CHAPTER THREE:

POWER AND STRATEGIES OF RULE

Introduction

In various eras, powerful states have risen up and shaped the rules and institutions of the global system. They have sought to use their power advantages to shape the international environment to accord with their interests. In doing so, they have – in one way or another – created international order. In the last chapter, I explored the varieties of international order, and I distinguished between two types of hierarchical orders – empire and liberal hegemony. But the question remains: when do dominant states seek to construct one type of order or the other? This is a question about the logic and instruments of domination. How and to what extent do powerful states – in building international order – turn power into legitimate domination? What are the choices and circumstances that lead powerful states to engage in imperial or liberal order building? Most importantly, when and to what extent do powerful states have incentives to create and operate within a system of agreed-upon multilateral rules and institutions? It is the strategic decision to do so – or not – that ultimately determines whether the resulting international order is imperial or liberal.

As an international order builder, the United States has been ambivalent about international rules and institutions. In the decade after World War II, the United States was the leading architect and champion of global multilateral governance. It led the way in an unprecedented burst of global institution building – establishing the United Nations, IMF, World Bank, NATO, and an array of other institutions and regimes. The United States pursued a “milieu” strategy of order building, attempting to shape the setting in which other states operated. But the United States has also been deeply reluctant – today and at various moments in the past – to sponsor and participate in international agreements in areas as diverse as security, arms control, human rights, and the environment. So it is necessary to explore the trade-offs and incentives that states like the United States face in building and operating within rule-based international order.

This chapter unfolds in four steps. First, I explore the ways in which dominant states shape their international environment; that is, their “strategies of rule.” Powerful states have a
variety of tools with which to build and manage international order. The two most salient mechanisms for establishing hegemonic order are “rule through rules” and “rule through relationships.” The first entails the provisioning of multilateral agreements that specify the rules and institutions through which states are expected to operate. These rules and institutions can be more or less formal, encompassing, and binding. The second entails the forging of bilateral relationships between the lead state and weaker and secondary states. These client-state relationships or “special relationships” involve bargains and agreements in which the leading state offers benefits or services – such as security protection and market access – in exchange for political support and cooperation within the wider international system.

Second, I make a set of claims about why and how states use international rules and institutions – and in doing so, I offer a “political control” explanation for institutions. Rules and institutions are mechanisms that allow states to assert some control over their environment by making more predictable the policy actions of other states. In making commitments to operate within a framework of rules, a state is agreeing to circumscribe its policy autonomy or freedom of action – in various ways and degrees – so as to induce other states to do the same. A state bargains away some of its policy autonomy to get other states to operate in more predictable and desirable ways, all of it made credible through institutionalized agreements. The shifting incentives, choices, and circumstances surrounding this “institutional bargain” help explain variations in state commitments to rules and institutions.

Third, I argue that this same logic applies to powerful states, such as the United States. Indeed, a dominant – or hegemonic – state has a complex array of incentives to use rules and institutions to shape its environment, including to reduce its enforcement costs, foster legitimacy, and institutionalize a favorable international order for the long term. A leading state should want to establish a favorable set of rules and institutions that shape and constrain the policies of other states. To do so is to create a more stable and predictable environment in which it can pursue its interests. And it reduces the necessity of exercising power to enforce the terms of order. If these rules and institutions are mutually agreeable, this also makes the order itself more legitimate, reducing the costs of enforcing order. Moreover, if these rules and institutions are deeply embedded in wider systems of politics and economics, the order itself is made more durable and can last even into the future when the power of the hegemonic state declines. So rules and institutions are not the enemy of powerful states – but there are costs and trade-offs associated with “rule by rules” and the incentives for pursuing rule-based order will vary accordingly.

Fourth, I explore the incentives and trade-offs relating to various tools of hegemonic rule. The incentives that powerful states have to build and operate within a rule-based order are not absolute. Such states also have opportunities to shape their environment without making international or rule-based commitments. They can avoid and work around rules and institutions. They can act unilaterally outside of institutionalized relationships or strike bargains directly with individual states. Critical to a hegemonic state’s choice between these alternatives is the value it attaches to the efficiency and legitimacy of its “rule” over the international order – and its assessment of its future power position.
Overall, this perspective allows us to appreciate the logic of variation in types of orders that a leading state seeks to build. The United States has used a variety of strategies of rule during the postwar era. Relations with Western Europe were based in important ways on rule-based, multilateral agreements, while in East Asia the United States relied primarily on bilateral, clientalistic relationships. In Latin America and the Middle East, the United States was more willing to fall back on traditional imperial tools of control. The logic of when a leading state resorts to one type or another of these strategies is tied to the incentives it has to exchange reductions in its own policy autonomy for institutional forms of cooperation. The United States wanted a great deal from Europe in the postwar decades, and it was willing to tie itself to its these states through a variety of multilateral economic and security agreements. In East Asia, the United States wanted less from its partners and was less willing to restrict its own policy independence. The character of hierarchical order follows from how states – leading and secondary – respond to these incentives and trade offs associated with “rule through rules” and “rule through relationships.”

ORDER BUILDING AND STRATEGIES OF RULE

Only rarely are states in a position to shape the basic terms of international order. Great powers typically find themselves operating within an established international order. But on occasion, moments arrive when a leading state finds itself with sufficient power and opportunity to decisively shape the terms of global order. When such moments arrive, these leading states face choices about how to organize the rules and institutions of the system. Either alone or with other states, either through imposition or negotiation – such states are in a position to establish the governing arrangements of the international system. In doing so, they engage in international order building. But what sorts of order might these states seek to build?

In the last chapter, we distinguished between two ideal-types of hierarchical orders – imperial and liberal hegemonic. These types of orders differ in terms of the ways that superordinate power is exercised and authority is established. Each of these ideal-typical orders is organized around a mode of rule or governance. In imperial orders, rules are imposed and compliance is ultimately enforced through coercive uses of power. Imperial rule is manifest through coercive domination. At the extreme, this is rule in which the dominant state directly occupies and commands the subordinate state -- and indeed the subordinate state is no longer truly a state as such. Sovereign authority is effectively in the hands of the dominant state. The occupied or dominated polity has no independent foreign policy or direct diplomatic relations with other states. This form of rule is most clearly in seen in postwar occupations and colonial-style imperialism.

In a liberal hegemonic order, rules are negotiated and compliance is ultimately based on consent. Liberal hegemonic rule is based on bargained and rule-based relations. Weaker and secondary states have voice opportunities and their agreement to operate within the order is based on the willingness of the dominant state to restrain and commit its power and lead in the
provision of public goods. In its most developed form, a liberal hegemonic order is based on the rule of law. Both the dominant and subordinate states operate within a multilateral set of rules that effectively eliminate coercive rule. This is the closest an international order might come to “constitutional” rule – governance through the rule of law rather than the rule of power.¹ No state is above the law. Hierarchy may still exist to the extent to which the rules and institutions provide special rights and exemptions to the leading state. Nonetheless, political authority within the order flows from its legal-constitutional foundation rather than from power capabilities.² In this situation, hegemony is manifest essentially as rule-based leadership.

Imperial and hegemonic orders in the real world tend to exist well within these two extremes. Imperial orders are rarely based entirely on coercive domination and liberal hegemonic rule – at least as it is manifest in America’s postwar order – is only partially built around multilateral rules and institutions. Imperial and liberal hegemonic states pursue a mix of rulership strategies – and the orders they create are also systems with a mixture of hierarchical governance arrangements and power relations. We can describe the two most basic strategies of rule as “rule through rules” and “rule through relationships.”

