

Chapter 7
**Dominance and Subordination in World Politics:
Authority, Liberalism, and Stability in the Modern International Order**

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Order is a fundamental feature of world politics, but it is not a constant. It waxes and wanes with corresponding ebbs and flows, yet not in any predictable lunar cycle. Where order exists, as in the so-called developed or first world since 1945, peace and prosperity are possible. In this “Western” system, states have escaped the Hobbesian state-of-nature for an international society. Where order is absent, as in present day Africa, war and suffering often abound. In the absence of an international civil society, as Hobbes wrote, “life is solitary, poor, nasty, brutish, and short” (in Brown et al. 2002, 337).

Order arises in many forms and from many sources. In Chapter 7, Charles Kupchan emphasizes the normative orientations of leading states. In Chapter 9, John Ikenberry highlights the confluence of American power and liberal ideals. I do not disagree with their perspectives or their core interpretations of modern international orders. In this chapter, however, I examine the role of authority and international hierarchy in the creation and maintenance of international order. In this focus, norms and ideals follow from and facilitate transfers of authority from subordinate to dominant states, but are not primary drivers of international order.

The discipline of international relations has largely ignored international authority. Blinkered by the assumption that the international system is anarchic, scholars of international relations and even contemporary policy makers have failed to see or understand the importance of authority by states over other states in international history

(Lake 2009a). There is no clearer example of how paradigmatic assumptions blind scholars to reality (Kuhn 1970). International hierarchy is an important determinant of the degree and character of international order. Indeed, political order is the glue that holds dominant and subordinate states together in authority relationships.

This chapter proceeds in four steps. Using Robert Gilpin's *War and Change in World Politics* (1981, hereafter WCWP) as a point of departure, I identify three key unresolved questions in the study of international order. I then address each of the questions in separate sections, and show how an understanding of authority is central to their answers. The conclusion then briefly applies the answers generated to the case of China as a possible peer competitor to the United States.

War, Change, and International Order

In the three decades since its publication, Gilpin's classic WCWP has become received wisdom in international relations. As a reflection of its profound influence, many scholars – especially younger theorists – have absorbed the ideas developed in the book without now recognizing or acknowledging their origins. The approach developed in *WCWP* has only gained in importance. Written in a time of American decline, it remains relevant to our current era of unipolarity and the continuing rise of China. Even though the challenge of the Soviet Union and the competition with Japan both passed without major war, and were followed by a period of American renewal, Gilpin forecasts – perhaps presciently – a bleak future of competition and struggle between Washington and Beijing. *WCWP* is well worth revisiting.

Gilpin's core insight is that states seek to build international orders that reflect their interests. As coalitions of coalitions, states have unique preferences and aim to shape the rules of international order to the point where the marginal costs equal the marginal benefits of action. Small to medium powers are "rule takers" for the most part, but great powers have the potential to provide order and craft rules that privilege their domestic coalitions over those in other countries. International order, in this now broadly accepted view, is not neutral but reflects the interests and perhaps the compromises of the major powers. Order matters to world politics, as do the rules that comprise that order. Thus, countries struggle over the basic rules and benefits of world politics.

Somewhat more controversially, Gilpin posited that the dynamic distribution of capabilities is the primary driver of change and war. Unlike neorealists who gave pride of place to the static distribution (Waltz 1979), Gilpin argued that countries were subject to the "law of uneven growth," which produced an ever evolving and unstable set of relative capabilities and power. Technologically advanced states initially enjoy rapid rates of economic growth and increased capabilities, and thus greater influence over the international order. But the diffusion of technology and economic convergence, as well as the burdens of international leadership, eventually lead to relative economic decline. Benefiting from the advantages of backwardness and new technological innovations, other powers begin to grow more rapidly and challenge the earlier "generation." As these rapidly growing powers rise, their interests almost inevitably clash with the rules of the existing international order. Declining states could give way, Gilpin observed, but rarely do so. The conflicts between declining and rising powers, he concluded, have been resolved historically by hegemonic war. *WCWP* emphasized the decline of the United

States in the 1970s, but was vague on the challengers to American rule, although in other works Gilpin pointed more directly to Japan and the European Union (Gilpin 1987) and China (Gilpin 2000). Both the Soviet Union in the Cold War and Japan afterwards turned out to be failed competitors who never rose to equality with the United States. Gilpin's model of world politics, however, resonates with current fears of a rising China which does appear on track to overtake the United States within coming decades.

Though important to the discipline of international relations and still relevant today, *WCWP* left several key questions unresolved. Drawing on scholarship in the intervening decades, I sketch preliminary answers in each of three sections below. First, *why do states comply with biased international orders*, or why is there so little coercion in world politics? Gilpin introduced the concept of a hierarchy of prestige within the anarchic international system, which itself relied on a reputation for power or coercion (1981, 29-32). Going beyond Gilpin's sophisticated but still fundamentally realist view of world politics, I argue that international order can rest on the authority of a dominant state over subordinate states who recognize its rule as legitimate. Although relations occur within the shadow of coercion, as in all authoritative political systems, dominant states do not require coercion to obtain preferred outcomes or even to enforce their rules on a day-to-day basis in relations with subordinate states. Authority is a more efficient form of rule than is coercion.

