

**“Realisms at war”:
Robert Gilpin’s political economy of hegemonic war
as a critique of Waltz’s neorealism**

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“Realisms at war”:

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There are two main ways to approach the general topic “International Political Economy and war”. One consists in adding a list of items to a definition of war already known. This usually includes a longer list of strategically important economic resources for which countries might go to conflict or they might need in a conflict. Some of this comes now often under the grandiose name of “geo-economics”. Another approach, however, would look what a different understanding of human motivation and the international system makes to our very understanding of war.

This chapter has taken this second road to illustrate what a political economy approach adds to our understanding of war. This is, of course, nothing new. Indeed, in the past, neo-Marxist approaches of imperialism did exactly this. Yet, the present chapter has chosen to illustrate the contribution of political economy by comparing two understandings of war from within one and the same school of thought, namely Robert Gilpin’s and Kenneth Waltz’s versions of realism.

The choice of an inner-realist debate is both obvious and a bit puzzling. On the one hand, realism seems an obvious choice. For if there is one school of thought on international affairs that should be well prepared to face the very question of “war”, it should be realism. It was set up as a theory which stresses the inherently conflictual nature of politics and the possibility of war as the cornerstone of its international world-view. Also, it is the outlook on the world often implicitly accepted by many policy analysts. Hence, when in the 1980s, a theory called *neorealism* entered the stage, which early commentators saw represented by mainly two scholars, Kenneth Waltz and Robert Gilpin¹, it was to be expected that realism had

¹ For the most outspoken example, see Ashley (1986 [1984], p. 266). For a lucid critique which carefully spells out some philosophical differences, see (Walker 1987).

now reached a new stage, a maturity which would also give an authoritative understanding of one its core objects, war. The rigour of a neorealist understanding of war was to be derived from its reliance on the theoretical model of economics, Waltz using macroeconomics (oligopoly theory), Gilpin relying on microeconomics (marginal utility maximisation).

Hence, it might seem odd to compare two visions of war which are said to be fundamentally similar. Yet, the following will argue that a political economy version of realism, as represented by Gilpin, understands war in a profoundly different and to some extent antithetical way to Waltz's neorealism.

The structure of the chapter is dictated by yet another assumption. Theoretical developments are usually done by professionals, be they at universities or different type of research units. Their new ideas respond to, and feed back into, external and internal developments of their field or disciplines. Hence, before going to show exactly the difference between Gilpin and Waltz, a first part will introduce into the context of the theoretical debate.

In a first part, I will argue that both approaches can be considered as two realist responses to an identity crisis by realism and IR alike. Yet, Gilpin's and Waltz's reaction have been diametrically opposed. Waltz defines a very narrow identity of international relations as international politics, based on a pure balance of power theory and methodological analogies with economics. In other words, here realism and IR are again in overlap, because IR has been redefined accordingly. Gilpin, however, takes up the challenge by much of the interdependence literature and includes a variety of new factors in an amended realist scheme. Also he attempts to recreate an overlap between realism and IR, yet by redefining realism in such a way as to become a leading, if competing theory for a more encompassing subject-matter, namely IPE (which subsumes IR). Gilpin's approach is here paradoxically both more in the tradition of classical realism than Waltz, insofar as he relies on a theory which is not purely systemic, and less, in that Gilpin consciously wants to propose a realist approach to political economy while Waltz does his best to resurrect the borders of a limited subject-matter.

In a second and more elaborated part, I will show how Gilpin, as a

corollary to his understanding of realism just outlined, does away with three central tenets of Waltz's realism. Gilpin does not set international *politics* apart, but redefines politics as political economy; he does not derive conflict only from the systemic level; and he understands the international system as functionally differentiated through hegemony which asks for a more historical (and historically contingent) approach to world politics, as well as for a theory of the state. A political economy approach of realism undermines the very classical balance of power theory realism is so often identified with - and hence also the simplistic view of international politics which comes with it.

1. The intertwined identity of realism and International Relations: the crisis of the 1970s

Early commentators might be easily excused for emphasising the similarities between Waltz's and Gilpin's work of the early Eighties. For both shared an attempt to resurrect a central role for realism in international relations, a role foregone during the Seventies.

