

**The Liechtenstein Institute on Self-Determination
at Princeton University**

The Liechtenstein Institute on Self-Determination at Princeton University's Woodrow Wilson School of Public and International Affairs supports teaching, research, publication, and negotiation about issues related to self-determination, especially pertaining to the state, self-governance, sovereignty, security, and boundaries. A particular focus is sociocultural, ethnic, and religious issues involving state and nonstate actors. The institute was founded in 2000 through the generosity of H. S. H. Prince Hans Adam II of Liechtenstein.

Robert Gilpin and

International Relations

REFLECTIONS

edited by
Wolfgang Danspeckgruber

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all seriousness, to consider as we read it whether he should actually publish it or put it aside and try a different project.

4. Bob liked to remind the graduate students of my era that “three heads are not better than one,” referring to policy coordination among the United States, West Germany, and Japan, and that “seventy seven times zero is still zero,” a skeptical reference to the potential for developing country proponents of a new international economic order to wield sufficient power to override the interests of the leading capitalist states.

2

Robert Gilpin and the Early Development of International Political Economy

Benjamin J. Cohen

INTERNATIONAL POLITICAL ECONOMY (IPE), BOB GILPIN ONCE famously suggested, may be defined as “the reciprocal and dynamic interaction in international relations of the pursuit of wealth and the pursuit of power.”¹ By pursuit of wealth, Bob had in mind the realm of economics: the role of markets and material incentives, which are among the central concerns of mainstream economists. By pursuit of power, he had in mind the realm of politics: the role of the state and the management of conflict, which are among the central concerns of political scientists. International political economy was to be understood as a marriage of two disciplines, integrating market studies and political analysis into a single field of inquiry. To a remarkable degree, that is precisely what IPE has come to mean today for most scholars—the study of the complex interrelationship of economic and political activity at the level of international affairs.

Though the roots of IPE go far back, its existence as a distinct academic field dates back just a few decades. Prior to the 1970s, in the English-speaking world, economics and political science were treated as entirely different disciplines, each with its own view of the global arena. Relatively few efforts were made to bridge the gap between the two. Exceptions could be found, of course, often quite creative ones, but mostly among Marxists or others outside the “respectable” mainstream of Western scholarship. A broad-based movement to integrate the separate specialties of international economics and international relations is really of very recent origin, beginning with the efforts of a few intellectually adventuresome pio-

neers from both disciplines in the late 1960s and early 1970s. Among the most notable of these pioneers was, of course, Bob Gilpin. Bob's impact on the early development of the field was immediate. It has also proved durable.

Pivotal Changes in the World Economy

Bob didn't start his career with an interest in political economy. But being both observant and curious, he couldn't help but notice the dramatic changes that were overtaking the world economy in the years after his arrival at Princeton in 1962, including the remarkable revival of Europe and Japan, the apparent erosion of US hegemony, the breakdown of the Bretton Woods system, the global energy crisis, and mounting pressures from developing countries for a "New International Economic Order." And behind all these developments was a growing interdependence of national economies, which appeared to be draining power from states, limiting their ability to attain critical goals. For Bob, the seeming breakdown of order in economic affairs was pivotal. His early work on nuclear-weapons policy, which had highlighted the links between technological development and world politics, provided a natural segue into this new set of issues.

Driven by an intense curiosity, he began to read the work of, among others, Richard Cooper, Susan Strange, and Raymond Vernon, all of whom, he has acknowledged, were major influences on his thinking.² He also began to teach himself the "low politics" of economics in order to better understand the implications of interdependence. In this pursuit, he showed all the best characteristics of a true intellectual—an open mind, keen devotion to learning, and an admirable dedication to craft. Throughout his career, he had little interest in seeking fame and fortune as an academic superstar, though that might well have been within his grasp. A modest man, self-effacing, and even a bit shy, he just wanted to *understand*.

