



CHAPTER II

Theoretical Survey of International Political Economy and "Complex Interdependence"

Since the thesis has the hypotheses that Thailand's foreign policy toward Indochinese states transformed from a traditional diplomatic norm in which military security occupied the primary position in her diplomacy towards these states, to a more complex one in which Thailand's rapidly growing economic power and collateral pressures influenced the apparatus of policy formation, hence on an eventual change; the thesis can not attest the hypothesis only by employing traditionalist models and approaches of international politics which often emphasizes power politics and military might of a state. Rather it will need other approaches which should adopt economic factors to political ones and vice versa at the level of foreign relations. This thesis, therefore, will employ academic devices of International Political Economy (IPE) as its ground framework for the analysis. The designs of IPE will be assessed first in this chapter.

In line with the basic models and approaches of IPE, the research will be concerned with the concepts which pay critical attention to diversification and complexity of foreign policy formation and implementation of a country, i.e. "Complex Interdependence" suggested in *Power and Interdependence* by Robert O Keohane and Joseph S. Nye, Jr.¹ The antecedent understanding of the author of Complex Interdependence is as follows: first, the preliminary researches for the framework were carried out in the late 1960s and 1970s during which international politics faced substantial challenges, e.g. the Vietnam War, the withdrawal of the U.S. forces from Southeast Asia, the diplomatic normalization between the U.S. and communist China, the oil shock, the emergence of New International Economic Order agitated by the Third World, etc; second, Keohane and Nye have

¹ In this thesis, the second edition of Keohane and Nye, *Power and Interdependence*, HarperCollins Publishers, 1989 is used. The first edition was published in 1978 as the same title from Harvard University Press.

for long been enthusiastic about analyzing these unexpectedly emerging variables in world politics and about creating new models to explain the new environment of international politics. Thus the author of this thesis thus does believe that the framework of Complex Interdependence will be effective to a certain degree to attest his hypothesis since the period concerned saw similar phenomena in Thailand's relations with Indochinese states. An investigation of the Complex Interdependence will be described in the second part, and an assessment of the framework—its pros and cons in relation to Thailand of the given period—will be discussed in the concluding part.

1. International Political Economy

Since the authors of *Power and Interdependence* assert that their concept of interdependence is based on both realist and modernist theories of international relations and they focus on activities across territorial boundaries by various players of governments, business communities, social interest groups, etc; it must be highly desirable to begin this chapter with an inquiry into politics and its implications in economics and vice versa, that is IPE.²

The interaction between economy and politics has been a significant theme in the field of international studies from the seventeenth century mercantilists to the twentieth century Marxists. This trend, "in the twentieth century" however, as Joan E. Spero writes in his representative work, "has been neglected".³ The analysis of 1939 by British diplomat-turned-historian Edward H. Carr of

² Robert O. Keohane and Joseph S. Nye, Jr., "Power and Interdependence Revisited", *International Organization*, Vol.41, No.4, Autumn 1987, pp.725-753. Their focus of research has persistently been the field where politics and economics interwove. One representative example of their fundamental understanding of the relations between politics and economics at international level is:

"politics and economics are interwoven strands in the fabric of world order. Two world wars, a depression, and the cold war have made us well aware of the important causal effects of each on the other. Unless definition of politics and economics are arranged so that one category necessarily includes all fundamental phenomena, neither economics nor political determinism can explain events successfully."

See C. Fred Bergsten, Keohane and Nye, "International Economics and International Politics: A Framework for Analysis" in Bergsten and Laurence B. Krause eds., *World Politics and International Economics*, Washington D.C.: The Brookings Institution, 1975, p4.

³ Joan E. Spero, *The Politics of International Economic Relations*, 1981, pp.1-2., quoted in William Clinton Olson ed., *The Theory and Practice of International Relations*, 8th edition, Prentice-Hall International, 1991, p.161.

international politics between the two world wars hit the crux of the relations between economy and power of nations:

“economic strength has always been an instrument of political power, if only through its association with the military instrument...and every government was therefore compelled to pursue a policy designed to further the acquisition of wealth...The rise of modern nations has everywhere been marked by the emergence of a middleclass economically based on industry and trade”.⁴

But, as frequently pointed out, economy in the traditional perception of “politics among nations” was considered and believed to be subordinate to the supreme instrument of a nation—military force—for long; and this inferiority of economics was dubbed “low politics” while the latter “high politics”.

Indeed, in the early stage of post World War II, this perspective, economy in subordination to politics, hardly raised critical questions in seeing world politics, albeit insofar as the world politics—in both theoretical and practical senses—was almost wedged up in the map of the bipolar international system. However, especially with the dissolution of the old world power system in which United Kingdom, United States, Soviet Union and France for instance played crucial and decisive roles in determining what they acknowledged world affairs, and with the unpredictably rapid growth of economic might, for example, Japan and West Germany and their eventual joining in the richest club of the world, the traditional perspective faced fundamental and substantial challenges.

Factual examples show well what the challenges were. It is a fact that Japan, for instance, decided to establish diplomatic relations with Peoples’ Republic of China in 1972 because the United States, the hegemon for Japan, began to try normalizing her relation with the China on one hand; and

⁴ E. H. Carr, *The Twenty Years’ Crisis 1919-1939: An Introduction to the Study of International Relations*, Palgrave, 2001, pp.105-106. Roman added.

simultaneously because the Japanese industrial community, which was one of the power bases of the ruling Liberal Democratic Party, strongly demanded their representatives—the LDP—to do so for their business interests. And the latter was so much crucial in the Japanese decision.⁵ West Germany, the frontline state of the “Free World” in Europe, concluded trade agreements with several East European countries under the guise of “Eastward Diplomacy” and opened trade representative offices in the capitals of these communists such as Warsaw of Poland in 1963, Bucharest of Romania, Budapest of Hungary and Sofia of Bulgaria in 1964 before the western state finally acknowledged East Germany in 1969 by the leadership of Chancellor Willy Brandt.⁶ Through the Eastward Diplomacy, the European socialist members of Council for Mutual Economic Assistance (COMECON) expanded their external trades with West Germany and these countries of the eastern bloc gradually occupied their share on in West German’s trade, reaching almost 50% in the total amount of West Germany’s whole European trade⁷; At overall European level, the COMECON members (except the Soviets) became dependent on European Community (EC) members to the

⁵ As early as 1950, the Upper House of Japanese Diet passed a resolution by a large majority which urged more voluminous bilateral trade between Japan and China:

...before the (second world) war, about 65 % of our trade was with Asia, and most of that with China. (And now again) business and trading circles and the Japanese people urgently desire the renewal of direct trade relations with China in order to relieve the stagnation in trade and commerce...Japan absolutely cannot exist unless trade is promoted. The government should leave aside ideological and political differences and look at the purely economic problems, exchange economic missions with the new China, restore trade with her immediately, and set forth a bold course of action...

Around the late 1960s and 1970s, China appeared to be the main (and then inevitable) source of raw materials for the rapidly industrializing Japan. Then, the Keidanren (Japan Federation of Economic Organizations)—the most politically influential association of industrial groups and one of the powerbases of the ruling LDP— independently sent their missions to Beijing to foster their business interest. Even opposition Komeito Party whose primary powerbase was an entrepreneurs’ community of small and medium manufacturing enterprises joined the tide of rapprochement by sending their representatives including the Party’s chairman Yoshikatsu Takeiri several times to the Chinese capital to meet Chou En-Lai, and pressured the ruling LDP at home. Japan and the PRC established the official relations by concluding the Peace Treaty in 1972. Hence, it was business community was in effect the principal driving force of Japanese-Chinese normalization. The resolution quoted above is from John R. Maeno, *Postwar Japanese Policy toward Communist China, 1952-1972: Japan’s Changing International Relations and New Political Culture*, Ph.D. dissertation, University of Wisconsin, 1973, pp.30-32., appeared in Kal J. Holsti in his “Politics in Command: Foreign Trade as National Security Policy”, *International Organization*, Vol.40, No.3, summer 1986, p.651.

⁶ Osamu Ishii, *Kokusaiseijishi toshiteno Nijusseiki* (History of International Politics in the 20th Century) [in Japanese], 3rd edition, Tokyo: Yushindo, 2001, pp.243-244.

⁷ *Ibid.*, p.246

extent that their share accounted 40% of the whole external trade of the EC members by the mid-1970s.⁸ The trend in Europe, as a result, led the Soviet to acknowledge the existence of EC in the international arena and allowed her allies in Eastern Europe to engage in trade negotiations with Western counterparts on a bilateral basis.⁹ In addition to these individual cases of some countries, the virtual collapse of Bretton Woods regime of the fixed rate monetary system and the serial Oil Shocks in the 1970s and early 1980s, for example, required both observers and practitioners of international relations to review the traditional mode of perspective and to devise alternatives in the face of the new realities.