Before Waltz and Gilpin entered the scene, realism as a paradigm, and international relations as an independent discipline, had entered a crisis. As I will argue, the deeper reasons for this crisis had to do with the extraordinary place realism occupied in the discipline of international relations (IR): any crisis of realism became also an identity crisis of the discipline (for the following, see in particular Guzzini 1998, chapters 1 and 8).

Realism fulfilled an important paradigmatic function for the establishment of the discipline of IR. It offered a demarcation criterion to set such a discipline apart from political science, law and history. Such criteria are important, since IR has been in a systematic identity crisis ever since its inception. The systematic identity crisis results from the fact that there is nothing on the level of method or subject-matter which is unique to IR.

The core subject-matter, the reasons for which the first chairs of international relations were established, is the study of war and the conditions of peace. Left at this abstract level, this seems indeed a good way to set IR

aside from other disciplines: the subject-matter of war would allow a unique overlap of the study of diplomacy and military strategy. Looking at it more concretely, however, this is hardly enough to justify a new discipline. Diplomacy and military strategy did not wait for the establishment of IR to develop. They had been for long already subject matters of historians (diplomatic history), lawyers (international public law) and practitioners who run the training programmes both in the military academies and in the foreign offices. What spurred the establishment of the first chairs was not the description of past campaigns, nor the lessons from the geniuses of war: it was the attempt of systematically exploring the causes of war.

Now, if we take Kenneth Waltz's (1959) published PhD thesis on the origins of war, we will find out that only in one single case the study of war allows to set a discipline to be set apart. Waltz classifies the causes of war according to the level on which the proneness to conflict is set to arise. According to him, they are three. There are those who derive war from human nature, from the type of political regimes, and from the conditions of the international system, subsumed under the label of anarchy. The first two levels hardly qualify to set IR apart. Human nature is certainly a domain which had already been belaboured by philosophers, anthropologists and psychologists. The type of regimes and their external behaviour has already become part and parcel of political science.

Anarchy alone could qualify as an independent starting point. Yet, even there, both political science and in particular international law were established competitors. The idea of anarchy simply means that the international system is (still) without a ruler, without an overarching authority comparable to the state in the domestic realm. Anarchy is also a basic assumption of liberal thought. Assuming that such a situation also existed on the national level (which strictly speaking did not yet exist before the venue of the state), international anarchy could simply correspond to a temporary stage until a future system of hierarchy and order has been established. And indeed, many international lawyers and politicians have been busily working in the inter-war period to move the international system towards a more codified system of rule.

Therefore, a further assumption is needed for setting a discipline apart to study the systematically diverging features of the international, as com-

pared to a national, political system. This now typically realist assumption says that such a move towards a world government (whether federal or not) is either unwarranted for ethical reasons (Bull 1977) or historically very unlikely, since states are too jealously watching their sovereignty (e.g. Aron 1962). Moreover, this move consists in foreclosing any other possibility for conceiving international governance, offering a simple choice of two, world government and anarchy.

In other words, it is the realist assumption of impossible change, the cyclical vision of history², which makes out of anarchy a demarcation criterion of IR from other disciplines. This, in turn, justifies treating the study of diplomacy as a sort of politics of its own (intrinsically tied to military strategy as in Clausewitz’s famous dictum). It allows, hence, to treat external behaviour of states as systematically different from domestic politics. International ethics either becomes an oxymoron or corresponds to a substantially different kind than domestic ethics. Here starts the long history of dichotomies which are so crucial for realism such as theory - practice, art - science, (international) politics - (political) science, and so on - although realists are far from agreeing in the definition of the two poles (see the very different typologies in Carr 1946; and Morgenthau 1946).³

Given this endemic identity crisis of IR and its link with realism, the repeated onslaughts on the postwar orthodoxy which were staged from the sixties onwards, eventually left the classical realist understanding of international behaviour, and thus also the discipline in disarray. The assumption of a unified and rational state decision-maker heavily impaired foreign policy analysis (representatively Allison 1971; Steinbruner 1974). Many important international policy issues were handled at a transnational level, so, for instance by Multinational Companies (again representatively see Cooper 1968; Vernon 1971; Keohane and Nye 1972), or supranationally. Also, theoretical research had shown that realist expectations of international behaviour, although sometimes valid, often were not, and needed to be supplemented by others (Keohane and Nye 1977). Not to speak of the

² For the importance of this assumption, see also Bobbio (1981).