Second, *why are hegemons liberal* and, in turn, why have the most successful international orders of the last two centuries been liberal? This is the great unanswered question of hegemonic stability theory, with which Gilpin is often associated. The answer follows from the authoritative nature of international order. To accept the authority of

another state over more or less of one's own policies is an awesome decision, perhaps the most important one a state can make. The power to set rules for subordinates is also the power to abuse those rules. Subordinate states will likely accept the authority of a dominant state only if that state can credibly commit not to act opportunistically or exploit them at some future date. Because the domestic authority of their own governments are limited and, by necessity, they must rely on market-based rules, liberal states are more credible in their promises to govern others lightly and fairly. Hegemons need not be liberal, and being hegemonic does not necessarily make a state market-oriented. Rather, the correlation between hegemony and liberalism emerges because of an underlying selection mechanism: liberal states are simply better able to acquire and sustain authority over other states.

Third, *why is there so little war and change*, or why is international order so robust? As Gilpin recognized, and Ikenberry (2001; 2011) has argued in more detail, international orders lock-in particular sets of interests that then endure over time. But why do rules stick in what remains an anarchic and “thinly” institutionalized international system? Both states and private actors adapt to particular authorities and their rules of order. As a social construct, authority is an equilibrium, a set of behaviors by ruler and ruled – or dominant and subordinate states – that neither has an incentive to change. Once that mutual equilibrium is reached, actors take the rules of order as “given” and adjust their investments and assets accordingly. Having done so, these actors then acquire an interest in preserving the rules as they exist. In short, the actors become vested in that order. It is not just power that is dynamic, as for Gilpin, but interests as well, and these interests tend over time to conform to prevailing rules. In this way, order becomes self-

reinforcing. Vesting does not overturn the law of uneven growth on which Gilpin focused, but it does explain why order can endure long after the dominant state has declined in power capabilities or prestige. It also suggests the possibility that potential challengers can be converted into supporters as they too become vested in the existing international order. This possibility is central to the debate over the future of China, which I examine in the Conclusion to this paper.

Why do states comply with biased international orders?

Gilpin (1981, 29-32) argues that, even within anarchy, states are ranked in a “hierarchy of power and prestige.” As the “reputation for power,” prestige “refers primarily to the perceptions of other states with respect to a state’s capacities and its ability and willingness to exercise its power.” This perception, in turn, ultimately rests on the “successful use of power, and especially through victory in war.” Although possessing a moral and functional basis, the hierarchy of prestige is, in the end, determined by the coercive capabilities of states. Along with the distribution of power itself, the hierarchy of prestige is central to the construction and maintenance of international order.

Yet, in an oft-cited critique of hegemonic stability theory, McKeown (1989) argued that hegemons – Great Britain and the United States, in particular -- rarely if ever appear to use coercion to create or maintain international order. The mechanism central to the theory is, thus, inconsistent with the historical record. Although there are notable examples – the Suez Crisis of 1956, sanctions against Cuba and other “rogue” states -- there is just not enough coercion by dominant states to support the conclusion that order

is created and sustained solely by the use of force by one country over others. In this way, the hierarchy of prestige is inadequate to explain the widespread and relatively stable international order – and importantly, the compliance with that order -- that we observe.¹

Gilpin posits that prestige is “the functional equivalent of the role of authority in domestic politics.” In limiting prestige to its “equivalent,” he is hampered by a residual realism. In a classic fallacy of composition, Gilpin assumes that since the system is anarchic, all relations between units must likewise be anarchic and that, as a result, there can be no authority by one state over another. Although sensitive to the need for legitimacy in international orders, Gilpin stops short of recognizing the important role of authority in world politics.

Authority is, simply put, rightful rule. As a bundle of rights and obligations, authority entails a) the right by a ruler, in this case a dominant state, to issue certain limited commands, b) the duty by the ruled, here a collective of individuals organized into a subordinate state, to comply with these rules to the extent they are able, and c) the right of the ruler or dominant state to enforce its commands in the event of non-compliance (Lake 2009a, 17-21). In domestic political systems, authority is typically understood to follow from formal-legal institutions. The leader’s ability to command citizens, and the citizen’s willingness to comply, follow from the lawful position or office that the leader holds. Although perhaps useful for analyzing established domestic hierarchies, this formal-legal conception suffers from a chicken-and-egg problem that makes it of dubious utility for the study of international relations. If political authority

¹ This is, of course, a glass half-empty/half-full conclusion. There is clearly some coercion in international relations, but theory is vague about just how often we should observe coercion in practice and we do not have good measures (or even definitions) of coercion (as some non-actions, such as deterrence, can be understood as coercive as well). Nonetheless, violence between states is not self-evidently higher than political violence within states (i.e., civil wars).

derives from lawful office, law must precede authority. But if political authority creates law, then authority must precede lawful office. Neither law nor authority can explain its own creation, and thus in all political systems authority must originate in something other than a formal-legal order.