Easier said than done. Interesting enough is that more textbooks and treatises on IPE begin the explanation of IPE with essential self-questions, rather than with explicit manifestation of theories and models. Martin Staniland, for example, presents four questions before going into illustrating each categorized subfields such as liberal, mercantilist, "realist", interdependence, dependency, and "world-systems":

- 1) How does the international economy influence the "high politics" of international relations?
- 2) How does the international economy influence internal political processes and vice versa?
- 3) How does the international state system influence internal political processes?
- 4) How does the international economy influence domestic economies?¹⁰

Like Staniland, James A. Caporaso also raises his version of questions at the top of his assessment of IPE, in which he classifies approaches of the discipline briefly into three; neo-classical political economy, Marxian political economy, and a modern approach which is a synthesis of

⁸ Werner J. Feld, *The European Community in World Affairs: Economic Power and Political Influence*, Alfred Publishing Co., Inc., 1976, pp.211-228, cited in Takehiko Kamo, "Sougouzon no Seijigaku (The Politics of Interdependence)" in Kamo and Yoshinobu Yamamoto ed., *Sougouzon no Riron to Genjitsu (The Theories and Realities of Interdependence)* [in Japanese], 1988, Yushindo, p.40.

⁹ *Ibid.*, p.40.

¹⁰ Martin Staniland, *What Is Political Economy? : A Study of Social Theory and Underdevelopment*, Yale University Press, 1985, p. 104.

classical realist theory, mercantilism and neo-classical economics.¹¹

- 1) What is political economy? What opportunities and obstacles exist for its extension to the international realm (thus international political economy)?
- 2) What are the different modalities for integrating politics and economics and to what extent do these modalities spring from established theoretical traditions as opposed to coming into existence as radical departure or free creation?
- 3) To what extent do economists and political scientists participate in attempts to construct theories of political economy?
- 4) How stable, coherent, and empirically valid are the foundations that support political economy, and which rival traditions (or new schools) compete to explain the raw material, i.e., the substance, of political economy?...

Moreover, one recent textbook casts as many as twelve questions as “a set of overlapping and specific theoretical questions”.¹² As these questions explicitly suggest, the primary concern of IPE as an academic discipline has been the inquiry into an *interface*, rather than just interactions between the two facets of international relations. Despite the seemingly reasonable challenge for grasping the reality of world, it has been confronted with an innumerable number of difficulties chiefly because of its “dozens of permutations and combinations of these and other forms of thinking, most with greatest confidence in one point of view” as if “there seem to be nearly as many theories as facts”.¹³ The best description of IPE might be the one of Richard F. Doner: “political economy is best understood not as a theory but as an agenda or an object of theoretical ambition”.¹⁴ In sum,

¹¹ James A. Caporaso, “‘IPE’—Field or Fad?” in William Clinton Olson ed., *The Theory and Practice of International Relations*, 8th edition, Princeton-Hall International, 1991, pp.176-177. In this regard, Yoshinobu Yamamoto, theorist of international relations in Japan, also suggests a similar categorization to Caporaso’s in the leading textbook used in Japanese university students: Liberalism with subdivisions of interdependence and regime, regionalism, and small nations and North-South relations; Mercantilism basically rested on national interest, and Dependency/World-System of Neo-Marxist peculiarity. Yamamoto, “International Politics” in Kazumasa Iwata and others eds., *Kokusaikankei Kenkyuu Nyuumon* (Introduction to International Relations) [in Japanese], 2nd edition, University of Tokyo Press, 1996, pp.43-78.

¹² Thomas D. Lairson and David Skidmore eds., *International Political Economy: The Struggle for Power and Wealth*, Harcourt Brace College Publishers, 1997, p. 11; which classifies model groups of IPE into three: Liberalism, Mercantilism, and Radicalism.

¹³ *Ibid.*, p. 10.

¹⁴ Richard F. Doner, “Approaches to the Politics of Economic Growth in Southeast Asia”, *The*

therefore, any decisive approach, model, and/or methodology are immature in general in the IPE unfortunately. Nevertheless, this immaturity doesn't necessarily mean the IPE is inexperienced. In fact, we have a quite great accumulation of experiences and experiments with the characteristics of IPE, from case studies of specific countries and/or fields of foreign relations to the global scale analysis of development of capitalism,¹⁵ for instance.

Adopting the classification of Lairson and Skidmore, and some other representative theorists for convenient sake, the current IPE is generally constituted by three main schools: Liberalism, Mercantilism, and Radicalism, albeit the theories and models among the schools are interwoven with one another to a great extent. Chronologically speaking, the Liberalism is the oldest among these. It traces its origin back to between the 18th and 19th centuries during which Adam Smith and David Ricardo set forth their *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) and *Principles of Political Economy and Taxation* (1817), respectively. Now designated as "Neo-classical" after some adjustments and modifications to the original, this school appreciates the virtue of free market and trade, and its benign effects on political processes. The Liberalists in IPE, therefore, begin their exploration of a desirable international system with the principal theme of the traditional liberalist school in economics:

*If the background conditions for market behavior are in place (law and order, common currency, transportation systems), if property rights are well-defined, and if actors deal in fungible goods, exchange behavior will emerge spontaneously out of the self-interested motives of participants.*¹⁶

Journal of Asian Studies, Vol.50, No.4, November 1991, p. 820. Doner makes the description with the words of Staniland given in his *What Is Political Economy?...*, p.198.

¹⁵ The most visible analysis of development and its effects of capitalism is the work of Immanuel Wallerstein and which has attained a subfield as the World System in the discipline. See his series of *The Modern World-System*, I (1974), II (1980), and III (1989); *The Capitalist World-Economy* (1979), *The Politics of the World-Economy* (1984). Through these investigations, Wallerstein argued that there is an interfacing range, to which he dubbed "semi-periphery", between center and periphery in the world system and states situated in the periphery is able to move toward the center through the semi-periphery. Hence, the world system Wallerstein urged is, unlike the most of the fundamental understanding of the dependency school, not immobile.

¹⁶ Caporaso, *Ibid.*, p. 177. Not to mention that the "participants" are replaced by states or nations here.

What is peculiar in their investigation of international affairs is that these *ifs* (not only these cited above) are treated as being almost innate and these *ifs* are understood as being tangible in international relations. The Liberalists tend to argue that “all participants in a system of free trade are beneficiaries”. Some of them, according to the examiners, have the views which “often have the effect of rationalizing the interests of powerful groups” and never understand the role of politics and power in creating and conditioning the markets.¹⁷ These characteristics—the faith in the benevolence, rationality, and irresistible strength of market forces¹⁸—are, however, ineffective in assessing some of realities regarded as being political in international affairs such as nationalism; and then political variables are taken into their consideration insofar as these are rational in general.

On the contrary to the Liberalism, Mercantilism emphasizes primacy of politics over market and Mercantilism regards market (or economy) as a weapon in the continual struggle for dominance and security among nations.¹⁹ In this respect, no other than Robert Gilpin seems to have succeeded in explaining how these two substances—politics or states, and economy or markets—interrelate with each other and how the interrelationship proceeds chronologically:

*Political economy in this study means the reciprocal and dynamic interaction in international relations of the pursuit of wealth and the pursuit of power. In the short run, the distribution of power and the nature of the political system are major determinants of the framework within which wealth is produced and distributed. In the long run, however, shifts in economic efficiency and in the location of economic activity tend to undermine and transform the existing political system.*²⁰

As the title of his representative work *U.S. Power and the Multinational Corporations*

¹⁷ Lairson and Skidmore, *op.cit.*, p.9.

¹⁸ These terms are of Staniland, *op.cit.*, p. 106.

¹⁹ In this regard, this Mercantilism perspective apparently includes the remark of E. H. Carr quoted in the text.

²⁰ Robert Gilpin, *U.S. Power and the Multinational Corporations: The Political Economy of Foreign Direct Investment*, Basic Books, 1975, p.43. This part is cited also in Staniland, *op.cit.*, p.109.

explicitly indicates, Mercantilists are likely to pay their primary attention to national interests of states and sometimes assert that “the goals of one nation usually come at the expense of others”. This modality is undoubtedly associated with the traditional perspective of realists—“politics among nations”—, and Mercantilists challenge the tendency of some liberals, transnationalists, Marxists to make the states whither away.²¹ Therefore, the level of research in the Mercantilism is basically a state (or several states but not discussed in a comparative manner).

The last one, Radicalism, is an aggregation or cluster of Marxist perspectives and their derivatives, focusing on a wide range of actual issues of unfair distribution of wealth. Marxism itself seldom touched on the international relations but academics fascinated with the ideology have created a new field designated as Dependency school through the extensive accumulation of works on the Third World or the North-South relations by “uncovering the role of power in seemingly ‘voluntary’ market relations”.²² This school, therefore, played a critical role in challenging the perspectives, models, and modalities of international relations of industrialized wealthy countries in both intellectual and actual terms. The “revolutionary challenge” was effective in assessing the developing countries, particularly of Latin America and some of Asia who suffered hangover from the colonialism even in the 1970s. However, for the Radicalism has borne tendency of economic determinism or primacy of economy over not only politics but society in general, the school has obviously lacked measures to take internal variables such as historical traditions, institutions, economic forms and politics of the societies concerned into their considerations.²³ More worse is that most of the Radicals (not all) see the unbalanced relations between the highly industrialized and less-developed nations are irreversible and irtraceable. It is almost impossible, if these modalities

²¹ Peter Gourevitch, “The Second Image Reversed: The International Sources of Domestic Politics”, *International Organization*, Vol.32, No.4, Autumn 1978, p.894.

