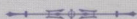




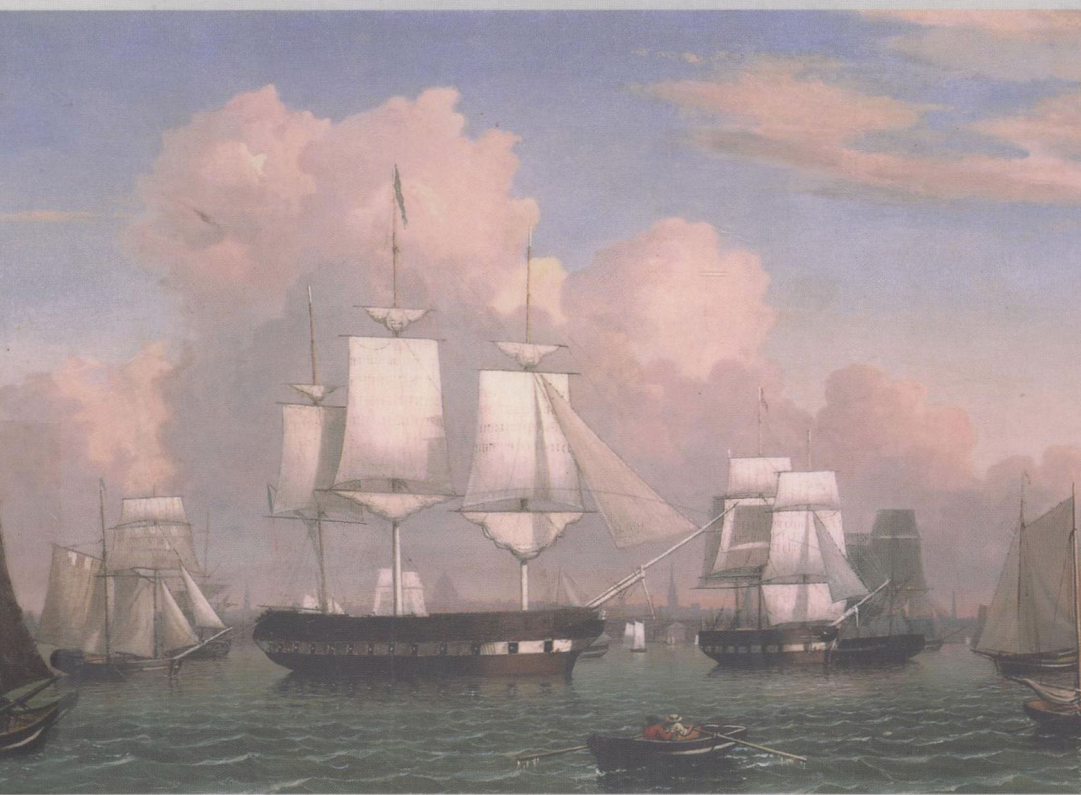
LONGMAN CLASSICS *in* POLITICAL SCIENCE

# Power and Interdependence

FOURTH EDITION



ROBERT O. KEOHANE AND JOSEPH S. NYE, JR.



Foreword by FAREED ZAKARIA

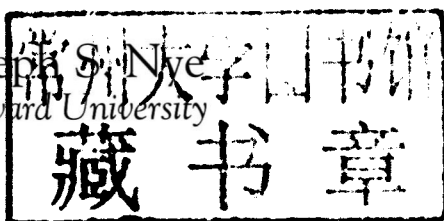
# Power and Interdependence

---

Fourth Edition

Robert O. Keohane  
*Princeton University*

Joseph S. Nye  
*Harvard University*



Longman

Boston Columbus Indianapolis New York San Francisco Upper Saddle River  
Amsterdam Cape Town Dubai London Madrid Milan Munich Paris Montreal Toronto  
Delhi Mexico City São Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo

For our parents, with gratitude,  
And our children, with hope.

Senior Acquisitions Editor: Vikram Mukhija

Editorial Assistant: Beverly Fong

Senior Marketing Manager: Lindsey Prudhomme

Production Project Manager: Clara Bartunek

Project Coordination, Text Design, and Electronic Page Makeup: Abinaya Rajendran,  
Integra Software Services

Creative Art Director: Jayne Conte

Cover Designer: Karen Noferi

Cover Illustration/Photo: Fitz Hugh Lane (1804-1865). "The Constitution in Boston Harbor" oil  
on canvas, mounted on panel, c1848-1849, Hunter Museum of American Art, Chattanooga,  
Tenn, Museum purchase.