Authority can derive from many other sources, including charisma, tradition, and religion. In international relations, authority mostly rests on social contracts in which dominant states provide political orders to subordinate states of sufficient value to offset their loss of autonomy (Lake 2009a, 34-40). Both dominant and subordinate states are better off than they would be in their next best alternative, reasonably assumed in international relations to be a state-of-nature. Authority relations, in turn, condition the behaviors of dominant and subordinate states alike in important ways (see Lake 2009a, Chapters 4 and 5). Dominant states must produce the promised order, even when it is costly to do so. One manifestation of this responsibility is that dominant states are significantly more likely to join crises in which a subordinate state is involved. Dominant states must also credibly commit not to abuse their authority over subordinates, a task made more difficult in unipolarity and, thus, possibly driving the United States to tie its hands even more firmly through multilateralism today than in the past.² Enjoying the fruits of the political order, subordinate states relative to non-subordinates spend less on defense and engage in higher levels of international trade, especially with others tied to the same dominant state. Legitimizing the policies of their protector, subordinates are also more likely to follow dominant states into wars and especially to join coalitions of the willing, even though they often contribute little beyond their verbal support and could

² As an out-of-equilibrium event, the importance of tying hands through multilateralism was made clear by President George W. Bush's attempt to break free from the international fetters constraining the United States during the Iraq War, and the vociferous international opposition that followed.

easily free ride on the efforts of others. Finally, dominant states discipline subordinates who violate their commands both by intervening to replace local leaders -- their agents -- and ostracizing them from normal political intercourse through sanctions or other barriers to exchange (e.g., U.S.-Cuba). This syndrome of behaviors by both dominant and subordinate states is not predicted nor easily explained by attributes other than authority.

The gains from entering an international civil society, however, are unlikely to be distributed evenly or even fairly between dominant and subordinate states; after all, as Gilpin recognized, the ability to write the rules of international order is a power that few states fail to exploit for their own benefit. It is here that international power matters in setting the terms of the international order in which members are embedded. Power is the ability of A to get B to do something he or she would otherwise not do (Dahl 1957). Authority, in turn, is a type of power, defined as the legitimate use of force.³ But in creating authority, other forms of power may also play a role and determine the degree of bias in the corresponding international order. The idea here is nicely illustrated in Figure 1 (based on Krasner 1991). By entering the international order and escaping the state-of-nature (SON), both the dominant and subordinate states move toward the Pareto-frontier (the negatively sloped line DS), improving their welfare. At the same time, however, each state has different preferences over the exact nature of that order, with the dominant

³ Authority differs from coercion in being fundamentally a collective or social construct. Although the social meaning of coercion may vary, as do the social norms governing its use (on interventions, see Finnemore 2003), the physical ability to impose violence on another state exists independently of the self-understanding of the actors themselves. With authority, on the other hand, the right to punish noncompliance ultimately requires the collective acceptance or *legitimacy* of the dominant state's right to rule. As Thomas Hobbes himself recognized, "the power of the mighty (the Leviathan) hath no foundation but in the opinion and belief of the people" (quoted in Williams 2006, 265). If recognized as legitimate, the dominant state acquires the ability to punish individuals within the subordinate state because of the broad backing of others (Flathman 1980, 30). The dominant state, for instance, can enforce specific edicts even in the face of opposition if its general body of commands is accepted as legitimate by a sufficiently large number of the members of the subordinate state (Lasswell and Kaplan 1950, 133; Bernard 1962, 169).

state preferring a set of rules and behaviors closer to D and the subordinate state preferring outcomes closer to S. Any result between d and s leaves both parties better off than in the SON. Yet, even as both parties may be better off under an international order, power determines the bias in that order. Although the dominant state will typically bias the order in its favor (closer to d), different subordinates will get better or worse “deals” depending on their available alternatives, including possible relationships with other potentially dominant states, and ability of the subordinate to withstand coercive pressure from the dominant state. Overall, subordinate countries with highly specific assets necessary to the dominant state – sometimes referred to as “strategic” assets in the international relations literature – are likely to obtain sets of rules and required behaviors closer to their ideal points (s) than countries with less specific assets (Lake 1999a).

Figure 1 about here

Once created, moreover, international order is likely to be self-enforcing. The further both states are from the SON in Figure 1 (the closer they are to the Pareto frontier or the further that frontier is from the SON), the more they have to lose if that order and the authority on which it is premised decays. States – and especially subordinate states – follow the rules of international order even when they are biased in favor of the dominant state because of the gains from civil society. Even so, the balance of power in the relationship, and the authority exercised by the dominant state, will evolve over time. The dominant state may become even more dependent on the specific asset of the subordinate, shifting the rules of order in favor of the latter, or vice versa. The subordinate state might also lose a possible outside option, shifting the balance of power in the dominant state’s favor, as happened for the United States after the implosion of the Soviet Union in 1991.

Authority and order are dynamic relationships that respond to shifting circumstances in world politics, even as both parties are locked into the relationship by the gains from political order.

