Understanding Interests, Interactions, and Institutions

POSC 1020 – Introduction to International Relations

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Puzzle(s) for Today

What explains these patterns of world politics (i.e. war and peace, cooperation and conflict) we discussed?

Interests, Interactions, and Institutions

The authors believe the answer lay in understanding this alliteration.

1. Interests: the actors involved, and their preferences
2. Interactions: i.e. cooperation, bargaining, public goods, and collective action
3. Institutions: can facilitate or constrain behavior

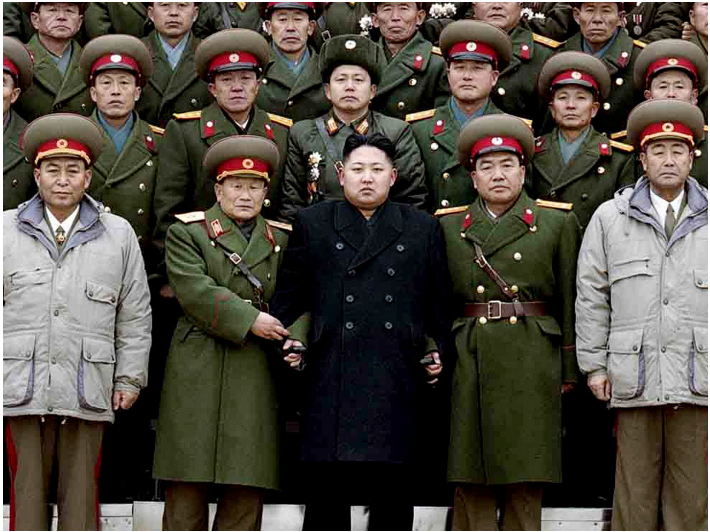

Figure 1: It's as much the head of state as it is the support base

Actors

Traditional IR paradigms “black boxed” the state.

- definition, per Weber: “the monopoly of the legitimate use of violence within a given territory.”
- States had few (“national”) interests. Typically: power (c.f. classical realism), security (c.f. neorealism), or policy (c.f. power transition theory).

However, this “black boxing” of the state is unsatisfactory and leaves more questions than answers.

Actors

A better typology of actors:

- Generally, we care first about state leaders (i.e. presidents, kings, prime ministers).
- These state leaders are ultimately responsible for policymaking to meet their own interests.
- These interests: typically tenure (i.e. holding office/the regime).

Actors

Heads of state rely on making a group of people happy to meet their own interests (i.e. tenure).

- We call this group the **winning coalition**.

The size of the **winning coalition** typically varies across state types. Examples:

- Democracies: generally 50%+1 of eligible voters. Exclusion rules apply (see: U.S.).
- Autocracies: much, much smaller % of the population.

For example: Kim Jong-Un needs to bribe a handful of generals with fine cigars and courvoisier to keep his spot.

Actors and Preferences

Actor	Preferences	Comments
States	power, security, prosperity	discussed in “systemic” analyses
State leaders	tenure, various policy goals	see: selectorate theory
Businesses/firms	profit	typically big players in the winning coalition
Classes	material well-being	see: Marxism
Bureaucrats	budget maximization, influence	also key players in winning coalition
IGOs	reflect interests of their members	
NGOs	policy goals	may also be part of winning coalition

Interactions

The problem of international politics:

- Actors compete for scarce resources.
- They compete under conditions of anarchy.
- This makes all interactions fundamentally *strategic.*

Clarifying What We Mean

We're making two assumptions here worth clarifying:

1. Actors are *rational* the extent to which they have interests, rank possible outcomes, and work toward maximizing utility.
2. Actors are *strategic* because they must condition their choice based on the expected response of other actors.

An Illustration of Cooperation

Stag Hunt is a useful illustration of how cooperation can improve quality of life. Consider:

- Hunter 1 and Hunter 2 are trying to take down a deer.
- Both need to shoot the deer (i.e. “cooperate”) in order to get yummy deer meat.
- However, if one is unsure the other will shoot the deer, s/he can shoot a bunny (i.e. “defect”) for a smaller dinner.

The Stag Hunt Payoff Matrix

	H2 Cooperates	H2 Defects
H1 Cooperates	4, 4	0, 2
H1 Defects	2, 0	2, 2

Note that the payoffs for the first player (here: Hunter 1) are listed first.