Printer and Binder: STP Courier / Stoughton

Cover Printer: STP Courier / Stoughton

Library of Congress Cataloging-in-Publication Data

Keohane, Robert O. (Robert Owen)

Power and interdependence / Robert O. Keohane, Joseph S. Nye. —  
4th ed.

p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-205-08291-9 (alk. paper)

ISBN-10: 0-205-08291-2 (alk. paper)

1. International relations. 2. International economic relations.

I. Nye, Joseph S. II. Title.

JX1395.K427 2011

327—dc22

2010046139

Copyright © 2012, 2001, 1997 by Robert O. Keohane and Joseph S. Nye

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or  
transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or  
otherwise, without the prior written permission of the publisher. Printed in the United States. To  
obtain permission to use material from this work, please submit a written request to Pearson  
Education, Inc., Permissions Department, 1900 E. Lake Ave., Glenview, IL 60025 or fax to (847)  
486-3938 or e-mail [glenview.permissions@pearsoned.com](mailto:glenview.permissions@pearsoned.com). For information regarding permissions,  
call (847) 486-2635.

1 2 3 4 5 6 7 8 9 10—CRS—14 13 12 11

**Longman**  
is an imprint of



[www.pearsonhighered.com](http://www.pearsonhighered.com)

ISBN-13: 978-0-205-08291-9

ISBN-10: 0-205-08291-2

# Power and Interdependence

---

---

# Foreword

---

BY FAREED ZAKARIA

“The world is about to conduct a vast test of the theories of war and peace put forward by social scientists, who never dreamed that their ideas would be tested by the world-historic events announced almost daily in newspaper headlines.” So wrote John J. Mearsheimer in a celebrated essay that was published in 1990 in *The Atlantic*. His prediction proved accurate. The end of the Cold War dissolved an elaborate international system that had ordered and dominated the world for half a century. International life was certain to change. But how?

For many who saw international relations from a realist prism, it was certain that the end of the fixed structure of bipolarity would mean a marked rise in instability, as states began the eternal search for security without the protections and restraints of the alliance structure of the Cold War. “My argument is that the prospect of major crises, even wars, in Europe is likely to increase dramatically now that the Cold War is receding into history,” wrote Mearsheimer. As the Soviet empire crumbled, there were events that seemed to confirm this prophecy, most importantly the war in the former Yugoslavia. But what was striking even then was, as a multiethnic Yugoslavia dissolved amidst horrific violence, the great powers of Europe—and for a long while the United States—spent most of their energy trying to avoid getting involved in it. Far from searching for geopolitical advantage through the conflict, Germany, France, and Britain were expending most of their effort in steering clear of any involvement. Historically war had been seen as an opportunity for great power advancement; now it was seen as a dangerous drag.

Twenty years after that Atlantic essay, what is striking about world affairs is the absence of great power conflict. It is possible to point to an incident here or there where the United States and Russia have clashed verbally or the United States and China have angled for advantage, but measured by the usual metrics of great power conflict—wars, proxy wars, arms races, and the like—the absence of great power conflict is the dominant geopolitical reality of our age. Twenty years after the end of the Cold War, Japan and Germany have remained civilian great powers, despite having the second and third largest economies in the world. Rising great powers like China and India are certainly building up their military forces but by historical standards, they are also remarkably focused on economic and technological power.

Realists might have been right in theory but wrong in coding their cases. Europe’s great powers might have stopped acting as such because they were actually no longer major actors on the world stage, as measured by their shrinking share of global output and military might. But then, how to explain Asia? Another distinguished scholar, Aaron Friedberg, conceded that Europe might have turned pacific,

because of war-weariness, trade, democracy, international institutions, and a postnational mentality, but Asia showed few of these traits, filled as it was with growing, traditional powers with historical animosities, varied internal polities, and few institutions binding them together. Friedberg's essay, making Mearsheimer's prediction but in Asia, was published in 1993. Seventeen years out, Asia has yet to confirm the hypothesis in any measure.

Or perhaps, the problem was the system was not multipolar at all. The columnist Charles Krauthammer argued in the same year that Mearsheimer published his essay that we were in fact not moving from bipolarity to multipolarity but to a "unipolar moment," a system utterly dominated at every level by the United States. That description shed enormous light on the subsequent decade and a half, as the American economy boomed, its military strength was greater than all other powers combined, and its model seemed to shine brightly in every corner of the globe. Almost every international problem somehow gravitated into America's orbit and every crisis seemed a product of this unipolarity—think of the wars in Afghanistan and Iraq.