“Rule through rules” is the dominant governance strategy of liberal hegemony. Power is exercised through sponsorship of rules and institutions. Rule-based relations are built around multilateral rules and institutions that set out the terms upon which relations among a group of states are to operate. Thus there are several aspects to rule-based relations. One is that it entails the coordination of relations among a group of states, and as such it can be contrasted with bilateral, “hub and spoke,” and imperial arrangements. Second, the terms of a given relationship are defined by agreed-upon rules and principles – and sometimes institutions – so rule-based relations can be contrasted with interaction based on ad hoc bargaining or straight-forward power politics. Third, rule-based relations entail some reduction in policy autonomy, since the choices and actions of the participating states are – at least to some degree – constrained by the agreed-upon rules and principles.³

¹ On constitutional order in international relations, see G. John Ikenberry, “Constitutional Politics in International Relations,” European Journal of International Relations, Vol. 4, No. 2 (1998), pp. 147-77; and Ikenberry, After Victory, Chapter Two.

² This is dominance based on the perceived legitimacy of the rules and institutions that structure the exercise of power. In effect, a hegemonic order organized around the rule of law is, as Max Weber described legal-rational authority, “domination by virtue of ‘legality,’ by virtue of the belief in the validity of legal statute and functional ‘competence’ based on rationally created rules.” Weber, “Politics as a Vocation,” in H.H. Gerth and C. Wright Mills, ed., From Max Weber: Essays in Sociology (New York: Oxford University Press, 1958), p. 79.

As we discuss later in this chapter, building order around rule-based relations can be an attractive strategy of rule for a dominant state. If the rules can be established widely – spread across many states and regions and covering an array of policy realms – it can be an efficient mechanism for ensuring a stable and congenial environment for the leading state to pursue its interests. Control is not directly maintained through the exercise of power; it is embedded in the rules and institutions themselves.

These rule-based relationships can take different forms – variations defined in terms of the degree to which the rules are mutually agreed upon and applied and the degree to which they place binding constraints on the states involved. At one extreme, a dominant state can impose rules on weaker states but remain unconstrained itself. This is, in effect, the imperial use of rules. Alternatively, the rules could be mutually agreed upon and apply to both the leading state and other states but provide differential rights and obligations based on power position. The dominant state or the great powers might operate under a different set of rules – conveying rights and authority – that other states do not possess. At the other extreme, the rules could be mutually agreed upon and apply equally to all states regardless of their power or position within the system.

Regardless of whether rules are differentially applied or not, the rules themselves can be more or less binding. In its loosest form, rule-based relations can simply entail general consultations and informal adjustment among states. The diplomatic practices of the Concert of Europe were of this sort – where the great powers observed a set of unwritten rules and norms about the balance of power on the continent. In the current era, the World Trade Organization and other multilateral economic institutions entail more formal, treaty-based agreements that specify certain commitments and obligations. But the binding character of these multilateral agreements are still qualified: escape clauses, weighted voting, opt-out agreements, and veto rights are all part of the major post-1945 multilateral agreements. The most binding rule-based agreements are ones where states actually cede sovereignty in specific areas to supranational authorities. The European Union is the most important manifestation of this sovereignty-transferring, legal-binding rule-based form of rule.4

“Rule through relationships” entails establishing order by building a series of bilateral arrangements with weaker and secondary states. In each case, power relations are manifest in specific ongoing bargains, exchanges, and instrumental agreements that are established between the dominant state and elites in subordinate states. The resulting order takes the form of a “hub and spokes” system in which a hierarchical array of states is connected to the lead state in separate and distinct relationships, variously unequal, reciprocal, and dependent. The order is not

organized around agreed-upon multilateral rules but by a constellation of bilateral relations, that
together form a system of client states and political dependencies.  

In the broadest sense, this sort of strategy of rule involves building interstate patron-client
relationships. According to James Scott, the patron and client form an “instrumental friendship
in which an individual of higher socioeconomic state (patron) uses his own influence and
resources to provide protection and benefits, or both, for a person of lower status (client) who,
for his part, reciprocates by offering general support and assistance, including personal services,
to the patron.” Various terms have been used to describe these sorts of clientelistic relations --
patronage, machine politics, brokerage systems. What they have in common, as Gianfranco
Poggi argues, is an exchange between unequal and hierarchically organized actors; a situation
where the power wielders exchange the provision of “favor and protection” and received
“allegiance and support” in return. As manifest in international relations, the leading state
provides protections and benefits – such as economic aid, market access, and military assistance
– in exchange for cooperation and political support.

These bilateral relationships fall along a continuum defined in terms of the degree of
domination as it is reflected in power inequalities, the relations of sovereignty, and terms of
exchange. As such, these bilateral ties can range from colonial and neo-colonial relationships to
more reciprocal and bargained partnerships. Colonial rule is the most direct form of control by
the leading state. Domination is nearly complete – a situation where sovereignty in the
subordinate state is effectively usurped by the dominant state and coercive enforcement of rule
lurks in the background. The governing elites in the subordinate polity are directly under the

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5 As such, rule by relationship and rule by rules offer distinct and opposing logics of governance.
The ideal-typical order built on rule through rules is one where states are sovereign and equal
under the law. The ideal-typical order built on rule through relationships is one where states are
differentially arrayed around the dominant state, a hub and spoke system in which the bilateral
relationships are defined by the gradient of power asymmetry and the specific bargain and
exchanges that result.

6 James Scott, “Patron-Client Politics and Political Change in Southeast Asia,” American
Political Science Review, Vol. 66 (1972), pp. 1142-58. For other discussions of clientelism and
patronage politics, see S.N. Eisenstadt and Rene Lemarchand, eds., Political Clientelism,
Patronage, and Development.


Framework,” Studies in Comparative International Development, Vol. 24, No. 2 (Summer 1989),
pp. 42-55.

9 For a discussion of dependency and bargaining models of relations between weak states and
strong states, see Bruce E. Moon, “The Foreign Policy of the Dependent State,” International
political and administrative command of the dominate state. As a result, the terms of exchange are essentially one-sided and subordinate elites are in a highly dependent and non-negotiable relationship. Neo-colonial relations entail a more indirect form of rule in which local elites exercise authority within their own political system but remain directly tied to and dependent on the dominant state.\textsuperscript{10} Local elites are coopted into playing a supporting role within the larger hierarchical political-economic order – rewarded with economic benefits and security protection. In both colonial and neo-colonial relations, the coercive enforcement of rule by the dominant state lurks in the background, circumscribing sovereignty and the limits of political choice within the subordinate state.\textsuperscript{11}

A dominant state may also build bilateral relations with less weak and dependent states, based on more explicit and reciprocal exchanges and bargains. The client state retains greater sovereignty authority and the terms of exchange are less unequal. Typically, the dominant state forges patron-client relations as part of its larger regional or global political-security goals. The client state is one of an array of junior partners that anchor and support the leading state’s global and regional position. The client state ties its own political and economic fortunes to those of the lead state – and in return it receives economic benefits and security. The exchange between the patron and client can vary. As one study indicates: “In the international context, the patron can offer military and intelligence protection. It can offer material aid or crisis insurance in the form of a reliable response when the client is threatened with loss of income, unexpected costs, or its own survival. It can offer brokerage with the outside world, including financial and political institutions as well as multinational banks and businesses. The goods and services offered by the client-state may include investment opportunities, raw materials, exports, military bases and services that support the patron’s regional interests, votes in international fora, and other expressions of loyalty.”\textsuperscript{12}

During the Cold War, the United States developed a wide array of client states ties with regimes in the Middle East, Asia, Latin America, and Africa. The ties were often established with specific leaders – the Shah of Iran, Ferdinand Marcus of Phillippines, and the Somoza

\textsuperscript{10} The term “comprador” is sometimes used to denote this indirect form of dominance. It originally referred to a member of the Chinese merchant class who aided Western traders beginning in the late 18\textsuperscript{th} century. These local agents were hired by contract and were responsible for a Chinese staff that facilitated trade and exchange. The term now is used in reference to individuals who aid Western economic trade and investment – and exploitation – in the developing world.