³ Walker (1987) and then (1993) offers one of the earliest and most thorough assessment of these defining dichotomies.

impact of Marxist thought which tried to show that the international system, far from being an anarchical realm, was decidedly a hierarchical and “ordered” space, in which the systematic expansion of capitalism to new geographical and social spheres took place (succinctly in Dos Santos 1970). There was little left of the cosy and small subject field: the researcher of international politics was suddenly asked to read statistics, psychological theories, economic history, sociology...where would that lead?

The most sophisticated attempt to domesticate this explosion became later known as the inter-paradigm debate (see e.g. Banks 1985). The discipline admitted that one theory no longer hold sway: now we had a menu of choice of three, namely realism, liberalism (pluralism), structuralism (neo-marxism).⁴ This meant both disarray and richness to the discipline who started to include thought from new sources, but which, by doing so, increasingly lost its core.

And such it had to be, if, as I argue, realism and IR had such an intertwined identity: any consistent critique of realist theories of war and peace will have this double implication. For the overlap of the self-identification of a discipline and the assumptions of realism has two logical consequences. First, every attempt to redefine the borders of the discipline is immediately seen as an attack of realism. Vice versa, there has been the tendency to see many attacks of realism as attacks of the legitimate independence of the discipline as such. Important reactions by realists were needed.

2. Realist IPE at war with neorealist IR

Confronted with such a challenge, Waltz’s solution consisted in locking the discipline up again in a re-vamped balance of power theory. As the following will show, this did absolutely nothing to improve our understanding of war. Waltz basically provided a protective shield behind which established understandings could go on doing business-as-usual.

⁴ It was, incidentally, Gilpin (1975) who proposed for the first time such a threefold division in the context of the study of the role of multinational enterprises in international relations.

It was befallen to another so-called neorealist writer, Robert Gilpin, to open up newer (or the return to some older) horizons for the realist understanding of war. His work, often reductively understood on the basis of his *War and Change in World Politics* alone, shows what international political economy implies for a proper understanding of international affairs. It could not leave the received understanding of war unscathed.

Gilpin develops a theory of hegemonic war. In some regards it is quite conventional. It is based on the idea that behaviours be analysed according to marginal utility: a state will seek expansion as long as the expected costs are lower than the expected benefits. This is related to the classical idea of a “power vacuum” which will inevitably be filled by adjacent powers.⁵ Moreover, it offered an understanding of epochal wars in terms of hegemonic shifts: the early modern wars for the shift from the Dutch to British hegemony (and its defence against the French), as well as the two World Wars as corresponding to the shift from the *Pax Britannica* to the *Pax Americana*.

In three crucial issues, however, Gilpin’s theory of hegemonic war challenges Waltz’s attempt to put realism and IR at academic peace: the definition of politics, the role of human nature for understanding conflict, the functional implications of (modern) hegemonies. International Political Economy, as understood by a realist, sets a decisively different agenda in terms of research and politics. The very phenomena which make up realist theories, such as power and politics, war and peace, domestic hierarchy and international anarchy are either redefined or rejected.

2.1. IPE and the problems of a realist theory of the motivation of action

This section will argue that the move to political economy with its motivational assumptions around power *and wealth* opens up the Pandora box of

⁵ This is not the place to discuss the shortcomings of this realist approach. For a short, yet crucial critique *by a realist*, even if already half a century old, see Wolfers (1962, p.86).

the realist theory of motivation of action. Yet, while showing the shortcomings of Waltz's neorealism in this regard, Gilpin does not himself resolve the problems attached to a realist theory of state motivation: the motivational one-sidedness of utilitarianism and the difficult aggregation from human to state motivation.

Waltz derived international politics strictly from the conditions of the international system. All other theories were considered "reductionist", worse, they were stripped off the right to be called theories altogether (Waltz 1990). Waltz' theory is the umpteenth replay of the classical security dilemma in international relations (for the early statement, see Herz 1950). In the present version, the security dilemma appears as a collective action problem. In the face of uncertainty and risk, that is, insecurity, states which want to secure their survival must secure power.⁶ But if everybody does so, the result is an escalation and arms race which also breeds insecurity. What is individually rational is collectively suboptimal. Hence, Waltz delinks conflict from human nature. To use Herz's words, war has not psychological, but social origins. For IR this means that it can safely leave the study of motives and so on to others: it is the unique international environment which provides the basic law of behaviour, a law theoretically derived from sister disciplines (economics), but empirically only to be found in IR.

