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## **Gain Seeking in a “Double Security Dilemma”: The Case of OPEC**

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## **Gain Seeking in a “Double Security Dilemma”: The Case of OPEC**

### **Abstract**

The remarkable stability of the cooperation among the members of the Organization of Petroleum Exporting Countries (OPEC) has generally been explained by these members' mutual dependency on high and stable oil revenues. Since the OPEC countries, however, face the double security dilemma of both domestic and external security threats, they are not simply eager to secure (absolute) oil revenues for the sake of domestic stability; they are also sensitive to the (relative) oil revenues of their competing or even conflicting partners. The existing approaches of rational egoism and defensive positionalism have proven to be rather inadequate in explaining this kind of gain-seeking behavior. This paper therefore develops the new theoretical approach of “gain-seeking mentalities,” with the objective of tracing variations in OPEC members' gain-seeking behaviors. Using this approach, the empirical assessment of Iran and Iraq during the Iran-Iraq War and Iraq during the Gulf War of 1990/91 shows the extent to which Iran and Iraq altered their gain-seeking behavior as a result of a changing constellation of threats.

Keywords: OPEC, cooperation gains, relative gains, distributional conflict, rational egoism, positionalism

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## **Zusammenfassung**

### **Gewinnstreben im „doppelten Sicherheitsdilemma“: Der Fall OPEC**

Die auffallend stabile Kooperation der OPEC-Staaten wurde bisher mit der gemeinsamen Abhängigkeit der OPEC-Mitglieder von einer hohen Erdölrente begründet. Der dringende Bedarf an (absoluten) Öleinnahmen ist jedoch nicht der einzige Faktor, der das Kooperationsverhalten unter den OPEC-Staaten beeinflusst. Da die Mitglieder der OPEC im Sinne eines „doppelten Sicherheitsdilemmas“ sowohl mit inneren als auch mit äußeren Sicherheitsbedrohungen konfrontiert werden, sind sie gezwungen, eine ausreichend hohe (absolute) Ölrente für den innenpolitischen Bedarf anzustreben und gleichzeitig auf die (relativen) Öleinnahmen ihrer teils rivalisierenden Kooperationspartner zu achten. Die bisherigen Gewinnstrebenmodelle des „rationalen Egoisten“ sowie des „defensiven Positionalisten“ erweisen sich als unzureichend, um das Gewinnstreben der OPEC-Staaten zu erklären. Aus diesem Grund entwickelt das vorliegende Working Paper einen Ansatz der „Gewinnstrebensmentalitäten“, anhand dessen Unterschiede im Gewinnstreben der OPEC-Staaten vor dem Hintergrund und in Abhängigkeit von ihren jeweiligen Sicherheitsdilemmata erläutert werden. Angewendet auf die Betrachtung von Iran und Irak während des Ersten Golfkrieges und von Irak während des Zweiten Golfkrieges lässt sich mit diesem Ansatz erkennen, inwieweit sich die Gewinnstrebensmentalitäten von Iran und Irak aufgrund gewandelter Bedrohungskonstellationen verändert haben.

# Gain Seeking in a “Double Security Dilemma”: The Case of OPEC

Ellinor Zeino-Mahmalat

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- 3 Gain-Seeking Mentalities in “Double Security Dilemmas”
- 4 Formation and Constellation of Gain-Seeking Mentalities: The Case of OPEC Member Countries
- 5 Conclusion

## 1 Introduction

Since the foundation of the Organization of Petroleum Exporting Countries (OPEC) in 1960, cooperation among the oil-producing countries has been predominantly stable, despite times of tense relations, armed conflicts, and even devastating wars between some OPEC members. The eight-year war in the 1980s between Iran and Iraq, which claimed more victims than any other recent war in the Middle East, and Iraq’s long-term territorial claims on Kuwait, which escalated into a military invasion in the Gulf War of 1990/91, did not lead to an abandonment of cooperation by the belligerent OPEC states. Robert Mabro plausibly argues that the OPEC members’ common dependency on, preferably high, oil revenues cements their collaboration for the purpose of securing a high oil price and outweighs their political and military rivalries (Mabro 2001: 411, 413). Nevertheless, because the OPEC members have to cope with both domestic and external security threats, they will not merely seek absolute cooperation gains in order to safeguard their oil revenues at a satisfying level, but will also be sensitive to relative gaps in gains.

Hence, this paper examines in what way the "double security dilemma" of the OPEC countries determines their cooperation and decisions within OPEC. For this purpose, a theoretical model of gain-seeking mentalities is designed that is intended to explain more precisely the motivations of the cooperation partners, which are faced with different types of security threats. In contrast to previous approaches to gain-seeking behavior, the dynamic and comprehensive construct of a gain-seeking mentality combines different degrees of an egoist or positionalist mentality with a revisionist or status quo orientation and expresses the gains distribution pursued by the actor. It is thereby proposed that the formation of a particular gain-seeking mentality depends on the nature and intensity of the security dilemma. Further, in order to predict whether conflicting gain-seeking mentalities might be complementary, it is crucial to examine whether internal or external security threats prevail in the actors' decisions and to which extent a revisionist or status quo orientation inheres to the actors.

The cooperation of the oil-producing countries within OPEC is a suitable case study for analyzing the constellation of different types of gain seeking because OPEC integrates a variety of distinct gain-seeking mentalities. While most OPEC members are autocratic oil rentier states that face a double security dilemma, they exhibit utterly different gain-seeking mentalities according to their respective security threats and their goal-directedness. In contrast to previous cooperation-theoretic studies on OPEC that have focused on collective-action problems in the OPEC cartel (see Beck 1994), this paper will deal with the distributional conflicts within OPEC that occur during the distribution of cooperation gains among OPEC partners. For this purpose, the theoretical models of rational egoism and defensive positionism, as the two opposing concepts of gain seeking that have been advocated in the previous relative-gains debate, will be examined in the first part of the paper. Thereafter, the theoretical construct of, the explanatory value of, and the formation of gain-seeking mentalities will be explained. In the second part of the paper, the various factors determining the sensitivities to relative gains and the overall gain-seeking mentalities of the OPEC states are examined generally. In the subsequent case studies, the gain-seeking mentalities of Iraq and Iran during the Iran–Iraq War and Iraq during the 1990–91 Gulf War will be determined and confined to a certain pursued distribution. The actors' trade-offs between the objectives of domestic regime stability and external security, as well as the impact of their particular gain-seeking mentalities on cooperation within OPEC, will thereby be discussed.

## **2 Cooperation and Distributional Conflicts in International Relations Theory**

For a thorough analysis of international cooperation and in order to qualify the cooperative outcome according to the inner balance of interests, it is crucial to look at the distribution of cooperation gains among the actors involved. In many cases of international cooperation, distributional conflicts and the question of who profits how much from a cooperation agreement play a major role, alongside the collective-action problems of cheating and defec-

tion by the other actors. The various gain-seeking mentalities of the cooperation partners, which express their desired gains distribution, indicate not only the general propensity to cooperate but also the likelihood of either a more proportionate or a rather "cartelized"<sup>1</sup> gains distribution.

In the rationalist approaches of international relations (IR) theories different models of gain-seeking behavior based on rational cost-benefit calculations are presumed in order to explain the formation of international cooperation. Regarding the analogy of microeconomics, rational institutionalist thinking, on the one hand, posits a strictly "rational egoist" gain-seeking behavior on the part of the actors, who seek to maximize their absolute gains and form their utility functions independently from the gains of others. Neorealist theory, on the other hand, holds that in the international system, states, being in a permanent and fierce competition over power and security, are also concerned about the gains of their cooperation partners, as potential adversaries, and hence act as positionalists striving for a maximum of relative gains.

## 2.1 Rational Egoism: An Economic Explanation of Cooperation

In order to explain under which conditions international cooperation is realized, neoliberal or rational institutionalist theories<sup>2</sup> assume that individual, rational actors cooperate according to the logic of rational egoism, which is defined by Robert Keohane as follows:

Rationality means that [actors] have consistent, ordered preferences, and that they calculate costs and benefits of alternative courses of action in order to maximize their utility in view of those preferences. Egoism means that their utility functions are independent of one another: they do not gain or lose utility simply because of the gains or losses of others. (Keohane 1984: 27)

In the so-called interest-based approaches of regime theory and rational institutionalist thinking, the assumption of rational egoist behavior is applied to game-theoretic or situation-structural models that explain the behavior of cooperation partners in a certain constellation of interests. The cooperative behavior of rational egoists, who merely seek absolute gains and calculate their utility independently from one another, is thus determined by the payoff structure of a specific constellation of interests. While Robert Keohane initially used the collective-action problem of the prisoner's dilemma (PD) in order to interpret coopera-

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<sup>1</sup> A distribution of cooperation gains that grants disproportionately more gains to the stronger cooperation partner and thereby reinforces asymmetries between the actors will be referred to in this paper as "cartelized" distribution.