\textsuperscript{11} These forms of hierarchical rule are captured in a rich literature on neo-colonialism and dependency relations in the developing world. See, for example, Fernando Henrique Cardoso and Enzo Faletto, \textit{Dependency and Development in Latin America} (Berkeley: University of California Press, 1979); and Jorge Larrain, \textit{Theories of Development: Capitalism, Colonialism, and Dependency} (London: Polity, 1991).

\textsuperscript{12} Osita G. Afoaku, “U.S. foreign policy and authoritarian regimes: Change and continuity in international clientelism,” \textit{Journal of Third World Studies} (Fall 2000).
family of Nicaragua. Many Cold War-era client-state relationships were pursued by the United States as part of its efforts to build a global anti-communist alliance system – and the bargains and exchanges often included security guarantees and the presence of forward deployed bases. The United States would offer economic assistance and market access to its junior partners, and in return these client states would host military bases and support the American-led international order.\(^\text{13}\)

In some instances, these bilateral, clientelist ties are elevated to “special relationships.” America’s relations with Great Britain and Japan are often described in these terms. These are still bilateral ties between unequal states – and patron-client bargains and exchanges still exist. But the ties are given more status equality and the relationships are seen as more genuine partnerships between major states that together occupy leading positions within the larger international hierarchy.\(^\text{14}\) In special relationships, the junior partner is understood to have privileged access to the dominant state and its foreign policy decision making. Reciprocity, consultation, partnership, and status equality – these are the norms and expectations of special relationships – and they distinguish these sorts of bilateral relationships from the more traditional patron-client arrangements.

“Rule through rules” and “rule through relations” are based on distinct and divergent logics of order. Both are strategies that a dominant state can use in efforts to assert control over the international environment. But they lead logically to very different sorts of orders. One is an order built around agreed upon rules and multilateral governance. The other is a “hub and spoke” order in which the dominant state asserts more direct control over other states. One is open and inclusive – states participate on the basis of consensual multilateral rules that diminish the role of the arbitrary and discriminatory exercise of power. The other is a hierarchical system in which power asymmetries are translated into an array of hierarchically organized bilateral relations and political dependencies.\(^\text{15}\)

A leading state can pursue both these sorts of strategies – and indeed the postwar international order bears the marks of both these logics of rule. The United States pursued both

\(^{13}\) On American client states, see David Sylvan and Stephen Majeski, U.S. Foreign Policy in Perspective: Clients, Enemies, and Empire (New York: Routledge, 2009); and Odd Arne Westad, The Global Cold War: Third World Interventions and the Makings of Our Times (New York: Cambridge University Press, 2007).


rule-based and client-based strategies in the 1940s. Toward Western Europe, the United States pursued primarily a strategy of rule through rules – working closely with postwar European states in building multilateral economic rules and institutions and agreeing ultimately to multilateral security cooperation. In East Asia, the United States pursued a series of bilateral security pacts – creating a so-called hub and spoke system of security cooperation. Outside of these two regions, the United States established a wide variety of patron-client relationships – in many instances old-style imperial domination.\footnote{See Galia Press-Barnathan, Organizing the World: The United States and Regional Cooperation in Asia and Europe (New York: Routledge, 2003).}

Although these strategies offer alternative logics of rule, they also can work together within an international order. Client-based relations between a dominant state and weaker and secondary states can provide ways for the dominant state to signal restraint and commitment and channel payments and rewards for cooperation within the wider rule-based international order. Overall, it is the mix of these types of rule that give the international order its imperial or liberal character. We can look more closely at the logic of rule by rules and the limits and trade-offs that a dominant state faces in pursuing strategies of rule.
Why do states – to the extent they do – organize international relations around multilateral rules and institutions? The answer is that institutional agreements help states create a predictable and cost-effective environment in which to pursue their interests. In effect, international rules and institutions are potentially useful to states as tools of “political control.” Their basic value to states is that they affect the levels of state autonomy and political certainty. Rules and institutions alter the environment in which states operate.

There are two ways in which institutions act as tools of political control. One is that they help solve collective action problems by reducing the commitment uncertainties and transaction costs that stand in the way of efficient and mutually beneficial political exchange. In these instances, states are using rules and institutions to reduce the uncertainty about the reliability and intentions of other states, thus overcoming fears of cheating or bad faith. Institutions provide a bundle of “functions” that make it easier for states to work together for mutual advantage. The institutions facilitate the flow of reliable information that reduce obstacles to transactions that advance the interests of the states that are party to the institutional agreement. The institutions help states assess the reputations of other states by providing bench marks and standards of behavior against which actual policies of other states can be judged. Likewise, the ongoing presence of the rules and institutions provide a framework for a flow of bargaining and exchange. Institutions provide a forum within which evaluative information about other states can be obtained. In effect, they provide reliable architecture for cooperation that would be harder to achieve without the rules and institutions. Institutional mechanisms and pathways are put in place for states to conduct mutually beneficial transactions and cooperation.

In a second way, rules and institutions can also be used as more direct instruments of political control. As Terry Moe argues, “political institutions are also weapons of coercion and redistribution. They are the structural means by which political winners pursue their own interests, often at the expense of political losers.” A winning political party in Congress will try


18 For useful summaries of this approach to institutions, see Andreas Hasenclever, Peter Mayer, and Volker Rittberger, Theories of International Relations (Cambridge: Cambridge University Press, 1989), Chapter Three; and Lisa L. Martin and Beth Simmons, “Theories and Empirical Studies of International Institutions,” International Organization, Vol. 52, No. 4 (Autumn 1998), pp. 89-117.

to write the committee voting rules to favor its interests. Similarly, in international relations, a powerful state will want to make its advantages as systematic and durable as possible by roping weaker states into favorable institutional arrangements. In these instances, states that momentarily have opportunities because of their power to set the rules do so and thereby shape and constrain the options and choices of weaker and secondary states. A powerful state may have a variety of advantages that allow it to shape the terms of rules and institutions – it may have won a war, or it may possess the largest and most productive economy. As such, it has opportunities to set down the rules and institutions. Other states – those outside the “enacting coalition” – are faced with choices of either not participating in the institution and losing all benefits from cooperation or participating on terms that they would not otherwise choose. The advantages that a leading state has can vary – and so too will the degree to which its promulgation of rules and institutions is imposed or a result of bargains. In these situations, rules and institutions are used not to promote efficiency and cooperation, as such, but to shape and constrain the policies of other states.

Both these theoretical views about the uses of institutions hinge on the role that institutions play in shaping and constraining the choices and policies of states. States are, in effect, seeking to use institutional agreements to limit and make more predictable the behavior of other states. In the first instance, the rules and institutions are used to alleviate worries about cheating and free riding. The institutional agreement provides a variety of functions that increase information that facilitates cooperation. In the second instance, the effort is to lock other states into patterns of behavior that give the most powerful state ongoing advantages. The goal of the leading state is to translate momentary power disparities into a durable flow of benefits. But in both cases, the reason that states seek institutional agreement is to reduce the uncertainty of the policy choices of other states. States are seeking to make the ongoing policy actions of other states more predictable – and by doing so, to create a more certain and congenial environment with which to pursue its security and interests.