Bob had no hesitation in seeking help from colleagues, especially those, like myself, who had formal training in economics. Until 1971, I taught alongside him at Princeton's Woodrow Wilson School and can remember many an occasion when he would wander into my office to ask a question about some fine point of eco-

nomics analysis. Usually the question had been scribbled down on a small notepad that he carried with him to record thoughts in situ. In the ensuing discussions, which formed the basis for a lasting friendship, I am sure that I learned at least as much from him as he had hoped to learn from me. Even after I moved on to another university, our private seminars continued at long distance, as he noted with characteristic graciousness in the preface to *US Power and the Multinational Corporation*. Bob was an avid student and a quick study. It wasn't long before he was ready to take on the issues raised by the radical change of atmosphere in world economic affairs.

Two issues, in particular, absorbed his attention. One was the growth of economic interdependence and its meaning for world politics. The other was the seeming decline of US economic hegemony and the implications of that for global order.

Engaging with Keohane and Nye

The temper of debate over the issue of interdependence was set early by Gilpin's two friends, Bob Keohane and Joe Nye. Starting in 1969, Keohane and Nye were instrumental in defining a new agenda for research, first via two collaborative research projects that they helped bring to fruition—*Transnational Relations and World Politics* and *World Politics and International Economics*—and then culminating in the first edition of their landmark volume, *Power and Interdependence*, today rightly regarded as a classic.³ Their aim, in effect, was to update the traditional realist paradigm of IR theory to take account of new forces in world politics. Their major foil, as it turned out, was Bob Gilpin. Keohane and Nye promoted a new vision of the international arena that they labeled "complex interdependence." Bob became the chief defender of the older realist tradition—"the dean of realist international political economy in the United States," as one source puts it.⁴

Complex interdependence was defined by three main characteristics—multiple channels of communications, an absence of hierarchy among issues, and a diminished role for military force. The vision was explicitly posed as a challenge to the classic, statecentric paradigm of realism that had long dominated the study of interna-

tional relations in the United States. For decades, students of IR theory like themselves had been taught to think as “realists.” States were seen as the only significant actors in world politics, conceived for analytical purposes as purposive, rational, and unitary actors. Moreover, states were assumed to be motivated largely by issues of power and security and to be preoccupied, above all, with the danger of military conflict.

For Keohane and Nye, however, the realist paradigm had now become dated. World politics was being transformed by the emergence of economic interdependence, which was increasingly fragmenting and diffusing power in international affairs. States might still be central actors, but with the expansion of the global marketplace they could no longer claim sole authority to determine outcomes. Interdependence was spawning a growing swarm of transnational actors—individuals and entities whose control of resources and access to channels of communication enabled them, too, to participate meaningfully in political relationships across state lines. Hence, Keohane and Nye maintained, a new way of thinking was needed: a broader paradigm that would explicitly admit the full panoply of relevant actors. Governments could no longer monopolize analysis.

Gilpin, the realist, disagreed. Realism came easily to Bob, who served four years as an officer in the US Navy before going on to complete a doctorate at Berkeley in 1960. His earliest scholarly publications were focused entirely on the “high politics” of conflict and national security. At the Woodrow Wilson School, he says he was considered “the last of the Cold Warriors.”⁵ But his was not a doctrinaire realism, closed to alternative perspectives. For him, realism represented a philosophical view of society and politics—one way, among many, of looking at the world—not a definitive portrayal of reality. His own preferred label was “soft realist.”⁶ Though he took a certain amount of pride in being the sole Republican on the Woodrow Wilson School faculty, he was always quick to add that he was a “Vermont Republican,” not the more doctrinaire Goldwater-Reagan type. Open-mindedness of this sort made it easy for him to engage constructively with Keohane and Nye over the implications of interdependence.