<sup>2</sup> Institutionalism is often equated with neoliberal theory and treated as a variant of the Grotian tradition of liberalism; however, many theorists now regard it as an independent theory between realism and liberalism. See also Keohane, Robert O. (1993): *Institutional Theory and the Realist Challenge after the Cold War*, in: Baldwin, David A. (ed.): *Neorealism and Neoliberalism: The Contemporary Debate*, New York, p. 298 (note No. 3): Keohane prefers the label "(rational) institutionalist" to "(neo)liberal institutionalist."

tion in international politics on the basis of a microeconomic argumentation, the situation-structural approach has developed further game-theoretic constellations apart from the specific situation of the PD (Hasenclever/Mayer/Rittberger 1997: 44).

In the gain-seeking models of rationalist theories, it is the assumed egoism, not the rationality of states, that distinguishes rational institutionalist thinking from the neorealist assumption of a positionalist and relative-gain seeking, and which sometimes leads to the presumption that distributional issues play a minor role in cooperation among rational egoist actors. Bernhard Zangl and Michael Zürn (1994: 84), for instance, classify rationalist theories as those concerned with the distribution of scarce resources (bargaining theories, realist cooperation theory) and those concerned with collective-action problems and the realization of cooperation (for example, neoliberal regime theory). This classification might lead to the erroneous assumption that distributional issues are based on a positionalist conception of gain-seeking while rational egoist models are confined to collective-action problems. Yet, a distributional conflict cannot always be referred to as the concern over relative gains; it can also occur among rational egoists who will not cooperate unless they achieve a certain amount of absolute gains, or who insist on a certain distribution for the sake of distributional justice (Zangl/Zürn 1994: 96). In a zero-sum game in which a fixed amount of gains has to be distributed among the actors, rational egoists and positionalists may even act in a similar way, though their motivations differ entirely. While the positionalist wants the other actors to gain less and would even forego absolute gains to avert a relative loss in consideration of the possible threat the other actors might pose in the future, a rational egoist only cares about the gains of others if their increase in gains leads to a decrease in his own absolute gains.

Institutionalist or regime theory has traditionally neglected distributional issues or considered them as second-order problems while focusing on collective-action problems such as the risk of defection or cheating and the question of *how* a collectively efficient solution (Pareto optimum) can be reached. As Lisa Martin (1990: 90) remarks, institutionalism should not omit the analysis of the distribution of cooperation gains, which indicates *which* of the possible pareto-optimal solutions has been realized. Rational institutionalists have now recognized the importance of distributional conflicts and suggest that international institutions could play a prominent role in solving distributional conflicts (Keohane/Martin 1994: 45).

## 2.2 Strategic Positionalism: The Impact of Relative Gains

Neorealist theory proposes a different model of rationalist gain-seeking behavior among state actors which is based on a more competitive and conflictual concept of international politics. Due to the anarchical and self-help structure of the international system, which is embedded in an environment of scarce resources and of conflict over their distribution, states are forced to act as positionalist, self-help agents that are primarily concerned about their relative power position and that will forego any kind of cooperation offering merely



absolute cooperation gains while granting disproportionate advantages to their adversaries. Hence, it is maintained that uncertainty on the part of states about other actors' future intentions, and the possibility of their aggressive use of their relative power capabilities against one another, forces states to be concerned about relative gains in gains. The result is that international cooperation is decisively impeded by the relative-gains seeking of the contending actors (Grieco 1997: 164-168; Grieco 1993a: 733). As Kenneth Waltz remarked in his *Theory of International Politics*,

When faced with the possibility of cooperating for mutual gain, states that feel insecure must ask how the gain will be divided. They are compelled to ask not "Will both of us gain?" but "Who will gain more?" (Waltz 1979: 105)

In economic terms, sensitivity to relative gains means that the utility functions of the cooperation partners are interdependent insofar as the utility of the other cooperation partner reduces, to a certain degree, the utility of the other.

Neorealist theorists agree that relative gains, meaning disproportionate benefits or gaps in gains that might change the balance of power among the cooperation partners, are of high relevance in the cooperation-building process and constitute a crucial impediment to international cooperation, in addition to the collective-action problem of cheating and defection. Yet, there is some dissent regarding the intensity and the determining factors of the relative-gains seeking. One major division in neorealist thinking lies in the diverging assumptions of defensive neorealists such as Kenneth Waltz or Joseph Grieco on the one hand, and offensive neorealists such as John Mearsheimer (2001: 4-5) on the other hand. Whereas defensive realists hold the opinion that states act as defensive positionalists seeking to maximize their security by maintaining the status quo and avoiding relative losses, offensive realists consider states to be revisionist oriented and striving for a maximum of power or a hegemonic position by maximizing their relative gains.

Though this friction between defensive and offensive realism expresses a rather static view of gain-seeking behavior in international politics—since both neorealist strands attribute either offensive-revisionist or defensive and status quo oriented motives to the actors—most of the neorealist theorists still discern different *degrees* of a relative-gains sensitivity. Joseph Grieco's formulation of a utility function, for instance, considers possible variations in sensitivity to relative gains and to gaps in payoffs through the integration of the sensitivity coefficient  $k$ , but it does not question the generally defensive target-orientation of defensive-positionalist states. His function of state utility, which illustrates the partial interdependence of the states' utilities and the positionalist understanding of neorealist theory, is expressed as follows (Grieco 1993b: 41):<sup>3</sup>

$$U = V - k(W-V) \quad \text{where } k > 0$$

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<sup>3</sup> Though I would alternatively propose to express Grieco's ideas using the formula  $U = V - k(W-V)(W/V)$  because Grieco's function neglects the ratio between one's own payoffs ( $V$ ) and the partner's payoffs ( $W$ ).

The state's utility ( $U$ ) is not solely based on the absolute payoff received ( $V$ ), but is rather reduced to a certain degree by the partner's payoff ( $W$ ) and varies according to the level of the sensitivity coefficient ( $k$ ). The rational institutionalist model of the utility of rational egoist actors seeking absolute gains would, in contrast, be expressed by the simple formula  $U = V$ . According to Grieco, variations of  $k$  as the concern over relative gaps in gains can be related to a number of reasons including different strategic constellations; the political, economic, or military relations among the actors; and the character of the gains to be distributed (Grieco 1993b: 45-46). The level of  $k$ , for example, would be lower between long-term allies and partners of a collective-security community than between longtime adversaries. A declining power would be more sensitive to the loss of relative advantages than a self-assured rising power or an uncontested hegemon. Furthermore, middle-range states are considered by Grieco to be strongly concerned about relative gains, as they feel threatened by the powerful states and also permanently worry about their decline in power, which would leave them in the undesirable category of weak states. Using the analogy of Stephen Walt's balance-of-threat theory (Walt 1987: 22), which attributes the balancing behavior of states to the degree of actual or perceived threat, one can assume a stronger sensitivity to relative gains in the case of a high level of (perceived) threat due to significant aggregated power capabilities, geographic proximity, or possible aggressive intentions on the part of the cooperation partner.

Additionally, the issue-area of cooperation and the character of the cooperation gains affect the level of Grieco's  $k$  coefficient regarding states' sensitivity to relative gains since these factors determine the strategic advantage an actor has in the cooperation. In this context, gains related to security issues, rather than economic gains, and gains that are easily converted into power capabilities generate a stronger sensitivity to relative gains. A similar explanation is offered by Volker Rittberger and Michael Zürn in their problem-structural approach of regime theory. They classify conflicts into those over absolutely assessed goods and those over relatively assessed goods, and hence view variations in the sensitivity to relative gains as possible. Yet unlike Grieco, who considers states to always be—more or less—positionalist actors seeking relative gains or avoiding relative losses ( $k > 0$ ), Rittberger and Zürn regard states as both absolute- and relative-gains seekers according to which type of conflict they face or which sort of cooperation gain is at stake (Hasenclever/Mayer/Rittberger 1996: 190-192).