Gilpin seems strangely at odds with this (for the following, see also Guzzini 1997, pp. 124 ff.). His definition of realism refers back to Rosecrance, saying that it is not a systematic theory, but "an attitude regarding the human condition" (Gilpin 1986 [1984], p. 304). He bases his interpretation of realism on three assumptions: the essentially conflictual nature of international affairs; the essence of social reality being the group, which, in modern times, means the nation (another Pandora box); and the primacy in all political life of power and security in human motivation.

Worse even for Waltz, Gilpin refers to a sceptic view of human nature as the underlying criterion to distinguish realism from liberalism and

⁶ Waltz writes that states maximise security, not power. But since he does not specify how security can be achieved independently of power, and how states could assess without risk when their power position is maximising security, that is, where further expansion would be detrimental, this does only rename the problem.

Marxism: whereas liberalism assumes humans to be perfectible, and Marxism assumes conflict to cease after the arrival of socialism, only realism predicts conflict there to stay for the time being because of human nature (a possibly correct, although empirically unfalsifiable statement because of the over determination of conflict). He does allow, as realists usually do, for the mitigating effect of institutions or historical contexts on a historically unchangeable human nature.

The reference to human nature has at least two theoretically important implications. First, it relativises again Gilpin’s apparent ahistoricism which seems to liken him to Waltz. Waltz talked about “the sameness in the quality of international life through the millennia, a statement which will meet with wide assent” (Waltz 1979, p.66). Gilpin, apparently in a similar vein, stated that Thucydides, following an appropriate course in geography, economics, and modern technology, “would have little trouble in understanding the power struggle in our age” (Gilpin 1981, p. 211). The reference for Gilpin is not a new version of a systemic balance of power in the tradition of Kaplan (1969 [1966]) or Waltz: it is in the permanence of human nature in the tradition of the early Morgenthau, especially *Scientific Man and Power Politics* (1946), a book much admired by him.

Second, it at least addresses some of the microfoundations that Waltz partly glosses over. Waltz simply assumes survival as an aim and the maximisation of security as a means. Hence, his basic thinking is utilitarian. Basing himself in political economy, Gilpin gives this idea of security maximisation a different twist: instead of thinking solely in terms of power, he adds the maximisation of wealth. For him, the shift to the modern welfare state implies that states have no choice but to enlarge their foreign policy goals since they have a much wider competence at home. Also, there are some actors who do have much power and wealth, at least similar to states. If wealth creation becomes an integral part of the study, an approach in international political economy must account for the international structure of production and the multinational enterprise as its characteristic actor.

Gilpin’s move does, however, reopen the thorny issue of a realist theory of the motivation of action which underlies its understanding of foreign policy and warfare. There are two already well-rehearsed problems, the one-sidedness of utilitarianism and the difficult aggregation of human moti-

vation to state motivations.

The one-sidedness of a utilitarian understanding of human motivation is legendary in the theoretical discussions of the field (for a recent discussion, see Donnelly 2000). Suffice is to add that already Raymond Aron (1962, chapter 3) did not believe in the possibility to reduce human motivation to purely materialist concerns.

This leaves the second problem, namely that Gilpin must address the classical problem of aggregation of individual utilitarian actors into a collective action function. This has been a thorny problem for realism since ever. Insisting on the systemic level of his theory, Waltz simply dumps this question. Gilpin, having looked at the microfoundations, cannot. His solution is quite unexpected. For his reliance on human nature, one might have expected Gilpin to start the aggregation from the individual. He does not. He starts from “social groups” (Gilpin 1986 [1984], p. 305). This allows him to apparently square the circle: the basic unit is already a collective actor, hence, no aggregation to the state level is needed. But this is of course no solution whatsoever, it simply restates the problem. Gilpin does as if he believed that the aggregation of motivations can be easily assumed, arriving at a unified “national interest” - although his approach to political economy had actually opened up the box of domestic and transnational actors which seems to deny such a unified function.