Cast in this light, states can be seen as engaged in an ongoing effort to use institutional agreements to shape and restrict the range of policy actions of other states. The aim is to reduce

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20 The notion that institutions can be used by states as mechanisms of political control starts with the neo-institutional view of the causal mechanisms at work. That is, institutions shape and constrain state behavior by providing value in terms of commitment and reduction of uncertainty or transaction costs. Political control is exerted through the manipulation of these causal mechanisms which alter the distribution of gains from institutional agreement.


the “policy autonomy” of other states. In return, states use commitments to reduce their own policy autonomy as incentives to get other states to work within a set of rules and institutions that in fact limits their policy autonomy. When a state makes an institutional commitment, it is agreeing to reduce its policy autonomy. Ideally, a state might want to remain unencumbered by international rules and institutional commitments, while operating in a global system in which all other states are bound to rules and institutions. But in order to get other states to make institutional commitments, states need to negotiate and offer restrictions on their own policies so as to achieve agreement.

Thus when deciding whether to sign a multilateral agreement, a state faces a trade-off. In agreeing to abide by the rules and norms of the agreement, the state must accept some constraints on its freedom of action -- or independence of policymaking -- in a particular area. But in exchange it expects to get other states to do the same. The multilateral bargain will be attractive to a state if it concludes that the benefits that flow to it through the coordination of policies achieved through rule-based constraints on policy choice are greater than the costs of lost policy autonomy.

A state’s willingness to agree to a multilateral bargain will hinge on several factors that shape the ultimate cost-benefit calculation. One is whether the policy constraints imposed on other states (states B, C, D) by the multilateral agreement really matter to the first state (state A). If the “unconstrained” behavior of other states is judged to have no undesirable impact on state A, state A will be unwilling to give up any policy autonomy of its own. It also matters it the participating states are actually able to credibly restrict their policy autonomy. If state A is unable to be convinced that states B, C, and D can actually be constrained by multilateral rules and institutional agreements, it will not be willing to sacrifice its own policy autonomy. Likewise, state A will need to convince the other states that it too will be constrained. These

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23 In making binding international agreements, a state is reducing its freedom of action – and in this sense, such agreements are costly to states. Abbott and Snidal describe this reduction of policy autonomy as “sovereignty costs,” noting that the “costs involved can range from simple differences in outcome on particular issues, to loss of authority over decision making in an issue-area, to more fundamental encroachments on state sovereignty.” Kenneth Abbott and Duncan Snidal, “Hard and Soft Law in International Governance,” in Judith Goldstein, et al., eds, Legalization and World Politics, p. 52.

24 The classic statement of the strategic use of commitment, in which states seek to “constrain the other’s choices by affecting his expectations,” is Thomas Schelling, Strategy of Conflict (Cambridge: Harvard University Press, 1960), quote at p. 122. Schelling has recently restated the basic insight: “Commitment is central to promises and threats, to bargaining and negotiations, to deterrence and arms control, to contractual relations. I emphasize the paradox of commitment – to a relationship, to a promise or a threat, to a negotiating position – entails relinquishing some options, giving up choices, surrendering opportunities, binding oneself. And it works through shifting the expectations of some partner or adversary or even a stranger of how one will behave or react.” Schelling, Strategies of Commitment (Cambridge: Harvard University Press, 2006), p. vii.
factors are all continuous rather than dichotomous variables – so judgments must be made by states about the degree of credibility and relative value of constrained policies.

When multilateral bargains are made by states with highly unequal power, the considerations can be more complex. The more that a powerful state is capable of dominating or abandoning weaker states, the more the weaker states will care about constraints on the leading state’s policy autonomy. This is another way of saying that they will be more eager to see some limits and restraints placed on the arbitrary and indiscriminate exercise of power by the leading state. Similarly, the more that the powerful state can actually restrain itself in a credible fashion, the more that weaker states will be interested in multilateral rules and norms that accomplish this end. When both these conditions hold – when the leading state can use its unequal power to dominate and abandon and when it can restrain and commit itself – the weaker states will be particularly eager for a deal. They will, of course, also care about the positive benefits that accrue from cooperation. From the perspective of the powerful state, the less important the policy behavior of weaker states, the less the leading state will offer to limit its own policy autonomy. Likewise, the less certain the leading state is that weaker states can in fact constrain their policies, the less the leading state will offer constraints on its policy autonomy.

So the leading state is faced with a choice: how much institutional limitation of its own policy autonomy and exercise of power is worth how much policy lock in of weaker states? Institutionalization tends to be a two-way street. A powerful state can try to embed other states in a set of rules and institutions, but it will likely need to give up some of its own discretionary power to get the directed outcome. Terry Moe notes this in regard to a ruling party’s control of government institutions: “They can fashion structures to insulate their favorable agencies and programs from the future exercise of public authority. In doing so, of course, they will not only be reducing their enemies’ opportunities for future control; they will be reducing their own opportunities as well. But this is often a reasonable price to pay, given the alternative. And because they get to go first, they are really not giving up control – they are choosing to exercise a greater measure of it ex ante, through insulated structures that, once locked in, predispose the agency to do the right things. What they are moving away from – because it is dangerous – is the kind of ongoing hierarchical control that is exercised through the discretionary decisions of public authority over time.”

Several hypotheses follow immediately from this model of state power and institutions. First, a leading state should try to lock other states into institutionalized policy orientations while trying to minimize its own limitations on policy autonomy and discretionary power. This is the story that Michael Crozier tells about politics within large-scale organizations. Each individual within a complex organizational hierarchy is continually engaged in a dual struggle: to tie his colleagues to precise rule-based behavior -- thereby creating a more stable and certain environment in which to operate -- while also trying to retain as much autonomy and discretion as possible for himself. Similarly, leading states will try to lock other states in as much as

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possible while also trying to remain as unencumbered as possible from institutional rules and obligations. Second, the leading state will make use of its ability – to the extent the ability exists – to limit its capacity to exercise power in indiscriminate and arbitrary ways as a “currency” to buy the institutional cooperation of other states.

The availability of the institutional bargain will depend on several circumstances that can also be specified as hypotheses. First, the amount of “currency” available to the leading state to buy institutional cooperation of weaker states is determined by two factors: the ability of the leading state to potentially dominate or injure the interests of weaker states and its ability to credibly restrain itself from doing so. Although all states might offer to restrain and commit themselves in exchange for concessions by other states, the willingness and ability of powerful states to do so will be of particular interest to other states. Chad may offer to lock itself into an institutional agreement that lowers its policy autonomy and make its future policy orientation more predictable, but few states will care much about this offer to bind itself and they are not likely to offer much in return to get it. But if a powerful state with the capacity for serious domination and disruption offers to restrain itself – this will get the attention of other states and they are likely to be willing to offer something to get it. But it is not just the domination and disruption potential of the leading state that generates “currency” to buy the institutional cooperation of other states. It is also the capacity to actually make good on restraint and commitment. If a powerful state cannot credibly limit its power, its currency will amount to very little.

Two other factors will also determine if the leading state -- if it has the “currency” with which to buy institutional cooperation -- will in fact want to do so. One is the degree to which the leading state is interested in locking in the policy behavior of other states. This is a question about the extent to which the actions of other states actually impinge on the interests of the leading state. For example, the security policy orientation of European states would tend to qualify as important but the domestic policy orientations of European states -- and the wide range of policy orientations of other states around the world -- are not significant enough to justify efforts by the leading state to lock in stable and favorable policy behavior, particularly if the price of doing so entails a reduction of policy autonomy. The other factor is simply the ability of weaker states to be locked in. The United States may want to lock in the policy behavior of other states – particularly the security policy behavior – but not have enough confidence that these institutionalized commitments and obligations can be effectively locked in.

Taken together, these considerations allow us to see how a leading state and weaker states might make trade offs about binding themselves together through multilateral institutions. The four factors are summarized in Table One.