²² Lairson and Skidmore, *op.cit.*, p.10.

²³ Keiko Sueuchi, “Kokusai Seijikeizai Kenkyuu no Doukou to Kadai (Trends and Problems of the Studies of International Political Economy) [in Japanese]”, *Kokusai Seiji*, No.93, March 1990, pp. 44-46; Gourevitch, *op.cit.*, p.888; Staniland, *op.cit.*, p.121.

are persistent, to explain the cases of emerging economies of "Asian Tigers", for instance.

1.1 Interdependence

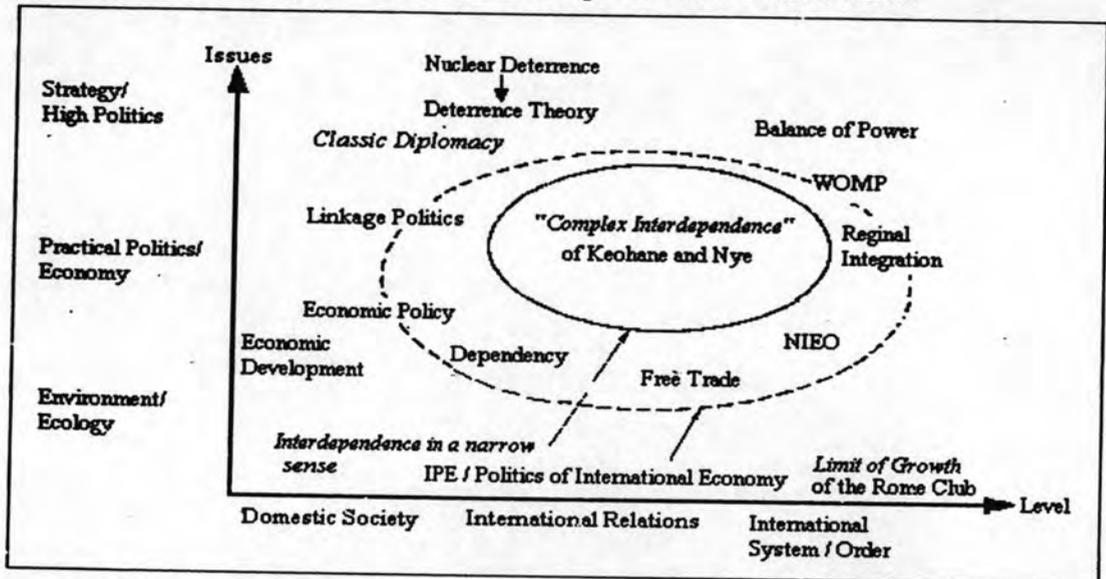
Among these schools or fields, where does the Complex Interdependence of Keohane and Nye find its stand? Insofar as this thesis is concerned, it must be imperative to focus on and review the interdependence as a subfield in IPE to find an answer. "Interdependence" goes back to the 1960s. The concept was a reflection of realities in world politics then and it developed almost synchronously with relations to the foreign policies of the then U.S. and other industrialized countries. After the conclusion of the Second World War, these countries enjoyed rapid and expansive economic growth through the free market and trade system to a great extent and their economies, for the trait of free trade in itself, intertwined with one another. This growth of economy at the same time brought new effects on seemingly domestic national policies and statesmen, policymakers, business persons; and even common peoples of a great number of countries came to share basic questions in their perception of the world issues:

- 1) Policies which were originally formulated as domestic ones have gradually come to influence those of other countries;
- 2) The spill-over of policy of and from one country to others is noticeable in a field of public policy related to economy in particular;
- 3) Behind the phenomenon is the fact that private economic activities beyond national boundaries have thrived in line with liberalization in the post WW II international trade system;
- 4) In retrospect, we can't make domestic policy go any further without taking account of external factors and foreign policy without domestic factors, neither;
- 5) That is, we hardly can resolve these correlated issues based only on a traditional manner, and then we may need a new framework in dealing with the new phenomenon.²⁴

²⁴ Arranged with those of Yamakage Susumu, "Interdependence: Theories in A Paradigm Building" in Tadashi Aruga and others eds., *Kouza Kokusai Seiji I: Kokusaiseiji no Riron* (Handbook of International Politics 1: Theories of International Politics) [in Japanese], University of Tokyo Press, 1989, pp.210-211. Yamakage, political scientist specializing in regional politics of ASEAN and international politics theory, points out one of the unique process of the evolution of interdependence in the field of international political science: "the intellectual origin of interdependence was the subfield of regional integration which sought peace in international community. Most of academics who later would specialize in interdependence have come from the subfield and they were consistent critics of realist models and were heretics in the community of international political science". *Ibid.*, p.231. Keohane and

These questions, here again, are translatable into which they were reflections of the fall of an international order and of a groping for others. Interdependence is hence one of the trials and errors to grope for the alternatives.

Figure 1. The Focus of Researches of Interdependence in a Wider Sense



Excerpted from Yamakage (1981), p.7. A great extent of modification is made by the author of this thesis to place the "Complex Interdependence" of Keohane and Nye in the figure above.

The term interdependence in general, according to a theorist, is believed to have three dimensions in its terminology and each dimension has characteristic significance: 1) the dimension in which interdependence is used to describe some aspects of actual situations or circumstances of international community, 2) the one in which it is realized as one of ideal types of the community, and 3) the one in which it is given some intellectual notions and then defined strictly as an analytical concept.²⁵

In the dimension 1), interdependence is understood as a term to merely describe some international *circumstances* between countries A and B in which the volume, number and quality of

Nye also used to be in the subfield in the 1960s and early 1970s.

²⁵ *Ibid.*, p.212

exchanges are being increased with, for instance, swelling and diversifying economic relations between them. In this context, therefore, such a speech by a leader of A as "today's international community is interdependent" means a circumstance that "the each society of A and B are interwoven interdependently through the international exchanges between them. Accordingly, each of them is gradually faced with difficulty to implement foreign and domestic policies and can not ignore those of another".²⁶ The mode of terminology at this level is still within the confine of *image*, hence generic.

The second dimension is the arena in which the term is given some positive significance. People acknowledge the state of international community or foreign relations of nations (which are corresponding to 1 above) and the state will bring about some sort of changes into the realities. And people go to find or seek some values in the realities. Under these perspectives, therefore, ideal types of the realities are sought and presented systematically in line with the actual circumstances and situations surrounding them. This is corresponding to 2).

The last usage of the term is for description and analysis of 1) and 2), hence the term becomes the predicate with which observers of 1) and 2) try to anatomize and construct, and propose certain norms of international relations. At this level of recognition and practice of interdependence, the term is regarded as a variable and/or as an analytical concept by the people to inquire such propositions as "if degree of interdependence between countries A and B increases, whether they would face more frictions between themselves" or "more reciprocal the relations among three nations are, more interdependent they make".²⁷

So far, almost all the people who use the term have imagined the phenomena designated as interdependence in the way of one of, and/or two of, and/or all of the three terminologies, at various scenes from between a state and a state, within a regional and/or between them, to the General

²⁶ *Ibid.*, p.213.

²⁷ These brief explanations of terminology are a blended version of the author's and Yamakage.

Assembly of the United Nations. Indeed, the vagueness of the term and its easiness of use, as a result, invited a great deal of researches in both theoretical and empirical terms in the early years of its development in the 1970s. However at theoretical level, the accumulation of modeling and conceptualizing interdependence failed to produce any decisive framework we can rely on to attest innumerable number of empirical works and it was chiefly because academics did not succeed in agreeing and sharing consensus of the basic question—a definition of the term interdependence itself. Moreover, some traditionalists claim that the “Interdependentists” misunderstand the nature of realism politics: “Realist have always, implicitly or explicitly, accepted that interdependence is a central dimension of political interaction”²⁸. Nevertheless, it is safe to mention that the new phenomenon of frequent usage of the term interdependence has represented the fact that the world politics and academic inquiry of it wouldn’t function based only on the *realpolitik* since nongovernmental actors gradually encroached on seclusion of governments in world affairs, as mentioned earlier.²⁹

2. Keohane and Nye, and Their “*Complex Interdependence*”

2.1 Interdependence of Keohane and Nye

Upon beginning to provide the components of Complex Interdependence in their joint work *Power and Interdependence*, Keohane and Nye recall the fashion of international politics of their school days: “as students in the late 1950s and early 1960s, we were taught to look at international politics through ‘realist’ glasses, which emphasized the ever-present possibility of war among sovereign nation states”.³⁰ Taking accounts of the facts that the two scholars were in the U.S. which was one of the hegemons in the bipolarized international system of Cold War and that they

²⁸ Richard Little, “Power and Interdependence: A Realist Critique” in R. J. Barry Jones and Peter Willetts eds., *Interdependence on Trial: Studies in the Theory and Reality of Contemporary Interdependence*, London: Frances Pinter (Publishers), 1984, p.111.