Solving This Game

Solving this (or most any) game requires finding a **Nash equilibrium**.

- Definition: the outcome of a game when no player has an incentive to *unilaterally* change behavior.

How can you find this?

- Find best responses for each potential decision and highlight it for a specific player.
- The quadrant(s) where each payoff is highlighted is a Nash equilibrium.

The Stag Hunt Payoff Matrix

	H2 Cooperates	H2 Defects
H1 Cooperates	**4, 4**	0, 2
H1 Defects	2, 0	**2, 2**

So Why Do Actors Cooperate?

Implications from the stag hunt:

- Actors cooperate because they *trust* the other side will cooperate.
- Cooperation creates abundance for both sides in this scenario.
- If you don't trust the other side, cooperation is hard to start.
- If you've been cooperating, breaking that trust seems impractical and makes no side better off.

Not All Cooperation is Simple

The **prisoner's dilemma** is one of the most ubiquitous pedagogical games in game theory.

- It's a useful description for most of international politics.
- In short: it's a situation when the mutually optimal outcome is individually irrational.
  - Much like the heart of international politics.
- Demonstrates individual-level pursuit of self-interest can have perverse group consequences.

The Situation

The players (Criminal 1, Criminal 2) have just robbed a bank.

- The police has insufficient evidence for a serious conviction.
- The fuzz has only enough evidence for a minor, unrelated conviction.

In custody, detectives isolate the criminals and try to coerce a confession.

- Assume there's a prior commitment from both criminals to clam up.
- However, this can't be enforced (noncooperative game theory).

The Situation and the Payoffs

The criminals have only two choices: cooperate (with each other, by clamming up) or defect to the police.

- If they both keep quiet: police can only pursue the minor conviction.
- If one defects while the other keeps quiet: the rat turns state's evidence, the other gets the books thrown at him.
- If they both rat on each other, they get a partial sentence for making things easy for prosecutors.

The Prisoner's Dilemma Payoff Matrix

	C2 Cooperates	C2 Defects
C1 Cooperates	-1, -1	-10, 0
C1 Defects	0, -10	-6, -6

Again, find best responses to locate the Nash equilibrium.

The Prisoner's Dilemma Payoff Matrix

	C2 Cooperates	C2 Defects
C1 Cooperates	-1, -1	-10, **0**
C1 Defects	**0**, -10	**-6, -6**

The Implications of the Prisoner's Dilemma

In situations with payoffs structured like the prisoner's dilemma, the prospects for cooperation versus conflict look dim.

- Defect is a **dominant strategy**. Each player is better off defecting no matter what the other player does.
- Ideal payoffs per player: $DC > CC > DD > CD$.
  - *Ordinal* payoffs are all that matter in a single-shot game.
- The Nash equilibrium is **Pareto inferior**.
  - The "best" outcome is when no player can maximize her payoff without making some other player worse off is the **Pareto efficient** outcome.
  - Clearly, the Pareto efficient outcome is *CC*, though rational players won't choose *C*.

Institutions

Institutions may help actors overcome the temptation to defect, uncertainty, and lack of information.

Institutions

Institutions may have enforcement mechanisms and can authorize punishment. Examples:

- WTO agreements are binding and enforceable.
- The IMF imposes conditionality on borrowers (loans conditional on certain behavior).
- Coordination and self-enforcing: air traffic controllers agree to use English.

The more specific the standards for behavior, the more effectively they can promote compliance.

Some Quirks About Institutions

Who benefits from institutions in international politics?

- Post-WWII concert (i.e. the Power Five in the UN)
- The West
  - e.g. IMF rules give enough votes to the U.S. and Europe that allow effective vetos.
- Powerful/rich countries (see above)

When do institutions fail to promote cooperation:

- Generally: when cost of compliance is too high or payoff to defect is too large.

Conclusion

- Interests (actors and preferences) are the key stuff to understanding all politics.
- All politics is strategic interaction.
  - We'll discuss the problem of bargaining more when we get to war.
- Institutions are rules that constrain and enable interaction
  - Institutions are not neutral; actors struggle to tilt them in their favor.

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