As a consequence, Gilpin’s theory of war accepts that realism needs some assumptions about human motivation and that international politics is not only systemically driven. As with all versions of realism, however, his vision of human nature is not satisfactory in itself and the problem of aggregation, so thorny even in economic theory, is not resolved. When all is said and done, on this criterion, Gilpin only exemplifies again that the realist discussion of the origins of war is unsatisfactory (Suganami, 1996).

2.2. IPE as a move beyond the classical definition of international politics

The birth date of International Political Economy, can, for reasons of convenience, be fixed on 15 August 1971, when the US administration

decided to suspend the postwar Bretton Woods system. Exhausted by the Vietnam war, the US administration no longer felt able to subscribe to an international monetary system which imposed increasingly demanding constraints on its economy and then also on its foreign policy.

This was the time when concepts like linkage-politics developed, alluding to the increasingly enmeshed relation between the high politics of war and peace and the low politics of trade and commerce. No paradigms flourished in the discipline of International Relations (see e.g. Keohane and Nye 1972). But also politicians were faced with new problems of diplomacy.

The early work of Henry Kissinger offers one of the perhaps most lucid accounts of this problem. Already in the late 60s, Kissinger got wary about the classical parameters with which diplomats used to make sense of their world. Partly, he attributed the cacophony of diplomatic languages to the changed recruitment of foreign affairs' personnel. Decolonisation has given voice to states and people which did not exist and which, although sharing some common historical background, did, of course, rather reject, than identify with it. Even in the “Western World”, the foreign policy elite was no longer socialised via a class (aristocracy) or a certain educational system, but, in particular in the US, through experiences in law and business which seemed for him less suitable than his own background in history and philosophy (Kissinger 1969, p. 33).

Such a stress on the vanishing common language is not fortuitous. Kissinger insisted that “when domestic structures - and the concept of legitimacy on which they are based - differ widely, statesmen can still meet, but their ability to persuade has been reduced for they no longer speak the same language” (Kissinger 1969, p.12). Yet without some common understanding, diplomacy can simply not work.

This breach with the past was perhaps most visible with the central concept of realism, power. Kissinger felt that the advent of the nuclear bomb has eroded the classical link between power and politics, or between power and influence. In his words, power has become both more awesome, and more “abstract, intangible, elusive” (Kissinger 1969, p. 61). This poses a huge problem for classical diplomacy. If diplomats cannot agree on power and its distribution, if they cannot find a common denominator for assessing power rankings, they will have immense problems to find

peaceful equilibria in classical balance of power politics, including compensations. Statesmen can count only once they have agreed on what counts. If no agreement can be reached, then only conflict can settle the power ranking. This is the death of diplomacy.

But it is also the death of the classical realist explanation of world affairs. For, if the knowledge of the balance of power is too difficult to be established *ex ante* or does no longer translate into particular outcomes, then balance of power theory risks becoming a hollow tautology. Whoever wins a conflict must have been more powerful - and vice versa. The biggest problem of balance of power theory is not that it is wrong, but that it can never be wrong.

The difference between Waltz's and Gilpin's reactions is telling. Waltz again dodges the problem of redefining power and politics, whereas Gilpin accepts the challenge. This leads him to look for the dynamics of power in a wider historical and socioeconomic sense and to define politics outside of the classical realm of diplomacy/warfare. Realist IPE has its roots here.

Waltz does hardly discuss the issue of power and politics in his book. With regard to power, he simply states that "the economic, military, and other capabilities of nations, cannot be sectored and separately weighted" (Waltz 1979, p. 131). This seems very odd given the criticism that had emerged before. Apart from the abovementioned argument by Kissinger, the literature on interdependence has made strong points that power resources could no longer be simply added up: having a nuclear bomb was not necessarily helpful to avoid debt rescheduling or diplomatic isolation. In other words, power became increasingly issue specific: it is not as fungible, as, for instance, money.⁷ Although he tried to address these criticisms later, he did not present a plausible defence (Waltz 1986, p. 333).⁸

Waltz also defines politics very narrowly in his book. It is necessary for his project to keep a tight subject area of IR. Basically Waltz argues that (international) politics is what states do. These are the primary actors of the

⁷ Early critiques of the fungibility thesis include Arnold Wolfers (1962, pp. 105ff.) and Raymond Aron (1962, p. 98). Elaborations of this critique can be found in Baldwin's work. See in particular Baldwin (1989 [1971]) and (1985).