²⁹ Some researchers of international relations theories point out that the term thrived after *The Economics of Interdependence: Economic Policy in the Atlantic Community*, New York: McGraw-Hill of Richard N. Cooper was published in 1968.

³⁰ Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence*, HarperCollins Publisher, 1989, i

spent their student life at the height of Cold War era, it is highly reasonable that the nature of international studies at the time wore such glasses. The American scholars, however, continue that they “soon became uneasy about this one-sided view of reality, particularly its inadequate analysis of economic integration and of the roles played by formal and informal international institutions”.³¹ These assertions lead us to become aware of the environment (in terms of time and place) in which the two American scholars decided to create their academic device.

Insofar as the studies of international relations is an inquiry of the state of the world, it is quite natural that these two spheres—the academic inquiry of and the state of the world—definitely interact with each other (albeit the latter takes precedence over or parallels with the former chronologically in most cases), and needless to mention that Keohane and Nye are not exceptional to this unavoidable destiny intrinsic to the discipline.³² The conceptual set of Complex Interdependence was developed through their research of international relations of the late 1960s and 1970s which saw the significant shift in the ideology of the United States’ global strategy/policy from relatively simple traditionalist models to modernist or more complicated ones. One of the most visible examples emerged in 1969 when Richard Nixon assumed U.S. presidency. He began to revise the existing paradigm of U.S. foreign policy by introducing his policy of withdrawal from Vietnam, the electric visit to Beijing, the devaluation of the U.S. dollars and etc. These were definitely unpredictable if one relied only on the “realist glasses”. The enormous shockwave provoked by Nixon suddenly reached the ocean front of American allies including Thailand who had been more or less relied on the superpower’s theory of equations to solve their foreign affairs at large. In addition, new players—West Germany and Japan, for example—were to join the superpowers’ club

³¹ *Ibid.*

³² Indeed, as Keohane and Nye admit, their inquiry of international, or what they dub transnational relations, is sometimes deeply policy-oriented for the U.S. foreign policy. For example, they said in a concluding part of a compilation of articles including theirs that:

“the questions (set by the articles) are not simply ‘academic’. We also hope that they will stimulate new policy perspectives on the part of statesmen in governments and international organizations”. Parentheses added, Keohane and Nye ed., *Transnational Relations and World Politics*, third printing, Harvard University Press, 1973, p.398.

those years with their economic might in the West on one hand while the communist world was gradually stuck in the quagmire of abhorrence and split in their own world. Simultaneously, these newly emerging realities in world politics affected domestic political, economic and social environments of nations too in the forms of, for example, an increased influence by transnational corporations on domestic as well as external policy making of nations, a series of student movements, boycotting of goods of specific nations, resistances to the interference by superpowers to its less powerful allies and so on. These events occurred beyond national territorial boundaries, and their effects accordingly rebounded back to the field of actual international relations and international studies. Hence the Complex Interdependence in one sense is a byproduct of the changing reality of the world at the time in which the number of variables to be taken into consideration drastically increased.

At theoretical level, the essence of Complex Interdependence is eclectic adopting both realist and liberalist perspectives based on Keohane's and Nye's own interpretation, briefly speaking. They understand both perspectives "as necessary complements to one another" because "realism and liberalism both have their roots in a utilitarian view of the world, in which individual actors pursue their own interests by responding to incentives", hence both schools "are therefore not two incommensurable paradigms with different conceptions of the nature of political actions".³³ This understanding leads them to challenge to architect their own new and more truthful framework—Complex Interdependence, to fill in their uneasiness about the one-sided view and to provide "a better portrayal of reality".³⁴

Their exploration of synthesizing concepts of both schools is a continuum of their earlier inquiry into relationships between politics and economics at the international level. In 1971,

³³ Robert O. Keohane and Joseph S. Nye, Jr., "Power and Interdependence Revisited", *International Organization*, Vol. 41, No. 4, Autumn 1987, pp. 228-229. It should be noted that this article came to appear subsequently to a great number of criticisms to their first edition of *Power and Interdependence* of 1977.

³⁴ Keohane and Nye, *Power and Interdependence*, second printing, 1989, p.24.

Keohane and Nye as the editors of *International Organization* journal, together with other political economists, presented newly recognized dynamism of international economy by multinational business enterprises, bilateral or multilateral arrangements on business activities, the Roman Catholic Church, trade union and scientific networks, and others; and suggested the key word of “transnational interactions” to analyze the new world.³⁵ The notion of “transnational interactions” was a daring challenge to the traditional perception of international politics which defines “the state, regarded as an actor with purposes and power, is the basic unit of action; *its main agents are the diplomat and soldier*”.³⁶ Acknowledging that “some global interactions are inherited and sustained entirely, or almost entirely, by governments of nation states”, Keohane and Nye at the same time asserted that the number and volume of activities by “nongovernmental actors—individuals and organizations” greatly increased, labeling it as “transnational interactions”³⁷ along with two graphs contrasting types of patterns in the state-centric and transnational interactions.

Keohane and Nye suggested the five broad areas of questions to investigate the transnational interactions: 1) what seems to be the net effect of transnational relations on the ability of governments to deal with their environments?, 2) what are the implications of transnational relations for the study of world politics?, 3) what are the effects of transnational relations on the allocation of values and specifically on asymmetries or inequalities between states?, 4) what are the implications of transnational relations for the United States foreign policy?, and 5) what challenges

³⁵ Keohane and Nye eds., *Transnational Relations and World Politics*, Harvard University Press, third printing, 1973. This volume is a compilation of the articles first appeared in the special issue of *International Organization*, summer 1971. By reason of availability, this thesis refers to the third printing of the single volume of 1973. The two academics defined “transnational interactions” as:

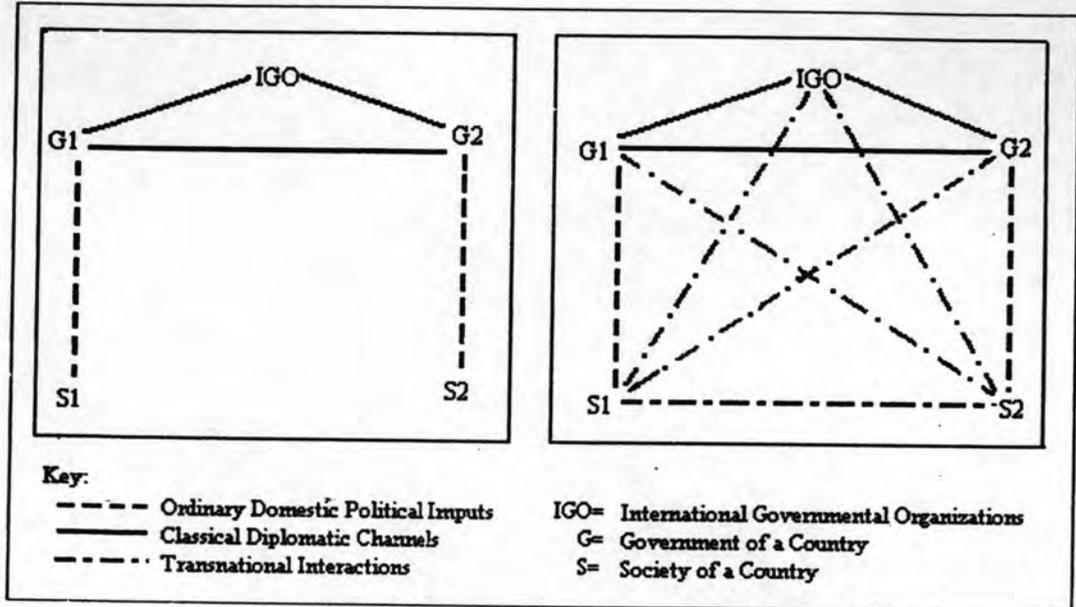
“movements of information, money, physical objects, people, or other tangible or intangible items across state boundaries”, and presented major types of them, 1) communications, the movement of information, including the transmission of beliefs, ideas, and doctrines; 2) transportation, the movement of physical objects, including war material and personal property as well as merchandise; 3) finance, the movement of money and instruments of credit; 4) travel, the movement of persons. *Ibid.*, xii.

³⁶ *Ibid.*, ix. Italic added.

³⁷ *Ibid.*, xii.

do transnational relations raise for international organization as conventionally defined?³⁸

Figure 2. Patterns of a State-Centric Interactions (Left), and Transnational Interactions and Interstate Politics (Right)



Excerpted from Keohane and Nye (1973), pages xiii and xiv.

