 196
Why Aren't Alliance Commitments Ironclad? 198
Analyzing the European Alliance System, 1879–1990 199

Collective Security: When Can the UN Keep the Peace? 205
WHAT SHAPED OUR WORLD? *The Future of NATO* 206
How Does Collective Security Work? 208
The Dilemmas of Collective Security 210
Institutional Responses to the Challenges of Collective Security 212
The Experience of Collective Security: The United Nations 214
CONTROVERSY: *Should Outsiders Intervene Militarily to Stop Humanitarian Crises?* 226
HOW DO WE KNOW? *Does Peacekeeping Keep the Peace?* 229

Conclusion: Are Poor Police Better than None? 232

Study Tool Kit 234

Chapter 6: Violence by Nonstate Actors: Civil War and Terrorism 236

Thinking Analytically about Civil War and Terrorism 238

The Relationship between Civil War and Terrorism 239

Why Does War Occur within States? 243
Why Rebel? 245
When Does Dissatisfaction Lead to Armed Opposition? 247

CONTROVERSY: *Should Every Group Have a State of Its Own?* 248
WHAT SHAPED OUR WORLD? *The Rise of the Islamic State* 256
Civil War as a Bargaining Failure 257
Insurgency and Counterinsurgency: The Strategies of Civil War 261
What Can Be Done about Civil War? 266

Terrorism: Why Kill Civilians? 268
Are Terrorists Rational? 269
Why Terrorism? 271
Terrorism as a Bargaining Failure 274
How Can Terrorists Hope to Win? Strategies of Violence 279
HOW DO WE KNOW? *Does Terrorism Work?* 282
Can Terrorism Be Prevented? 283

Conclusion: A Challenge to States? 290

Study Tool Kit 292

Part Three: International Political Economy

Chapter 7: International Trade 294

Thinking Analytically about International Trade 296

What's So Good about Trade? 297
Why Do Countries Trade What They Trade? 299
Trade Restrictions Are the Rule, Not the Exception 304

Why Do Governments Restrict Trade? The Domestic Political Economy of Protection 306
Winners and Losers in International Trade 308
Economic Interests and Trade Policy 308
Domestic Institutions and Trade Policy 313
Costs, Benefits, and Compensation in National Trade Policies 316

How Do Countries Get What They Want? The International Political Economy of Trade 318
Strategic Interaction in International Trade Relations 319
WHAT SHAPED OUR WORLD? *The Single European Market: From Creation to Crisis and Beyond* 320
International Institutions in International Trade 324

Explaining Trends and Patterns in International Trade 330
Why, within a Country, Are Some Industries Protected and Some Not? 330
Why Have National Trade Policies Varied over Time? 331
CONTROVERSY: *What Should Be Done When International Trade Harms Workers?* 332
Why Do Some Countries Have Higher Trade Barriers Than Others? 334

HOW DO WE KNOW? *Why the Move to Free Trade in Developing Countries?* 336
Why Has the World Trading Order Been More or Less Open at Different Times? 337

Conclusion: Trade and Politics 337

Study Tool Kit 338

SPECIAL TOPIC: *Comparative Advantage and the Political Economy of Trade* 340

Chapter 8: International Financial Relations 346

Thinking Analytically about International Finance 348

How and Why Do People Invest Overseas? 349
Why Invest Abroad? Why Borrow Abroad? 350
What's the Problem with Foreign Investment? 352
Concessional Finance 353

Why Is International Finance Controversial? 355
Who Wants to Borrow? Who Wants to Lend? 356
Debtor-Creditor Interactions 358
Institutions of International Finance 360
Borrowing and Debt Crises 363
CONTROVERSY: *Is the IMF Biased against Developing Countries?* 364
WHAT SHAPED OUR WORLD? *The Latin American Debt Crisis* 367
A New Crisis Hits the United States—and the World 368

Foreign Direct Investment: What Role Do Multinational Corporations Play? 371
Why Do Corporations Go Multinational? 371
Why Do Countries Let Foreign Multinationals In? 373
Host-Country Interactions with MNCs 375
Why Aren't There International Institutions Related to FDI? 376

International Migration: What Happens When People—Rather than Capital—Move across Borders? 377
HOW DO WE KNOW? *Explaining Public Opinion on Immigration* 380

Conclusion: The Politics of International Investment 382

Study Tool Kit 384

Chapter 9: International Monetary Relations 386

Thinking Analytically about International Monetary Relations 388

What Are Exchange Rates, and Why Do They Matter? 389
How Are Currency Values Determined? 390
Allowing the Exchange Rate to Change 391

Who Cares about Exchange Rates, and Why? 393
Governments 393
Consumers and Businesses 397
CONTROVERSY: *Should Countries Be Allowed to Manipulate Their Currencies?* 400

International Politics and International Monetary Relations 402
International Monetary Cooperation and Conflict 403
International Monetary Regimes 404
A Short History of International Monetary Systems 405
WHAT SHAPED OUR WORLD? *The Wizard of Oz and the Gold Standard* 407
Regional Monetary Arrangements: The Euro 410

What Happens When Currencies Collapse? 412
Effects on Government 413
International Repercussions 414
HOW DO WE KNOW? *Devaluation or Depression in the European Union* 415
Containing Currency Crises 419

Conclusion: Currencies, Conflict, and Cooperation 420

Study Tool Kit 422

Chapter 10: Development: Causes of the Wealth and Poverty of Nations 424

Thinking Analytically about Development 426

If Everyone Wants Development, Why Is It So Hard to Achieve? 427
Geographic Location 427
WHAT SHAPED OUR WORLD? *Paths to Development* 428
Domestic Factors 429
Domestic Institutions 434
HOW DO WE KNOW? *Explaining Developmental Differences: North and South America* 436

How Do Rich Countries Affect the Developing World? 438
Did Colonialism Hamper Development? 440
How Does the International Economy Affect LDCs? 442
Are International Institutions Biased against LDCs? 443

Development Policies and Development Politics 445
Import-Substituting Industrialization 446
Export-Oriented Industrialization 448
The Turn toward Globalization 449
Attempts to Remedy the Bias of International Institutions 450
Is Foreign Aid an Answer? 452
Globalization and Its Discontents 453
CONTROVERSY: *What Helps the Global Poor Best: Aid or Trade?* 454

Conclusion: Toward Global Development 457
Addressing International Factors 457
Addressing Domestic Factors 458

Study Tool Kit 460

Part Four: Transnational Politics

Chapter 11: International Law and Norms 462

Thinking Analytically about International Law and Norms 464

What Is International Law? 465
How Is International Law Made? 466
WHAT SHAPED OUR WORLD? *Crimes against Humanity* 468
Is All International Law the Same? 469
Does International Law Matter? 471

What Are International Norms? 475
How Are International Norms Created? 479
CONTROVERSY: *Toys Made for Children, by Children* 480
Do Norms Matter? 487
Beyond Norms: TANs and International Cooperation 489
HOW DO WE KNOW? *Social Media and the Arab Spring* 490

Conclusion: Can States Be Constrained? 493

Study Tool Kit 496

Chapter 12: Human Rights 498

Thinking Analytically about Human Rights 500

What Are International Human Rights? 501
Why Are Human Rights Controversial? 504
WHAT SHAPED OUR WORLD? *The Asian Values Debate* 507
Are Some Rights More Important than Others? 508
CONTROVERSY: *Should Economic Sanctions Be Imposed on Governments That Violate Human Rights?* 510

Why Do Individuals and States Care about the Human Rights of Others? 512
Why Do States Violate Human Rights? 512
Why Do States Sign Human Rights Agreements? 515

Do States Observe International Human Rights Law? 520
Does International Human Rights Law Make a Difference? 523
HOW DO WE KNOW? *Measuring Human Rights Practices* 526

What Can Lead to Better Protection of International Human Rights? 528
When Do States Take Action on Human Rights? 529
Will Protection of Human Rights Improve in the Future? 531

Conclusion: Why Protect Human Rights? 537

Study Tool Kit 538

Chapter 13: The Global Environment 540

Thinking Analytically about the Global Environment 542

Why Are Good Intentions Not Good Enough? 543
Collective Action and the Environment 545
Solving Collective Action Problems 547
WHAT SHAPED OUR WORLD? *The Montreal Protocol and the Protection of the Ozone Layer* 550

Why Do Polluters Usually Win? 555
HOW DO WE KNOW? *Climate Change and Conflict* 556
Domestic Winners and Losers 557
International Winners and Losers 559
CONTROVERSY: *Who Should Bear the Costs of Addressing Global Climate Change?* 566
Bargaining over the Future Environment 568