⁸ For a more detailed discussion, see Guzzini (2000b).

international system, the ones which define the international structure of the day. But this vision is fairly implausible, as well. In domestic affairs, we would certainly define politics minimally as that what governments do. But then we usually also include all actions which affect what governments do. More structurally speaking, we include all actions which, in one way or the other, affect the public sphere, including its very definition (as feminist writers have been repeatedly stressing). Translated into world affairs, this would mean that we include at least IOs, NGOs and all MNCs into politics. The list is potentially exploding.

Waltz could answer that this is a forbidden transfer of domestic thought into international affairs, a sin castigated by realists as “domestic analogy” (Bull 1966). For Waltz, the international system is anarchical and states are not differentiated by functions. Yet, as Kissinger’s experiences show, however, in several regards actual politics seemed increasingly closer to the domestic experiences: the US certainly had a very special function in managing the international monetary system: it was the hegemon provider of the world currency.

This is exactly where Gilpin’s reconceptualisation comes in. Gilpin, closer to actual politics, does take the challenge of interdependence for high politics and the elusiveness of power more seriously. His basic research theme is the dynamics of power (Guzzini 1997). Impressed by his earlier studies on the decline of French power, and further spurred by an allegedly similar decline in the US in the aftermath of the Vietnam war, Gilpin wanted to see how modern power is in fact generated. As a result he analysed US Multinational Enterprises. In other words, trying to capture the elusiveness of (international) power, he was drawn into sectors blended out in the Waltzian scheme. This is the background for the core of Gilpin’s theory of hegemony and hegemonic war.

2.3. IPE as a critique of anarchy: hegemonic governance as structuring principle of the international system

Gilpin proposes an understanding of international affairs which tries to overcome its military emphasis, and which redefines the disciplinary

borders of international politics. Particularly different from Waltz's form of neorealism is his sensitivity to historical changes in the form of inter-group conflicts. For him, with the evolution of the groups' *internal* organization, also the nature of conflicts between groups change. The advent of the nation-state and market economy make a difference to Realist theory: they require Realist theory to become political economy. The advent of the welfare state in the twentieth century leads him to argue for a study of International Political Economy away from the classical notions of war and peace as used in international relations.

Ever since his initial studies of technology and industrial policy, Gilpin believes that with the rise of the nation-state and market economy, power cannot be understood independently from the economic base. This basic insight of mercantilists and Marxists alike is the driving force of his theorizing: wealth and power, and the agent's pursuit of these, are inextricably linked. Thus, Gilpin provides a historically informed picture of today's global political economy.

Gilpin believes that the rise of an international market economy had a major impact on state security. It constituted a more or less autonomous sphere within and across borders, due to its independent dynamic and its aims which were separate from the state or society at large. This extraordinary development was possible for three reasons: the invention of a monetarized economy, the rise of a merchant middle class, and the avoidance (or postponement) of a unifying empire in Europe. The European balance of power allowed the merchant class to develop its strength in an environment where competition for wealth and power was pushing societies to adopt the modern state organization. Since the modern nation-state had an unchallenged fiscal and war-making capacity, it became from then on the major group organization whose expansion has lasted until today (Gilpin 1981, p.123).

Technological and organizational innovations in warfare bolstered the rise of mercantilism – as a form of political economy and concomitantly as a theory. Both the production of gunpowder and the rise of professional armies depended on the merchant trading system (to assure the provision of powder) and wealth (to pay the armies). In return, the sovereign guaranteed property rights.

But only Britain's victory in the Napoleonic wars, the industrial revolution, and new means of communication brought together all the conditions necessary to create an interdependent world, under the hegemony of Britain: the *Pax Britannica*, that provided the political framework for the emergence of a liberal international economy and concomitantly for (economic) liberalism as a doctrine. This doctrine was soon criticized by economic nationalists like Hamilton or List who argued for a dynamic theory of comparative advantage where endowments might be created by conscious policies and must be protected in their infant phase, and later by socialists and in Lenin's theory of imperialism.

For Gilpin, World War I was the test for the shift in power that occurred with Britain's decline and the rise of Germany and the United States. The absence of strong leadership in the interwar period produced the breakdown of the system (Gilpin 1971). Only with the *Pax Americana* after 1945 could a new liberal international order be re-established.