As an equilibrium, authority naturally entails relatively high levels of compliance, even if the rules issued by the dominant state are biased in its favor. Compliance occurs not just because rule is rightful; indeed, legitimacy is, in many ways, nothing more than the recognition by subordinates that it is in their interests to respect the rules of the dominant state. Rather, given the alternatives, as well as the community's acceptance of the dominant state's right to enforce its rules, states comply because they are better off doing so than not. Subordinates value order over chaos, even if the order that exists favors the ruler more than the ruled. And as long as the community of which they are part grants the dominant state the right to punish defectors, individual subordinates are deterred from breaking the rules or even challenging the dominant state's right to make rules. In domestic politics, Levi (1988, 52-67) has described this equilibrium as quasi-voluntary compliance. The same holds for authority between states. Once authority is established, states comply and follow rules as if this were of their own choosing, but compliance occurs always in the shadow of legitimate enforcement. Establishing authority comes at substantial cost to the dominant state. It must agree to tie its own hands and restrict its freedom of action (see above). It must also produce order, protect subordinates, and maintain an enforcement capability. Nonetheless, authority is a more efficient form of rule than is coercion alone in generating compliance. The existence of authority across a large number of possible dyads within the international system under both the *Pax Britannica* and *Pax Americana* helps explain the presence of widespread

order – and compliance with that order -- despite the bias in the rules and the absence of high levels of coercion between states.

Why are hegemons liberal?

For Gilpin, liberalism that supports an open international market economy is the product of hegemony and efficiency in production. Both are necessary conditions. As he writes,

Hegemony without efficiency tends to move toward imperial-type economies, as is the case in the Soviet bloc. National economic efficiency without a corresponding political-military strength may not be able to induce other powerful societies to assume the costs of a market system....Because the precondition of combined political hegemony and economic efficiency has infrequently existed, it is not surprising that market systems have been few in the past and that the two great champions of market systems in the modern world have been Great Britain in the nineteenth century and the United States in the twentieth (1981, 129-30). Although both hegemony and efficiency are likely related to the law of uneven growth, liberalism is in Gilpin's view largely a product of internal developments in Britain and the United States that propelled both to hegemony and made them the most efficient states of their eras (see esp. Gilpin 1977). By implication, lacking a liberal domestic political tradition, Chinese hegemony if attained will look quite different than in centuries past.

The link between hegemony and efficiency and international economic openness was always the Achilles's heel of hegemonic stability theory. According to economic

theory, larger (and more powerful) countries are more likely to have positive optimal tariffs, not lower tariffs than average, and all countries have a comparative advantage, so absolute advantage as implied by the concept of efficiency should not matter. A number of attempts were made to theorize why especially large states will have stronger interests in free trade than others, but none were entirely satisfactory (reviewed in Lake 1993). A focus on authority, however, reverses the causal arrow and suggests that hegemony does not cause liberalism but liberalism is more likely to lead to hegemony. To put this another way, great power does not produce liberalism; liberalism is likely to produce greater international authority.

Clearly, basic power capabilities are necessary for a dominant state to earn international authority by producing order, defending subordinates, and enforcing rules. The ability to “police” an international order requires some minimum coercive ability. But the scope of the order provided – and specifically the number and range of countries covered by that order – can be adjusted to fit national capabilities. The United States, for instance, did not begin its rise to dominance by creating a global order. Rather, it started by constructing a regional order in the Western hemisphere, assuming control over the region from Britain starting in the 1890s. It then modified this order, making it more clearly liberal, and extended it to Western Europe and Northeast Asia after 1945. It even attempted to expand the order to include the Middle East starting in the 1970s and more significantly in the 1990s. At the same time, it has never sought to produce significant order nor govern subordinates in Africa, South Asia, or – with the exception of Vietnam – Southeast Asia. The United States, like Britain before it, tailored its rule to its capabilities, albeit imperfectly.

Once established, moreover, authority and order tend to attract additional subordinates. Although the metaphor is inapt, one might think of order as a black hole. On the supply side, producing order, defending subordinates, and enforcing rules tend to have large economies of scale, explaining why authority tends to cluster at the regional level or why most states in an area become subordinate to the same dominant state at roughly the same time (Lake 1999a; 2009b). As the dominant state benefits from order, it also increases its capabilities and willingness to bear the costs of rule. Order begets greater order. On the demand side, the benefits of order draw prospective subordinates into that order, much as the success of NATO and the open international economy pulled in virtually all of the former Soviet subordinates in Eastern Europe. Hegemons often start “small” and then cast a broader net, suggesting that above some threshold relative capabilities are neither determinative nor exogenous.