Having these questions in their minds through their analysis of such several transnational entities as cited above, the academics found and then set forth five significant effects of the transnational interactions on interstate politics; 1) promotion of attitude changes, 2) promotion of international pluralism, 3) creation of and/or increase in constraints on states through dependence and interdependence, 4) increase on the ability of certain governments to influence other, and 5) the emergence of autonomous actors with private foreign policies that may deliberately oppose or impinge on state policies.³⁹ With these findings Keohane and Nye went on to cast an important and fundamental question about “who” are the players of international interactions: “Should more attention be paid to the effects of transnational relations on interstate relations, and is the state-centric paradigm adequate if we wish to explore these effects?” Before giving their own answer,

³⁸ *Ibid.*, xi.

³⁹ *Ibid.*, xvii. “International pluralism” is understood by Keohane and Nye as “the linking of national interest groups in transnational structures”. *Ibid.*, xviii-xix.

they try to redefine the state of international relations: "all political interactions between significant actors in a world system in which a significant actor is any somewhat autonomous individual or organization that controls substantial resources and participates in political relationships with other actors across state lines".⁴⁰ Then, the academics finally gave the final answer about "who" by contending that we should pay attention to "the subunits of governments or intergovernmental organizations as well as to the behavior of individuals and nongovernmental organizations".⁴¹ In short, Keohane and Nye set forth a new definition of "unit" in observing world politics.

Provided that Complex Interdependence is sort of mixture of realist and liberalist theories, it should also be important to know how the academics understand and then define the realist concepts. Keohane and Nye present their perception of realist models that international politics is almost synonymous with a struggle for power, a struggle dominated by organized violence unlike that merely seen in domestic politics. The academics contend that the realist model is based on the following assumptions:

- 1) States as coherent units are the dominant actors in world politics. This is a double assumption: states are the dominant actors and they act as coherent units;
- 2) Realists assume that force is a usable and effective instrument of policy. Other instruments may also be employed, but using or threatening force is the most effective means of wielding power;
- 3) Partly because of their second assumption, realists assume a hierarchy of issues in world politics, headed by questions of military security: the "high politics" of military security dominates the "low politics" of economic and social affairs.⁴²

⁴⁰ *Ibid.*, xxiv-xxv.

⁴¹ *Ibid.*, p.383. On distinguishing between governmental and nongovernmental, Keohane and Nye take a loose explanation:

"we distinguish transgovernmental from interstate interactions by the extent to which actors are behaving in conformity to roles specified or reasonably implied by the formal foreign policy structure of the state. The problem of discovering deviations from formally prescribed roles is difficult and sometimes impossible because of the ambiguous specification of roles at high levels of authority". *Ibid.*

⁴² *Ibid.*, pp.23-24.

Keohane and Nye have contended the ineffectiveness and insufficiency of such assumptions from the beginning when viewing world politics and urged alternative models, if not necessarily replacing models. Their skepticism of force and ambition to create alternatives was derived from their earlier study on regional integration in the 1950s and 1960s. In the article of 1975, Keohane and Nye asserted a necessity of adopting theories demonstrated in the academic subfield of regional integration into those of interdependence. The principal example of integration in their eyes was the European case which began with the Coal and Steel Community of 1952. The academics saw the involution of economic, social and policy integration and its influence on the states of the continent where although the states acted as policymaking units predominantly, other actors such as subunits of states and nonstate actors like multinational enterprises and transnational interest groups bargained “in highly institutionalized structures in which the process of international interaction ‘is much more bureaucratic than it is diplomatic’” and where conflicts revolved around the issue of “how to coordinate common policy, rather than whether to do so” and where coercion is regarded as “an illegitimate means of influence within the group”.⁴³

That, Keohane and Nye found a new Western Europe whose interstate relations “were characterized by unprecedented cooperation, which rapidly went beyond wary diplomatic coexistence—beyond, that is, the traditional ‘state of war’”. What Western Europe experienced at the time was “the growth of common institutions” which “was spectacular in comparison with previous patterns or developments elsewhere”.⁴⁴ Therefore “despite of the absence of supranational government”, again claimed Keohane and Nye “it would be clearly misleading to characterize relations in Western Europe as ‘international anarchy’ or to have interpreted those relations only in terms of security or possible violent conflict”.⁴⁵ Through the investigation, they finally came to be

⁴³ Keohane and Nye, “International Interdependence and Integration” in Fred I. Greenstein and Nelson W. Polsby eds., *Handbook of Political Science, Volume 8, International Politics*, Addison-Wesley Publishing Company, 1975, p.388.

⁴⁴ *Ibid.*, p.364.

⁴⁵ *Ibid.*, p.364.

convinced with “new patterns of politics among advanced industrialized society” i.e. 1) greater diversity of actors, 2) broadened foreign-policy agendas, 3) difficulties of policy coherence, and 4) strategies of issue linkage.⁴⁶

2.2 “Complex Interdependence”

With these findings from their previous investigations—the transnational interactions and the regional integrations of Western Europe (although they were highly overlapped in many points), Keohane and Nye set forth the new framework of “Complex Interdependence”, in their 1978 work, *Power and Interdependence*. The Complex Interdependence is composed of three main characteristics: 1) multiple channels of contact connect societies (that, states don’t monopolize these contacts); 2) there is no hierarchy of issues; and 3) military force is not used by governments toward one another.⁴⁷

a) Multiple Channels

*Multiple channels connect societies, including: informal ties between governmental elites as well as formal foreign office arrangements; informal ties among nongovernmental elites (face-to-face and telecommunications); and transnational organizations (such as multinational banks or corporations). These channels, the authors explain, can be summarized as interstate, transgovernmental, and transnational realities.*⁴⁸

The scholars explain the multiple channels in similitude of interactions among the nongovernmental elites in parallel with governmental bureaucrats at an international airport: “bureaucrats from different countries deal directly with one another at meetings and on the telephone

⁴⁶ *Ibid.*, pp.389-394. In this regard, Keohane and Nye interpose into the principle proposition of international politics hitherto, i.e. states act in self-interest. They contend, raising the question of “what self and which interest?”, that “governments are coalitions of bureaucracies held together in imperfect hierarchical patterns. Different bureaucracies have different interests and priorities” and under this there would be less assurance that the states would be “unified when dealing with foreign governments”. *Ibid.*, 398. This notion has been frequently reiterated in their other work as well.

⁴⁷ Keohane and Nye, *Power and Interdependence*, pp.24-25 and p.249.

⁴⁸ The definitions given to the respective three terms, according to Keohane and Nye, were: *interstate* relations are the normal channels assumed by realists; *trans-governmental* applies when we relax the realist assumption that states act coherently as unit; *transnational* applies when we relax the assumption that states are the only units. Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*, second edition, HarperCollins Publishers, 1989, pp.24-25.

as well as writings. Similarly, nongovernmental elites frequently get together in the normal course of business, in organizations such as the Trilateral Commission, and in conferences sponsored by private foundations". And the academics insist on significance of these nongovernmental elites: "these actors are important not only because of their activities in pursuit of their own interests, but also because they act as transmission belts, making government policies in various countries more sensitive to one another". As a consequence of these active interactions by governmental as well as nongovernmental players among nations, it is more likely that "foreign economic policies touch more domestic economic activity than in the past, blurring the lines between domestic and foreign policy and increasingly the number of issues relevant to foreign policy"⁴⁹

b) Absence of Hierarchy among Issues

Keohane and Nye say that the agenda of interstate relationships consists of "multiple issues that are not arranged in a clear or consistent hierarchy". The authors interpret and dub it "absence of hierarchy among issues" which means:

among other things, that military security does not consistently dominate the agenda. Many issues arise from what used to be considered domestic policy, and the distinction between domestic and foreign issues becomes blurred. These issues are considered in several government departments (not just foreign offices), and at several levels. Inadequate policy coordination on these issues involves significant costs. Different issues generate different coalitions, both within governments and across them, and involve different degrees of conflicts. But Politics does not stop at the water's edge.⁵⁰

They explain this assumption in comparison with that of realist model: "in the realist world, military security will be the dominant goal of states. It will even affect issues that are not directly involved with military power or territorial defense. Nonmilitary problems will not only be subordinated to military ones, they will be studied for their politico-military implications."⁵¹

⁴⁹ *Ibid.*, p.26

⁵⁰ *Ibid.*, p.25 Roman added.