From this historical account, Gilpin formulates his utilitarian theory of war. Instability arises whenever a state calculates that it will be rewarding. This calculus is affected by changes in transport and communication, in military technology, and by demographic and economic factors that distinguish our period from the pre-mercantilist ones (For this and the following, see Gilpin 1981, p. 55-84).

Thus, whereas neorealist theory relies on the eternal return of power politics for understanding war, the “necessary” mercantilist approach introduces as endogenous factors many otherwise neglected features. The causal chain of Gilpin's approach starts with (organizational and technical) technology and economic change, which is not necessarily induced by the international competition of states. This affects the distribution of power in the system, and the incentives for agents to change their behaviour. Actual policies finally determine the specific international system (whether liberal or not).

As a consequence, Gilpin places today's global political economy in the context of an international system which does not start in 1648 with the Westphalian Treaties, but which has existed only since 1815 with the advent of a British-led international liberal order. “First in the European system and then on a global scale, successive political and economic hege-

monies have supplanted the pattern of successive empires as the *fundamental ordering principle of international relations*" (Gilpin 1981, p. 144, italics added).

If neorealism has been criticized for not being able to differentiate the change from the medieval to the modern system (Ruggie 1986 [1983]), Gilpin's historic and more dynamic account cannot be attacked on this charge. A neomercantilist Realist finds the major ordering principle of IR in the hegemonic governance of the international political economy, whether liberal or not.

This last point has three important implications. First, it means that the basic principle of international relations is not simply anarchy and the balance of power. The move to International Political Economy makes it impossible to shift across different historical epochs without halting. In fact, any concept which is able to travel so easily across time is either wrong or simply hollow (for this critique, see also Rosenberg 1994).

Take as an example the typically realist talk about a "new medievalism" today. Since the overlap between normative authority and territory is vanishing, some scholars have recently argued for a comparison of the present times with the Middle Ages. The reason is clear; for a scholar who defines international systems mainly by the distribution of power, the present decentralisation of power echoes the times before the territorial (not the nation!-) state in Europe. Then, vertical power relations within states were always crossed by transterritorial power relations throughout the Churches. International pluralism was not yet contained within territorial borders. This, so the classical wisdom of the discipline, only happened with the Westphalian Treaties. These treaties established a reciprocal recognition of (territorial) sovereignty as the basic principle of what then became "international relations". In other words, the period of the territorial state is taken as measuring rod. Everything which deviates from it, thus negatively defined, must have something in common.

But for a scholar in IPE, such an ahistorical loop is impossible. For it denies the relevance of the changes from feudal to capitalist economies. Whatever one might have thought about medieval power relations, the shift to capitalism redefines the dynamics of power within a territory, and also the very working of the international economic system (there was simply

no Gold Standard or anything similar in the Middle Ages).

Moreover, this understanding of hegemonic governance is consequential because it undermines Waltz’s attempt to keep international relations detached from any analogous reasoning with domestic politics. For Waltz, whereas in domestic politics functional differentiation exists (courts, governments, central banks...), in international politics it does not. With an understanding of politics in terms of political economy, Gilpin, however, must admit a crucial functional differentiation. The international economy can only be liberal if it managed by a (liberal) hegemon. This hegemon takes over a loads of basic functions which include:

- 1 the stabilization of monetary and trade relations via
 - rediscount mechanisms for providing liquidity during international crises
 - the lender of last resort function
 - the management of the international monetary system (Kindleberger would add the maintenance of a structure of exchange rates and coordination of macroeconomic policies
 - openness for markets for distressed goods
 - a steady, if not countercyclical flow of capital
- 2 redistribution of income through foreign aid, and
- 3 regulation of abuses (sanction mechanisms).⁹

In other words, for Gilpin, the international hegemon takes over functions of a domestic macroeconomic management and enforcement (!), understood basically in Keynesian terms. Here at the latest, the realist concept of anarchy, so predominant in international relations, rings entirely hollow.