Contrary to the assumption that relative-gains concerns arise in security affairs rather than in economic issues, John Matthews (1996: 115-121) argues that the sensitivity to relative gains not only varies between issue-areas but also within an issue-area, according to the level of accumulation. Hence, whenever relative gains might accumulate in future rounds of cooperation, leading to an even more disproportionate distribution of cooperation gains in the future, the sensitivity to relative gaps in gains will increase, whereas a singular and non-recurring loss of relative gains might be more easily accepted by a cooperation partner (Matthews 1996: 121-125). An example of relative-gains concerns caused by a cumulation effect,

in the field of international political economy (IPE), is the concern over market shares, which determine future relative and absolute gains.

Another effort at defining variations in relative-gains sensitivity has been made by Peter Liberman (1996: 148), who perceives the political-military relationship between cooperation partners, the offense-defense balance of their military capabilities, and the polarity of the international system as three major factors that determine the concern over relative gains. In multipolar systems, Liberman argues, the sensitivity to relative gains is attenuated, since multipolarity usually lacks the fierce competition of bipolar systems in which two great powers compete for predominance (Liberman 1996: 155). With respect to the relative-gains sensitivity in the various issue-areas, Liberman considers a sensitivity to relative gains possible in both security and economic affairs, depending on whether the pursuit of security or the pursuit of welfare represents the primary goal of the actor.

With his *partners-and-rivals (PAR) model*, Jonathan Tucker (1991: 85) offers another method for identifying variations in the sensitivity to gaps in payoffs; this sensitivity is linked to the level of asymmetries in power or the disparities in capabilities among cooperating actors in high-technology industries. Similarly to how Grieco defines a  $k$ -coefficient, Tucker conceptualizes a sensitivity coefficient ( $\alpha$ ) that is influenced by six "contextual parameters" (salience, complementarity, appropriability, concentration, vulnerability, discount rate) and varies according to the power disparities of the actors (high, moderate, or low disparity in capabilities) (Tucker 1991: 94-99). According to Tucker, only in the case of a moderate disparity in capabilities is the stronger player inclined to cooperate. A high disparity, however, means that the stronger partner receives few welfare benefits due to the limited contributions that a weaker player can make to their collaboration. Yet, at the same time, the notably stronger actor has no considerable positional loss to fear. In the case of low disparity, the weaker player becomes an almost equal competitor, leaving the stronger actor highly concerned about relative gaps in gains. Simultaneously, the marginally weaker partner might offer the stronger actor prospectively greater welfare gains. Thus, Tucker concludes that under conditions of high disparity, which lead to limited welfare gains and also a minor positional loss for the stronger player, as well as under conditions of low disparity, which offer significant welfare gains at an even higher positional cost to the stronger partner, cooperation can only be achieved through compensatory side payments to the stronger actor (Tucker 1991: 99-101).

Tucker's consideration not only of the general distribution of power among the actors but also of the level of disparity in power capabilities allows him to more accurately determine variations in the relative-gains sensitivity; Grieco's general differentiation between strong and weak actors does not show any alteration in the sensitivity coefficient as the disparity in power grows or decreases. In addition, Tucker emphasizes the rising positional costs a strong actor might pay, which would make it more concerned about relative gains, while Grieco generally argues that a powerful position allows the stronger actor to be less sensitive to positional costs.

As concerns the "contextual parameters," Tucker identifies notably different factors influencing the sensitivity coefficient ( $\alpha$ ) from those of Grieco and specifically refers his analysis to cooperation regarding advanced technology within the IPE. The sensitivity to relative gains, for example, is especially high if the technology the actors cooperate on is strategically important to them (high salience), if the partners' strengths and weaknesses are similar rather than complementary (complementarity), if the technologies transferred through cooperation are "dual-use" or convertible into new capabilities in the same field (appropriability), and if the most strategically important parts of the technology are concentrated in a few components (concentration). In addition, the degree of relative-gains concerns depends on the threat and consequences of defection (vulnerability) and the extent to which a player discounts long-term benefits or positional costs in order to meet urgent short-term welfare needs (Tucker 1991: 95-99).

The various approaches in IR theory that define the level of as well as the variations in the states' sensitivity to relative gains demonstrate a general agreement among IR theorists that relative gains matter to a certain degree and that their impact on the states' sensitivity varies according to certain parameters. These parameters include the strategic setting; the relationship and the balance of power between the cooperation partners; and the nature, relevance, and cumulative effects of cooperation gains. Thus, the current debate is not about whether relative gains matter in international relations, but rather when and to what extent relative-gains concerns occur. However, the explanatory value of the sensitivity to relative gains and the result of relative-gains seeking remain unclear. As Robert Powell remarks,

a concern for relative gains is an effect and not a cause. We cannot explain the presence or absence of international cooperation because of the presence or absence of significant concerns for relative gains. Cooperation and concern for relative gains may covary, but one does not cause the other. (Powell 1994: 337)

Powell's differentiation between states' motivations and the actual outcome of their interaction alludes to the fact that a low sensitivity to relative gains does not necessarily lead to the realization of cooperation. Conversely, serious concerns over gaps in gains will not necessarily inhibit cooperation. Hence, identifying the sensitivity to relative gains in a certain constellation of interests may merely help to define the prospects for cooperation.

In this paper it is argued that defining the level of sensitivity to relative gains is an insufficient means of qualifying the potential for cooperation, since it can only indicate the probability, not the nature, of cooperation. In the following chapter a model for defining the gain-seeking mentality in terms of a comprehensive assessment of the motivation of states, including their sensitivities to relative gains as well as their target-orientation, will be developed. This model expresses the gains distributions aspired to in a cooperation. Such a comprehensive and decisive model allows for a more accurate estimation of the outcome of state interaction by analyzing the extent to which the different gain-seeking mentalities are complementary.

### 3 Gain-Seeking Mentalities in “Double Security Dilemmas”

#### 3.1 Fundamentals and Explanatory Value of a Gain-Seeking Mentality

The model of a gain-seeking mentality postulated in this paper intends to comprehensively reflect the gain-seeking motivations of states, including their level of sensitivity to relative gains as well as the underlying goals and means of their gain-seeking behavior. The purpose behind this is to determine not only the probability of international cooperation, but also the prospective distribution of cooperation gains that determines the nature and the inner balance of interests within a cooperative undertaking. A gain-seeking *mentality* does not merely refer to the states’ concerns about relative gains in terms of a positionalist or rational egoist behavior, but also explains their intentions and target orientations, which express a certain aspired-to distribution of cooperation gains. Hence, a gain-seeking mentality explains *how much* of the distributed gains are desired, whereas the sensitivity to relative gains only reveals the tolerance limit for *disparities* in gains distribution.

By drawing upon the analogy of Randal Schweller’s (1994: 99-100) balance-of-interests theory, which distinguishes between status quo (satiated) and revisionist (insatiable) states in the context of alliance formation, it will be argued here that in the realm of international cooperation the gain-seeking mentalities of states vary between revisionist and status quo orientations. Schweller’s critique of a static view of state goals—which either attributes a defensive, status quo orientation to states that seek to preserve their position and security or an offensive, revisionist behavior to states that consider power maximization as their ultimate goal—is also applicable to the static assumptions regarding gain-seeking mentalities. In his theory of the balance-of-interests, Schweller proposes to differentiate states according to their motivation to preserve or overcome the status quo in the international system and thereby categorizes them into the classes of *lions*, *lambs*, *jackals*, and *wolves*. According to Schweller (1994: 101-104), *lions* are usually great power states that have a vested interest in preserving the status quo and hence act as defensive positionalists and security maximizers. While *lambs* are weak states that have no capabilities to defend or overcome the status quo, *jackals* are relatively weak states unsatisfied with the status quo that act in a revisionist but still risk-averse way in order to increase their power and welfare assets. *Wolves*, on the contrary, are predatory and revisionist states seeking to overcome the current order by offensive means. In this paper, Schweller’s classification of state goals (preserving or overcoming the status quo) and means (offensive or defensive), which analyzes the states’ balancing or bandwagoning behavior during alliance formation, will be applied to the states’ gain-seeking behavior and their aspired-to distribution of gains in international cooperation. In this context, the desired distribution of cooperation gains will be defined in this paper as egalitarian, compensative, or elitist, according to which gain-seeking mentality a state complies with. An egalitarian distribution in terms of a proportionate gains distribution that preserves the “pre-cooperation balances of capabilities” (Grieco 1993b: 47) and power asymmetries could be pursued by satis-

fied, status quo oriented actors (*lions*) seeking to maintain their current power and welfare position. Relatively weak, unsatisfied, and defensive states (*jackals*) would rather pursue a compensative gains distribution that would improve their position by granting them disproportionate gains. A compensative distribution thus reduces power asymmetries through a redistribution of cooperation gains that favors the weaker actors. An elitist or cartelized distribution, on the contrary, which grants disproportionate gains to the stronger party, is pursued by offensively revisionist states (*wolves*) that seek hegemony or domination over the other actors. The motivations of the *lamb*s, as domestically and externally weak actors, might vary between revisionist and status quo orientations, but lack the power of self-assertion. The cooperation strategy that *lamb*s follow would be opportunistic.