How Can Institutions Promote International Environmental Cooperation? 570
Setting Standards and Verifying Compliance 573
Facilitating Decision Making 575
Resolving Disputes 577

Conclusion: Can Global Environmental Cooperation Succeed? 578

Study Tool Kit 582

Part Five: Looking Ahead

Chapter 14: Challenges to the Global Order 584

Thinking Analytically about the Future of World Politics 586

The Postwar Order and Its Challenges 587

Can the Spread of WMD Be Stopped? 593
What Do Theory and History Tell Us? 594
Preventing the Spread of WMD 598
WHAT SHAPED OUR WORLD? *The Nuclear Non-Proliferation Treaty* 601

Will China and the United States Fight for Global Leadership? 606
What Do Theory and History Tell Us? 609
A Coming Showdown or Peaceful Engagement? 613
What Will the United States Do? 616

Will Globalization Survive the Populist Backlash? 619
What Do Theory and History Tell Us? 620
Economic Costs of Globalization 622
The Rise of the Populists 625

HOW DO WE KNOW? *Why Do States Build Border Walls?* 630
Backlash and the International Trading System 631

Conclusion: Can Common Interests Prevail? 634

Study Tool Kit 636

Glossary A-1

Credits A-9

Index A-11

Preface

As this textbook has evolved over the course of four editions, we have been guided throughout by two principles that spurred our enthusiasm for the project and that, we believe, make this textbook special. First, this text is organized around substantive puzzles that draw scholars and students alike to the study of world politics. This is a field that grapples with some of the most interesting and important questions in political science: Why are there wars? Why do countries have a hard time cooperating to prevent genocides or global environmental problems? Why are some countries rich while others are poor? This book gives students the tools they need to start thinking analytically about the answers to such questions. Second, we have sought to bridge the gap between how scholars of international relations conduct their research and how they teach their students. The text draws from the insights and findings of contemporary international relations scholarship, and presents them in a way that is accessible to undergraduates who are just starting out in this field. Our ambition is to provide students with a "toolbox" of analytic concepts common to many theories of world politics that can be applied to a wide variety of topics. We hope to lay a solid foundation on which students can build their own understanding of the continually evolving world of international politics.

The core concepts in this toolbox are interests, interactions, and institutions. Chapter 2 presents the framework, and the remaining chapters apply it. The book is organized around the principle that problems in world politics can be analyzed using these key concepts:

- Who are the relevant actors and what are their interests?
- What is the nature of their interactions? What strategies can they be expected to pursue? When are their choices likely to bring about cooperation or conflict?
- How do institutions constrain and affect interactions? How might they impede or facilitate cooperation? When and how do institutions favor different actors and their interests?

Different problems and issues will emphasize interests, interactions, or institutions to varying degrees. There is no single model of world politics that applies equally to war, trade and international financial relations, and the struggles for improved human rights and a cleaner global environment. Nonetheless, any complete understanding must include all three concepts. Although we do not refer extensively to the traditional paradigms based on realism, liberalism, and constructivism in the book, we show briefly in the Introduction how each of these major "-isms" of international relations theory can be understood as a different set of assumptions about interests, interactions, and institutions in world politics.

Plan of the Book

This book has five parts. The first part (Chapters 1 and 2) introduces the broad patterns of conflict and cooperation in international history and lays out the text's framework. Part Two (Chapters 3 through 6) deals with the central puzzles in the study of war and political violence:

- Given the human and material costs of military conflict, why do countries sometimes wage war rather than resolve their disputes through negotiations? (Chapter 3)
- What if there are actors within a country who see war as beneficial and who expect to pay few or none of its costs? Do countries fight wars to satisfy influential domestic interests? (Chapter 4)
- Why is it so hard for the international community to prevent and punish acts of aggression among and within states? (Chapter 5)
- Why is so much political violence in the contemporary world conducted by or against nonstate actors, including rebel groups and terrorist organizations? Why do people sometimes use violence against their own governments or unarmed civilians? (Chapter 6)

Part Three (Chapters 7 through 10) discusses the main puzzles in international economic relations:

- Why are trade barriers so common despite the universal advice of economists? Why do trade policies vary so widely? (Chapter 7)
- Why is international finance so controversial? Why are international financial institutions like the International Monetary Fund so strong? (Chapter 8)
- Why do countries pursue different currency policies, from dollarizing or joining the euro, to letting their currency's value float freely? (Chapter 9)
- Why are some countries rich and some countries poor? (Chapter 10)

Part Four (Chapters 11 through 13) considers relatively new issues associated with global governance:

- How can the international community constrain a sovereign state's actions? When and why do states do what is "right"? (Chapter 11)
- Why do countries sometimes try to protect the human rights of people outside their borders? In light of widespread support for the principle of human rights, why has the movement to protect those rights not been more successful? (Chapter 12)
- Given that nearly everyone wants a cleaner and healthier environment, why is it so hard to cooperate internationally to protect the environment? (Chapter 13)

Part Five presents the concluding chapter (Chapter 14), which considers a variety of challenges to the international system in the coming decades, including the spread of weapons of mass destruction, the rising power of China, and a growing backlash against globalization.

Pedagogical Features: Applying the Concepts

Our approach to the study of international relations is problem-oriented. Each chapter begins with a puzzle about world politics: a question or set of questions that lack obvious answers. We then use the concepts of interests, interactions, and institutions—along with known empirical regularities, current research results, and illustrative cases—to "solve" the puzzle and lead students to a deeper understanding of world politics. Each chapter includes numerous pedagogical features intended to helps students learn—and apply—the concepts.

- **"Thinking Analytically"** sections at the start of each chapter preview how the concepts of interests, interactions, and institutions are used in the chapter's analysis.
- **"What Shaped Our World?"** boxes apply the interests, interactions, and institutions framework to explain historical events that continue to shape contemporary world politics and illustrate the analytic theme of the chapter.
- **"Controversy"** boxes probe ethical issues to stimulate classroom discussion and show how interests, interactions, and institutions can help us understand—if not necessarily resolve—the difficult normative trade-offs involved.
- **"How Do We Know?"** boxes survey published research findings and describe empirical facts or regularities that are important for understanding the larger puzzle discussed in the chapter.
- **"Study Tool Kit"** sections at the end of each chapter include key terms, further readings, and "Interests, Interactions, and Institutions in Context" sections that review key analytic insights in the chapter.

Innovative Online Resources for Students and Instructors

This Fourth Edition of *World Politics* is accompanied by an innovative formative assessment tool: InQuizitive. Developed by a team of *World Politics* users directed by Dustin Tingley (Harvard University) in close collaboration with the textbook authors, InQuizitive for *World Politics* helps students get the most out of their reading assignments. After students work through a few basic questions on key concepts and definitions, InQuizitive asks them to try their hand at applying the concepts from the text to alternative examples and cases. The result is deeper engagement with the text and a clear sense of how these concepts can be applied to real-world situations. See the back cover for more information.

An extensive set of additional materials for instructors and students supports this book's goal of making an analytical approach to world politics accessible to introductory-level students. The Coursepack, which you can upload into your campus's Learning Management System (LMS), offers chapter-based assignments, quizzes, and test banks, as well as assessments tied to "Controversy" analytical thinking questions and unique Bargaining Tutorials and Interactives. InQuizitive is also available with the coursepack; grades from InQuizitive can automatically populate the LMS gradebook, and sign-on is simple for your students. Speak with your Norton representative to set up InQuizitive in your LMS.

For instructors, Norton offers a Test Bank, an Interactive Instructor's Guide, and sets of lecture and art PowerPoint slides—all of which have been developed specifically to accompany *World Politics*.

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Erik Gartzke, *University of California, San Diego*
Amy Gurowitz, *University of California, Berkeley*

Marcus Holmes, *Fordham University*
Jesse Johnson, *Kansas State University*
Joon Kil, *Irvine Valley College*
Jenn Larson, *New York University*
Kyle M. Lascurettes, *Lewis & Clark College*
Brooke Miller, *Middle Georgia State College*
Paul Musgrave, *Georgetown University*
Simon Nicholson, *American University*
Dave Ohls, *American University, School of International Service*
Andy Owsiak, *University of Georgia*
Tonya Putnam, *Columbia University*
Ryan Salzman, *Northern Kentucky University*
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Introduction

What Is World Politics and Why Do We Study It?

On May 1, 1921, a storm of violence broke out between Arabs and Jews living in Palestine.[1] Tensions between the communities were already high because Arabs resented the influx of Jewish migrants into the area and the encroachment of Jewish neighborhoods onto Arab-owned land. But the violence that began that day started from a misunderstanding. When a May Day demonstration by Jewish Marxists in Tel Aviv got out of control, police shot into the air to disperse the crowd. Arabs in nearby Jaffa interpreted the gunfire as the start of an attack and started killing Jews and smashing their shops. When Jews rushed out to confront them, a battle broke out.