Finally, there is a third importance in the conception of the political economy of hegemonic governance, the conceptualisation of the state. According to Gilpin, it is the domestic character of the hegemon which decides over the character of the international system. So is, for instance, a liberal hegemon needed for a liberal global political economy. With the decline of the US, Gilpin was yet to be convinced, whether Japan could

⁹ See Gilpin (1971) and (1987, p. 368), as well as Kindleberger (1987 [1973], pp. 288-295) and (1981, p. 247).

take over, and whether the liberal order would survive, given the rather different domestic characteristics of the Japanese political economy (Gilpin 1991). Such an argument implies, moreover, that any theory of international relations must include a theory of the state. Once Gilpin had moved into political economy, he had to face a substantial and not only formal definition of the state.

His definition, partly borrowed from the neo-Marxist Samir Amin, is based on the concept of social formation, which, in turn, is defined by its effects on the distribution of wealth and power. Social formations determine how economic surplus is generated, transferred and distributed both within and among societies. The change from one social formation to another determines the change from one international system to another, as he argues about the shift from premodern to modern international relations:

The displacement of empires and imperial command economies by nation states and a world market economy as the principal forms of political and economic organization can be understood only as a development associated with the change from an agricultural formation to an industrial formation (Gilpin 1981, p. 110).

Similarly, Gilpin is perfectly aware that the move to a welfare state, so much needed to counter the inherently destabilising forces of unfettered capitalism (Gilpin and Gilpin 1987, p. 59), implies a qualitative difference between the present system of “embedded liberalism” (Keynes at home and Smith abroad) and the earlier British liberal hegemony. Indeed, international competition is only heightened by these (domestic) structural constraints:

The logic of the market economy as an inherently expanding global system collides with the logic of the modern welfare state. While solving the problem of a closed economy, the welfare state has only transferred the fundamental problem of the market economy and its survivability to the international level.- (Gilpin and Gilpin 1987, p. 63)

Hence, “the state is not the state is not the state”: one cannot use this concept interchangeably as the balance of power approach does, where states are simply power containers. For a realist scholar in IPE, the under-

standing of the international system requires an analysis of the characteristic social formations.

It is as if the implications of his approach have dawned on Gilpin between his *War and Change* and *The Political Economy of IR*. Whereas the first book seems still committed to the rather simplistic power competition and power vacuum idea so usual for balance of power theories (see above), by the second, the understanding of war is much richer. Although it still does not resolve the underlying difficulties of realism in this regard (see the section on motivation), it moves realist theory away from neorealism's insistence of balance and equilibria towards an understanding of international *order* reminiscent of the English School of International Relations (Gilpin 1990). By putting questions of politics and order first, it re-affirms the Clausewitian dictum of war being the continuation of politics with other means, and not its reversal so fashionable during the Cold War (for a trenchant critique of this reversal, see Aron 1976).

Conclusion

The comparison between Waltz's *Theory of International Politics* and Gilpin's theory of hegemonic war was designed to highlight the differences between an approach in international political economy makes to our understanding of the and in international relations. To keep comparative variance more focused, two realist theories have been chosen.

As I have argued, both redefinitions of realism can be seen as responses to a paradigmatic crisis in the 1970s. Yet, despite some similarities, they differ in many important aspects. Gilpin's approach does not derive conflict exclusively from the conditions of the international system, and it defines politics in a more encompassing way. As a result, it understands the international system as a system of hegemonic governance and not of anarchy in which no differentiation of functions exist. Finally, it derives the characteristics of this international system from the characteristic social formations of the time. IPE cannot hence make ahistorical comparisons in the vein of neorealism, or leave the study of domestic systems as a residual

variable. This comparison highlights the differences the shift from IR to IPE entails.

As critics of International Political Economy immediately spotted, Gilpin's theory of hegemonic war, although apparently a simple fine-tuning of classical or neorealism, mounts a crucial challenge to realism more narrowly defined. It targets the very definition of the "international", in which military security relations have to be subsumed in a wider vision. Mainstream IR with its narrow definition of war and peace, explicitly treats economics as secondary to politics: "structural causes and economic consequences" as the chapter in Waltz's book is titled. The same applies to approaches called geo economics. For all their talk about politics, they have a very limited vision of what politics today means, a vision that Gilpin would probably criticise as wishful thinking out of vested interest. They do not integrate the study of authorities and markets, of power and wealth. For realists in international political economy, of the type of Robert Gilpin and Susan Strange (see also the discussion in Guzzini 2000a), such an approach, although apparently realist, would be profoundly "unrealistic" for understanding power and politics, *and as a consequence* also war in the contemporary international system.

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