But where is the balancing coalition that realism would predict to oppose such massive, overwhelming hegemony? One can point to a few maneuvers by Russia and China but there is nothing serious now that unipolar order is weakening. Between the attacks of 9/11, the Iraq War, the financial crisis, and perhaps most crucially the "rise of the rest," the growth of new powers, the United States no longer dominates the international order as it once did. And yet, the system remains strikingly stable with crises rarely spilling over. After 9/11, the oft-predicted plague of terror attacks throughout the Western world never materialized. The Iraq war did not draw in any of its neighbors. And despite many efforts by groups interested in large defense budgets, the effort to describe Chinese or Russian behavior as genuinely threatening has simply not worked. Despite the collapse of a great multinational land empire, the Soviet Union, the rise of another great power, China, and several middle powers, there have been few conflicts or wars. After the worst economic crisis since the Great Depression, the follow-on political and social disruptions were minor. Crucially, the great powers seem largely intent of developing economically rather than gaining military control of foreign lands.

In 1986, the historian John Lewis Gaddis wrote an essay entitled, "The Long Peace," in which he argued that the absence of great power conflict since 1945 until 1986 was the longest stretch of great power peace in centuries. Given that it has now extended for 34 more years, it has surely become an even more intriguing geopolitical stretch of time, deserving of inquiry. From the origins of the modern state system, rooted in the terrible religious wars in and around Germany in the seventeenth century, most of the scholarship of international relations has tried to explain instability and war. What we need to explain now is stability and peace.

The most important insight that might help us explain the dynamic of the current world order lies in the concept of interdependence, pioneered and systematically explored by Robert Keohane and Joseph Nye in *Power and Interdependence*, the classic work of international relations theory you are about to read. The idea of interdependence has been around for a while and not simply in the scholarly literature. With the rise of modern trade in the eighteenth and nineteenth

centuries, there came with it writers—often economists—who posited that war would now become impractical and unprofitable. Such views have often been caricatured. Norman Angell is often described as the best-selling British author who prophesied that war was obsolete—on the eve of World War I. In fact, Angell's argument was that a large-scale war between Europe's great powers would be so costly to all parties that even the winner would be impoverished by it. He certainly hoped and wished that this would make war obsolete but clearly he did not believe that interdependence alone would prevent war or he would not have spent his life trying to urge statesmen not to use military force. As for his actual prediction, it proved only too accurate. In fact, John Maynard Keynes' legendary tract, *The Economic Consequences of the Peace*, simply lays out after the fact and in detail what Angell predicted—that destroying the German economy through crippling reparations would cause the economies of Britain and France to suffer as dearly. Decades later, as trade boomed and Western economies had once again become intertwined, Richard Cooper revived the notion of interdependence in an elegant essay.

Keohane and Nye took these assorted ideas and put forward a powerful, coherent theory, operating at level of the international system, and thus with the great explanatory power. It conceives of interdependence as broader than just the realities of economics, recognizing, for example, that the mutual vulnerability of nuclear destruction stopped the Soviet Union and the United States from going to war. Nuclear deterrence is a form of interdependence. The theory is not one that rejects realism but rather one that sees realism as an insufficient explanation for the mechanics of the modern world. It posits a spectrum, one that has at one end a realist "ideal type," in which states are concerned only with survival and security and for whom war is an ever-present option. At the other end lies the world of "complex interdependence," in which states are mutually dependent on each other for their well-being. Any given outcome in international life will depend upon where a state sits on that spectrum.

This spectrum will provide a powerful set of insights into the twenty-first century. The most important question that faces scholars of international affairs—and the rest of us who inhabit the world—is whether the relationship between the world's most important rising power and its established power will be peaceful or bellicose. Will the rise of China—and the reaction of America to that rise—have the effect that so many great power ascensions have had in the past, leading to general war? Or will the new constraints of economies and nuclear deterrence create powerful incentives on both sides for a peaceful, though highly competitive, relationship? So far, despite a rise that rivals or even outstrips those of any previous rising power, China has been largely uninterested in a grand global role, particularly a military one. The United States, for its part, has sought to work with rather than against China. If that changes, on either side, it will surely alter the basic stability of the global system.

This book is justifiably regarded as a classic in the field but I would argue that it deserves even greater attention today. Its insights have endured through a long and turbulent period of international change. The research agenda it suggests is richer today than when it was first published. And the consequences of getting international relations right has never been more important.