In the midst of the violence, a rabbi named Ben-Zion Uziel donned his rabbinical robes, walked out between the two sides, and implored them to go back to their homes. The rabbi urged both sides to forswear war and instead focus on creating prosperity that all could enjoy: “We say to you that the land can bear all of us, can sustain all of us. Let us stop the battles among ourselves, for we are brothers.”[2]

Chroniclers of this episode suggest that the appeal worked: the gunfire stopped, and the armed bands went home.[3] If so, the effect was at best temporary. The turmoil of 1921 continued for several days and spread to other parts of the country. Fighting between Arabs and Jews would begin anew only eight years later. In 1948, the state of Israel was created on that land, and that state has since seen frequent clashes with neighboring Arab states and with the stateless Palestinian people who once lived there. The Arab-Israeli conflict is one of the most intractable and dangerous rivalries in the world today. Still, as one scholar notes, “on that day in 1921, some men who otherwise would have died went home to enjoy life with their families.”[4]

Though little more than a footnote in history, this anecdote illustrates what we study when we study world politics, and why we study it. The field of world politics — also called *international relations* — seeks to understand how the peoples and countries of the world get along. As the account suggests, international

1. For a discussion of the violence and its causes, see Mark Levine, *Overthrowing Geography: Jaffa, Tel Aviv, and the Struggle for Palestine 1880–1948* (Berkeley: University of California Press, 2005), 110–11.
2. Marc D. Angel, “The Grand Religious View of Rabbi Benzion Uziel,” *Tradition* 30, no. 1 (1995): 47.
3. Abraham Joshua Heschel, *Israel: An Echo of Eternity* (New York: Farrar, Straus and Giroux, 1969), 175–78; Angel, “Grand Religious View,” 47.
4. Arthur A. Stein, *Why Nations Cooperate* (Ithaca, NY: Cornell University Press, 1990), 210.

relations can span the continuum from open warfare to peaceful cooperation. Some countries fight wars against one another and, when they are not fighting, spend significant resources preparing to fight, while other countries have managed to live in peace for long periods. Sometimes countries engage in lucrative economic dealings, selling each other goods and services and investing in one another's economies. These interactions can make some people and nations very rich, while others stay mired in poverty.

Like the people in the anecdote, the countries of the world are also increasingly aware of the natural resources they share and depend on: the atmosphere, the water, the land. The common threat of environmental degradation creates a need for international cooperation; in some cases governments have responded to this need, and in other cases they have not. And, as the story of Rabbi Uziel suggests, small groups — even individuals — can sometimes make a difference, whether through the work of a mediator, the lobbying of human rights groups, or more ominously, the activities of terrorist organizations. Understanding this varied landscape of conflict and cooperation is the task of those who study world politics. Getting you started down this path is the task of this book.

Why study world politics? The nineteenth-century Scottish historian Thomas Carlyle once wrote of economics that it was not a happy science, but rather a "dreary, desolate, and, indeed, quite abject and distressing one; what we might call. . . . the dismal science."[5] Those who study world politics often think that Carlyle's criticism applies equally well to the field of international relations. The history of world politics, in fact, offers its fair share of distressing observations: international wars have claimed millions of lives, and civil wars and genocides have claimed millions more, and in most cases, outsiders who might have prevented these deaths have chosen not to get involved. Since 1945, international politics has taken place under the threat of nuclear war, which could destroy the planet, and fears about the potential use of these weapons have intensified as countries like North Korea and Iran and terrorist groups like Al Qaeda have actively sought to acquire them.

International economic relations have in some cases been harmonious and generated enormous wealth for some countries. Global income and living standards improved dramatically over the last century, making this the most prosperous time in world history. And yet, as one looks around the globe today, the inequality in living standards is also stark. About 10 percent of the world's population — more than 700 million people — live on less than two dollars a day, the international standard for extreme poverty.[6] Meanwhile, the richest 1 percent of the world's population owns 50 percent of total global wealth.[7] Concerns about the effects of

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5. Carlyle used this phrase in an article defending slavery in the West Indies; see Thomas Carlyle, "Occasional Discourse on the Negro Question," *Fraser's Magazine* 40 (December 1848): 672.
6. For excellent data on the incidence of extreme poverty over time, see Max Roser and Esteban Ortiz-Ospina, "Global Extreme Poverty," *Our World in Data*, substantive revision March 27, 2017, https://ourworldindata.org/extreme-poverty.
7. Rupert Neate, "Richest 1% Own Half the World's Wealth, Study Finds," *Guardian*, November 14, 2017, www.theguardian.com/inequality/2017/nov/14/worlds-richest-wealth-credit-suisse.

globalization—the dramatic expansion of cross-border flows—have spurred resistance in both poor and rich countries, fueling the rise of nationalist and populist movements seeking to reverse this trend.

Countries have also struggled to act on common interests and values. While most states have signed treaties promising to protect the basic human rights of their citizens, many governments still kill, arrest, and torture their people, and outsiders usually do little to stop these violations. And despite the increasing awareness of threats to the global environment, international efforts to do something about them often fail.

Still, the picture is not entirely bleak. One can point to a number of examples in which the world has changed for the better. For hundreds of years, the continent of Europe experienced horrific warfare, culminating in the first half of the twentieth century in two world wars that claimed tens of millions of lives. Today, the countries of Europe are at peace, and a war between, say, Germany and France in the foreseeable future is inconceivable.

After World War II, many countries emerged economically shattered, or destitute after years of colonial rule, but some have experienced extraordinary prosperity in the decades since. For example, in the 1950s, South Korea had one of the world's poorest economies, with a per capita national income of about $1,000 a year. Today, South Korea boasts the fifteenth largest economy in the world, with a per capita national income of almost $35,000 a year.[8]

At the beginning of the twentieth century, only a handful of countries worldwide had political systems that guaranteed the civil rights of their citizens and gave people a say in their government through free and fair elections. By the beginning of the twenty-first century, more than half of the world's population lived in democratic countries. And despite the uneven track record of efforts to protect the global environment, cooperation in this area was virtually unknown a few decades ago. In recent years, the number of international environmental treaties and organizations has grown dramatically, as has awareness of the common challenges we face.

We study world politics because the bad things that happen in the world distress us and because the good things give us hope that, through understanding and effort, the world could be a better place.

Puzzles in Search of Explanations

This book is organized around what we consider to be the most compelling and pressing puzzles in the study of world politics. Puzzles are observations about the world that demand an explanation. In some cases they arise because the world

8. Gross domestic product (GDP) per capita is measured in 2011 dollars. Data are from the World Bank, https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?locations5KR (accessed 01/19/18); and Robert C. Feenstra, Robert Inklaar, and Marcel P. Timmer, "The Next Generation of the Penn World Table," *American Economic Review* 105 (2015): 3150–82, available for download at www.ggdc.net/pwt.

does not work in the way we might expect. Some things that happen seem like they should not, and some things that don't happen seem like they should.

War, for example, is a puzzling phenomenon. Given the enormous human and material costs that wars impose on the countries that fight them, one might wonder why countries do not settle their conflicts in other, more reasonable ways. The difficulty of achieving international cooperation to end genocides or to protect the environment presents another such puzzle: Given the widespread agreement that genocide is horrific and that the environment needs protecting, why is it so hard for countries to do something about these issues?

Other puzzles arise because of variations that need to be explained. Some countries today are enormously wealthy, with living standards more opulent than ever experienced in world history; in many other countries, people scrape by on meager incomes and suffer from malnutrition, poor health, and inadequate schooling. What accounts for these vastly different outcomes? The study of world politics is the effort to make sense of these puzzles.

Each chapter of this book poses one of these puzzles and then shows how we can build theories to make sense of it. A **theory** is a logically consistent set of statements that explains a phenomenon of interest. When we confront the puzzle "Why did this happen?" theories provide an answer. They specify the factors that play a role in causing the events we are trying to understand, and they show how these pieces fit together to make sense of the puzzle. A theory of war explains why wars happen and identifies the conditions that make war between countries more or less likely. A theory of trade explains why countries sometimes choose to trade with each other and identifies the factors that increase or decrease the amount of that trade. A theory of international environmental policy identifies the factors that foster or impede cooperation in this area.

theory
A logically consistent set of statements that explains a phenomenon of interest.

