

**Keohane: After Hegemony: Cooperation and Discord in the World Political Economy;**  
Princeton UP, 1984; chapters 1 & 9 (pp. 1-17, 182-216)

This book is about how cooperation has been, and can be, organized in the world political economy when common interest exist. Keohane takes the existence of mutual interests as given and examines the conditions under which they will lead to cooperation.

More precisely, the major puzzle addressed by the book is *how can cooperation take place in world politics in the absence of hegemony?*

Realism and institutionalism constitute the two most serious accounts of international cooperation.

- **Realists**, basically, argue that patterns of cooperation derive from patterns of power and conflict. The “theory of hegemonic stability” illustrates the realist view of international cooperation. It holds that order depends on the preponderance of a single state. Hegemony facilitates cooperation and the creation of international regimes. The decline of hegemony is likely to put hegemonic regimes under stress.
- **Institutionalists**, on the contrary, argue that shared economic interests create a demand for international institutions and rules and point out the functions performed by such institutions. They further argue that institutions are recognized patterns of practice around which expectations converge, and which therefore affect state behavior –thanks to the “malleability” of interests. “The functional theory stresses how international institutions change rational calculations of interest and facilitate mutually advantageous bargains among independent states; it also emphasizes the greater ease of maintaining existing regimes than of creating new ones.

**Keohane tries to combine both approaches**, basically adding the insights of institutionalists to a neo-realist framework. “Any functional explanation, which deals with the value of a given process or pattern of interaction, must be embedded in an understanding of political structure, especially the distribution of power among actors”. To do that, he tries to show first how, under some conditions, cooperation can develop on basis of complementary interests and second that institutions, broadly defined, affect the patterns of cooperation that emerge.

*Cooperation* is to be distinguished from harmony since, unlike harmony, it requires mutual adjustment and thus it emerges from a pattern of potential discord.

Keohane’s point is that since the existence of common interests is not enough to guarantee cooperation, and that it takes institutions to adjust policies to meet the mutual demands.

His assumptions look very much like realist ones: it is all about states, which do not have to abide by any rule and are moved by rational egoism. **STILL**, even under these conditions governments may construct regimes and even abide by their rules. The main reason why international regimes contribute to cooperation is not by implementing rules that states must follow, but by changing the context within which states make decisions based on self-interests: “international regimes are valuable to governments not because they enforce binding rules on others (they do not), but because they render it possible for governments to enter into mutually beneficial agreements with one another. They empower rather than shackling them”.

Thus Keohane both accepts, broadly speaking, the hegemony theory and adds to it functionalists arguments:

- The creation of international regimes often requires a hegemonic player

- But once created, regimes acquire value for states because they perform important functions and because they are difficult to create or reconstruct.

Now, having said this, what are those mysterious “functions” fulfilled by institutions?

- They reduce the transaction costs involved in policy coordination
- They provide information to governments (and thus reduce uncertainty)
- They modify states’ expectations

These benefits (not further detailed here) explain why it makes sense to accept obligations that restrain one’s own freedom of action in unknown future situations if others also accept responsibilities.

### *Chapter 9 – The Incomplete Decline of Hegemonic Regimes*

In this chapter, Keohane evaluates the applicability of the theory of hegemonic stability to the evolution of international regimes for money, trade and oil between the mid-1960s and the early 1980s. Does the relative decline of American power lead to a decline of cooperation?

It is too long a story to be told here, but basically his conclusion is threefold:

- The pattern of regime change varied a great deal from one issue-area to another (increased cooperation in trade, decreased in oil and mitigated change in finance) and that shifts in American power were of different significance in international finance, trade and oil
- The decline of American hegemony provides *only part* of the explanation for the decline of postwar international regimes, and only in oil is the theory of hegemonic stability consistent with the overall trends *and* with the process by which changes took place. For instance pressures of international competition and structural adjustment provide a better explanation of the decline of the trade regime than the theory of hegemonic stability. And the hegemonic theory does not account for the fact that there **is** hope for post-hegemonic international regimes.
- Cooperation survived strong pressures in the 1970s: old patterns of cooperation work less well than they did, partly because U.S. hegemony has declined; but the survival of patterns of mutual policy adjustment, and even their extension, can be facilitated by regimes that had their origins in the period of hegemony.

The theory of hegemonic stability is deficient because, as a systemic theory, it fails to take into account domestic political pressures. More importantly, it fails to take into account the role of international institutions in fostering and shaping patterns of cooperation.

International regimes tend to maintain patterns of cooperation, but they do not necessarily facilitate innovative expansions of cooperation in response to crisis and change.

Shared interests and existing institutions make it possible to cooperate, but the erosion of American hegemony makes it necessary to do so in new ways.

\* \* \*

Overall, reading those chapters is quite disappointing. The puzzle is definitely interesting, so are the hypothesis, but Keohane fails to provide a detailed and thus convincing account of the “functions” he claims are fulfilled by international institutions which explain first why

cooperation occurs and second why it survives the decline of the hegemonic power. It is not clear whether it is because this theory appears in other chapters not included in the reading or whether Keohane never makes his point neatly.