---

# Preface to the First Edition

---

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 states. As our earlier work indicates, we soon became uneasy about this one-sided view of reality, particularly about its inadequate analysis of economic integration and of the roles played by formal and informal international institutions. Our collaboration began in 1968 when, as new members of the board of editors of *International Organization*, we decided to edit a special issue of that journal to criticize traditional views of world politics and to demonstrate the relevance of international organization broadly conceived.<sup>1</sup>

We decided to write the present book, after *Transnational Relations and World Politics* was published in the summer of 1971, for two main reasons. Although in that volume we had pointed out significant problems with realist theory, particularly in the area of international political economy, we had not provided an alternative theory. We still needed to fit transnational relations into a larger framework of world politics if we were to complete the analytical task we had begun. From a policy standpoint, we thought that significant improvements in American policy on issues involving transnational relations and international organizations were unlikely unless the premises of policy were changed. We believed that many of the failures of American foreign policy in these areas had their roots in the limitations of realist assumptions. For both analytical and policy reasons, therefore, we sought to write a book that would put into a broader context the classic realist analysis that Hans Morgenthau’s *Politics Among Nations*, among other works, had bequeathed to the current generation.<sup>2</sup>

Our analytical and policy concerns help to explain the orientation of this book. Our central policy concern had to do with American foreign policy, but the book’s focus is completely different from that of most books and articles on this subject.

<sup>1</sup>*International Organization* 25, no. 3 (Summer 1971); later published as *Transnational Relations and World Politics* (Cambridge, Mass.: Harvard University Press, 1972).

<sup>2</sup>Some of our thoughts on the subject of this book have appeared in earlier articles, but they have been so greatly altered in form and content that only a few fragments remain in the present volume. For these we acknowledge permission from the University of Wisconsin Press to draw from the following articles: C. Fred Bergsten, R. Keohane, and J. Nye, “International Economics and International Politics: A Framework for Analysis,” *International Organization* 29, no. 1 (Winter 1975); R. Keohane and J. Nye, “Introduction: The Complex Politics of Canadian-American Interdependence,” *International Organization* 28, no. 2 (Autumn 1974); J. Nye, “Transnational Relations and Interstate Conflicts: An Empirical Analysis,” *International Organization* 28, no. 4 (Autumn 1974).

Because we are concerned with the premises of policy, our major emphasis is on the changing nature of the international system and how to understand it. Only in the last chapter do we draw lessons for foreign policy. Our two country-oriented case studies, however, are focused on the United States. Yet throughout the book, our emphasis is on theory. The cases were selected for their potential significance for theory as much as for their intrinsic policy importance. Since the United States is the most important actor in the system, our focus on American actions can be justified on theoretical as well as policy grounds. In addition, each of our major cases is examined over at least a fifty-year period to help us understand underlying forces of stability and change. Our method is not simply historical; we have analyzed the cases according to a theoretical and comparative scheme that we elaborate in chapters 1–3. This approach bears some resemblance to what our teacher Stanley Hoffmann called “historical sociology” over a decade ago.<sup>3</sup> We try to quantify what we can, but we stress theory over method and understanding the premises of policy over charting a detailed course of action.

In this book we try to understand world politics by developing explanations at the level of the international system. This does not mean that we regard the domestic politics of foreign policy as unimportant. Quite the contrary. Foreign policy and domestic policy, as we repeatedly emphasize, are becoming increasingly difficult to disentangle. Nevertheless, the complex relations between foreign and domestic policy make it essential to know how much one can explain purely on the basis of information about the international system. In this sense, we try to discover what cannot be explained on the basis of international factors, as well as what can be so explained. Thus, although comparative foreign policy is not the subject of this book, we hope that students of comparative foreign policy will find our analysis useful—if only as a starting point for their attempts to explain patterns of national action.

We do not claim that our explanations of change and stability in world politics are the only ones that could be developed for this purpose, even at the international level. We have not, for example, included a Marxist formulation. Many Marxists adopt what we call an overall structure approach, although unlike realists, they accept a class theory of the foreign policy process. Some Marxists, however, focus on direct relations among capitalists: in these formulations, multinational corporations are important in their own right as political actors.<sup>4</sup> Yet, as far as we could determine,

<sup>3</sup>Stanley Hoffmann, ed., *Contemporary Theory in International Relations* (Englewood Cliffs, N.J.: Prentice-Hall, 1960).

<sup>4</sup>This statement certainly applies to much of the literature on “international dependency,” which focuses on relations between developed and underdeveloped countries (but which is by no means exclusively Marxist in character). Apart from this dependency literature, explorations of this theme from a Marxist point of view can be found in Stephen Hymer, “The Internationalization of Capital,” *Journal of Economic Issues* (March 1972); and Ernest Mandel, *Europe vs. American Contradictions of Imperialism* (New York: Monthly Review Press, 1970), especially chapters 1–6, pp. 7–67. In the literature on dependency, the following are notable: Stephen Hymer, “The Multinational Corporation and the Law of Uneven Development,” in Jagdish Bhagwati (ed.) *Economics and World Order from the 1970s to the 1990s* (New York: The Free Press, 1972), pp. 113–140; Johan Galtung, “A Structural Theory of Imperialism,” *Journal of Peace Research* (1972): 81–117; Osvaldo Sunkel, “Transnational Capitalism and National Disintegration in Latin America,” *Social and Economic Studies* (University of West Indies) 22, no. 1 (March 1973): 132–176; and Robert R. Kaufman et al., “A Preliminary Test of the Theory of Dependency,” *Comparative Politics* (April 1975).