Instead, liberal states appear more likely than non-liberal states to gain authority over other countries. Liberal states, first of all, generally possess greater capabilities and enjoy greater success in mobilizing resources for international power (Lake 1992; Reiter and Stam 2002). Where power sometimes repels, in turn, liberalism attracts. If subordinates must “sell” their sovereignty, they will want to do so to the state offering the greatest order for the lowest price – in this case, the fewest constraints on their sovereignty. Liberal states govern more lightly (with less hierarchy). Because they possess smaller public spheres, more internal checks and balances or veto points, and are more credible in their commitments, countries are more willing to subordinate themselves to liberal than other possible dominant states. Thus, if hegemons are dominant countries

with a wide range of subordinate states, they attain this status because they are liberal, not vice versa.⁴

Central to any authority relationship is the subordinate's transfer of decision rights to the dominant state. Such transfers of sovereignty are fraught. Having given another state the right to command and enforce obedience, the subordinate is now vulnerable to opportunism by a dominant state that subsequently governs not as the subordinate might like but in its own self-interest. To yield sovereignty, therefore, the subordinate must be confident that the dominant state will not exploit it at some future date. Liberal states, in turn, can commit more credibly than nearly all other types of states to live within rules that bind its own behavior (Martin 2000; Lipson 2003). The idea here is presaged in North and Weingast's (1989) famous argument about tying the sovereign's hands (see also Schultz and Weingast 2003). Here, the tighter are the fetters on the dominant state, the better able it is to attract subordinates.

Liberal states have, by definition, small public spheres in which they wield authority. In polities with large public spheres (small private spheres), the state possesses authority over a wide range of issues and practices. At an extreme, in totalitarian societies the state claims the authority to regulate legitimately all human interactions, although this is usually not possible in practice. In polities with small public spheres (large private spheres), the state possesses only limited and highly constrained authority. Liberal states, thus, possess only limited legitimate powers over their own people, and are explicitly denied the right to regulate many social, religious, "personal" and even political practices. The limited state is enshrined in the rights of free speech, association, religion, and others often associated with the first 10 amendments to the U.S. Constitution. Small public

⁴ This does not preclude totalitarian hegemons, but their rule relies more on coercion and is more fragile.

spheres, in turn, are associated with a larger reliance on market forces. Rather than regulating the behavior of many private actors, liberal states must rely on the discipline of the market. The small public sphere in liberal states, in turn, is defended by powerful domestic constituencies who govern their own areas within society, be these owners of firms who regulate their own business practices and relations with employees or clan or religious leaders who set and enforce rules on the social behaviors of their members. This is a type of “compliance constituency” first discussed in the literature on international law, but applied at the domestic level (Kahler 2001, 291-293).

Dependent on markets, and accustomed to large realms of private authority, liberal states then generalize their own governance systems to the international level, if possible (Lake 1999b; Ikenberry 2001; 2011). They desire access to the markets of subordinate states, but for the same reasons as at home are not necessarily interested in or able to regulate large areas of social and economic relations. States that are liberal at home are likely to be liberal abroad. By extension, the same domestic constituencies that enforce limits on the state at home also enforce limits on the home state when it controls policy areas in subordinates in which they are invested. Private firms, for instance, who oppose government regulation in their domestic economy will likewise oppose attempts by their government to regulate their actions in the subordinate states, and will even press their home government to constrain regulation by the subordinate state government to the extent it retains sovereignty within the relevant issue area. The same for religious and other social groups; religious organizations that enforce the separation of church and state at home will oppose home government attempts to limit their proselytizing within subordinate states. Although “democratic imperialism” is not unknown, it nearly always

takes less hierarchical forms than in its more authoritarian variants and occurs most frequently when the subordinate population can be more clearly differentiated from the home population by clear racial or ethnic categories and unequal treatment can be intellectually or politically justified (on the latter, see Crawford 2002).

In addition, liberal states have a larger number of veto players than non-liberal states, and these points of potential blockage make it harder for such states to deviate from the status quo (Cowhey 1993; Tsebelis 2002). This makes promises to preserve an essentially liberal policy toward the subordinate more credible. It also ensures that any veto player can block efforts to exploit the subordinate in the future. Neither limited states nor large numbers of veto players are guarantees against opportunism by the dominant state, but they do serve as checks and balances that limit capricious decisions that may harm the interests of subordinate states.

These checks and balances within liberal states, in turn, make it easier for subordinates to transfer sovereignty and accept their authority. Since it is more difficult for liberal states to deviate from their liberalism, they are more reliable and predictable rulers. As a result, liberal states are more likely to become dominant over more subordinates. Through this selection process, liberal states are more likely to become hegemonic, and thus we are more likely to observe hegemonic states pursuing liberal policies. Hegemons need not be liberal – as Gilpin’s reference above to the imperial role of the Soviet Union in Eastern Europe suggests. But liberal states are--all else constant, including relative capabilities--more likely to become hegemonic. And as hegemons, they are more likely to be constrained by their own societies to act in ways consistent with their liberal foundations, even in subordinates. This affinity between liberalism and

hegemony, in turn, helps explain the correlation between hegemony and liberal market economies.

Why is there so little war and change?

For Gilpin, international order is transient and nearly always destroyed in hegemonic war, only like the Phoenix to rise again from the ashes. Once order is established, the hegemon will eventually suffer slower economic growth, higher costs of protection, increased consumption at the expense of investment, a shift to less productive services, and the corrupting effects of affluence and preeminence (Gilpin 1981, 166). As these effects mount, the hegemon can no longer sustain its leadership. Although it could increase the resources devoted to maintaining its international position or retrench by reducing its international commitment, these strategies simply forestall the inevitable decline and may, in fact, either worsen rates of internal investment or stimulate challengers (Gilpin 1981, 188). With the declining hegemon holding to the status quo, change usually occurs only through a global conflagration over control of the system. This dynamic view of international power nonetheless neglects the problem of “hegemonic afterglow” in which the hegemon continues to provide order and, more importantly, subordinates continue to comply with its rules long after they “should” (Krasner 1976; Brawley 1999). It also fails to account for challenges that do not occur, including the United States against Britain in the late 19th century and Japan against the United States in the late 20th century.