[Figure Two about Here]

The more that the leading state is capable of dominating and abandoning weaker states, the more that weaker states will care about restraints on the leading state’s exercise of power -- and the
more they are likely to make some concessions to get leading state restraint and commitment. Similarly, the more that a potentially dominating state can in fact credibility restrain and commit itself, the more that weaker states will be interested in pursuing an institutional bargain. When both these conditions hold – when the leading state can dominate and abandon and when it can restrain and commit itself – that state will be particularly willing and able to pursue an institutional bargain. From the perspective of the leading state, the less important that the policy behavior is of weaker states (that is, the less consequential it is to the leading state) the less the leading state will offer restraints on its own policy autonomy to achieve policy lock in. Likewise, the less certain that the leading state is that policy lock in of weaker states can in fact be accomplished, the less the leading state will offer restraints on its own policy autonomy.

Seen in this way, the ability of the leading state to credibly restrain and commit its power is, ironically, a type of power. It wants to lock other states into specific types of institutional commitments. It could use its power to coerce them but to do so is costly and it loses any chance of building a legitimate order. If the leading state can bind itself and institutionalize the exercise of power – at least to some credible extent – offering to do so becomes a bargaining chip it can play as a way to obtain the institutional cooperation of other states. But it is only a bargaining chip when the power disparities make limits and restraints desirable to other states and when the leading state can in fact establish such limits and constraints. It is variations in these various enabling circumstances that explain why the United States sometimes seeks to build multilateral institutions and bind itself to other states and why in other cases it does not.

These considerations are helpful in understanding America’s embrace of multilateral institution building after World War II. The United States emerged as the preeminent global power after the war. It cared greatly about the fate of Western Europe and East Asia – which both hung in the economic and geopolitical balance. It was willing to tie itself to these countries through various sorts of institutional agreements – to give up policy autonomy – so as to gain some leverage on their policy orientation and trajectory of political development. At the same time, these countries worried about American domination and abandonment, and so they too were willing to enter into institutional agreements that entailed long-term commitments to an American-led international order. The credibility of these institutional commitments were facilitated by the democratic character of the states themselves as well as other more specific steps, such as the stationing of American troops in both regions and complex sorts of institutional agreements.

The logic is also helpful in explaining variations in America’s institutional commitments to Western Europe and East Asia. The United States pursued a multilateral strategy in Europe – with NATO as its anchor – while in Asia it pursued a series of bilateral security agreements with Japan, Korea, and several south-east Asian states. In effect, the United States tied itself more


28 There were two moves made by the United States. One was making asymmetrical short-term deals – e.g. the Marshall Plan, trade liberalization. The other involved entering into strong institutional commitments.
tightly to Europe, embedding its power in a multilateral security order that involved extensive institutionalized restraints and commitments. The basic difference between Asia and Europe is that the United States was both more dominant in East Asia and wanted less out of East Asia. This meant that as a practical matter it was less necessary for the United States to give up policy autonomy in exchange for institutionalized cooperation in East Asia. In Europe, the United States had an elaborate agenda for united the European states, creating an institutional bulwark against communism, and supporting centrist democratic regimes. These goals could not simply be realized through the brute exercise of power. To get what it wanted it had to bargain with the Europeans and this meant agreeing to restrain its exercise of power. In Asia, the United States did not have goals that were sufficiently important to “purchase” with an agreement to restrain its power. Bilateralism was the desired strategy because multilateralism would have required more restraints on policy autonomy. Put differently, the United States had much more unchallenged hegemonic power in Asia than in Western Europe, and therefore it had fewer incentives to secure its dominant position with international institutions.

HEGEMONIC USES OF RULES AND INSTITUTIONS

Why would dominant states want to build international order around multilateral rules and institutions? When a state is sufficiently powerful to shape the organization of international relations, rules and institution can serve quite useful purposes, becoming tools for managing international hierarchy. In the broadest sense, rules and institutions provide the leading state with instruments of political control. They are useful in shaping and entrenching a favorable international environment. Rules and institutions are both tools of hegemonic power and constraints on the exercise of that power. But, importantly, it is precisely because of the constraining impacts of rules and institutions – on both the leading state and others – that they are so useful as an instrument of political control. Again, however, costs, benefits, and trade-offs infuse the calculations of the hegemonic state.

Dominant states should find rules and institutions useful in several ways. First, the leading state has an incentive to use institutions to reduce uncertainty and facilitate cooperation and market exchange. If the leading state has the most advanced-productive economy, it has very strong incentives to create a stable open order – and rules and institutions can be useful for managing economic openness. Likewise, as global economic independence grows, so does incentives for the multilateral coordination of policies. The more economically interconnected states become, the more dependent they are on the actions of other states for the realization of objectives. “As interdependence rises,” Robert Keohane argues, “the opportunity costs of not coordinating policy increase compared with the costs of sacrificing autonomy as a consequence of making binding agreements.” 29 As such, a hegemonic state has a double functional incentive for

rules and institutions. It wants them as a tool to create economic openness and it needs them as a tool to managing growing economic interdependence.  

International rules and institutions provide a contractual environment within which states can more easily pursue joint gains. As the density of interactions between states increases, so too will the demand for rules and institutions that facilitate these interactions and cope with their consequences. In this sense, multilateralism is self-reinforcing. A well-functioning contractual environment facilitates the promulgation of additional multilateral rules and institutions.  

This argument helps explain why a powerful state might support multilateral agreements, particularly in trade and other economic policy areas. To return to the logic of cost-benefit logic of rules and institutions discussed earlier, the leading state has a major interest in inducing smaller states to open their economies and participate in an integrated world economy. As the world’s leading economy, it has an interest in establishing not just an open system but also a predictable one—that is to say, it will want rule-based economic order. What the dominant state wants from other states grows along with its economic size and degree of interdependence. But to get weaker states to commit themselves to an open and increasingly elaborate rule-based regime, it must establish its own reliability. It must be willing to commit itself credibly to the same rules and institutions. It will be necessary for the dominant state to reduce its policy autonomy—and do so in a way that states find credible.  

Second, the hegemonic state has a more general incentive to use rules and institutions to preserve its power and create a stable and legitimate international order. This logic of institutional restraint and commitment is particularly evident at major historical turning points—such as 1919, 1945, and after the Cold War—when the United States has faced choices about how to use power and organize interstate relations. The support for rules and institutions is a way to signal restraint and commitment to other states, thereby encouraging the acquiescence and cooperation of weaker states. By binding itself to other states within a system of rules and  

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30 The literature on hegemonic stability argues that a single powerful state can have incentives to promote and support an open world economy. If the leading state is sufficiently large, it will identify its interests with the organization of the international system and it will be willing to provide the public goods associated with organizing and maintaining an open world economy, even if it alone bears the costs. The seminal statement of this thesis is Charles Kindleberger, *The World in Depression, 1929-30* (Harmondsworth: Penguin, 1973). These ideas are developed further in Robert Gilpin, *U.S. Power and the Multinational Corporation* (New York: Basic Books, 1975) and *War and Change in World Politics* (New York: Cambridge University Press, 1981), and Stephen D. Krasner, “State Power and the Structure of International Trade,” *World Politics*, Vol. 28, No. 3 (April 1976), pp. 317-47. During the 1980s, refinements, extensions, and critiques were put forward. For a summary of these debates, see David Lake, “Leadership, Hegemony, and the International Economy: Naked Emperor or Tattered Monarch with Potential?” *International Studies Quarterly*, Vol. 37 (1993), pp. 459-89. For a recent restatement of the theory, emphasizing the self-interest-based logic of hegemonic leadership, see Carla Norrof, *America’s Global Advantage: U.S. Hegemony and International Cooperation* (New York: Cambridge University Press, 2010).
institutions, the leading state makes its power more acceptable to other states, creating incentives for support rather than opposition.\footnote{One argument in the literature on hegemonic stability is that the hegemonic state – by virtue of its size and power – is able to act on its long-term interests rather than struggle over short-term distributional gains. In Robert Keohane’s formulation, the theory holds that “hegemonic structures of power, dominated by a single country, are most conducive to the development of strong international regimes whose rules are relatively precise and well obeyed.” Such states have the capacity to maintain regimes that they favor through the use of coercion or positive sanctions. The hegemonic state gains the ability to shape and dominate the international order, while providing a flow of benefits to smaller states that is sufficient to persuade them to acquiesce. See Keohane, “The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967-1977,” in Ole R. Holsti, Randolph M. Siverson, and Alexander L. George, eds., Change in the International System (Boulder, Colo.: Westview Press, 1980), p. 132.}