The emergence of economic interdependence, he acknowledged, could not be denied. But that did not mean that realist the-

ory had thus become obsolete; in fact, quite the contrary. In insisting that a transformation was occurring in world politics, Bob contended, Keohane and Nye were guilty of hyperbole. Interdependence could be understood only within the context of the traditional state system, dating back to the Peace of Westphalia of 1648. For the former naval officer, states were still the primary actors on the world stage and security interests remained the crucial determinants of economic relations. In his words, “politics determines the framework of economic activity and channels it in directions which tend to serve . . . political objectives.”⁷ Where Keohane and Nye went astray, he felt, was in failing to recognize the extent to which transnational actors and processes, ultimately, remain fundamentally dependent upon the pattern of interstate relations. “Bob was crucial in pointing out that markets rest on political decisions,” a colleague has written me. “Others have made this point about domestic markets, but Bob said it best about the international economy.”

At issue was the nature of the underlying connection between economic and political activity, an age-old question that had long divided scholars of political economy. Does economics drive politics, or vice versa? Three schools of thought could be identified, Bob suggested, all drawn from traditional IR theory—liberalism, Marxism, and realism—each offering students of IPE its own distinct “model of the future.” Liberals and Marxists shared a belief that economics was bound to dominate politics, though of course they differed enormously on whether this was a good or bad thing. Realists, by contrast, retained faith in the power of political relations to shape economic systems. Keohane and Nye, with their paradigm of complex interdependence, could be understood as the latest heirs of liberalism; their approach, widely seen as a new variation on an old theme, was soon given the label “neoliberal institutionalism.” Gilpin himself, of course, was a barely reconstructed realist.

In a contribution to *World Politics and International Economics* as well as in *US Power and the Multinational Corporation*, Bob sought to respond to the new concept of interdependence by carefully spelling out the strengths and weaknesses of each of the three approaches.⁸ His aim was to facilitate clearer and more consistent theorizing about the implications of interdependence. But in so doing, he also happened to provide a convenient template for future

scholarship—an “intellectual edifice,” as one friend describes it in private correspondence, that stands as perhaps his most lasting contribution to the development of IPE.

In IPE textbooks today, Bob’s three “models”—also referred to as paradigms or perspectives—are still regarded as the logical starting point for most serious discussion, even if then amended or combined in various ways. Few sources even bother any more to credit Bob for the taxonomy. It has simply become an unexamined part of every specialist’s toolkit—an integral part of the collective unconscious of the field.

The Hegemon and Economic Stability

And then there was the issue of hegemonic decline, for which Bob is much better remembered. In the first years after World War II, power in the world economy had obviously been concentrated in the United States—a textbook case of hegemony. By the 1970s, however, the US preponderance of power seemed to be shrinking rapidly, possibly presaging a new era of insecurity and peril. Discussion centered on what came to be known as hegemonic stability theory (HST)—the controversial idea that global economic health was somehow dependent on the presence of a single dominant power. For two decades, HST remained atop the agenda of IPE, with Bob Gilpin at the forefront of debate.

Credit for originating HST goes first and foremost to the economist Charles Kindleberger. In his classic 1973 study of the Great Depression, *The World in Depression, 1929–1939*, Kindleberger spelled out the underlying logic of the argument. Looking back over the preceding two centuries, a striking correlation appeared to exist between dominance of a great power and economic stability. This seemed so both in the late nineteenth century, the era of the classical gold standard, and during the Bretton Woods period. The first period was led by Britain (an economic Pax Britannica), the second by the United States (a Pax Americana). After World War I, by contrast, leadership had been absent. Britain was willing but no longer able to underwrite the global system; the United States was able but, for political reasons, not yet willing. Should it have been any surprise, therefore, that the system might break down? For Kindle-

berger, it hardly seemed unreasonable to attribute causation to the relationship. Hence his famous aphorism: “For the world economy to be stabilized, there has to be a stabilizer, one stabilizer.”⁹ HST was born.

As an economist, with no formal training in political science, Kindleberger made little effort to connect his statecentric logic to the dirty game of politics. Consistent with the liberal tradition of mainstream economics, his purposes were mainly normative—to describe what he regarded as essential to prevent breakdown of the global economy. The core of his argument can be understood in terms of the logic of collective action. Systemic stability should be regarded as a kind of public good that would be underprovided without the leadership of a dominant power. Granted, leadership might be costly; the hegemon might have to bear a disproportionate share of the burdens involved, especially if other countries chose to free ride. But for Kindleberger, that was simply the price to be paid for the responsibility of leadership. His version of HST was essentially benevolent, a benign exercise of power.