In addition to this primary role of explanation, theories help us to describe, predict, and prescribe. They help us to *describe* events by identifying which factors are important and which are not. Since it would be impossible to catalog all of the events that precede, say, the outbreak of a war, we need theories to filter the events that are worth including from those that are not. Theories help us to *predict* by offering a sense of how the world works, and how a change in one factor will lead to changes in behavior and outcomes. And theories may help *prescribe* policy responses by identifying what has to be changed to foster better outcomes. Once a good understanding has been established of why wars happen, it might be possible to take steps to prevent them. Knowing which factors help countries emerge from poverty makes it possible to advocate policies that have a chance of helping. Just as an understanding of how the human body works is important for curing diseases, developing theories of how the world works is the first step in the quest to make it better.

Theories also provide manageable explanations for complex phenomena. Given how complicated the world is, simplifying it in this way may seem like a misguided pursuit. Whereas the movement of a falling object may be characterized by mathematical equations dictated by the laws of physics, the decisions of individuals and groups are influenced by factors too numerous to list, let alone predict. Any theory,

therefore, is doomed to oversimplify. But this is precisely the point of theorizing. We do not build theories because we believe the world is simple or mechanical. Rather, we build them because we know the world is extraordinarily complex, and the only way to understand important phenomena is to cut away some of the complexity and identify the most important factors. As a result, any general explanation will not be right in every single case.

Given this outlook, we generally aspire for probabilistic claims. A *probabilistic claim* is an argument about the factors that increase or decrease the likelihood that a particular outcome will occur. For example, while we cannot predict with certainty whether a given conflict will end in war or peace, we can identify conditions that increase or decrease the danger of war. Similarly, we use theories to identify factors that make trade protection, or international investment, or cooperation to protect human rights or the environment, more or less likely. Given the world's complexity, developing a compelling probabilistic argument is no small feat.

The Framework: Interests, Interactions, and Institutions

No single theory adequately answers all the puzzles posed in this book. Instead, we offer a framework — a way of thinking about world politics that will be useful in building theories to shed light on these puzzles. The framework rests on three core concepts: interests, interactions, and institutions.

interests
What actors want to achieve through political action; their preferences over the outcomes that might result from their political choices.

Interests are the goals that actors have, the outcomes they hope to obtain through political action. A state may have an interest in protecting its citizens or acquiring more territory; businesses generally have an interest in maximizing profits; an environmental activist has an interest in protecting the atmosphere, the oceans, or whales.

interactions
The ways in which the choices of two or more actors combine to produce political outcomes.

Interactions are the ways in which two or more actors' choices combine to produce political outcomes. The outcomes that we observe — wars, or trade and financial exchanges, or cooperation to protect human rights or the environment — reflect the choices of many actors, each looking out for their own interests, but also taking into account the interests and likely actions of others. War is the product of an interaction because it requires at least two sides: one side must attack, and the other must decide to resist. Similarly, efforts at international cooperation require multiple states to coordinate their policy choices toward a common goal.

institutions
Sets of rules (known and shared by the community) that structure interactions in specific ways.

Institutions are sets of rules, known and shared by the relevant community, that structure political interactions. Institutions define the "rules of the game," often embodied in formal treaties and laws or in organizations like the United Nations (UN). Institutions create procedures for making joint decisions, such as voting rules; they also lay out standards of acceptable behavior, and they often include provisions for monitoring compliance and punishing those who violate the rules.

Applying this framework to any particular puzzle is straightforward. We first think about who the relevant political actors are and what interests they may have. We think about the choices, or strategies, available to each actor; how those choices interact to produce outcomes; and how the strategic interaction influences what the actors actually decide to do. And we think about what institutions, if any, might exist to govern their behavior.

The framework is intentionally flexible, pragmatic, and open to a variety of assumptions about which interests, interactions, and institutions matter. A theory emerges when we identify the specific interests, interactions, and institutions that work together to account for the events, or pattern of events, we hope to explain.

In building explanations, we do not precommit to any single set of actors or interests as being the most important, regardless of the issue area. Sometimes it is useful to think about states as actors pursuing goals such as power, security, or territorial expansion. In other situations we get more leverage thinking about politicians concerned with holding on to their office, or businesses interested in maximizing profits, or labor unions interested in protecting their members' jobs, or groups of like-minded individuals with strong ideological interests in, say, protecting human rights or extending the dominion of a particular religion.

We cannot judge whether any particular assumption about actors and interests is right or wrong; rather, we judge whether that assumption is useful in explaining the puzzle. Indeed, assumptions are simplifying devices, which means that, strictly speaking, none captures the exact, entire truth. Since not all decisions are made by individuals, it is not precisely accurate to say that a state or an interest group or an institution is an actor; yet sometimes it is quite useful to assume precisely that. Similarly, ascribing interests to individuals—such as assuming that politicians care primarily about holding on to office—is a sweeping generalization that cannot be right 100 percent of the time, yet very powerful insights can be drawn from this assumption.

We focus on two broad types of interactions that arise, to one degree or another, in all aspects of politics: bargaining and cooperation. **Bargaining** describes situations in which two or more actors try to divide something they both want. States may bargain over the allocation of a disputed territory; finance ministers may bargain over how high or how low to set the exchange rate between their currencies; rich countries may bargain with poor countries over how much aid the former will give and what the recipients will do in return; governments may bargain over how much each will pay to alleviate some environmental harm.

bargaining
An interaction in which two or more actors must choose outcomes that make one better off at the expense of another. Bargaining is redistributive: it involves allocating a fixed sum of value between different actors.

Cooperation occurs when actors have common interests and need to act in a coordinated way to achieve those interests. Governments that want to stop one country from invading another may try to act collectively to impose military or economic sanctions on the aggressor. Governments that share an interest in preventing climate change or degradation of the ozone layer need to cooperate in restraining their countries' emissions of the offending pollutants. Individuals who want to lobby for a particular trade policy or an environmental regulation have to pool their time, money, and effort to achieve their common aim. In short, bargaining and cooperation are everywhere in political life.

cooperation
An interaction in which two or more actors adopt policies that make at least one actor better off relative to the status quo without making the others worse off.

The institutional setting can vary considerably, depending on the issues at stake. In some areas of world politics, there are well-established rules and mechanisms for enforcing those rules. International trade, for example, is governed by the World Trade Organization (WTO), which sets out rules that determine what kinds of trade policies member countries can and cannot have, and provides a dispute resolution mechanism that allows countries to challenge one another's policies.

Other areas of world politics have weaker institutions. As we will see in Chapter 5, the UN theoretically governs the use of military force by states, but in practice it has had a hard time enforcing these rules on its strongest members. As we will see in Chapter 12, an extensive body of international human rights law sets out standards for how governments should treat their citizens; unfortunately, noncompliance is common, and offenders are rarely punished.

We will also at times focus on institutions at the domestic level — that is, the rules that determine who governs within countries and how they make decisions. Domestic political institutions determine which actors have access to and influence on the policy-making process. In some cases, differences in domestic political institutions can have profound effects on world politics. In Chapter 4, for example, we will encounter a phenomenon known as the *democratic peace*, the observation that mature democratic states have rarely, if ever, engaged in a war against one another.

Levels of Analysis

The variety of actors and institutions that play a role in world politics means that we will see important interactions at three levels:

- At the *international level*, the representatives of states with different interests interact with one another, sometimes in the context of international institutions, such as the UN or WTO.
- At the *domestic level*, subnational actors with different interests — politicians, bureaucrats, business and labor groups, voters — interact within domestic institutions to determine the country's foreign policy choices.
- At the *transnational level*, groups whose members span borders — such as multinational corporations, transnational advocacy networks, and terrorist organizations — pursue their interests by trying to influence both domestic and international politics.

These levels are interconnected. The interests that states pursue at the international level often emerge from their domestic politics. For example, whether a country's representatives push for liberalizing trade agreements with other countries depends on whether the interests within that country that support freer trade prevail over those who oppose it. Similarly, the relative influence of actors within domestic politics may depend on international conditions. Leaders may be able to use militarized conflict with other states to enhance their hold on power at home. International institutions that promote trade liberalization enhance the power of domestic interests that benefit from trade. Finally, transnational actors operate at all levels. Transnational networks like Amnesty International or Greenpeace try

to change national policies by lobbying governments or mobilizing public opinion within key countries, and they try to change international outcomes by working with (or against) international institutions.

Because of these interconnections, we do not automatically privilege one level of analysis over others. Although international relations scholarship has experienced vigorous debates over which level of analysis is the "right" or the "best" one,[9] we find that no single level is always superior to others in making sense of the puzzles. In some cases it is possible to build useful explanations from the bottom up, in a two-step process: (1) domestic interests, interactions, and institutions determine the interests that state representatives bring to the international level, and then (2) these interests combine in international interactions and institutions to determine the final outcome. Chapters 7–10, on international political economy, generally rely on this two-step logic.