This theoretical perspective begins by looking at the choices that dominant states face when they are in a position to shape the fundamental character of the international order.\footnote{This logic is sketched in Ikenberry, After Victory, Chapter Three.} A state that wins a war or through some other turn of events finds itself in a dominant global position faces a choice: it can use its power to bargain and coerce other states in struggles over the distribution of gains or, knowing its power position will someday decline and that there are costs to enforcing its way within the order, it can move toward a more rule-based, institutionalized order in exchange for the acquiescence and compliant participation of weaker states. In seeking a more rule-based order, the leading state is agreeing to engage in strategic restraint. It is acknowledging that there will be limits on the way in which it can exercise its power. Such an order, in effect, has “constitutional” characteristics. Limits are set on what a state within the order can do with its power advantages. Just as in constitutional polities, the implications of “winning” in politics is reduced. Weaker states realize that the implications of their inferior position are limited and perhaps temporary. To operate within the order despite their disadvantages is not to risk everything nor will it give the dominant state a permanent advantage. Both the powerful and weak states agree to operate within the same order despite radical asymmetries in the distribution of power.

When the leading state does in fact circumscribe its behavior it is giving up some opportunities to use its power to gain immediate returns on its power – it settles for fewer gains at the initial moment of rule-creation by operating within institutional rules and obligations than it could otherwise achieve with its brute power. It does this with an eye toward longer term gains that are specified above. But weaker states may have reason to gain more sooner rather than later. The discount rate for future gains are potentially different for the leading and lesser states, and this makes an institutional bargain potentially more mutually desirable. So the leading state is faced with a choice: how much institutional limitation on its own policy autonomy and exercise power is worth how much policy lock in of weaker states?
But why would weaker states agree to be roped in? After all, they might calculate that it is better to not lock themselves into an institutional agreement at T1 and wait unto T2 or T3 when the power asymmetries did not favor the leading state as much. Weaker states have two potential incentives to buy into the leading state’s institutional agreement. First, if the institutional agreement also put limits and restraints on the behavior of the leading state, this would be welcome. In a non-institutionalized relationship, these lesser states are subject to the unrestrained and unpredictable domination of the leading state. If they believed that credible limits could be placed on the arbitrary and indiscriminate actions of the leading state, this might be enough of an attraction to justify an institutional agreement at T1.

Rules and institutions become mechanisms by which a dominant and weaker states can reach a bargain over the character of international order. The dominant state uses institutions to restrain and commit its power, establishing an order where weaker states will participate willingly – rather than resist or balance against the leading power. It accepts some restrictions on how it can use its power. The rules and institutions that are created serve as an “investment” in the longer-run preservation of its power advantages. Weaker states agree to the order’s rules and institutions and in return they are assured that the worst excesses of the leading state – manifest as arbitrary and indiscriminate abuses of state power – will be avoided, and they gain institutional opportunities to work and help influence the leading state.

Thus, there are three aspects to the logic of the hegemonic use of rules and institutions. One aspect has to do with reducing the costs of enforcement of hegemonic rule. If a hegemon can get other states to buy into a set of rules and institutions, it does not need to spend its resources to constantly coerce other states into following them. The hegemonic state is by definition powerful, so it can engage in power struggles with subordinate states, most of which it is likely to win. It can dominate without the use of rules and institutions. In getting other states to operate within a system of rules and institutions, however, the hegemon reduces the time and energy it must expend to enforce order and get other states to do what it wants. By locking subordinate states into a rule-based order it reduces its costs of enforcement. 33

A second aspect is that by agreeing to lead and operate within a rule-based international order, the hegemonic state enhances the legitimacy of the order and its position within it. The logic is simple. Hegemonic support for an order based on rules and institutions signals restraint and commitment – and this makes the order more normative acceptable. The more that the hegemonic order has multilateral rule-based characteristics, the more likely that other states in the global system will seek to join or cooperate with the leading state and see the operation of the hegemonic order as legitimate in some fundamental sense. The more that the hegemonic order

has “imperial” characteristics – that is, ruled by the leading state through the direct and coercive use of power – the less the order will be seen as legitimate.  

A third aspect is the use of rules and institutions by the hegemonic state to invest in its future power position. A durable system of rules and institutions can help to safe guard interests and preserve the standing of the leading state even as the distribution of power slowly shifts against it. This is true, at least, to the extent that institutional agreements have some degree of stickiness – that is, if they have some independent ordering capacity. If they do, rules and institutions can continue to provide favorable outcomes for the leading state even after its material capacities decline in relative terms. Institutions can both conserve and prolong the power advantages of the leading state. If leaders of a hegemonic state believe that their preeminent power position will last indefinitely – or possibly even grow greater – the attraction of establishing an institutionalized order that will last past the state’s hegemonic zenith is less compelling. But to the extent that the leaders see relative decline coming, incentives exist for building an institutionalized order with deep roots.  

This logic is similar to the “insurance” logic that scholars have identified in studies of the movement toward judicial autonomy and the rule of law in democratizing states. Ruling elites in countries moving toward democracy must worry about the protections of the political system if and when they find themselves out of office. This possibility creates incentives for these power holders to support the rule of law, including the independence of judicial institutions, as insurance against future contingencies. In a wide range of countries, judicial empowerment has emerged from the strategic calculations of ruling parties that foresee their replacement. As threatened governing elites face electoral loss, they move to “lock in” their policy preferences and protect themselves politically by strengthening courts and the constitution.

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34 Legitimacy refers to the normative quality of a political relationship. Legitimacy can be said to exist when actors – regardless of the underlying conditions of the relationship – see the terms of the relationship as normatively acceptable. The assumption, however, is that the normative acceptance of the terms of a relationship is related to the actual terms of the relationship. In this instance, the rules and institutions are assumed to have some actual impact on the way in which the superordinate and subordinate actors in the hegemonic relationship relate to each other – that is, it reduces the imperial characteristics of rule. But, ultimately, legitimacy hinges on what states believe about the political relationship. For a discussion of the sources and character of legitimacy within international orders, see Ian Clark, Legitimacy in International Society (Oxford: Oxford University Press, 2005).


36 This logic of this argument is developed in Ikenberry, After Victory, Chapter Three.

Together, this three-fold logic suggests that a leading state has motives to strike bargains with weaker states and arrive at a settled order organized around agreed upon rules and institutions. A rule-based environment is created in which all the participants in the order are given tools with which to protect and advance their interests. In this way, the hegemonic order is rendered stable through ongoing confluence of interests. But to the extent that the wider system itself is seen as legitimate, the basis of rule – and domination – shifts. Compliance with the rules and institutions of the order is not based directly on calculations of self-interest. Rather, it is based on a broader understanding that the order itself in normatively acceptable and just. As Nico Krisch argues: “Once dominance is regarded as legitimate – and thus turns into authority – obedience is no longer based on calculation, but on a conviction that it is necessary and right.”