A political scientist like Bob Gilpin, on the other hand, had no difficulty at all in connecting Kindleberger’s logic to politics—in particular, to the possibility that hegemony might be exercised coercively rather than benevolently, seeking to benefit the leader even at the expense of others. Economic power might serve as a means, not an end. For example, markets might be forced open to satisfy the security needs of the hegemon; alternatively, threats might be made to cut off trade or investment flows to compel others to share in the cost of public goods. Bob quickly seized upon Kindleberger’s theme to develop his own ideas about hegemonic leadership, stressing the self-interest of the dominant power. The result was an alternative version of HST more in line with the realist tradition of IR.

As early as 1972, in his contribution to *Transnational Relations and World Power*, Bob had hinted at the logic of HST. Surely, he argued, there was some connection between the exercise of power in the economic realm and the world of security. Colleagues who disagreed wondered if he might be a Marxist. But, says the self-declared Vermont Republican, “I knew I was not a Marxist. . . . I read other things on the interplay of economics and politics, and then I discovered a book on mercantilism and said to myself: ‘Ah! That’s what I am!’ I began to realize that you could have a realist view of

world economics without being a Marxist.”¹⁰ A key influence was Jacob Viner’s early study of mercantilist thought and practice.¹¹

Bob’s ideas were more fully elaborated a few years later in *US Power and the Multinational Corporation*—a book that was to have a lasting impact on a new generation of scholars. It was “the big opening,” one younger colleague has written to me. “It opened an intellectual and analytical space in which IPE was to develop in the second half of the 1970s and 1980s.”¹²

As in Kindleberger’s analysis, Bob’s perspective was broad, encompassing the full economic system. “A liberal international economy requires a power to manage and stabilize the system,” he declared, echoing and generously acknowledging Kindleberger’s view. But he also added a new twist, a generalization about historical change that went beyond anything Kindleberger himself had suggested. “The modern world economy has evolved through the emergence of great national economies that have successively become dominant. . . . Every economic system rests on a particular political order; its nature cannot be understood aside from politics.”¹³ Onto a normative proposition about the functions required for stability, Bob grafted a new positivist thesis about the nature of systemic transformation. Historical change was driven by the self-interested behavior of powerful states.

Further elaboration came in two later important works, *War and Change in World Politics* and *The Political Economy of International Relations*.¹⁴ By 1981, in *War and Change*, Bob’s argument had become a full-fledged theory of systemic evolution. A social structure, he argued, is created to advance the interests of its most powerful members. Over time, however, as the distribution of capabilities changes, rising powers will seek to alter the rules of the game in ways that favor their own interests, and will continue to do so as long as the benefits of change exceed the cost. “Thus, a precondition for political change lies in the disjuncture between the existing social system and the redistribution of power toward those actors who would benefit most from a change in the system.”¹⁵ Hegemonic stability will last only so long as there are no challengers waiting in the wings.

By 1987, in his monumental *The Political Economy of International Relations*, Bob’s theme had become grounds for an intense pessimism about the future of the global economy. The US hegemony in the post–World War II period may have been self-serving,

but it had served the world well, suppressing protectionism and managing financial crises. But the times, they were a’changin’. “By the 1980s, American hegemonic leadership and the favorable political environment that it had provided for the liberal world economy had greatly eroded. . . . One must ask who or what would replace American leadership of the liberal economic order. Would it be . . . a collapse of the liberal world economy?”¹⁶ The outlook, he suggested, was exceedingly gloomy.

Even in his last major works—*The Challenge of Global Capitalism* and *Global Political Economy*—Bob retained a deep skepticism about the prospects for global order “after hegemony.”¹⁷ Not everyone concurs with Bob’s uncompromising emphasis on the historical role of great power leadership. But no one concerned for the future of the world economy can afford to ignore his insightful perspective.