As a result, the desired distribution of cooperation gains generally varies between an egalitarian, compensative, or elitist distribution and can be confined to a particular gain-seeking mentality that reveals either a revisionist or status quo orientation on the part of the state. The particular orientation might be followed by defensive or offensive conduct by the actor, regardless of whether the state acts as a rational egoist or as a positionalist. As can be concluded from Tables 1 and 2, an elitist or cartelized gains distribution that enforces asymmetries of capabilities among the actors can be pursued by both positionalist and rational egoist actors.

**Table 1: Pursued Distribution of Gains on the Basis of the Gain-Seeking Mentality**

Pursued Distribution of Cooperation Gains	Egalitarian (Preservation of Asymmetries)	Compensative (Reduction of Asymmetries)	Elitist (Reinforcement of Asymmetries)
Actor's Mentality	Defensive-status quo Positionalist or Rational Egoist <i>lion</i>	Defensive-revisionist Positionalist or Rational Egoist <i>jackal</i>	Offensive-revisionist Positionalist or Rational Egoist <i>wolf</i>

Source: Author's compilation.

**Table 2: Target Orientations of Positionalist and Rational Egoist Actors**

	Seeking absolute gains (rational egoist)	Seeking relative gains (positionalist)
Indifference to gains distribution	No distributional conflict (positive-sum game)	Benevolent hegemon
Defensive-status quo	Preserve absolute assets	Preserve relative economic/power position
Defensive-revisionist	Enhance absolute assets	Enhance relative economic/power position
Offensive-status quo	Preserve absolute assets offensively	Preserve relative economic/power position offensively
Offensive-revisionist	Enhance absolute assets offensively	Enhance relative economic/power position offensively

Source: Author's compilation.

Table 2 reveals that for rational egoists, the gains distribution matters only in distributional conflicts. A positionalist actor, however, is also aware of relative gaps in gains in positive-sum games. A benevolent hegemon as a positionalist actor is an exception, since he can mostly afford to neglect the relative distribution of cooperation gains due to his outstanding economic or power position.

### 3.2 Explaining Variations in Gain-Seeking Mentalities

The definition of the different components and variations of a gain-seeking mentality begs the question of what actually explains the variations in the gain-seeking mentalities of cooperation partners and the particular gains distribution they pursue. In this context it is proposed that the nature and intensity of the security dilemmas the actors face influences the sensitivity to relative gains as well as the particular gains distribution pursued. The notion of a "double security dilemma" (Janssen 2005), which comprises the classical external security dilemma between competing rivals on the one hand and an internal security dilemma that threatens the inner regime stability on the other hand, might help to explain the different motivations, target orientations, and gain-seeking behaviors of states. As Keohane and Tucker have already mentioned, states experience a continuous trade-off between the pursuit of power and the pursuit of wealth (Keohane 1984: 23) and between the pursuit of (short-term) absolute welfare gains and (long-term) positional gains (Tucker 1991: 88, 118). These trade-offs manifest as the double security dilemma of meeting both external and internal security needs. Referring to this fundamental trade-off between "guns and butter" in states' goals, Robert Gilpin notes that

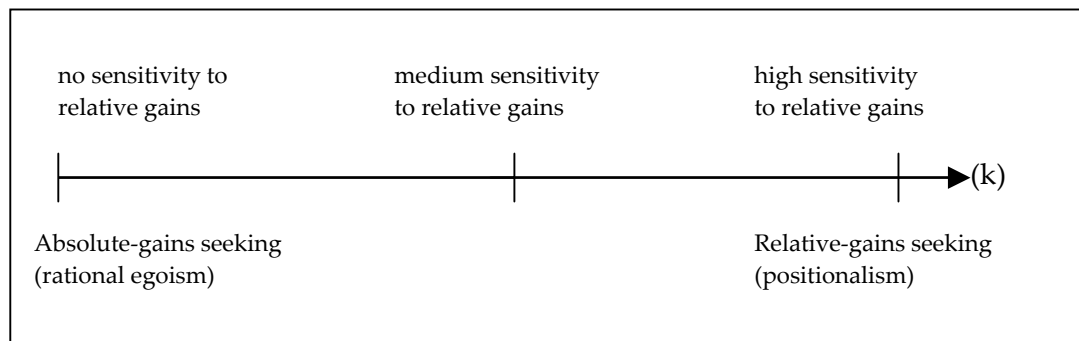
the ratio of security objectives to economic objectives [...] may vary depending on internal and external factors (Gilpin 1981: 22).

[Hence,] the state will not seek to maximize power [...] or welfare [...] but will endeavor to find some optimum combination of both objectives (Gilpin 1981: 20).

States that are trapped in a double security dilemma will have to find a compromise between meeting their inner security needs by seeking absolute welfare gains and coping with the external security threats by avoiding positional losses with respect to their political, economic, or military adversaries. Hence, variations in the states' sensitivity to relative gains, which oscillates between a more rational egoist and a positionalist gain-seeking approach, depend on the nature of the security dilemma. In cases of urgent inner welfare or security needs, imperiled regime stability, or an absence of external threats, a rational egoist actor focuses on its domestic stability. In contrast, positionalist gain seeking is directed at external security threats and the international competition over power, security, or market shares. However, it must be noted that in distributional conflicts state actors might simultaneously exhibit both strong egoist and strong positionalist behavior when they are confronted with extraordinary

domestic and external security threats at the same time. In contrast, previous notions of gains seeking assume a trade-off between an egoist and a positionalist mentality, meaning that the more egoist an actor behaves the less positionalist he behaves (see Figure 1).

**Figure 1: Previous Concepts of Gain Seeking**



Source: Author's compilation.

As a result, the nature of the security dilemma (domestic or external security threats) determines the sensitivity to relative gains. The intensity or urgency of the security dilemma, however, might allude to the gains distribution pursued and the gain-seeking conduct. Several determinants, many of which are mentioned above, such as the actors' relationship and threat perception, their disparities in power, and the effect and nature of cooperation gains are important variables that influence the (perceived or actual) intensity of the security dilemma and thereby determine gain-seeking mentalities of states in their interactions.

Hence, the model of a gain-seeking mentality defined in this paper differs from previous models of gain-seeking behaviors in several respects. First of all, Rittberger and Zürn have already shown in their problem-structural approach of regime theory that states might pursue both relative and absolute gains, depending on the nature of their security or welfare needs and the level of competitive pressure in their interaction. Thus, contrary to Grieco's model, the sensitivity to relative gains might also equal zero ( $k \geq 0$ ).

As a major innovation and with recourse to Randall Schweller's balance-of-interest theory, the model defined here integrates different levels and means of the particular gains distribution pursued by dividing the target orientations of actors into revisionist and status quo orientations, and by analyzing the gain-seeking conduct (defensive or offensive). Joseph Grieco, as a defensive neorealist who considers states to be defensive positionals<sup>4</sup> that avoid relative losses, generally assumes the pursuit of an egalitarian or proportionate gains distribution. His formula of a state's utility ( $U = V - k(W-V)$ ) demonstrates that when a state's own payoffs equal the payoffs of the cooperation partner ( $W = V$ ), the sensitivity to relative gains ( $k$ ) will have no impact on the former's own utility, since the actor is satisfied with an egali-

<sup>4</sup> *Defensive* in this context means that the states merely pursue an egalitarian gains distribution by avoiding relative losses; it does not refer to the conduct of the actors.



tarian gains distribution. Therefore, in order to take other possible forms of gain seeking into consideration, such as the pursuit of disproportionate gains with the goal of realizing a compensative or even a cartelized gains distribution, this paper proposes a more comprehensive model of a gain-seeking mentality which is expressed in the following formula:

$$U = V(V/y_{eg}) - k [W - W(V/y_{pos})](W/V) \quad \text{where } k \geq 0 \quad \text{and } y_{eg}, y_{pos} > 0$$

Here, the utility (U) equals the actor's own absolute payoff (V) in relation to the portion of gains that the actor absolutely pursues as an egoist ( $y_{eg}$ ). The utility is then reduced by the partner's payoff (W) in relation to the ratio of the actual received payoff (V) and the initial actor's own relatively desired payoff as a positionalist ( $y_{pos}$ ). The extent to which the utility is reduced depends on the sensitivity coefficient (k). Through the introduction of the variables ( $y_{eg}$ ) and ( $y_{pos}$ ) as the desired absolute and relative portions of gains, the formula considers variations not only in the actors' sensitivity to relative gains but also in their pursued distribution of gains, which might vary between an egalitarian, a compensative, or a cartelist distribution. In addition, the differentiation between ( $y_{eg}$ ) and ( $y_{pos}$ ) is intended to express the fact that an actor might pursue separate portions of absolute and relative gains at the same time.