In other cases, however, it is more useful to start elsewhere. In Chapters 3–6 we start the analysis of war on the international level. Given that states have conflicting interests over things like territory or one another's policies or regime composition, why does the bargaining interaction sometimes lead to war? Only after laying out this basic logic do we turn to some of the domestic factors that push states toward more or less belligerent policies. In Chapters 11–13, transnational actors play a central role, and we show how they pursue their goals by altering domestic interests and changing the prospects for international cooperation.

Integrating Insights from Realism, Liberalism, and Constructivism

In adopting a flexible framework based on interests, interactions, and institutions, we depart from the way the field of world politics is often organized. Many textbooks and courses on world politics emphasize the contrasts among three schools of thought: realism, liberalism, and constructivism. Unlike our framework, which holds few preconceptions about how the world works, these three "-isms" represent different worldviews about the nature of international politics. Much ink has been spilled over the years by proponents arguing for the superiority of their preferred approach.

We can understand the differences among realism, liberalism, and constructivism by mapping them into our framework (see Table A). Each school of thought is defined by a cluster of assumptions about which interests, interactions, and institutions are most important to understanding world politics.

Realism Realist ideas can be found in the writings of Thucydides (ca. 460–400 B.C.E.), Niccolò Machiavelli (1469–1527), Thomas Hobbes (1588–1679), and Jean-Jacques Rousseau (1712–1778). Realism was most forcefully introduced to Americans by

9. For a classic statement of this debate, see J. David Singer, "The Levels-of-Analysis Problem in International Relations," *World Politics* 14, no. 1 (October 1961): 77–92.

TABLE A *Realism, Liberalism, and Constructivism*

	INTERESTS	INTERACTIONS	INSTITUTIONS
Realism	The state is the dominant actor. States seek security and/or power. States' interests are generally in conflict.	International politics is primarily about bargaining, in which coercion always remains a possibility.	The international system is anarchic, and institutions exert little independent effect. International institutions reflect the interests of powerful states.
Liberalism	Many types of actors are important, and no single interest dominates. Wealth is a common goal for many actors. Actors often have common interests, which can serve as the basis for cooperation.	International politics has an extensive scope for cooperation. Conflict is not inevitable but occurs when actors fail to recognize or act on common interests.	International institutions facilitate cooperation by setting out rules, providing information, and creating procedures for collective decision making. Democratic political institutions increase the scope for international politics to reflect the common interests of individuals.
Constructivism	Many types of actors are important. Actors' interests are influenced by culture, identity, and prevailing ideas. Actors' choices often reflect norms of appropriate behavior, rather than interests.	Interactions socialize actors to hold particular interests, but transformations can occur, caused by alternative understandings of those interests.	International institutions define identities and shape action through norms of just and appropriate behavior.

Hans Morgenthau, a German expatriate whose 1948 book *Politics among Nations* remains a classic statement of the realist approach.[10] Realism was given its modern and scientific guise by the contemporary scholar Kenneth Waltz.[11]

Realism starts with two key assumptions: that states are the dominant actors—indeed, some would say the only relevant actors—on the international stage, and that the institutional setting of world politics is characterized by anarchy. **Anarchy**, a term we will revisit in Chapter 2, refers in this context to the absence of a central authority in the international system—the fact that there is no world government ruling over states the way that countries have governments to rule over their citizens.

anarchy
The absence of a central authority with the ability to make and enforce laws that bind all actors.

10. Hans Morgenthau, *Politics among Nations: The Struggle for Power and Peace* (New York: Knopf). First published in 1948, this book has been released in many editions since then.

11. Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979).

Realists assume that anarchy profoundly shapes the interests and interactions that matter in world politics. Because there is no central government and there is no international police force, states must live in constant fear of one another. With no external restraint on the use of military force, every state must, first and foremost, look out for its own survival and security. Hence, all states have an interest in security, and this interest dominates other possible interests because no other goal can be realized unless the state is secure.

In practice, the interest in security leads to an interest in acquiring power — primarily, military capabilities. By accumulating power and ensuring that potential enemies do not become more powerful, states can reduce their vulnerability to attack and conquest. Unfortunately, the quest for power inevitably brings states' interests into conflict with one another: when one state improves its military capabilities to enhance its own security, it typically undermines the security of its now comparatively weaker neighbors — a problem known as the "security dilemma." For realists, then, international politics is, as Hobbes described, the "state of nature": a war of "every man, against every man" in which life is "nasty, brutish, and short."[12]

Because states are concerned with security and power, nearly all interactions involve bargaining and coercion. Each state tries to get a bigger share for itself, one state's gain is another state's loss, and the threat of war looms over everything. Even when the potential gains from cooperation are large, realists argue, states worry more about the division of the benefits than about the overall gain. Each must fear that the state gaining the most will be able to exploit its gains for some future advantage. As a result, states may forgo mutually beneficial exchanges if they expect to be left at a disadvantage. Cooperation, realists conclude, is difficult and rare.

Finally, realists assert that because of the anarchic nature of the international system, international institutions are weak and exert little independent effect on world politics. Institutions like the UN and the WTO merely reflect the interests and power of the dominant countries, which had the most say in their creation and design. Although realists may recognize that institutions can matter at the margin, they conclude that rules are unlikely to be followed and that states will always bow to interests and power in the end.

In short, realism sees a rather bleak world of states jockeying for power under the shadow of war, and many of the unpleasant features of world politics mentioned earlier flow from this understanding. War is a permanent fixture of international relations because there is nothing to stop states from waging war when it is in their interests to do so. The risk of war can be managed by careful diplomacy and temporary alliances between states that face common threats, but neither domestic nor international institutions can deliver lasting peace.

Even the realm of international economic relations is colored by the struggle for power. Economists tell us that unfettered commerce makes all countries

12. These famous quotes are from Thomas Hobbes's *Leviathan*, originally published in 1651.

collectively better off, but realists understand that restrictions on trade and capital flows are often sensible measures to increase or preserve a state's relative power. Finally, cooperation is hard because states look out for themselves, and international institutions are generally too weak to compel desirable behaviors. As a result, realists are not surprised that many of the world's collective needs, such as the protection of human rights and the global environment, go unmet.

Liberalism An equally venerable tradition, liberalism is rooted in the writings of philosophers John Locke (1632–1704) and Immanuel Kant (1724–1804), and economists Adam Smith (1723–1790) and David Ricardo (1772–1823). Contemporary advocates include Bruce Russett and John R. Oneal, who make the modern case for the pacifying effects of democracy, international commerce, and international law;[13] and Robert O. Keohane and Joseph S. Nye, whose work helped bring the study of international institutions to the fore.[14]

Analytically, liberalism is the school of thought that most closely resembles the approach taken in this book. Liberal theorists accept many different types of actors as important in world politics: individuals, firms, nongovernmental organizations, and states. Unlike realism, liberalism does not require that any one interest dominate all others. Instead, liberal theory, like the framework presented here, is quite flexible in ascribing goals to actors. While realism assumes that states' interests in security and power derive from external imperatives (the need to survive in an anarchic world), liberals are more likely to see governments' interests as coming from within (from the interplay of different domestic actors operating within domestic political institutions). Moreover, since wealth can be used to purchase the means to accommodate many different desires, liberals assume that, for many practical purposes, actors can be treated as if they wish to maximize wealth.

Liberals are generally optimistic about the possibilities for cooperation in world politics. Whereas realists see most situations as involving conflicting interests over relative power, liberals see many areas in which actors have common interests that can serve as the basis for cooperation. The costs of war mean that states have common interests in avoiding conflict. The potential for profitable exchanges creates a common interest in lowering barriers to allow the flow of goods and money across borders and in creating institutions to facilitate international transactions. The common interest in clean air and clean water creates a basis for cooperating to protect these shared resources. Although liberals acknowledge that world politics is often wracked by conflict, they do not believe that conflict is inevitable; rather, conflict arises when actors fail to recognize or act on common interests.

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13. Bruce Russett and John R. Oneal, *Triangulating Peace: Democracy, Interdependence, and International Organizations* (New York: Norton, 2001).

14. Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (New York: Longman); first published in 1977, this volume is now available in a third edition, published in 2000. Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984).

Whether actors can cooperate to further their common interests depends a great deal on institutions, both domestic and international. At the domestic level, liberals believe that democracy is the best way to ensure that governments' foreign policies reflect the underlying harmony of interests among individuals. In this view, which we will revisit in Chapter 4, conflict and war are the fault of selfish politicians, voracious militaries, and greedy interest groups, whose influence can be tamed only by empowering the people through democratic institutions. At the international level, the scope for cooperation gives rise to a demand for institutions. Liberals posit that international institutions facilitate cooperation by resolving a host of dilemmas that arise in strategic interactions and by making it easier for states to make collective decisions. In Chapter 2 we will consider these dilemmas and the ways in which institutions might resolve them.