⁵¹ In order to attest this, the academic claim that "balance of payments issues, for example,

To the contrary, the policy hierarchy under the assumption of Complex Interdependence, according to Keohane and Nye, tends to face more complexity and difficulty to consolidate because a government with several apparatuses—departments and agencies—“come to reflect their extensive international commitments, and the multiple, overlapping issues that result makes a nightmare of governmental organization” and because “opportunities for delay, for special protections, for inconsistency and incoherence abound when international politics requires aligning the domestic policies of pluralist democratic countries”. That is, the hierarchy would collapse. The academics claim at the same time, “when there are multiple issues on the agenda, many of which threaten the interest of domestic groups but do not clearly threaten the nation as a whole, the problems of formulating a coherent and consistent foreign policy increase”.⁵²

c) Minor Role of Military Force

With regard to this assumption of “minor role of military force”, Keohane and Nye are rather prudent, however. At first, the academics claim that possibility of use of force in the present world is quite low: “particularly among industrialized, pluralist countries, the perceived margin of safety has widened, fears of attack in general have declined, and fears of attack by one another are virtually nonexistent”.⁵³ This is because of 1) technological development of nuclear weaponry—risks of nuclear escalation, 2) resistance by poor and weak countries—that, if a major power intervened a less powerful country, the latter later would solidify herself with an adversary major power of the former,⁵⁴ 3) uncertain and possible negative effects on the achievement of economic goals, and 4) domestic opinion opposed to the human costs of force or “limited usefulness

will be considered at least as much in the light of their implications for world power generally as for their purely financial ramifications”, e.g. an argument in 1964 made by McGeorge Bundy, the then special assistant to President Johnson, in which he urged devaluation of the dollar should be seriously considered if necessary to fight the war in Vietnam; that of then Treasury Secretary Henry Fowler of 1971 in which he contended the U.S needed a trade surplus of \$4 billion to \$6 billion in order to lead in Western defense. *Ibid.*, p.30.

⁵² *Ibid.*, pp. 26-27

⁵³ *Ibid.*, 27.

⁵⁴ This might be applicable to the case of Cambodian of 1970 when the head of state Norodom Sihanouk was ousted by the CIA-backed force. After this, Sihanouk came to express his sympathy for some derivatives of socialist ideology.

of conventional force itself to control socially mobilize populations” which were shown in the cases of the United States’ failure in Vietnam as well as the rapid decline of colonialism in Africa.⁵⁵ Indicating these rather general premises of traits of democratic societies and some historical events, the contenders plead that “furthermore, employing force on one issue against an independent state with which one has a variety of relationships is likely to rupture mutually profitable relations on other issues”, then, “the use of force often has costly effects on nonsecurity goals”.⁵⁶

At the same time however, Keohane and Nye acknowledge legitimacy of military force on certain conditions: though “when an issue arouses little interest and passion, force may be unthinkable”, they contend “if that issue becomes a matter of life and death”, the use or threat of force could become decisive again”, thus “realist assumptions would be more relevant”.⁵⁷ In addition, Keohane and Nye set another condition that their assumption on military force is effective and applicable as far as it relates to the cases of militarily and economically strong major powers but those of totalitarian or authoritarian governments. And they give a saving clause that: “lesser states involved in regional rivalries and nonstate terrorist groups may find it easier to use force than before. The net effect of these contrary trends in the role of force is to erode hierarchy based on military power”. The academics exemplify the clause with the case of Vietnam’s invasion of Cambodia, among others.⁵⁸

2.3 Political Processes of “Complex Interdependence”

Under the conditions of Complex Interdependence, Keohane and Nye argue that they provide a “rise to distinctive political processes, which translate power resources into power as control of outcome” and the translation is different than under the realist condition of which “nonmilitary problem will not only be subordinated to military ones, they will be studied for their

⁵⁵ *Ibid.*, pp.28-29 and pp.246.

⁵⁶ *Ibid.*, p.29

⁵⁷ *Ibid.*, p.29

⁵⁸ *Ibid.*, p.228 and p.246.

politico-military implications".⁵⁹ That, some officials, even those of lower levels will assert national interests of their own versions due to the multiple channels, goals will be varied and diversified due to the absence of hierarchy of issues; and even if government agencies make a compromise on issues affecting them, they will soon find difficulty to maintain the consistent policy. And this anarchism will be reinforced by transnational actors. The academics try to explain this distinctive political processes with such keywords as "linkage strategy", "agenda setting", "transnational and transgovernmental relations", and "role of international organizations" in contrast with that of realist models.⁶⁰

a) Linkage Strategy:

Providing their basic understanding of traditional model of high politics which often emphasize effectiveness of military force in diplomacy of a nation, and low politics which is almost synonymous with domestic policy such as economy, social welfare and etc, Keohane and Nye contend that the division between high and low politics will gradually become blur and policy coherence of a state will collapse since "the distribution of power resources in trade, shipping, or oil, for example, may be quite different, patterns of outcomes and distinctive political processes are likely vary from one set of issues to another".⁶¹ And for the very reason, each apparatus of a government may "pursue its own concerns; and although several agencies may reach compromises on issues that affect them all, they will find that a consistent pattern of policy is difficult to maintain".⁶² This collapse of hierarchy of issues, particularly when military force is largely immobilized, will be augmented more with transnational actors who "will introduce different goals

⁵⁹ *Ibid.*, pp.29-30.

⁶⁰ The word "linkage" in this context is different from that of James N. Roseau and others who used the term, in their *Linkage Politics: Essays on the Convergence of National and International Systems*, New York and London: The Free Press and the Collier-Macmillan Limited, 1969, to focus the sphere in which national and international factors interwove. "The role of international organizations" is excluded here since it is basically out of range of this thesis.

⁶¹ Keohane and Nye, *op.cit.*, pp.30-31.

⁶² *Ibid.*, p.30.

into various groups of issues"⁶³ because economic goals of a nation, for instance, "have political implications, and economic linkage by the strong is limited by domestic, transnational, and transgovernmental actors who resist having their interests traded off"⁶⁴. The academics consequently claim that these multiple and diversified issue areas of a nation will not congruent with one another, and then *linkage strategies will see more difficulties*.⁶⁵ They finally conclude that "the distribution of power within each issue will become more important", and that "linkages among issues will become more problematic and will tend to reduce rather than reinforce international hierarchy".⁶⁶

b) Agenda Setting:

As a consequence of the absence of hierarchy of issues, the academics expect that politics of agenda formation⁶⁷ and control will become more important. In the traditional model, according to Keohane and Nye, analysts as well as statesmen assume that "agenda will be set by shifts in the balance of power, actual or anticipated, and by perceived threats to the security of states" and "other issues will only be very important when they seem to affect security and military power".⁶⁸ That is to say, the priority of military security is conceived innately by these analysts and statesmen a structure of agenda is not so much fluid. In this regard, there is a clear line dividing "high" and

⁶³ *Ibid.*, p.30.

⁶⁴ *Ibid.*, p.31. This pattern of political coalitions beyond national boundaries is proved in many case studies. The most representative may be of Ronald Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*, Princeton University Press, 1989.

⁶⁵ The emphasis added. Nevertheless, one should be noticed that this less congruence is applicable to the policy choices of highly industrialized nations whose societies are plural in its character. Indeed, Keohane and Nye set a condition in their assertion when it comes to the case of bargaining patterns of less developed states:

"on the other hand, poor weak states are not similarly inhibited from linking unrelated issues, partly because their domestic interests are less complex. Linkage of unrelated issues is often a means of extracting concessions or side payments from rich and powerful states. And unlike powerful states whose instrument for linkage (military force) is often too costly to use, the linkage instrument used by poor, weak states—international organization—is available and inexpensive". *Ibid.*, p.31.

⁶⁶ *Ibid.*, p. 31. As the quotation indicates, this diversification of issue areas will be applicable to the level of interstate relations as well. Keohane and Nye argue that "less vulnerable states will try to use asymmetrical interdependence in particular groups of issues as a source of power; they will also try to use international organization and transnational actors and flows". When this sort of pattern between the states of North and those of South exceeds, it will definitely turn to be dependency. *Ibid.*, p.32.

⁶⁷ Borrowing Keohane and Nye's definition, agenda formation means "how issues come to receive sustained attention by high officials". *Ibid.*, p.32.

⁶⁸ *Ibid.*, p.32.

“low” politics of a state, and this division is believed almost too rigid to manipulate. Under Complex Interdependence however, the scholars argue that agenda will be affected by the international and domestic problems “created by economic growth and increasing sensitivity interdependence” and the line will become blurred, and accordingly “the politics of agenda formation becomes more subtle and differentiated”.⁶⁹ This subtleness and differentiation, the observers dare to warn, creates a new phase of policy amalgamation through which even domestic groups will affect crucial impact on the agenda of a state by turning characteristics of domestic issues to those of interstate ones through politicization—agitation and controversy over issues that tend to raise them to the top of the agenda.⁷⁰ That is to say, the seemingly domestic interest and/or pressure groups are likely to transform of themselves to international groups and they might align with foreign counterparts who would share similar interests, and this politicization will be seen at both national and international levels. At the national level, Keohane and Nye illustrate an example that “congressional attention is an effective instrument of politicization” in the U.S., in this battle field domestically based groups such as trade unions and domestically oriented bureaucracies will tend to use politicization (particularly congressional attention) against their transnationally mobile competitors.⁷¹ Similarly at international level, “governments whose strength is increasing may politicize issues by linking them to other issues” particularly when they feel dissatisfied with the outcome of policies they consider crucial, e.g. the hiking of oil-price by OPEC members in the 1970s.⁷² More important, the academics argue, is that the politicization at the two levels—domestic and international—would mingle with each other, the academics argue.

⁶⁹ *Ibid.*, pp.32-33.