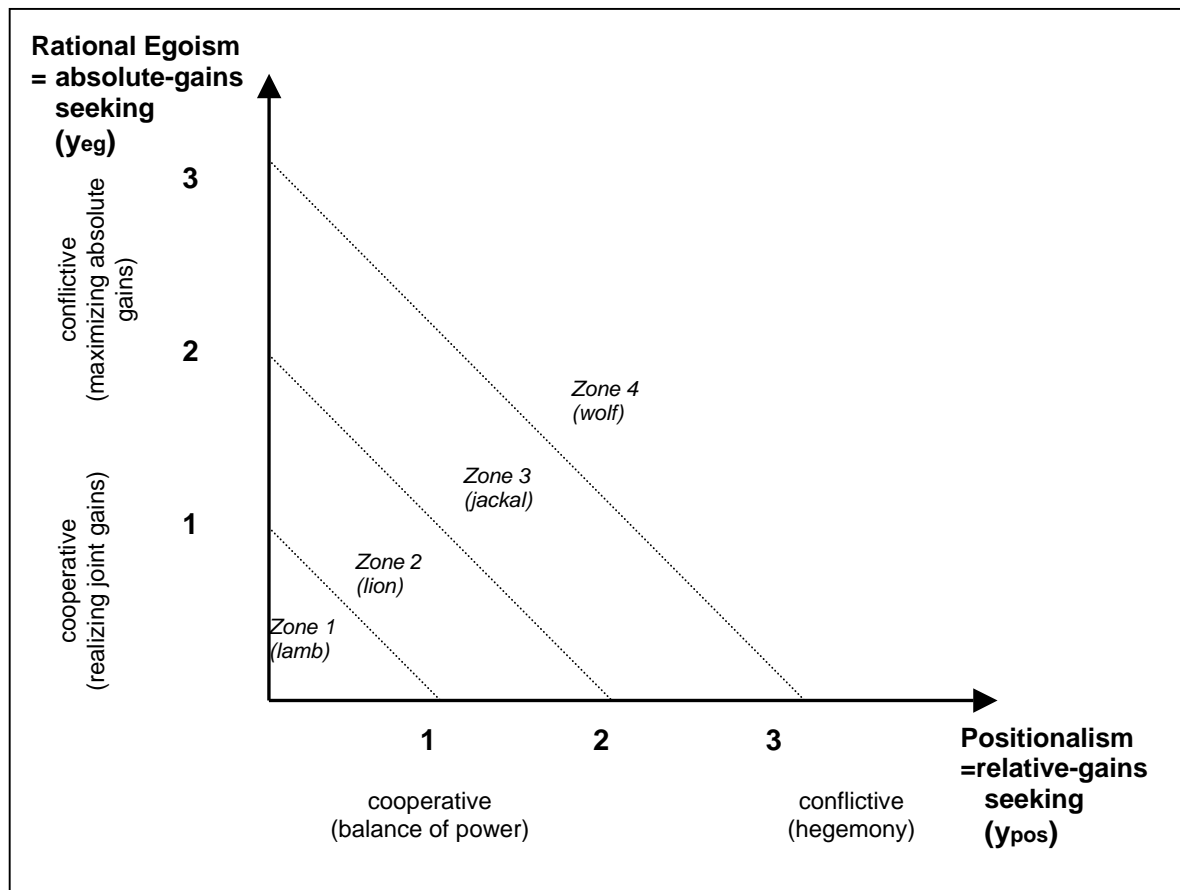
In the second part of the formula, which expresses the relative gain seeking of the actor, it becomes apparent that a revisionist actor seeking disproportionately more gains for positionalist reasons ( $y_{pos} > W$ ) will not be satisfied with a proportionate distribution ( $W = V$ ), since this would reduce the actor's utility. Whereas in the case that an actor of equal capabilities seeks an egalitarian distribution of relative gains ( $y_{pos} = W$ ) and his desired distribution is fulfilled ( $V = y_{pos}$ ), his sensitivity to relative gains would have no negative impact on his utility, since  $W - W(V/y_{pos})$  becomes zero. As a result, the introduction of the variables ( $y_{eg}$ ) and ( $y_{pos}$ ) considers variations in the actor's target-orientation, which oscillates between a revisionist and a status quo orientation. The level of sensitivity to relative gains (k) and the degree to which the relative gains pursued are served, determine the extent to which the relative-gains seeking of the actor carries weight in the calculation of its utility.

Compared to previous relative-gains approaches, the construction of gain-seeking mentalities also helps to explain those cases in which the cooperation partners would not be content with an egalitarian distribution of gains. In addition, it is considered possible that a positionalist actor may pursue only relatively smaller gains and would accept a certain proportion of relative losses. This might be the case for either a hegemon that can afford relative losses or a *lamb state* that cooperates with revisionist *jackal* or *wolf* states for opportunistic reasons. Furthermore, the introduction of the two variables ( $y_{eg}$ ) and ( $y_{pos}$ ) indicates more clearly that actors usually seek certain amounts of both absolute and relative gains *simultaneously*, because of the double security threats they are confronted with (see Figure 2).

Additionally, it must be stated that in distributional conflicts, a rational egoist could absolutely pursue larger portions of gains than its positionalist partner due to urgent domestic security or welfare needs. This means that a rational egoist with a revisionist and even of-

fensive orientation would be less cooperative than a positionalist actor, which would be satisfied with a proportionate distribution. Hence, for a number of reasons, the sensitivity to relative gains is not a sufficient criterion for forecasting the chance of cooperation and must be combined with the actors' target-orientations and overall gain-seeking mentalities.

**Figure 2: Variations of Gain-Seeking Mentalities in Double Security Dilemmas**



Source: Author's compilation.