Thus, while liberalism does not see a perfect world, it envisions a world in which progress is possible. The danger of war can be reduced by spreading democracy, strengthening global institutions, and fostering economic interdependence so that every country's welfare will be linked to that of others. Economic activity also has the potential to create great wealth, making it possible to lift countries and people out of poverty. And global challenges can give rise to international institutions that can make cooperation possible. While this optimistic view makes liberalism a more appealing theory than realism, theories must be judged by how closely they describe the world in which we actually live, not the world in which we would like to live.

Constructivism A relatively new approach, constructivism has roots in critical theory and sociology, and its most forceful proponents in world politics have been Peter J. Katzenstein, John G. Ruggie, and Alexander Wendt.[15] Like liberals, constructivists focus on a wide variety of actors and interests in world politics, and they believe that international institutions can be effective, even transformative. Constructivists depart from liberals, however, by de-emphasizing the material sources of interests (for example, wealth) and instead focusing on the role of nonmaterial factors, such as ideas, culture, and norms.

What actors want is not fixed and predetermined, but a function of their culture, prevailing ideas, and identity, or the conception of who they are. Whether states perceive common or conflicting interests depends not only on their relative military power or economic ties, but also on whether they share a common political or cultural identity (for example, "we are all democracies" or "we are all Western") or identify each other as foes ("you are not like us").

One prominent strand of constructivist thought emphasizes the role of norms, or standards of behavior defined in terms of rights and obligations (see Chapter 11). Whereas the other schools of thought assume that actors are purposive, selecting

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15. Peter J. Katzenstein, ed., *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996); John Gerard Ruggie, *Constructing the World Polity: Essays on International Institutionalization* (New York: Routledge, 1998); Alexander Wendt, *Social Theory of International Politics* (New York: Cambridge University Press, 1999).

among possible alternatives according to their anticipated effects, constructivists assume that social actors pursue what they believe is right and proper, as based on their conceptions of who they are and how they wish others to view them. So, for example, if a large number of countries decide that using a certain kind of weapon is barbaric, then states that wish to be seen as civilized may decide to forgo those weapons—even if using them would enhance their security. Thus, a desire to conform to certain standards of behavior can trump other interests.

Institutions, in turn, embody the rules appropriate for behavior, and thereby exert a profound effect on actions and observed outcomes. For example, once an international agreement or institution proscribes a behavior as illegal or illegitimate, states that care about how others view them will have incentive to conform. Thus, compliance with international institutions depends not only on their ability to monitor and enforce their terms, but also on the members' desire to be seen as compliant.

Because ideas about right or appropriate behaviors can change, constructivists see significant potential for change, even fundamental transformation, in world politics. The rough-and-tumble international system described by realists is not, according to this view, foreordained by the condition of anarchy. If actors come to understand their interests differently, their conception of appropriate behavior could change dramatically. More concretely, state behavior can be altered by the conscious efforts of activists to promote new norms, such as norms against the use of certain weapons (see Chapter 11), norms promoting intervention in genocidal conflicts (see Chapters 5 and 11), and norms favoring the protection of human rights (see Chapter 12). For this reason, constructivists place particular emphasis on the role of transnational actors, such as advocacy networks of human rights or environmental activists, who try to spread norms around the world.

All three approaches—realism, liberalism, constructivism—offer insights into important problems of world politics. Nonetheless, each tends to emphasize particular aspects of our framework at the expense of others, and all make strong assumptions about which interests, interactions, and institutions matter the most. As a result, each approach sacrifices explanatory power and flexibility for the sake of intellectual purity.

Not surprisingly, most international relations scholarship in recent years has moved away from arguments based on a single approach, instead borrowing insights from more than one. Indeed, as the field progresses, it has become harder to pigeonhole scholars and their work into any one category. For example, many contemporary scholars believe that coercive power plays a fundamental role in international politics (realism), but that power is often used in pursuit of goals that arise from the interplay of domestic interests (liberalism) and ideas (constructivism).[16] Hence, rather than trying to promote one school of thought over others, our goal is to answer important puzzles of international politics and, in the process, use the tools developed in this book to help us understand today's complex world.

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16. See, for example, Jeffrey W. Legro and Andrew Moravcsik, "Is Anybody Still a Realist?" *International Security* 24, no. 2 (Autumn 1999): 5–55.

Thinking Analytically about World Politics

By the end of the course, you should not only know a lot about international politics, you should also know how to *think* about international politics. When bad or puzzling things happen, you should be able to ask: "Whose interests did that outcome serve? Why were the people or countries involved not able to cooperate to achieve something better? How might new institutions be created, or existing institutions reformed, so that this does not happen again?"

Ultimately, we study world politics because doing so lets us grapple with important and interesting questions about ourselves and our world. This book cannot provide definitive answers to all the questions. After all, while we are confident in our understanding of certain phenomena, for others our understanding is still evolving and our theories are tentative—perhaps waiting to be overturned by the next generation. Instead, this book seeks to equip you with the tools you need to develop your own understanding. In the "information age," in which facts (and assertions masquerading as facts) are cheap and plentiful, the most valuable skill is the ability to think critically and analytically about what shapes our world.

Study Tool Kit

Interests, Interactions, and Institutions in Context

- We can develop theories to explain behavior and outcomes in world politics by considering the interests of the main actors involved, the strategies available to them and how their choices interact to produce outcomes, and the institutions that govern their behavior.
- World politics reflects the interaction of a variety of actors — including states, politicians, business groups, terrorist organizations, transnational advocacy networks, and individuals — pursuing their interests.
- Most interactions involve either cooperation (which happens when actors with similar interests try to coordinate their behavior toward a common goal) or bargaining (which happens when actors with different interests try to get a favorable outcome at the expense of others).
- Institutions, both domestic and international, are the rules that can alter the costs and benefits of some strategies and determine how actors arrive at collective decisions.
- The main theoretical traditions in international relations — realism, liberalism, and constructivism — make different assumptions about which interests, interactions, and institutions are most important for building explanations.

Key Terms

theory, p. xxvii
interests, p. xxviii
interactions, p. xxviii
institutions, p. xxviii
bargaining, p. xxix
cooperation, p. xxix
anarchy, p. xxxii

For Further Reading

Finnemore, Martha. *The Purpose of Intervention: Changing Beliefs about the Use of Force*. Cornell Studies in Security Affairs. Ithaca, NY: Cornell University Press, 2004. Develops a constructivist argument that patterns of military intervention have changed over the last two centuries because of changing norms about the appropriate purposes for using force.

Katzenstein, Peter J., ed. *The Culture of National Security: Norms and Identity in World Politics*. New Directions in World Politics. New York: Columbia University Press, 1996. Presents a collection of essays showing how constructivism uses norms, culture, and identity to answer fundamental questions about international security.

Keohane, Robert O., and Joseph S. Nye. *Power and Interdependence*. 4th ed. Boston: Longman, 2012. Presents a liberal argument that economic and political interdependence between states complicates the exercise of power in international relations.

Morgenthau, Hans J., Kenneth W. Thompson, and W. David Clinton. *Politics among Nations: The Struggle for Power and Peace*. 7th ed. Boston: McGraw-Hill Higher Education, 2006. Presents an updated and abridged version of Morgenthau's classic statement of realist theory.

Russett, Bruce M., and John R. Oneal. *Triangulating Peace: Democracy, Interdependence, and International Organizations*. New York: Norton, 2001. Presents theory and evidence that three key pillars of liberalism — democracy, economic interdependence, and international institutions — can reduce the risk of war.

Waltz, Kenneth N. *Theory of International Politics*. Long Grove, IL: Waveland Press, 2010. Articulates a realist theory emphasizing the importance of power and anarchy in explaining recurring patterns of international politics.

FOURTH EDITION

World Politics

Interests, Interactions, Institutions

1

What Shaped Our World? A Historical Introduction

THE PUZZLE *How has conflict among nations ebbed and flowed over the centuries? When and how have war or peace, prosperity or stagnation, prevailed?*

Above: During the nineteenth century, global trade grew at a rapid rate. While the increase in international trade was most pronounced in the advanced economies of Europe, many people in Asia also found themselves integrated into the global economy in new ways during this period. By the time of this painting, around 1840, Canton, China (present-day Guangzhou), had become a significant international trading port.