The rules, institutions, bargains, and diffuse reciprocity manifest within the order gives it legitimacy. As a result, states normatively embrace the order – and the power of the leading state is turned into authority.

A dominant state has incentives to build an order of this sort. But the incentives are not absolute. They operate in specific political contexts in which power and opportunities for institutional bargains vary and evolve. We can look at most closely at these choices and trade-offs.

STRATEGIC CHOICES AND TRADE-OFFS

When a dominant state is in a position to build international order it faces choices about how to do so. If it is the preeminent state in the global system it will want to use its power to create a stable and congenial international environment in which to pursue its interests. In this situation, there are two general types of strategies with which it can asset influence and control over international order – rule through rules and rule through relationships. As a strategy for building order, creating rules and institutions has attractions. If basic ordering rules and institutions can be put in place, the leading state is not forced to directly bargain with states bilaterally and continuously exercise power to control outcomes. Such an order provides for relatively organized and efficient rule – and it provides some future protections to the leading state as the distribution of power shifts. But there are also potential costs to this strategy associated with making binding commitments and reduced policy autonomy. So there are trade-offs.


offs and the leading state – together with other states in the system – must make choices about
how and when to cooperate.\(^{39}\)

We can identify a set of general expectations about how the leading state will make these
choices. First, a dominant state will try to lock other states into institutionalized policy
orientations while trying to minimize its own limitations on policy autonomy and discretionary
power. This, as we noted earlier, is the game that all states are playing. All states would like to
be relatively unencumbered by rules and institutions, while operating in a global system where
other states are tightly bound. So it would not be surprising to see the leading state
simultaneously agreeing to the creation of a set of institutionalized rules and seeking to exempt
itself or at least minimize its own exposure to the constraining effects of those rules.\(^{40}\)

The strategic question the leading state must ask is: how much restriction on its own
policy autonomy is needed – and worth it – to gain agreements from other states that restrict their
policy autonomy? The question leads to a cost-benefit calculation. Institutionalized agreements
are a tool that the leading state can use to gain greater control over its international environment.
The leading state has huge incentives to encourage the establishment of an international order
built around widely agreed upon rules and institutions. But such an order is built on a variety of
specific rules and institutional agreements – and in each case the leading state will seek to get as
much institutional control as possible with as little loss of its own policy autonomy as possible.

Second, the leading state will also attempt to make institutional commitments that grant it
disproportionate influence or decision making power. The leading state will look for
opportunities to introduce differential rules and obligations into agreements. As the dominant
state, it will want – ideally as least – agreements that enabled it to retain a privileged position of
authority in the institution and greater discretion in its compliance with rules. In effect, it will
want the overall hierarchy of power to be reflected in differential rights and obligations within
the rule-based order. The leading state will want its unique role and responsibility in upholding
the rules and institutions of the international order to translate into special rights and authority.

These differential rights and authority are a basic characteristic of all the major postwar
multilateral institutions championed by the United States. The IMF and World Bank give the

\(^{39}\) For discussions of the relationship between power politics – including hegemony-- and
international law, see Richard H. Steinberg and Jonathan M. Zasloff, “Power and International
Law,” American Journal of International Law, Vol. 100 (2006), pp. 64-87; and Detlev F. Vagts,

\(^{40}\) For a discussion of the various ways that the United States has sought to build hierarchy into
international law and control the content of international law without becoming subject to it, see
Nico Krisch, “More equal than the rest? Hierarchy, equality and US predominance in
international law,” in Michael Byers and Georg Nolte, eds., United States Hegemony and the
and Krisch, “Weak as Constraint, Strong as Tool: The Place of International Law in U.S. Foreign
Policy,” in David Malone and Yuen Foong Khong, eds., Unilateralism and U.S. Foreign Policy:
International Perspectives (Boulder, CO: Lynne Rienner, 2003).
United States and the other leading shareholder states weighted voting rights in their operation and governance. America’s commitment to NATO carries with it the power of supreme command over the combined alliance forces – and within the organization the United States is “first among equals.” The United Nations Security Council also gives the United States and the other postwar great powers rights of membership and veto. In these various ways, the multilateral institutions specify rights and circumscribe obligations of the hegemon – thereby ensuring that the rules and institutions reflect as much as constrain hegemonic power.41

Third, regardless of any differential rights and obligations, the leading state will look for ways to limit the “strength” of its commitments to rules and institutions. These different types or degrees of commitment run along a continuum from strong to weak in terms of their legal-binding character. Strong commitments are manifest when the leading state agrees to adhere to specific and explicit substantive rules or policy obligations. Weaker commitments take the form of less specific rules or policies – in which monitoring, compliance, and enforcement is less certain.42 In particular, when the leading state is in fact making commitments to rules and institution, it will seek “loose multilateralism,” that is, rules and institutions that provide safeguards, veto rights, and opt out clauses. How loose, again, would hinge on specific calculations that the leading state would make about its gains from binding other states to rules and agreements and the costs of lost autonomy that it would incur along the way.

Fourth, the leading state can also offer “process” commitments rather than, or in addition to, substantive rule-based commitments. It can agree to formal processes of multilateral consultation. In these instances, it is not – strictly speaking – giving up or reducing its policy autonomy. But it is agreeing to operate in an institutional environment in which other states have opportunities to influence what the hegemon does. The United States has made this a feature of its approach to hegemonic rule. Through NATO and other formal and informal arrangements, the United States offers “voice opportunities” to other states in exchange for their cooperation and acquiescence.43 In these circumstances, the dominant state opens its doors to outsiders – offering the opportunity for consultation and influence by weaker and secondary states – while not agreeing to formal limits on its independence of decision making.

Fifth, the dominant state can promote rule-based relations through unilateral steps that do not require it to make binding commitments to others. Specifically, it can also use the size of its economy – and the dependence of other states on it – as a tool to influence the policies of other states. Its domestic rules and regulations become the world’s rules and regulations. Its internal regulatory standards are externalized. States with sufficient market size can influence global


42 On institutionalized monitoring and enforcement as measures of regime strength, see Keohane, After Hegemony; and Judith Goldstein, et al, Legalization and World Politics.

43 See Ikenberry, After Victory, Chapter Three.
regulatory rules through the use of market power and coercion. As Nico Kirsch argues in regard to the United States, “US rules often exceed their formal confines and begin to function as global rules.” This is not simply because of American pressure but also because of “the superior expertise of US agencies, the availability of model norms in US domestic law, and the market dominance of US corporations, especially in the early phases of emerging fields.”

In a study of economic regulatory cooperation, Daniel Drezner argues that as levels of economic interdependence grow so too do the benefits of policy coordination. But for a state to adjust its domestic regulatory arrangements to converge with cooperative agreements generates domestic economic and political costs. The greater the divergence from coordination agreement, the higher the costs. In the struggle over who adjusts – that is, who alters its domestic regulatory standards to converge in an international agreement – great powers tend to win. Drezner notes that because their larger internal markets give them bargaining power, major states are “more likely to achieve regulatory coordination at their preferred level of standards.” This logic applies more generally to a dominant state’s incentives in supporting global rules and institutions. It will seek to extend its internal rules and institutions to the outside system, exporting the costs of adjustment onto others. All states have an interest in arriving at an agreement that coordinates policy – particularly in areas of business and trade regulation – but the leading state can use its power advantages to get other states to adopt its rules and regulations.