As above, power sets the terms and some minimal level of coercive capability is necessary to sustain international order, but the relationship between power capabilities

and authority is not tightly correlated. Powerful countries can abuse their authority and lose their right to rule, much as the Soviet Union did in Eastern Europe. Conversely, dominant states can lose some of their coercive capabilities without an erosion of international order and, thus, the basis of their authority. Subordinates who benefit from that order can emerge to support the declining hegemon as it declines, as did the United States in the late 19th century for Britain and Japan and Germany did in the 1970s for the United States (Lake 1988). Even more important, however, is that international order transforms the political economies of subordinate states and creates interests vested in that particular international order. Once this happens, challenges to the hegemon decline and compliance naturally increases. This does not imply that order lasts forever. Gilpin is likely right that declining capabilities and conflicts of interest will eventually provoke challenges to the international order from those least embedded in its rules – as were Germany and Russia in the *Pax Britannica* and Russia and China have been in the *Pax Americana*. But order can have strong dynamic effects that allow it to “entrap” some challengers and endure long after the hegemon’s coercive capabilities have waned.

Political authority is largely self-enforcing because of the vested interests -- a term of opprobrium to political reformers -- that accumulate in the societies of both dominant and subordinate states.⁵ The effect of vested interests is seen most easily, perhaps, in the contrast between liberal market economies (LMEs) and organized market economies (OMEs) (Hall and Soskice 2001; see also Gourevitch and Shinn 2005). LMEs have large private spheres of authority, rely more on market-based allocation systems,

⁵ Vested interests are an explanation for the apparent lack of cycling in “institutionalized” polities. Riker (1980) posed a fundamental critique of the structure-induced equilibrium approach of Shepsle (1979) and others. Riker’s (1984) own solution to the problem of cycling—heresthetics--focused more on rhetoric than the vested interest approach outlined here.

and offer fewer social protections. In turn, both firms and workers develop flexible economic strategies that discourage investments in specific processes or skills, creating a large pool of “generic” capital and labor that flows (relatively) easily across sectors. Having invested in flexible production and skills, however, society has little motivation to press government for policies that encourage long term holding of assets, apprenticeship programs tailored to long term employment contracts, and other features common in OMEs. Adapted for flexibility, changing policies are of less import for societal actors and, in turn, the political arena is characterized by institutions that if they do not amplify at least do not dampen political swings, such single-member electoral districts and majority party rule. The economy and its political actors are vested in a particular, self-reinforcing mode of production in which liberal markets yield more liberal markets. OMEs, by contrast, have larger public spheres, rely less on market forces, and have more counter-cyclical social protection programs. Both firms and workers expect to be engaged in long term relationships, so both have incentives to invest in specific skill and asset acquisition. Having invested in high skill-oriented production, in turn, both firms and workers have incentives to press government for a steady flow of equally well-trained workers and counter-cyclical social programs that will tide them through market downturns and sustain investment in these specific assets. Since policy instability would threaten to undermine these incentives, the political system is structured for centrism, either through proportional representation electoral systems or coalition governments in which centrist parties are pivotal. Organized markets follow organized markets. In both LMEs and OMEs, policies breed self-interests in maintaining the political authorities that produce those policies.⁶

⁶ In this same way, Social Security is the “third rail” of American politics because so many individuals

Over time, subordinate states have become vested in the American-led international order. As within countries, states develop interests in sustaining the international order to which they have adapted and prospered. Through such vesting, the international order also becomes self-enforcing. At the most general level, globalization rewards winners and punishes losers, tilting the political playing field over time in favor of the former and against the latter (Rogowski 1989). Export interests and others that benefit from an open world economy grow and expand their political influence. Import-competing sectors and others that lose steadily shrink in size and influence; textiles and shoes, once core industries in the protectionist coalition in the United States, are no longer a political force (Hathaway 1998). Exporters become ever more dependent on world markets and the national economy becomes increasingly specialized. These “internationalist” interests, in turn, develop stronger interests in maintaining market openness, both at home and abroad (Milner 1988). International liberalism becomes self-sustaining and perhaps even expands. This incremental process of political realignment transformed both postwar Germany and Japan. Both were, of course, totalitarian and imperialist challengers to the decaying *Pax Britannica*. After being soundly defeated in World War II, it was not obvious that they would reemerge as democratic states deeply embedded into a liberal international economy. Yet, the former imperialist segments of the societies that supported totalitarianism were deeply delegitimated by defeat, opening the possibility for fundamental change. In turn, the United States and other occupying powers promoted moderate internationalists within both – the Christian Democrats in Germany, the Liberal Democrats in Japan – against the left. With U.S. backing, these

have premised their lifetime consumption and savings patterns on its future. Farm subsidies everywhere are hard to reform because any reduction would not only affect the current income of farmers but also the value of their land, often their single biggest asset.