#### 4 Formation and Constellation of Gain-Seeking Mentalities: The Case of OPEC Member Countries

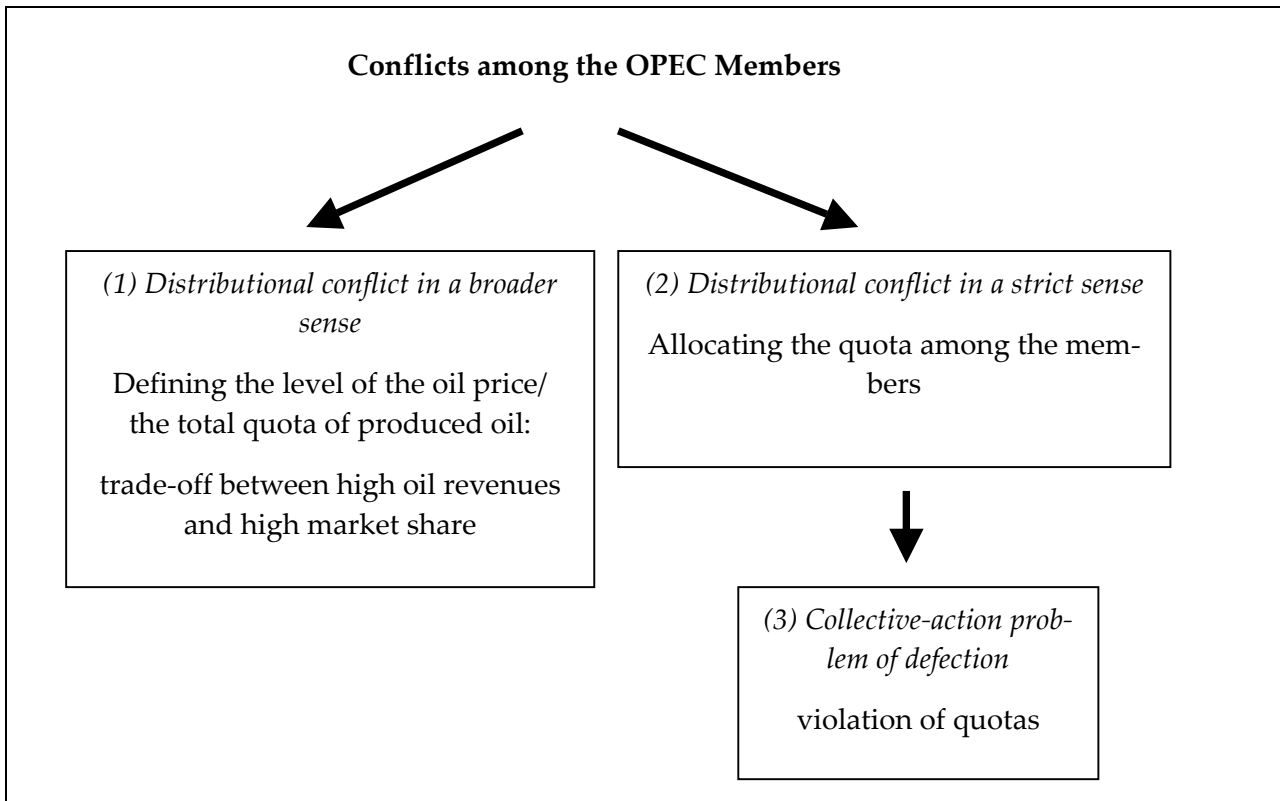
##### 4.1 Focus of Analysis

The Organization of Petroleum Exporting Countries (OPEC), whose members have successfully established a "cartel-like international regime" (Beck 1999: 39) in order to control the price of oil and safeguard their high oil revenues, has displayed a remarkable stability despite times of wars and armed conflicts among its members. Throughout the decades since its foundation in 1960, OPEC has managed to integrate actors with conflicting interests and different gain-seeking behaviors by promoting their common interest of keeping the oil price above a hypothetical market price. This section will analyze the extent to which the

double security dilemma of ensuring inner regime stability on the one hand and competing with external political, economic, or military rivals on the other hand determines the cooperation and oil policies of the OPEC countries. The trade-offs between long-term and short-term interests as well as between the enhancement of inner welfare and relational power position will thereby be assessed. It will be argued that the gain-seeking mentalities of the OPEC partners derive from the nature and intensity of their actual and perceived security dilemmas. Having become oil rentier states whose inner regime stability is existentially dependent on oil revenues and whose external autonomy is threatened by an anarchical environment of political, economic, and military competition, most OPEC members have to cope with both internal and external security threats which might affect their gain-seeking behavior within OPEC. Dag Harald Claes notes that

the (autocratic) state leaderships perceive threats both from internal opposition and from other states. [...] This makes the traditional external security concept too narrow for comprehension of the security issue pertaining to the Middle East oil-producing states. (Claes 1998: 168)

In contrast to Grieco's concept of defensive positionalism, this paper argues that the OPEC countries have not always acted as positionalists, but have instead periodically exhibited an egoist mentality due to prevailing inner security needs. Additionally, it is proposed that the oil-producing countries have not exclusively been satisfied with an egalitarian distribution of OPEC quotas (whether an egalitarian distribution would be defined by the ratio of the country's oil reserves or its population), but have also sought disproportionately more gains. The focus of analysis of this paper is the distributional conflict between the oil-producing countries; it neglects the game-theoretic issue of collective-action problems. Regarding distributional conflicts within OPEC, two types of distributional conflicts will be distinguished (see Figure 3). A distributional conflict in a broader sense (1) refers to the conflict over the agreement on the total quota of oil produced and represents a trade-off between short-term high oil revenues through a radical reduction of the total quota (interest of *hawks*) and a long-term high market share in the international oil market through a moderate price policy (interests of *doves*). A distributional conflict in a stricter sense (2) refers to the conflict over the allocation of the total quota among the member states. The issue of the violations of quotas by the member states, usually explained through the collective-action problem of defection in a dilemma situation, might also be interpreted as a manifested dissatisfaction with the distribution.

**Figure 3: Conflicts among the OPEC Members**

Source: Author's compilation.

#### 4.2 The Formation of Gain-Seeking Mentalities

The formation of different gain-seeking mentalities and the sensitivity to relative gains in the first place will be derived from various determining factors that can be ascribed to the systemic and subsystemic level of analysis or to the issue-area of cooperation. As demonstrated above, the numerous contributions to the relative-gains debate by Joseph Grieco, Duncan Snidal, John Matthews, Peter Liberman, Jonathan Tucker, and Volker Rittberger and Michael Zürn have already referred to different levels of analysis and have emphasized different determinants to explain the gain-seeking behavior of cooperation partners.

In the first place, for a general grading of a certain distributional conflict and for the elaboration of the level of sensitivity to relative gains, it would be useful to initially identify the issue-area of the distributional conflict and to ask about the nature of the cooperation gains. In the case of the allocation of OPEC quotas, which allow each OPEC member to produce a certain amount of oil, it is necessary to define the nature of the oil rents and the issue-area they pertain to. The high oil revenues that OPEC members have been able to achieve through their successful cartel-like cooperation since their emancipation from the multinational oil companies in the 1970s—known as “the oil revolution” (Tétreault 1985: 28)—represent the cooperation gains, which can be considered as both gains in welfare and gains in security. As gains in welfare, the oil revenues are used to enhance the economic situation of the country and to es-

establish a social welfare state which might also help to maintain the inner stability and legitimacy of the autocratic regimes. Since most of the OPEC members have become oil "rentier states" (Beblawi/Luciani (eds.) 1987) that are able to deny political participation through the co-optation of their people with oil-financed welfare programs and through the buildup of a repressive security apparatus, regime stability and legitimacy are existentially dependent on continuous oil revenues (Beck 2002: 122; Beck/Schlumberger 1999: 60-61; Beck 2007: 45-47). Saudi Arabia, as the first oil producer in OPEC, derives 70–80 percent of its state revenues from oil exports, which make up 40 percent of the GDP (Steinberg 2007: 54). Hence, it urgently needs the oil income for its inner security and the survival of the Saudi regime. Rentier states that endeavor to attain high oil revenues in order to stabilize or enhance their domestic economic and political situation exhibit in the first place an egoist behavior that is directed to their inner security and their absolute welfare gains and that is independent from the gains and losses of other actors. However, once the oil revenues illustrate gains in relative political, economic, or military power, leading to an upgrade of the strategic or geoeconomic position, the cooperation partners can become seriously concerned about relative gains. Since the oil revenues are converted every so often into power capabilities through an oil-financed military armament, they also pertain to the issue-area of (external) security and evoke a positionalist mentality among the cooperating states. The Arab oil producers, for instance, spent over 30 percent of their petroleum revenues for military expenditures between 1974 and 1998. In Iran and Iraq, arms purchases absorbed as much as one half of the oil revenues (Hinnebusch 2003: 42; Noreng 1997: 311). The fact that the cooperation gains of OPEC are of both a defensive nature, when they are spent for inner welfare programs or the domestic security apparatus, and an offensive nature, when they are converted into relative power capabilities, illustrates the different gain-seeking orientations of the oil-producing countries.

At the systemic level of analysis, the disparities in power capabilities between the cooperation partners have an influence on their sensitivities to relative gains. As Jonathan Tucker has explicated in his PAR model, the sensitivity to relative gains particularly rises once the disparity in power becomes either notably small or extraordinarily large. During the 1980s, Iran and Iraq almost reached parity in their economic and military power capabilities and hence carefully watched possible gaps in gains. During the Iran-Iraq War (1980–88), both countries were only willing to accept equal OPEC quotas, since neither of them would acquiesce to relative losses in their economic or power position. Yet in 1983 Iraq agreed to accept half of the quota granted to Iran "on the condition that it should be revised upward to parity with Iran as soon as its production capacity allowed" (Claes: 1998: 173). Large disparities in power capabilities, on the other hand, may lead to unequal burden sharing and an exploitation of the powerful state by the comparatively weak cooperation partners. Since small and weak states are usually strongly concerned about the relative gains of a powerful state, Duncan Snidal (1991: 720) argues, they will be granted a compensative gains distribution by the stronger actor. However, the predominant state might become discontent with

the asymmetric gains distribution and could demand a more egalitarian distribution later on. Saudi Arabia, as the leading OPEC member with the world's largest oil reserves, is still in the role of OPEC's swing producer: it is able to stabilize the oil price at a certain level by modulating its production. Though Saudi Arabia has mainly undertaken the responsibility of disciplining the collective actions of the other OPEC members and has foregone relative gains for the sake of the efficiency of the OPEC cartel, it refused to do so in 1986 when the other OPEC partners were continuously producing oil above their agreed-upon quotas. The Saudi increase in production in 1986 indicated that it would no longer provide the collective good of a high and stable oil price while the other OPEC countries profited as free riders. Although Saudi Arabia reduced its production to its previous level afterwards, it successfully disciplined the other members and made them abide by their quotas (Gause III 2000: 87-88). In general, the distribution of power capabilities in the international system and the respective disparities in power shape the actors' sensitivities to relative gains.