Most western Europeans and North Americans born around 1800 spent their adult lives in an atmosphere of peace and economic growth. So too did their children, and their children's children, and their children's children's children. Between the end of the Napoleonic Wars in 1815 and the start of World War I in 1914, peace and prosperity by and large reigned in western Europe and North America. There were periodic wars among the European great powers, but they were relatively short; there were brutal conflicts with the indigenous peoples of the Americas, but they were on sparsely inhabited frontiers; there was a bloody civil war in the United States, but it was confined to one country. There were occasional financial panics and recessions, but between 1815 and 1914 the advanced economies of western Europe and North America grew more than eightfold while output per person quadrupled.[1] This was the fastest growth in world history by a very long shot; it roughly equaled in a hundred years what had been achieved in the previous thousand.

Europeans and North Americans born around 1900 had a very different experience. While they were in their teens, the world plunged into a horrific, protracted war that wiped out the better part of a generation of young men. If those born around 1900 were fortunate enough to survive World War I, they and their children spent the next 10 years being subjected to postwar violence, economic uncertainty, fragile democracy, and ethnic conflict. Despite a brief recovery in the 1920s, in 1929 the world spiraled downward into economic depression, mass unemployment, dictatorship, trade wars, and eventually another global war. If they, and their children and their children's children, were again lucky and survived World War II, their world was then divided into two hostile camps—one led by the United States, the other by the Soviet Union. These two contending alliances carried on a cold war that included the deployment of enough nuclear weapons to annihilate life on earth several times over.

International relations profoundly affected these many generations of Europeans and North Americans—as they did, in different ways, generations of people in Africa, Asia, and Latin America. During the nineteenth century, the inhabitants of many poor countries found

1. Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD Publications, 2001).

themselves absorbed into a world economy for the first time. Some prospered, others struggled. Latin Americans achieved independence from their colonial masters, while many areas of Africa and Asia were subjected to new colonial rule and domination by Europeans. The twentieth century brought industrialization and urbanization to much of the developing world and eventually saw the end of colonialism. For people north and south, east and west, global events beyond their control—great-power war, international financial crises, colonial expansion, the division of the world into warring camps—changed their lives profoundly, as they continue to change ours, and as they have changed lives for centuries.

Thinking Analytically about What Shaped Our World

Whether in the military realm or in the realm of international economics, the world's experiences range from deadly conflict to fruitful cooperation. At times, when national interests have clashed, countries have engaged in bitter armed battles over everything from territory to theology, and in equally bitter commercial conflicts over markets and money. At other times, the same countries have found common ground upon which to base harmonious interactions on everything from geopolitics to trade, investment, and finance.

What will the future bring for today's younger generation, those born around 2000? Will they experience general peace and prosperity, or war and deprivation? Will those born in the world's poor nations come closer to the living standards of the rich or fall further behind? Will governments cooperate or clash? Whose interests and which institutions will shape these interactions? These are the kinds of questions that the study of international politics hopes to illuminate. We do not aspire to predict the future, but we do seek to gain a fuller understanding of the past and present by providing guidelines for analyzing the choices available to people and governments and how they decide among those choices.

Much of the rest of this book provides and applies analytical tools for understanding international relations. This chapter sets the stage for what follows by reviewing the course of international political and economic relations in modern times, since about 1500. With this grounding, we move in subsequent chapters to providing theoretical principles with which to understand international relations and then to applying them to a wide variety of contemporary topics.

The Emergence of International Relations: The Mercantilist Era

The world as a meaningful political and economic unit emerged only after 1500. Before then, most major societies existed in practical or complete isolation from all but those on their immediate borders. To be sure, there was some trade among societies: China to Constantinople, Central Africa to North Africa, Constantinople to Europe. But this trade was extraordinarily difficult and expensive, and therefore it involved only the most valuable and easily transported goods.

All that changed after 1492, as wave upon wave of explorers, conquerors, traders, and settlers went forth from Europe's Atlantic nations. First Spain and Portugal, then England, France, and the Netherlands, sent soldiers and traders all over the New World, Africa, and Asia in search of possessions and profit. By 1700, the world was unquestionably controlled by western Europeans. They exercised direct rule over vast colonial possessions in the Western Hemisphere, India, Southeast Asia, and elsewhere, and their military might allowed them to assert their will on local rulers even where they did not establish colonial domain. European influence was rarely welcomed by local populations, and its effects were often disastrous for local societies. Nonetheless, western Europe's economic influence was global, and it dictated the character and direction of economic activity on every continent.

The centuries of European expansion after 1492 meant that world politics was dominated by European politics. In fact, the Europeans used their military prowess to control much of the rest of the world, with formal empires or without them. The European economies were the world center of economic activity. Important as developments outside Europe may have been for the people living there, the analysis of world politics after 1492 necessarily has Europe at its core. This would change only in the twentieth century, with the rise of militarily and economically important non-European powers: the United States, Japan, the Soviet Union, and eventually China.

For several hundred years beginning in the 1500s, however, it was the rulers of western Europe who held sway over the rest of the world. These governments, almost all of them absolute monarchies, had two main interests. First, they wanted to ensure their own political and military power. These interests led them to desire control over ever-greater territories and ever-greater resources. Second, the European governments wanted access to markets and resources in other parts of the world. European societies had thriving commercial classes, typically strongly allied with their respective monarchies, and each crown was hungry for revenue. There were rich natural treasures to be had abroad—precious metals, spices, tropical crops—and customers for the products of Europe's growing industries.

Western Europeans' economic and military interests were reflected in the colonial order they established, known as mercantilism. **Mercantilism** was a system by which imperial governments used military power to enrich themselves and their supporters, then used those riches to enhance their military power. Mercantilism's

mercantilism
An economic doctrine based on a belief that military power and economic influence complemented each other; applied especially to colonial empires in the sixteenth through eighteenth centuries. Mercantilist policies favored the mother country over its colonies and over its competitors.

principal mechanism was the establishment of monopolies that controlled trade and other economic activities, manipulating them to direct money into the coffers of the government and its business supporters.

Some mercantilist monopolies were held by a government itself, such as the Spanish crown's control over many of its colonies' gold and silver mines. Other mercantilist monopolies were granted by a government to private businesses, such as the Dutch East Indies Company and the Hudson's Bay Company. These private enterprises held exclusive rights to economic activities in vast areas of the colonial world.

The mercantilist powers' most important controls were those applied to trade. These controls typically served to manipulate the terms of trade, the prices paid for imports and received for exports. In the case of mercantilist policies, the goal was to turn the terms of trade against the colonies and in favor of the mother country—to reduce the prices that the mother country paid its colonists for what it bought and to raise the prices that the mother country charged its colonists for what it sold. One common way of achieving this effect was to require colonies to buy and sell certain goods only from and to the colonial power. In colonial Virginia, for example, farmers could sell their tobacco only to England—a restriction that artificially reduced demand for their tobacco and, therefore, its price. And Virginians could buy many manufactured goods only from England, which meant that the supply of manufactures was artificially reduced and their prices raised. Subjects received less for what they produced and paid more for what they consumed, but in return, they obtained the protection of a powerful empire. Supporters of mercantilism argued that it benefited both the empire, which became richer and more powerful, and its subjects, who were protected. Not all colonial subjects agreed, as "How Do We Know?" on page 7 explains.

The British imposed mercantilist policies on their colonies in North America. For example, the tobacco being loaded onto these ships in the Virginia Colony could be exported only to Britain, where the American producers received a lower price for their crops than they would on world markets.

The mercantilist powers' international political and economic interests were closely intertwined. For mercantilism's proponents, this was one of its great attractions. The English philosopher Thomas Hobbes wrote, "Wealth is power, and power is wealth." One of his fellow mercantilist thinkers drew out the connections: "Foreign trade produces riches, riches power, power preserves our trade and religion." And a French mercantilist was even more explicit: "Our colonies depend on our navy, our trade depends on our colonies, and our trade allows the state to maintain armies, increase the population, and provide for ever more glorious and useful functions."[2]

2. All cited in Jacob Viner, "Power versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries," *World Politics* 1, no. 1 (October 1948): 15–16.

HOW DO WE KNOW?

Mercantilism and the 13 Colonies

British colonialism in North America followed the patterns of mercantilism, the system adopted by European colonial powers after about 1500. How did mercantilism work? Whom did it help and hurt? Why did many colonies come to oppose it? Economic historian Robert Paul Thomas estimated the cost to the colonies of mercantilist economic restrictions in 1770, a representative year in the decade leading up to the outbreak of the American Revolution (Table A).