moderates took firm control of their societies and, following the rules of the U.S.-led order, opened themselves to international trade and especially promoted export-led growth, upending their political economies over time. Comparatively disadvantaged sectors were swept away, assets were redeployed toward comparatively advantaged sectors, and raw materials – previously obtained through imperialism and bilateral balancing – were freely acquired on U.S.-protected international markets. Over time, many segments of German and Japanese society became dependent on and implicated in the U.S.-led international order. This dependence eventually became so deep that both Germany and Japan eventually became vigorous champions and fervent supporters of the liberal international economy that was imposed on them in the early postwar period. Thus, the American-led international order has--slowly but inexorably--reshaped the domestic political economies of subordinate states, an effect that is deeper and more dramatic the higher the level of integration. Now highly dependent on international markets, subordinates have become important forces in sustaining those markets, and indirectly the American-produced order.

This process of vesting interests in international order can be further illustrated by the recent American attempt to expand further its authority into the Middle East. Many Europeans were quite reluctant to follow the United States into the region, and some subordinates obviously resisted in the case of the Iraq War. But there were still few significant dissenters from American ambition. Beginning under Britain and then expanded by the United States after World War II, the international economy has thrived on access to cheap oil from the Middle East. This relatively inexpensive energy source, in turn, is deeply integrated into the economic and social structures of every advanced

industrialized country, as any attempt to regulate CO₂ emissions today makes abundantly clear. All societies -- and especially those in which oil is relatively cheap, like the United States -- have developed infrastructures premised on continued access to stable and inexpensive supplies. This infrastructure is a significant “specific asset.” Individuals, in turn, have invested in automobiles and homes in suburban areas, which together are often their most valuable assets, and these individually-owned assets create a continuing political demand for cheap oil. For both of these reasons, voters in the United States support policies intended to ensure continued access to oil supplies in the Middle East and bolster local regimes that are friendly toward the West. The need for oil has driven Washington into support for the Shah of Iran (overthrown in Iranian Revolution in 1979), continuing political alliances with autocratic regimes in Saudi Arabia and the Persian Gulf, the 1991 Persian Gulf War and finally the 2003 Iraq War. Oil companies generally lack the political clout to drive a nation like the United States to war. Rather, the dependence on oil is structural and, as such, a deep motivation for policy of which voters may not even be aware.⁷

Importantly, states subordinate to the United States are also deeply vested in cheap oil from the Middle East and have frequently joined the U.S.-led incursions into the region, especially Great Britain which assumed a prominent role as a supporter of the United States in both 1991 and 2003. Although attention focused on those subordinates like Germany that “defied” the Bush Administration in 2003 – an odd term if relations truly are anarchic that was frequently invoked prior to the war -- subordinates were more than twice as likely to join the “coalition of the willing” than non-subordinates (Lake 2009c, 19). This was in part symbolic obeisance, a form of legitimating American rule,

⁷ This parallels instrumental v. structural Marxist accounts of foreign policy. See Krasner (1978).

but it also reflects the deeply vested nature of the subordinates into the international order created and maintained by the United States. Subordinates were compelled to support the United States not by force but by the dependence of their own economies and societies on the particular order built by the Washington in the Middle East. They are “locked in” to the American order not by institutions, but their own domestic constituencies that benefit from the existing structure of rules and the corresponding outcomes.

The main point here is that the interests of subordinate states are not fixed or exogenous but are endogenous to international order. As order and its attendant benefits are created, groups within subordinate countries become vested in that order and will encourage their governments to both comply with the rules and support that order should it start to erode or come under challenge. This allows order to persist long after the initial distribution of capabilities on which it originally rested has changed. The international institutions on which others have focused, and that are constructed within that order, clearly have some residual effects in reinforcing order, as old institutions continue to provide value by facilitating cooperation and are a sunk cost that must be paid anew if a different order is to be created (Keohane 1984; Ikenberry 2001). But what ultimately makes those institutions and order robust are the social interests vested in that order who have compelling reasons to follow the rules and support the order in general against possible challengers.

Today, many countries are deeply vested in the American-led order. Hegemony is less fragile than the distribution of capabilities alone would suggest. As a result, political change and the deep conflicts of interest that can lead to hegemonic war are less frequent than expected by a focus on coercion alone.

Conclusion: Will China be a spoiler or supporter?

With its vast population, large territory, and rapidly growing economy, China's aggregate GDP will soon surpass that of the United States (Bergsten et al. 2009). Although it will still be a "poor" country with an average per capita income far below that in developed states, its sheer economic size will soon permit it to be a major player on the world scene and to deploy a global military reach equal to that of the United States (Mearsheimer 2001; Bergsten et al. 2009). This increase in Chinese power will almost certainly give rise to new demands for greater influence in international affairs, including over the rules of the American-led order (Friedberg 2005). Although the United States might prefer to retain its current position as the leading power, there is little it can do to arrest this future shift in power capabilities (Beeson 2009).