The subsystemic level of analysis refers to the political culture, the perception of the cooperation partners, the distinct national interests or identities, and possible socioeconomic cleavages between the states, all of which represent further determinants of the gain-seeking mentalities. OPEC and the Organization of *Arab* Petroleum Exporting Countries (OAPEC), as a "political suborganization" (Taylor 1984: 92), encompass a heterogeneous group of countries that have maintained both amicable and conflictive, sometimes even belligerent, relations. For successful cooperation, the OPEC states have to overcome various political, cultural, and socioeconomic cleavages that inhibit their collaboration and reinforce their mutual distrust and concerns over relative gains. Muhammad Al'Subay (2004: 72-74; 109-111) especially identifies political and socioeconomic cleavages like those between the sparsely populated, conservative, and monarchical systems of Saudi Arabia, Kuwait and the United Arab Emirates on the one hand and the densely populated, revolutionary regimes of Iraq, Iran, Algeria, and Libya on the other hand as a main cause of mutual rivalries and conflicts. Since the densely populated nations themselves absorb most of the oil they produce, they are heavily dependent on constantly high oil revenues and hence follow a short-term oil policy of either high oil production or high oil prices. In contrast, the sparsely populated monarchies and sheikhdoms of the Gulf, which make up 3.9 percent of the OPEC countries' population and hold over 60 percent of OPEC's reserves, have an interest in long-term oil production at a moderate price level in order to prolong the exploitation of their comparatively huge reserves and simultaneously safeguard their market share on the international oil markets (Al'Subay 2004: 110-112). This basic trade-off between long-term and short-term interests and between the objectives of high oil revenues and high market shares illustrates a distributional conflict, in a broader sense, within OPEC that is related to the determination of the general oil policy and the total quota of produced oil.

Additional to the socioeconomic cleavage, schisms in religion, identity, and political culture constitute further determinants of gain-seeking mentalities and shape the actors' threat per-

ception and their sensitivities to relative gains. The 1979 Islamic Revolution in Iran, which changed Iran's foreign policy from a pro-Western into a radical Islamist one, threatened the neighboring Arab regimes; the new Iranian regime aimed to export its Shiite revolution (Kreile 1999: 9; Maloney 2002: 104-105) into a region ruled by traditional Sunni monarchies and sheikhdoms such as Saudi Arabia, Kuwait, and the UAE or by secular regimes such as Iraq which had considerable Shiite populations and Islamist opposition groups susceptible to the Iranian Revolution. In addition, the claim of a hegemonic role in the region by a revolutionary Islamist Iran as well as the revolutionary pan-Arab alignment of secular Arab states in the 1980s, induced the Saudi regime and the conservative sheikhdoms in the Gulf to strengthen their political and military ties to the United States. The positioning of the USA as a protecting power of the Gulf states lead to an intensified dichotomy between revolutionary, non-aligned and pro-Western, conservative nations in the region (Al'Subay 2004: 78). The political, cultural, and religious cleavages and the different levels of threat perception are important determinants of the sensitivity to relative gains, as has become apparent through the conflictive relations between Iran and its neighboring Arabic countries or between pan-Arabic, revolutionary and traditional, monarchical regimes.

As previously illustrated, the nature and intensity of the actual or perceived security threats generate a certain degree of concern about relative gains and constitute the overall gain-seeking mentalities of the cooperation partners. The following case studies analyze how a certain gain-seeking mentality changes according to a modified constellation of threats. As case studies, Iran and Iraq during the Iran-Iraq War in the 1980s and Iraq during the Gulf War of 1990/91 are investigated in order to examine the extent to which their gain-seeking mentalities changed when they were faced with alternating internal and external threats. Both countries were regional powers with equal power capabilities at the times of the two wars and both belonged to the category of well-populated states with moderate oil reserves. An altered constellation of threats should therefore lead to different gain-seeking mentalities.

### **4.3 The Iranian-Iraqi Rivalry in the 1980s**

The long-term rivalry between the two major oil-producing countries in OPEC, Iran and Iraq, which escalated into a devastating eight-year war from 1980 until 1988, certainly had an effect on their oil policies and their cooperation within OPEC. Yet, it remains to be examined how much a sensitivity to relative gains determined the Iran-Iraq relationship in the 1980s and in which way the gain-seeking mentalities of the two belligerent states influenced their cooperation during wartime.

With regard to the highly conflictive relationship in the 1980s and longtime animosities between the two countries, Iran and Iraq had every reason to be particularly concerned about relative gaps in gains. By the time the war between the two countries broke out as the result of an Iraqi attack on Iran in 1980, their relationship was marked by mutual distrust, political

and religious schisms, territorial disputes, and a sharp contest over predominance in the Gulf region. The reasons behind the outbreak of the war are various and complex and can be traced back to the regional upheavals and political shifts in both Iran and Iraq prior to the war. While Iraq, with the establishment of a secular Arab nationalist state in 1958 and Saddam Hussein's accession to power in 1979, experienced a nationalist, pan-Arab reorientation of its foreign policy, the 1979 Islamic Revolution in Iran brought a revolutionary regime to power that was opposed to the regional status quo and that aimed to export its revolution to the neighboring countries (Milton-Edwards 2000: 109; Cordesman/Hashim 1997: 121). Iraq's decision to launch an attack on Iran was motivated by economic, political, and ideological reasons. Since Iran was internally weakened and afflicted with political unrest at the time of its revolution, Iraq hoped to benefit from the opportunity and alter the regional balance of power in its favor (Hourani 2001: 519) by invading the oil-rich Iranian province of Khuzistan and gaining control over Shatt al-Arab waterway (Milton-Edwards 2000: 110). Additionally, Iraq intended to promote the ideology of secular Arab nationalism, in opposition to the Iranian spread of Shiite Islamism, and to claim the role of the leading Arab power that would defend Sunni Arab interests in the region. By appealing to the Arab identity of Iraq and by accentuating the ethnic distinction between Arabs and Persians, the Sunni regime of Iraq endeavored to counter Iranian efforts of mobilizing the Iraqi Shiite majority against its Sunni government (Dawisha 2002: 130-131).

The Iran-Iraq War, which escalated into a "tanker war" in 1984 and left both sides seriously war-damaged, was eventually ended by Iran's acceptance of the UN resolution 598 to conclude armistice, and Iran's military withdrawal from Iraq (Hinnebusch 2003: 197-198). However, considering the huge war debts of both countries, the surrender of the internationally isolated Iranian regime was a rather pyrrhic victory for Iraq.

The military antagonism between Iran and Iraq forced both states to be highly concerned about relative gaps in gains and to behave in a strongly positionalist manner. Although both Iran and Iraq needed large amounts of absolute gains due to expenses for domestic welfare programs and inner security, external security threats outweighed domestic needs and resulted in a sensitivity to relative gains on the part of both actors. For their cooperation within OPEC, this sensitivity meant that "in such a political context, denying revenues to the enemy neighbours becomes as, if not more, important than securing revenues for oneself, particularly if the accumulated assets provide a cushion" (Noreng 1997: 295). At the beginning of the Iran-Iraq War, Iran and Iraq both had the gain-seeking mentality of a *jackal* or even a *wolf*, aiming to overthrow the status quo by offensive means and to claim their predominance in the Gulf region. At the OPEC conference in 1982, Iran demanded double the quota of Iraq due to its concurrent success in the war. As the situation reached a stalemate, both states were only willing to accept equal quotas, although Iraq agreed to produce half as much oil as Iran as long as its production capacity did not allow an extension of oil production (Claes 1998: 173). Both sides demonstrated a strong positionalist mentality and were highly sensitive



to any alteration in the distribution of quotas that would be to their disadvantage. Yet, their positionalist mentalities, combined with an aspired-to proportionate gains distribution, did not lead to an abandonment of their cooperation within OPEC; rather, they stabilized the cooperation at a certain basis of allocation for the sake of a stable balance of power.