⁷⁰ This emphasis of economic factor must be derived from their earlier inquiry of transnational actors and their implication for international relations, which was set forth in the *Transnational Relations and World Politics*.

⁷¹ *Ibid.*, p.33. There are quite many cases to attest this claim. For example, a massive export of relatively cheap automobiles from Japan to American market triggered a harsh criticism of American automobile workers and developed to the level of trade conflict between the two countries. The Americans turned highly political and pressured U.S. representatives to institutionalize a quota of Japanese cars to the U.S.

⁷² *Ibid.*, p.33.

c) Transnational and Transgovernmental Relations:

The most noteworthy is that these “transnational actors” bring such political phenomena through the multiple channels. With these actors and channels augmented as well as diversified, availability of partners for political coalitions “is not necessarily limited by national boundaries”.⁷³ With this availability without nationalities, the academics predict that significant changes will appear in domestic political arena, there would be “limits on the ability of statesmen to calculate the manipulation of interdependence of linkage” and the statesmen should be more conscious of effects of interdependence strategies and “their likely implications for politicization and agenda control” partly because “transactions among societies—economic and social transactions more than security ones—affect groups differently” and vice versa.⁷⁴ More precisely speaking, some domestic groups, public as well as private, will transact directly with their external counterparts or other governments in order “to increase their benefits from a network of interaction”, and their attitudes and policy stands are “likely to be affected by communications, organized or not, between them and their counterparts”.⁷⁵ As consequences of such interactions, some desirable or beneficial outcomes will be brought to some groups while undesirable and costly ones will be come to others.

Similar political processes will happen even in the relations between/among governments, according to Keohane and Nye. Since the “transgovernmental relations”, unlike intergovernmental ones, are often carried out without the knowledge of the supreme controllers of the states and away from their unitary diplomatic channels—ministries of foreign affairs, there will be a possibility that “bureaucracies charged with similar tasks may not only alter their perspectives but lead to *transgovernmental coalitions on particular policy questions*”—transgovernmental policy networks.⁷⁶ These networks, the academics argue, will lead a government agency to calculate

⁷³ *Ibid.*, p.34.

⁷⁴ *Ibid.*, p.34.

⁷⁵ *Ibid.*, p.34.

⁷⁶ *Ibid.*, p.40. This regard has considerable significance in this thesis as the thesis will assess the 1989 visit of Hun Sen of Hen Samrin regime in Phnom Penh to Bangkok by invitation of the private

national interest in its own manner and the agency will “pursue its own interest under the guise of the national interest”.⁷⁷ More intriguing is that continual transgovernmental contacts will end in changing official perceptions of their interests after all, and this brings the top national leaders to find that “centralized control” of their national interests “becomes more difficult”.⁷⁸ Keohane and Nye contend that the substances of national interests become ambiguous to the extent that they “will be defined differently on different issues, at different times, and by different governmental units”.⁷⁹

Figure 3. Political Processes under Conditions of Realism and Complex Interdependence⁸⁰

	<i>Realism</i>	<i>Complex Interdependence</i>
<i>Goals of actors</i>	Military security will be the dominant goal.	Goals of states will vary by issue area. Transgovernmental politics will make goals difficult to define. Transnational actors will pursue their own goals.
<i>Instruments of state policy</i>	Military force will be most effective, although economic and other instruments will also be used.	Power resources specific to issue areas will be most relevant. Manipulation of interdependence, international organizations, and transnational actors will be major instruments.
<i>Agenda formation</i>	Potential shifts in the balance of power and security threat will set the agenda in high politics and will strongly influence other agendas.	Agenda will be affected by changes in the distribution of power resources within issue areas; the status of international regimes; changes in the importance of transnational actors; linkage from other issues and politicization as a result of rising sensitivity interdependence.
<i>Linkage of issues</i>	Linkages will reduce differences in outcomes among issue areas and reinforce international hierarchy.	Linkages by strong states will be more difficult to make since force will be ineffective. Linkages by weak states through international organizations will erode rather than reinforce hierarchy.

Excerpted from Keohane and Nye (1989), p.37.

policy advisers of Thai premier Chatichai. This will be intensively discussed in the chapters 5 and 6.

⁷⁷ *Ibid.*, p.34.

⁷⁸ *Ibid.*, pp.34-35

⁷⁹ *Ibid.*, p. 35. In relations to this, Keohane and Nye claim simultaneously on the other hand that “states that are better placed to maintain their coherence (due to a centralized political tradition such as France’s) will be better able to manipulate uneven interdependence than fragmented states that at first glance seem to have more resources in an issue area”. This is to say in one sense that some dictatorial or authoritarian regimes would not change rigid coherence of their foreign policy until they themselves change their fundamental policy or until their rivals who hold sharply different vision would defeat the incumbents and assume the power.

⁸⁰ The original table has a particular comparison on “roles of international organizations” between realism and complex interdependence conditions, but the comparison is excluded from the table shown above since it is out of analysis in this thesis.

2. 4 Criticism of the *Complex Interdependence* of Keohane and Nye⁸¹

As the contents of the *Power and Interdependence* explicitly suggest, Keohane and Nye's investigation of Complex Interdependence is basically about the relations between/among highly developed, industrialized, and democratized states and they give a special emphasis obviously on the U.S. foreign relations in the late 1970s and 1980s.⁸² Therefore, away from a moral controversy, it is still uncertain whether their framework is applicable even to international relations between/among the states, particularly "poor and weak" states, whose economic and social (and political too) characteristics are substantially different from those of the U.S. and other wealthy states in both scale and quality terms. In addition, the manner of the authors to interpret the "realism" and "realist assumptions" seem to be an open question on some points. As seen in the notion of "minor role of military force" which is admittedly the crux of their argument, Keohane and Nye are to all appearance prudent in contending it and cautious of its validity. Indeed, most criticisms against the framework range on this point.

One of the criticisms to Complex Interdependence attacks the fashion of Keohane and Nye to interpret the realist assumptions. Stanley J. Michalak, Jr. contends that the authors misrepresented political realism in three fundamental ways.⁸³ First, they have "grossly expanded the scope or focus of realist theory, which is largely concerned with the implications of territorial issues for the overall

⁸¹ Other than those cited in this part, there are, of course, many articles critical of Complex Interdependence of Keohane and Nye. Some of these are compiled in R. J. Barry Jones and Peter Willetts eds., *Interdependence on Trial: Studies in the Theory and Reality of Contemporary Interdependence*, London: Frances Printer (Publishes), 1984.

⁸² *Power and Interdependence* provides the case studies on Canadian-American and Australian-American relations between the 1920s and 1970s, international monetary regimes such as IMF, as well as international ocean regimes such as the 1958 Geneva Convention on the High Seas and the Law of the Sea Conference in 1976; and includes a part titled "the United States and Complex Interdependence".

⁸³ A review article by Stanley J. Michalak, Jr., "Theoretical Perspectives for Understanding International Interdependence", *World Politics*, Vol.32, No.1, October 1979, p.145. The third criticism on regime change through Complex Interdependence is deleted here since the topic is out of focus in this thesis. For a critique on Keohane and Nye's regime change analysis, see Susan Strange, "Cave! Hic Dragons: A Critique of Regime Analysis", *International Organization*, Vol. 36, No. 2, Spring 1982, pp. 479-496.

distribution of power".⁸⁴ He argues that in fact Hans Morgenthau, whom Keohane and Nye frequently referred to in *Power and Interdependence*, repeatedly made statements such as "there is a misconception...that international politics is so thoroughly evil that it is no use looking for moral limitations of the aspirations for power on the international scene",⁸⁵ and the critic at his capacity expects that none of the three representative realists (Morgenthau, Henry Kissinger and E. H. Carr cited by Keohane and Nye) would deny the three characteristics of Complex Interdependence. More worse, the critic warns, is that Keohane and Nye "offer neither evidence nor citation for their assertion".⁸⁶

"The second weakness of the authors' refutation of realism", Michalak argues, is their sweeping description of military force. Citing names of Morgenthau, Kissinger and now George Kennan again, the critic challenges that these seemingly realists have "always been careful to underscore the limited utility of force as an instrument of diplomacy or as a predictor of outcomes in international conflict" and condemns that it was a critical misunderstanding of Keohane and Nye to describe that the realists are fanatical about the belief that force is the most effective instrument of diplomacy.⁸⁷ He judges therefore the *Power and Interdependence* is "a failure at best" as a critique of realism since Keohane and Nye "don't ground their presentation of realism in a careful restudy of realist writings".⁸⁸

Kal J. Holsti also refutes Keohane and Nye for their ambiguous argument on the question about effectiveness of force, saying that "yet, the authors are convinced that interdependence is increasing. But they do not admit—as some have—that 'high politics' of security are being replaced by economic, resource, and ecological problems".⁸⁹ The reality in the world at the time of the which

⁸⁴ Michalak, *op.cit.*, p.145.

⁸⁵ Quoted by Michalak in *Ibid.*, p.146.

⁸⁶ *Ibid.*, p. 146.

⁸⁷ *Ibid.*, p. 146.