The Difficult Birth of a Classic

I will conclude on a personal note. As indicated, Bob and I are friends of long standing. But as in all friendships, there have been ups and downs. One down in particular occurred in the early 1970s. That our friendship survived the episode is a testament to Bob’s personal humility and great generosity of character.

The story began in 1970 when, at the invitation of the New York publishing house Basic Books, I agreed to commission and edit a series of original treatises on international political economy—the first such project ever conceived. Ultimately, five books were published in the Political Economy of International Relations Series, including most importantly Bob’s *US Power and the Multinational Corporation*. Therein lies the tale.

Bob’s commission, which we negotiated jointly, was to write a book on the political economy of international direct investment. In characteristic fashion, he then went off on his own to do his thing, emerging a year or so later with a fully completed manuscript. There was just one problem: the manuscript had little to do with direct investment. And so, after lengthy consultation with the publisher, I felt obliged to inform Bob that his submission could not be accepted. He had not fulfilled the terms of his contract.

How did Bob respond? A lesser man might have thrown a tantrum, swearing never to speak to me again. (Indeed, in the case of

another author who was invited to contribute to the series, that is exactly what happened, to my great regret. The author's manuscript was rejected, a tantrum was thrown, and he never spoke to me again.) Bob, however, was more understanding. After a period of reflection, he went back to the drawing board and came up with an entirely new manuscript—the classic that we now know as *US Power and the Multinational Corporation*. His contract was fulfilled, and our friendship survived. For both the book and the friendship I will be forever grateful.

Notes

1. Robert Gilpin, *US Power and the Multinational Corporation* (New York: Basic Books, 1975), 43.
2. "Conversations in International Relations: Interview with Robert Gilpin," *International Relations* 19, no. 3 (2005): 367.
3. Robert O. Keohane and Joseph S. Nye, Jr., eds., *Transnational Relations and World Politics* (Cambridge, MA: Harvard University Press, 1972); C. Fred Bergsten and Lawrence B. Krause, eds., *World Politics and International Economics* (Washington, DC: Brookings Institution, 1975); Robert O. Keohane and Joseph S. Nye, Jr., eds., *Power and Interdependence: World Politics in Transition* (Boston: Little, Brown, 1977).
4. Craig N. Murphy, "Global Governance: Poorly Done and Poorly Understood," *International Affairs* 76, no. 4 (2000): 798.
5. "Conversations in International Relations: Interview with Robert Gilpin," 368.
6. *Ibid.*, 361.
7. Robert Gilpin, "The Politics of Transnational Economic Relations," in Robert O. Keohane and Joseph S. Nye, Jr., eds., *Transnational Relations and World Politics*, 54.
8. Robert Gilpin, "Three Models of the Future," in C. Fred Bergsten and Lawrence B. Krause, eds., *World Politics and International Economics*, 37–60; and *US Power and the Multinational Corporation*.
9. Charles P. Kindleberger, *The World in Depression, 1929–1939* (Berkeley and Los Angeles: University of California Press, 1973), 305.
10. "Conversations in International Relations: Interview with Robert Gilpin," 368.
11. Jacob Viner, "Power Versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries," *World Politics* 1, no. 1 (1948): 1–29.
12. Gilpin, *US Power and the Multinational Corporation*.
13. *Ibid.*, 40.
14. Robert Gilpin, *War and Change in World Politics* (New York: Cam-

bridge University Press, 1981); and *The Political Economy of International Relations* (Princeton, NJ: Princeton University Press, 1987).

15. Gilpin, *War and Change in World Politics*, 9.

16. Gilpin, *The Political Economy of International Relations*, 345, 363.

17. Robert Gilpin, *The Challenge of Global Capitalism* (Princeton: Princeton University Press, 2000); and *Global Political Economy: Understanding the International Economic Order* (Princeton: Princeton University Press, 2001).