#### **4.4 Iraq and Kuwait: An Egoist Coup in the Gulf War**

The events of the 1990-91 Gulf War, in which Iraq invaded Kuwait, reveal a fairly different constellation of gain-seeking mentalities than the Iran-Iraq War of the 1980s. While in the first war two evenly powerful states were competing for a hegemonic position in the Gulf region, in the latter war Iraq was attempting to improve its economic and strategic situation through the occupation of a far weaker and smaller neighboring country. Since Kuwait did not pose any political or military threat to the Iraqi regime, Iraq was acting not as a positionalist but as an egoist coercively seeking to enhance its absolute assets.

Iraq's motivation to invade Kuwait was of an economic and strategic nature. Control of Kuwait's vast oil reserves would make Iraq one of the dominant oil producers in OPEC, enabling it to dictate its oil policy to the other OPEC members (Hinnebusch 2003: 214). The combined reserves of Iraq and Kuwait would make up 20 percent of the world's proven oil reserves and would be only marginally smaller than the Saudi oil fields, which are estimated to constitute one-fourth of the world's oil reserves (Humphreys 1999: 105). Additionally, the occupation of Kuwait would secure Iraq's access to the Gulf.

With regard to its inner regime stability, Iraq urgently needed huge amounts of oil revenues due to its enormous war debt after the many years of war against Iran and the imminent bankruptcy of the regime. Since the Iraqi production facilities had been seriously war-damaged, Iraq could only increase its oil revenues if the other OPEC members were to reduce and strictly abide by their quotas in order to keep the oil price at an adequately high level. The Kuwaiti oil policy, however, conflicted with Iraqi interests inasmuch as Kuwait followed an oil policy of moderate oil prices that would allow its oil industry to regain lost market shares (Beck 2003: 330).

The Iraqi invasion of Kuwait, an offensive-revisionist act, was portrayed by the Iraqi regime as a legitimate quest for a compensative redistribution of gains among the Arab OPEC members. The Iraqi regime argued that the states of the Gulf Cooperation Council—especially Kuwait, which Iraq owed approximately \$30 billion dollars of war debt to—should forgive the Iraqi war debt on account of the sacrificial contribution that Iraq had made to fight their common Iranian enemy (Humphreys 1999: 105). Further, the Iraqi regime accused Kuwait and the United Arab Emirates of violating their OPEC quotas through continuous overproduction and, thus, seriously hurting the Iraqi economy. It also accused Kuwait of siphoning Iraqi oil from the Rumaila oil field near their shared border (Cordesman 1997: 10). At the ideological level, Iraq sought to justify its military occupation with a pan-Arabic line of argument by link-

ing a solution of the Kuwaiti issue with that of the Palestinians and by protesting against the artificial borders the former colonial powers had drawn in the Middle East. According to this argument, Kuwait was considered Iraq's "nineteenth province" (Gause III 1997: 209).

In fact, despite the Iraqi claim that it was merely demanding a compensative distribution of gains, Iraq was pursuing a cartelized gains distribution with the objective of setting up a regional hegemony in the Gulf area which would be secured by the huge oil wealth of an enlarged Iraq. According to Claes (1998: 178), even if Iraq had been granted compensations and debt reduction for its war with Iran, it would still have attacked Kuwait because of its revisionist and expansionist mentality. An oil policy on the part of OPEC members that more carefully considered Iraqi concerns would not have satisfied Iraq's ambitions since Saddam Hussein hoped to take advantage of the regional power imbalances (Hinnebusch 2003: 212) and did not expect to meet with critical international resistance. The long-term conflictual relations between Kuwait and Iraq, and the various Iraqi claims on Kuwaiti territory after the fall of the Iraqi monarchy in 1958, show that Iraq had nurtured long-standing ambitions to revise the territorial status quo in its favor (Cordesman 1997: 7-8).

As a result, in the Gulf War of 1990/91, Iraq demonstrated the offensive-revisionist mentality of a *wolf* state, which pursues a cartelized gains distribution with the objective of seizing regional predominance. Towards the Kuwaiti regime, Iraq acted as an egoist that was not sensitive to relative gains but rather strongly concerned about the distribution of absolute gains. Since the Iraqi regime had no reason to feel externally threatened, Iraq's violation of the collaboration within OPEC was therefore based on an egoist mentality and intended to enforce a total redistribution of (absolute) cooperation gains within OPEC.

## 5 Conclusion

This paper has elaborated on the formation of different types of gain-seeking behaviors among the OPEC member countries. For this purpose, the paper has developed the theoretical approach of "gain-seeking mentalities," which explains variations in the gain-seeking behaviors on the basis of different constellations of security threats.

The numerous disputes about quota allocation and about the development of a common oil policy within OPEC demonstrate that the organization has to integrate quite different gain-seeking mentalities and cope with various distributional conflicts among its members. The socioeconomic cleavage between the less populated and oil-rich countries on the one hand and the densely populated states with moderate oil reserves on the other hand generates a distributional conflict in a broader sense regarding the general oil price policy of OPEC due to the different economic needs of the countries.

The disputes about quota allocation, a distributional conflict in a strict sense, however, vary according to the states' sensitivities to relative gains and their underlying target orientations. As argued in this paper, the gain-seeking mentalities are determined by the nature of the se-

curity threats and the actors' goal-directedness, which oscillates between revisionist or status quo orientations. In the conflicts over the distribution of the OPEC quotas, it becomes apparent that states exhibit more variations of gain-seeking behavior than postulated by previous gain-seeking concepts. As the two case studies have shown, the actors' gain-seeking mentalities might vary over time depending on the particular constellation of interests and security threats. While during the initial phase of the Iran-Iraq War Iran and Iraq were competing for predominance in the Persian Gulf and sought a cartelized gains distribution, as the war reached a stalemate, they insisted on a strictly egalitarian distribution. Immediately prior to the 1990-91 Gulf War, the Iraqi regime faced serious war debts and imminent bankruptcy while the external threats had ceased. In this modified constellation of threats, Iraq was not satisfied with a proportionate gains distribution with regard to Kuwait but rather pursued a cartelized gains distribution with the underlying goal of regional dominance.

Further, the definition of gain-seeking mentalities might also cover those results that do not comply with the expectations of previous theoretical approaches to gain seeking. The cases of Iran and Iraq have shown that positionalist states seeking an egalitarian distribution of cooperation gains might stabilize the cooperation and could be more cooperative than an egoist actor with strongly revisionist intentions. Although in the current cooperation theories an egoist actor is usually assumed to be more cooperative than a positionalist cooperation partner, Iraq's invasion of Kuwait in the Gulf War for egoist reasons proved that an egoist actor might be noncompliant when it is discontent with its absolute proportion of cooperation gains. Hence, in the relative-gains debate, adherents to a positionalist concept of gain seeking have overemphasized the inhibiting effects of external security threats on the formation and maintenance of international cooperation. Neoliberal or institutionalist theorists who advocate a gain-seeking concept of rational egoism might, in contrast, overestimate the willingness of rational egoist states to cooperate. For this reason, the sensitivity to relative gains is not a sufficient criterion for explaining the formation and stability of cooperation; it must be complemented with the underlying target-orientations of the actors and their domestically required absolute gains. The construct of a gain-seeking mentality therefore comprises the actors' sensitivities to both relative and absolute gains and further complements these sensitivities with the pursued distribution of gains.

Robert Mabro is right when he says that the stability of OPEC cooperation can be traced back to the fact that the oil rentier states of OPEC existentially need an effective collaboration in order to safeguard their oil revenues. Yet, OPEC has encountered several critical conflicts and security threats which have led to adjustments in its oil policy and a reallocation of quotas. Thus, there are more gain-seeking mentalities that determine the oil policies of OPEC members than the mere quest for absolute oil rents for the sake of regime stability. The cases of Iran and Iraq have shown that the comprehensive construct of gain-seeking mentalities specifies the variety of gain-seeking behaviors and precisely explains variations in gain-seeking behaviors according to an altered constellation of security threats.

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