The most costly restriction was the "enumeration" of certain goods, which meant they could be exported only to Britain. This measure artificially increased the supply of the enumerated goods to the British market, which caused their price to drop, and it kept American producers from selling in markets with higher prices. There were also restrictions on what could be imported in the colonies, and certain goods were available only if they were bought from Britain—at a higher price than available elsewhere.

The principal cost to the 13 colonies was the lower price received for enumerated goods, especially the tobacco and rice that made up most of the colonies' exports. Thomas calculated that without enumeration, the colonists would have been able to sell their tobacco at a price 49 percent higher than what they actually received, and their rice for more than double. If prices had been higher, we can also assume that the colonists would have produced more of the goods, so the forgone production is factored in as well. In 1770, the total cost of these export controls, almost all due to tobacco and rice, was $2.4 million. Thomas further estimated that the restrictions on imports raised the price of goods that the colonists bought from abroad by more than one-third—a total burden of $560,000. Thomas then took into account rewards ("bounties") that the colonists earned for producing favored goods. The total net cost in 1770 was about $2.7 million, approximately $1.24 per person.

However, the 13 colonies received benefits from being in the British Empire. Most important was the protection of the British army and navy. Thomas calculated these benefits in two ways. First, he estimated the cost to the British government of stationing its troops in the region, along with how much American shippers would have had to pay for private insurance if they had not had the protection of the world's greatest navy. Second, Thomas calculated how much the American government spent to provide these services itself after independence. The lower of the two estimates was $1,775,000 in 1770. Subtracting the benefits from the costs, Thomas figured that the colonies' net burden from imperial rule in 1770 was about $885,000—or 42 cents per person, less than 0.5 percent of a colonist's average annual income. (When he calculated the average from 1763 to 1772, the net burden on the colonists was even lower: 26 cents per person per year.)

It hardly seems worth fighting a revolution over 42 cents a year. Even in today's money, the net burden (costs minus benefits) would come to about $200. It is important to note that the burden of mercantilism did not fall evenly on all colonists. The principal losers were the tobacco and rice planters of Virginia and South Carolina, as well as the merchants and craftsmen of New England. The former lost owing to export controls; the latter, owing to restrictions on shipping and manufacturing. Thus, it is perhaps not surprising that the principal supporters of independence were in these regions where the costs of colonialism were highest.

TABLE A ***Mercantilism: Costs and Benefits***

	1770	1763–72 (AVERAGE/YEAR)
Burdens		
Burden on colonial foreign commerce	$2,660,000	$2,255,000
Burden per capita	$1.24	$1.20
Benefits		
Benefit of British protection	$1,775,000	$1,775,000
Benefit per capita	$.82	$.94
Balance per capita	–$.42	–$.26

Source: Robert Paul Thomas, "A Quantitative Approach to the Study of the Effects of British Imperial Policy on Colonial Welfare," *Journal of Economic History* 25, no. 4 (December 1965).

As the European powers took control of ever-larger portions of the world, they also battled with one another over wealth and power. The struggle for supremacy in Europe was inextricably linked to the battle for possessions elsewhere, and the search for military advantage was closely tied to economic competition. International politics and markets were battlegrounds on which the major powers contended.

First the Spanish and Portuguese fought for predominance in the New World and elsewhere. After the Spaniards emerged victorious, they faced new contenders. Beginning in the 1560s, the Spanish possessions in the Netherlands revolted and eventually formed the new Dutch Republic. The British challenged Spain continually from the 1580s onward, defeating the Spanish Armada in 1588. Finally, in the Thirty Years' War (1618–48), the French, Dutch, and other allies sealed the decline of Spain. This war ended with the **Peace of Westphalia**, which stabilized the borders of the belligerents and attempted to resolve some of the religious conflicts that had complicated their relations. Because the peace treaties called on governments not to interfere in the internal affairs of other countries, some scholars regard this as the beginning of the modern system of states, which are expected to respect one another's **sovereignty** within their borders. Indeed, some analysts mark this treaty as the beginning of the modern system of sovereign states.

Peace of Westphalia
The settlement that ended the Thirty Years' War in 1648; often said to have created the modern state system because it included a general recognition of the principles of sovereignty and nonintervention.

sovereignty
The expectation that states have legal and political supremacy—or ultimate authority—within their territorial boundaries.

Once the anti-Spanish alliance had defeated Spain, its members turned on one another. The English and the Dutch fought each other in a series of wars, and both the wars and rapid English commercial growth meant that by the 1660s, the English had surpassed the Dutch as the world's leading trading and maritime power. This shift in power launched a 150-year conflict between England and its allies, on the one hand, and France and its allies, on the other. Anglo-French rivalry culminated with the Seven Years' War (1756–63, also called the French and Indian War in North America), which effectively ended the French presence in the New World and established British predominance. The French challenge to Britain resurged during the French Revolution, which began in 1789 and led to the Napoleonic Wars (1804–15). The British and their supporters finally defeated Napoleon at Waterloo in 1815, sealing British international **hegemony**.

hegemony
The predominance of one nation-state over others.

For three centuries after 1492, world politics was dominated by the efforts of the principal European states to overpower one another and to control the non-European parts of the world (see "What Shaped Our World?" on p. 9). They pursued their economic and military interests by creating formal mercantilist colonial empires in some areas, by exercising less formal military and economic dominion elsewhere. Meanwhile, the principal European powers battled one another for their possessions and for global predominance. The rulers of western Europe fought on two fronts—to subdue the populations of their empires and to expand at the expense of other European rulers.

By the end of the Napoleonic Wars in 1815, however, both central organizing principles of the mercantilist era were being challenged. With the defeat of France by the anti-Napoleon coalition, conflict among the principal powers in Europe subsided and their security interests evolved. Meanwhile, the Industrial Revolution gathered force in Britain and in continental Europe, thus starting to alter the economic interests of the industrializing nations.

WHAT SHAPED OUR WORLD?

Colonialists and the Colonized

Most of the Europeans who came to dominate the world after 1500 viewed Africa, Asia, and Latin America as full of primitive peoples who were centuries behind the civilizations of Europe. The reality was quite different. In 1500, as the first European colonial surge began, only one of the world's 10 largest cities was in Europe: the world's most populous city, Peking (now Beijing), was more than three times the size of Europe's largest city, Paris. When Spanish explorers arrived in Tenochtitlán, the capital city of the Aztecs—what is now Mexico City—they were amazed. One of the Spaniards wrote: "These great towns and temple-pyramids and buildings rising from the water, all made of stone, seemed like an enchanted vision."[a] The gap between Europe and the regions the Europeans colonized was often small; most of these regions had well-developed economies, social systems, and governments. How, then, did Europe come to rule the world so quickly and so completely?

Interests The causes of European imperialism remain hotly contested. At a minimum, European states were interested in securing access to the precious metals and trade of the lands they had newly "discovered." Rulers sponsoring the transoceanic expeditions wanted to enhance their own wealth and that of their merchants. They also wanted to strengthen their economies and societies against other European states, which they feared might gain riches abroad that would give them an advantage within Europe. These political interests overlapped with a religious motive, pushed by a still-powerful church and missionaries who sought new converts and strove to "uplift" supposedly primitive peoples to the standards of Christian civilization.

Interactions Imperialism was facilitated by industrialization in Europe, which quickly widened the wealth gap between it and the rest of the world: by 1870, income per person in the United Kingdom was five or six times what it was in Africa or Asia.[b] As the wealth gap grew, technological developments in transportation and communications gave Europeans tremendous advantages: the steamship, the railroad, and the telegraph were crucial to imperial expansion. The Europeans' technological advantages meant that they largely controlled the result of their interactions with people elsewhere. Perhaps the most important European technological advances were related to the development of new weapons—such as long-distance artillery, accurate rifles, and the Maxim self-powered machine gun—that enabled relatively small numbers of Europeans to defeat large military forces in the rest of the world.

Spanish invaders in Tenochtitlán, 1520.

Institutions The institutional arrangements that resulted from these increasingly one-sided and violent interactions were colonial empires. Empire was an institution that transferred political authority from the local ruler to the imperialist home country. The European colonial powers typically ruled their colonies so as to further their own interests. Valuable resources were controlled by the colonialists, while the imperial powers usually gave the colonies only as much authority as was in the interests of the imperial center. Although local elites often retained some measure of autonomy, it existed only at the discretion of the imperial state. The lack of political rights and self-rule is what eventually gave rise to demands for independence, from the American Revolution of 1776 against the British, to the revolts against Spain and Portugal by Latin American states in the early eighteenth century, and finally to the collapse of nearly all remaining European empires after World War II.

a. Quoted in Michael E. Smith, *The Aztecs* (Oxford: Blackwell, 1996), 2.
b. Maddison, *World Economy: A Millennial Perspective*, 264.