⁸⁸ *Ibid.*, pp.148-149. Michalak repeatedly points out that most of assertions by Keohane and Nye in *Power and Interdependence* lack actual citations and/or sources.

⁸⁹ A review essay by Kal J. Holsti, "A New International Politics? Diplomacy in Complex

criticism appeared in 1978 in fact was not what Keohane and Nye had expected and the international agenda, Holsti asserts, "is becoming increasingly lengthy: the addition of each new item does not mean that the others are being solved, nor that welfare-oriented problems are displacing security problems". Accordingly the reviewer defends the justice of "Morgenthau-colored glasses".⁹⁰

His skepticism of effectiveness of Complex Interdependence in grasping relations among nations leads the Canadian university professor further to cast a question about equivalence between military force and threat, and other measures which could be parity with the former. While admitting that the ineffectiveness of military force is certainly correct "in the sense that threat of military actions are not made while bargaining, let us say, on monetary issue", he critically asks "but what if there is a rough *equivalent* to military force that *is* used to threaten or inflict punishments?" with a list of questions: 1) Isn't a unilateral threat drastically to devalue currency an equivalent to a threat to use military force in a territorial conflict?, 2) Are not trade wars equivalent to certain forms of military coercion?, and 3) Is it possible to approximate a condition of complex interdependence when such "wars" are going on, or threaten to break out at any moment?⁹¹ Holsti, like Michalak, also expostulates with Keohane and Nye about their manner of describing realist assumptions, arguing that "in my opinion, the realists, unlike dependency theorists, would never claim that military power is directly relevant to issues other than security" because the realists, he explains, are more interested in the classical issues of war and peace, and balance of power, leaving other issues to experts on international organization or law.⁹²

His severe comment goes on to the definition of interdependence itself. Referring to the characteristics of Complex Interdependence in sarcasm, he cynically says that they "are probably characteristic of the relations between Japan and Bhutan, Canada and Bahamas, and India and

Interdependence", *International Organization*, Vol. 32, No.2, Spring 1978, p.523.

⁹⁰ *Ibid.*, p. 523.

⁹¹ *Ibid.*, p.524. *Italic original.*

⁹² *Ibid.*, p.525.

Finland”, then asks “are these states really interdependent?” The critic contends there should be “some specified thresholds of impacts or vulnerability” such as a minimum flow of transactions so as that interdependence does exist. He concludes the set of characteristics “are not sufficient conditions”.⁹³

In regard to the criticism against the perception of realism, particularly of “minor role of military forces”, Keohane in his *After Hegemony* in 1984 seems passive indeed in contending his assertion. He contends again that although “the hegemonic power need not be militarily dominant worldwide”, he acknowledges at the same time that the hegemonism with substantive military forces have “certainly played an indirect role even in U.S. relations with its closest allies, since Germany and Japan could hardly ignore the fact that American military power shielded them from Soviet pressure”.⁹⁴ Nevertheless, he tries to defend himself at the same time by insisting that it depends on how one perceives military power, and challenges the critiques by claiming that they tend to consider military power “only as a background condition for postwar American hegemony rather than as a variable”.⁹⁵ Keohane and Nye again in their 1987 article defend that the military’s minor role is still valid in assessing the world politics:

*Despite some of their rhetoric, the relations between the superpowers do not show a return to the Cold War period. Not only are alliances looser, but there are more contacts between the superpowers on arms control and a variety of other issues. In our view, therefore, the analysis that we put forward in Power and Interdependence has not been rendered irrelevant by events.*⁹⁶

The academics indicate that “social mobilization of populations acted as a constraint on the superpowers” in the cases of the failure of Soviet intervention in Afghanistan and the weakness

⁹³ *Ibid.*, p.525.

⁹⁴ Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton University Press, 1984, p.40.

⁹⁵ *Ibid.*, p. 41.

⁹⁶ Keohane and Nye, “Power and Interdependence Revisited”, *International Organization*, Vol.41, No.4, Autumn 1987, p.721.

of the American response to Iran's taking of hostage, and the Ragan administration's hesitation of introducing American ground forces, as examples to attest the aforementioned assertion.⁹⁷ They continue to argue that "the use of force by smaller states and terrorists" is also conformed to the notion, albeit without indicating examples.⁹⁸ Despite their repeated claims, their contentions however seem to remain quite defensive and the academics do not try to go further beyond these defenses. Instead, the academic interests of Keohane and Nye has apparently shifted to another aspect of foreign relations, that is "perceptions and learning" of those who commit to foreign policy formation and practice. In any sense, their claim of "minor role of military force" is still ambiguous and an open question.

3. Conclusion

Despite these delicacies in theorization, it was Keohane and Nye who detected the diversifying relations among governmental as well as nongovernmental actors at international level and who tried to theorize these empirical events which were hardly seen in the Cold War era. Given the supposition of this thesis that Thailand's policy towards Indochinese states saw diversification in the process of decision-making as well as practices during the Chatichai administration from a monolithically bureaucratic disposition to a more complicated one with the participants from extra-bureaucratic entities, it is almost certain that the framework of Complex Interdependence has certain effectiveness in analyzing the supposition.

Yet, even though the framework seems highly applicable to the study of Indochina policy of the kingdom at the given time (1988-1991), there are still some concerns because the Complex Interdependence is stands on the analysis of the relations between/among the countries which are "advanced societies" with "industrialized, pluralist", and "Western democracy".⁹⁹ In other words, there would be some difficulties in applying the framework to the analysis of the Thai foreign policy.

⁹⁷ *Ibid.*, pp.727-728.

⁹⁸ *Ibid.*, p.728.

⁹⁹ Keohane and Nye, "International Independence and Integration", p.390.; *Power and Interdependence*, pp.27 and 29, for example.

The primary concern is related with the “minor role of military force” due to the structure of the government of Thailand itself. At domestic level, Thai military has long been the principal and crucial player, with some exceptions of the democratic years in the mid-1970s, since the 1932 revolution when the absolute monarchy was overthrown. This idiosyncrasy of military supremacy in the Thai polity has blurred a line between civilian and military which to the contrary is quite distinctive in Western democracies and some Asian countries such as Japan and Singapore. In Thailand, even some statesmen who are regarded as civilian hold military titles and some chief diplomats in the past also had such ambiguity in their status, e.g. Foreign Minister Siddhi Savetsila of premiers Prem Tinsulanonda and Chatichai Choonhavan administrations bore the rank of Air Chief Martial, and FM Thanat Khoman was a Colonel as of 1970. Additionally, most prime ministers including these two had the title of General, Field Marshal or so.

The second major concern, which might be more important than the first, is the Thailand's stand on the map of world economy during the period of which this thesis concerns—the late 1980s and early 1990s. The main fields for the framework of Keohane and Nye, as touched on above, are some highly industrialized and democratically plural states, and they refer to countries other than these just as “lesser states” or “poor weak states”.¹⁰⁰ In this regard, although the kingdom in the given period was neither plural nor fully democratic to the same extent of those analyzed by Keohane and Nye, Thailand was certainly on the path to an electoral democracy from Thai-style democracy or what some designate as “semi-democracy”.¹⁰¹ Similarly, the Thai economy at least at macro level, during the period was never “poor and weak”. In fact, the economy was transforming and upgrading from the traditional agrarian economy to an export-oriented one and the transformation convinced a certain number of both Thai and foreign people that the kingdom was

¹⁰⁰ *Ibid.*, pp.4 and 31, for example.

¹⁰¹ This term is of Chai-anan Samudavanija about the democracy under the Prem administration. Chai-anan, “Thailand: A Stable Semi-democracy”, in Larry Diamond and others eds., *Politics in Developing Countries: Comparing Experiences with Democracy*, Colorado: Lynne Rienner, 1990.

almost likely to catch up with the tail of "Asian Tigers" or Newly Industrializing Economies (NIEs).

The last concern is about the role of Ministry of Foreign Affairs (MFA) of the kingdom. The role of "the unitary diplomatic channel" might be an open question in the case of Thailand when Indochinese relations are concerned. It is well known that Thailand's general flexibility on foreign affairs has been great and this has given the kingdom to maintain her independence. But when foreign policy concerns national security affairs, the initiative of assessment of information, and formation and sometimes practice of the policy move to the hands of military and the National Security Council.¹⁰² This is related with the first concern mentioned above, e.g. FM ACM Siddhi of the Prem and Chatichai administrations was secretary general of the Council in the 1970s which was one of the key apparatuses to forge kingdom's Indochina policy.

In the following chapters, although the author of this thesis will hardly yield to other framework than the Complex Interdependence, he will at the same time keep these discrepancies between the propositions the framework assumes and the realities of Thailand at the given period in his mind. Therefore, there could be certain modifications and/or adjustments in his analysis and in such cases these will be explanations in the form of footnote or others.

¹⁰² Clark D. Neher, "The Foreign Policy of Thailand", in David Wurfel and Bruce Burton eds., *The Political Economy of Foreign Policy in Southeast Asia*, Macmillan, p.182.