Beyond this, the United States has found a variety of ways to use its domestic laws to promote international rules and norms. One is the certification mechanism, in which the American government defines substantive rules and monitors compliance in countries around the world – doing so in areas such as arms control, environmental protection, human rights, narcotics and terrorism. Developmental aid or military assistance from Washington hinges on whether states meet the American-set standards. As Nico Kirsch notes, “the extensive use of the certification mechanism provides a tool for the United States to create law for other States and to


46 Drezner, All Politics Is Global, p. 59.

monitor its observance, while the United States itself remains unbound and unmonitored. It thereby provides a convenient substitute for treaties and other monitoring bodies... The United States can also impose unilateral sanctions. It can do this to uphold agreed upon international rules, such as multilateral trade agreements, but sanctions can also be used against specific states -- third parties – who do not pursue similar policies toward target states.

Finally, dominant states will find themselves making trade offs between “rule through rules” and “rule through relationships.” The attraction of rule through rules is that a system of multilateral rules and institutions creates a wider space of predictable and efficient state relations. A system of negotiated multilateral rules gives weaker and secondary states greater influence on outcomes than bilateral negotiations but it also creates incentives for them to abide by the agreements. The costs to the dominant state of enforcing order are reduced. The legitimacy of the order that is engendered by its multilateral ruled-based character reduces opposition and resistance to the leading state’s dominant position in it. But there are costs to the leading state in such as order – costs that come in the form of lost autonomy and the ability to directly manipulate other states.

It is here that bilateral, patron-client relations offer attractions. Bilateral agreements tend to be easier for dominant states to translate their power into favorable agreements than multilateral rules and institutions. Nico Krisch explains: “Bilateral negotiations are far more likely to be influenced by the superior power of one party than are multilateral negotiations, in which other states can unite and counterbalance the dominant party – divide et impera, as reflected in the forms of international law. The bilateral form is also more receptive to exceptional rules for powerful states. In multilateral instruments, especially traites-lois, exceptions for powerful parties are always suspicious and in need of justification, as manifest in, for example, the Nuclear Non-proliferation Treaty and the failed attempts of the US with respect to the ICC Statute. . . . Bilateral treaties are thus a much easier tool to reflect and translate dominance than multilateral ones.”

Thus bilateral agreements will be attractive to the leading state when it determines that multilateral agreements will not be as effective at asserting control over other states in the desired way – or that the costs of doing so is too high relative to the gains. The first consideration is really a functional one: what precisely does the leading state want to influence or control? If the outcome that the leading state wants is quite specific, bilateral deals are likely. If the state is


49 This is the extraterritoriality tool that has been used by the United States with its Helms-Burton law, which sanctions countries that trade with companies and property that have been expropriated by Cuba. See Vaughan Lowe, “United States Extraterritorial Jurisdiction: The Helms-Burton and D’Amato Acts,” Vol. 46 International and Comparative Law Quarterly, pp. 378-90.

very weak, the leading state may be less likely to pay the price of tying itself to multilateral rules and institutions to get what it wants. As I suggested earlier, the United States was more willing to negotiated binding multilateral agreements with Europe than East Asia after World War II in part because it wanted more from Europe and was willing to make more costly concessions in get the desired outcomes. In East Asia, the United States was much more powerful relative to the other states and it wanted less from these states – and so it was less willing to entangle itself in multilateral pacts.

At the same time, bilateral and multilateral agreements can work together. A leading state’s client-based relations with weaker and secondary states can provide mechanisms to channel resources and signal commit and restraint. The leading state give use these bilateral relations as a way to make side payments for cooperation by these states in multilateral settings.

In all these ways, the hegemon is confronted with cross-cutting incentives. There are powerful incentives for a hegemonic state to establish and operate within a system of rules and institutions – efficiency, legitimacy, and investment in future advantages. The central insight here is that powerful states do have incentives to wrap themselves in rules and institutions. Rules and institutions can project and preserve hegemonic power as much as limit and reduce it. But the hegemonic state also has incentives – as do other states – to protect its policy autonomy and freedom of action. The specific incentives, trade offs, and choices shape the extent to which the hegemon makes commitments and binds itself to other states through rules and institutions – driven by attempts to get the benefits of multilateralism while minimizing the costs.

CONCLUSION

When powerful states rise up to shape the rules and institutions of the global system they face choices. The most basic choice is how to make trade-offs between sovereignty and rule-based order. A leading state has incentives to use its position of dominance to shape its environment – and the most efficient, legitimate, and enduring way to do this is through a bargained system of rules and institutions. But to get such an order – to build hegemonic rule around institutionalized cooperation – the leading state must give up some of its own policy autonomy.

This way of looking at the problem of hegemonic order emphasizes the pragmatic and instrumental character of state choice. The implication is that the dominant state can pick and choose between strategies of rule -- strategies of “rule through rules” and “rule through relationships.” The choices will be driven by costs and benefits. The leading state will seek to get the most rulership “bang” for the sovereignty and policy autonomy-limiting “buck.” It will seek to preserve its predominant position – its power and sovereignty – and the advantages that flow from its superordinate position in the global hierarchy. But it will exchange some of this power – or more precisely, discretion over the exercise of power – in various ways to get the long-term advantages of a global system with rules and institutions that facilitate the pursuit of its interests. Efficiency, legitimacy, and durability – these are features of an international order that a leading state will want. The question is how it can get them and the price it must pay along the way.
An important variable in this framework is also the most difficult to specify. It has to do with legitimacy. A leading state has an incentive to create an international order that is legitimate. Such an order is one where other states cooperate within it willingly. At some basic level the leaders in weaker and secondary states accept the logic and normative underpinnings of the order. If an order is constituted as such, the leading state will not be required to use its coercive power to enforce rule. The order itself will take on a more cooperative and efficient character. Diffuse reciprocity is more likely under these circumstances. The leading state can pursue its interests without worrying about challenger states that seek to overturn the order. But questions remain. What specific features of the order give it legitimacy? If the leading state wants to promote a legitimate order, how does it go about getting it?

The implication of my argument is that the more rule-based the order is, the more legitimate it is likely to be. As the character of a hierarchical order moves from imperial to liberal – somewhere along this continuum – the order will take on features that will lead participants to see it as legitimate. But how much rule-based character is enough to give the order legitimacy? And what are the costs to the leading state – in terms of cooperation and efficiency of rule – if the overall system declines in legitimacy? Answers to these questions will in turn inform judgments by leading states about the value of legitimacy and their willingness to bind themselves to a rule-based international order. These questions have come into focus with the rise of American unipolarity after the Cold War.
Figure One

Leading States and Strategies of Rule

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<td>client-state relationship</td>
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Rule by relationship

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>imposed rules</td>
<td>defined by degree to which they are mutually agreed upon and applied</td>
</tr>
<tr>
<td>differential rules</td>
<td>and the degree to which they are binding</td>
</tr>
<tr>
<td>loose multilateralism</td>
<td></td>
</tr>
<tr>
<td>legal-binding rules</td>
<td></td>
</tr>
</tbody>
</table>
Figure Two

Incentives and Opportunities for Asymmetric Institutional Bargains

<table>
<thead>
<tr>
<th>Variable</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domination/abandonment potential of the leading state</td>
<td>Weaker states more willing to make concessions to gain restraint</td>
</tr>
<tr>
<td></td>
<td>Leading state has enhanced institutional bargaining advantage</td>
</tr>
<tr>
<td>Restraint/commitment potential of the leading state</td>
<td>Weaker states more willing to make concessions</td>
</tr>
<tr>
<td></td>
<td>Leading state has enhanced institutional bargaining advantage</td>
</tr>
<tr>
<td>Lock in importance to leading state</td>
<td>Leading state has greater incentive to offer restraint and commitment</td>
</tr>
<tr>
<td>Lock in potential of weaker states</td>
<td>Leading state has greater incentives to offer restraint and commitment</td>
</tr>
</tbody>
</table>