The authoritative nature of international order, however, creates the possibility for integrating China into the American-led international system. Embedding China into an order that protects the territorial integrity and generates prosperity for all from secure property rights, monetary stability, and trade openness, promises benefits to Beijing from living within this system that will likely exceed those of a Chinese-led alternative, especially if this can only be obtained by forcibly challenging the United States (Jacques 2009; Halper 2010); if so, the benefits of consenting to American authority, or at least participating in a system of American-made rules, may be greater than the prospects of a costly confrontation.

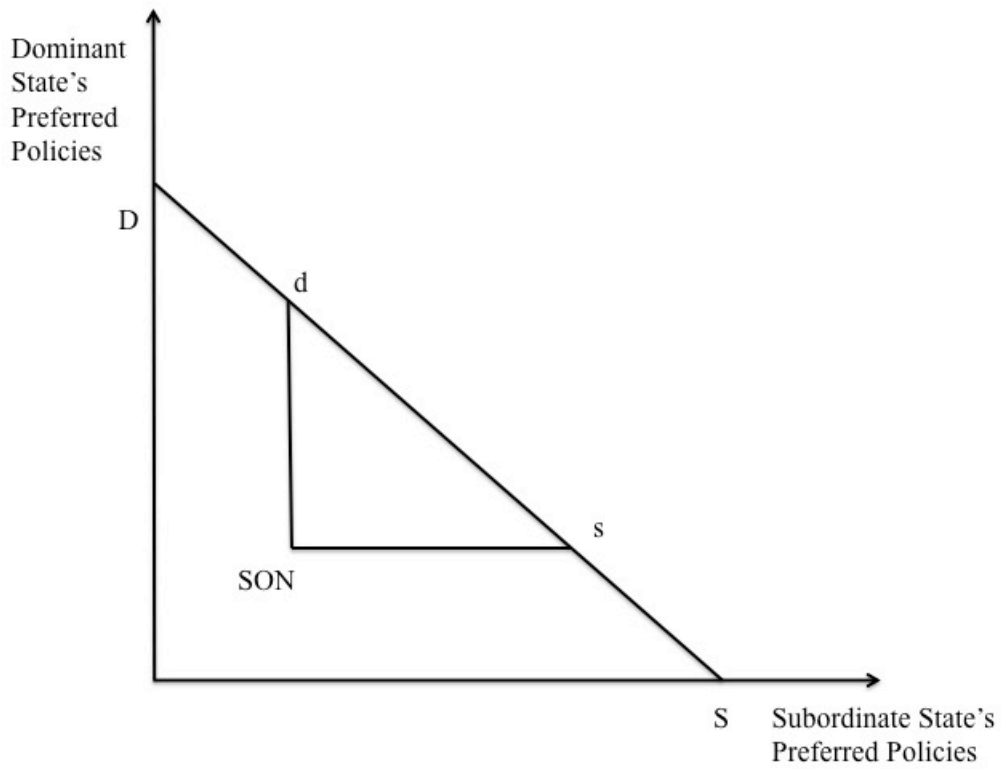
China is also developing – perhaps unwittingly -- its own compliance constituencies that hold out the promise of transforming Beijing over time into a

supporter of the American system. Following the path of Japan, South Korea, and the other Asian “tigers,” China is pursuing a strategy of export-led growth that depends on the continued openness and health of an open world economy dominated by the United States and its subordinates and governed by rules agreed upon by those same countries. Although China is not a “small country” in absolute terms, it is still both a “price taker” in world markets and a “policy taker” in international institutions. To date, it is largely conforming to the existing system as it develops (Johnston 2003, 2013; Drezner 2007). In turn, it is also accumulating domestic interests that are vested in the current international order and who may, in the years ahead, become an important political force that backs living within rather than challenging the American order (Moore and Yang 2001; but see Shirk 2007).

This is the promise of cooperation rather than confrontation with China, often left implicit and seldom linked to issues of authority by its proponents. Like postwar Germany and Japan, the more deeply China is integrated into the current world order, the less likely it will be to challenge America’s authority in the future, even as its coercive capabilities grow. The United States succeeded Britain as hegemon without undue conflict, perhaps because both were relatively liberal states that shared similar preferences over the nature of international order. As a non-liberal state, China’s preferred international order is less likely to mirror that constructed by the United States, and greater political tensions are probably inevitable in the years ahead. Nonetheless, integrating China into the open world economy is likely to create compliance constituencies that support the American-led order, and may actually serve to liberalize China over time. Future relations will be conditioned on whether China can be vested

into the existing American-led international order. We may not know this for a decade or more, but the potential payoffs seem sufficiently high that it is worth running some risk that trade now will enhance the wealth and power of a possibly autonomous and antagonistic China in the future. The larger, more vibrant, and more prosperous the American order, the larger the incentives for China to join with rather than challenge the United States. This holds out a hope that, while change is inevitable, hegemonic war is not.

Figure 1: Power, Bargaining, and International Order: How the Gains from Order Lock States Into Biased Sets of Rules



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