there is not a generally accepted and clearly articulated Marxist theory of international regime change. We are neither sympathetic enough with the Marxist perspective, nor learned enough in its subtleties, to develop a Marxist model of our own. It is to be hoped that Marxists will develop models of international regime change to compete with or complement our own.

Friends have often asked us how we have managed to collaborate so intensively over such a long period of time. The short answer is by swallowing our pride while we tore apart each other's chapters. Although collaboration invokes occasional frustration, it produces the keen intellectual pleasure of rapid response and exploration of ideas. By and large, we have enjoyed the process. The theoretical chapters have gone through so many drafts that it is virtually impossible to identify the source of particular ideas. Keohane took primary responsibility for the case studies on money and Australia; Nye for oceans and Canada. Even here, however, the initial division of labor does not accurately reflect the equality of our contributions to the final version.

Our transcontinental collaboration would not have been possible without the support of a Ford Foundation grant. In addition, over the last five years, financial help was provided to Nye by the Rockefeller Foundation and to Keohane by the University Consortium for World Order Studies, the Johnson Foundation, and the Stanford University Center for Research in International Studies. Nye is also grateful to Carleton University in Ottawa and to the Royal Institute of International Affairs in London and its staff. We are both grateful to the Harvard Center for International Affairs and its two directors, Robert R. Bowie and Raymond Vernon, tireless and enormously supportive critics, without whose help it is hard to imagine this book. It is also hard to imagine this book without the comments we received from so many critics and friends (the two categories are not mutually exclusive!). We particularly wish to thank Graham Allison, Jonathan Aronson, Robert Art, Francis Bator, Dan Caldwell, Stephen Cohen, Jorge Domínguez, Linda Cahn, Dan Fine, Alexander George, Robert Gilpin, Crauford Goodwin, Ernst Haas, Roger Hansen, Jeff Hart, Barbara Haskell, Fred Hirsch, Stanley Hoffmann, Cavan Hogue, Ann Hollick, Ray Hopkins, Peter Jacobsohn, Robert Jervis, John Q. Johnson, Peter Katzenstein, James Keeley, Janet Kelly, Peter Kenen, Nannerl Keohane, Charles Kindleberger, Stephen Krasner, James Kurth, David Laitin, Peter Lange, Charles Lipson, Peyton Lyon, Rachel McCulloch, Michael Mandelbaum, Edward Miles, Theodore Moran, John Odell, Van Doorn Ooms, Rob Paarlberg, Wynne Plumptre, Richard Rosecrance, John Ruggie, Robert Russell, Philippe Schmitter, Ian Smart, Louis Sohn, Susan Strange, Harrison Wagner, and Dan Yergin. Ava Feiner, Robert Pastor, Debra Miller, Alison Young, Kenneth Oye, and Constance Smith greatly helped our research on the case studies. Numerous officials of the American, Australian, and Canadian governments gave generously of their time in interviews. Emily Hallin supervised the reproduction and transmission of innumerable drafts at the Stanford end of this transcontinental relationship. Beverly Davenport, Amy Gazin, and Amy Contrada ably managed the typing of the manuscript and administrative chores at Harvard. The contributions of Nannerl Keohane and Molly Nye would require another book, not a mere preface, to recount.

No author is an island. We gladly toll our bell of thanks.

# Preface to the Second Edition

Theorists of international relations suffer from being too close to the events they discuss. When we wrote *Power and Interdependence* in the mid-1970s, dramatic changes were taking place in world politics. By the beginning of the decade the Vietnam War had become highly unpopular in the United States, and detente seemed to have reduced the importance of the U.S.–Soviet nuclear competition. At the same time, international trade was growing more rapidly than world product; transnational corporations were playing dramatic political roles; and from 1971 on the international monetary system was in flux. Meanwhile, the relative economic predominance of the United States was declining as the European and Japanese economies grew at more rapid rates. President Nixon and Secretary of State Kissinger spoke of the development of a five-power world, and futurologists such as Herman Kahn predicted the imminent arrival of a multipolar international system.<sup>5</sup>

On top of this came the oil crisis of 1973, in which some very weak states extracted enormous resources from the strong. Hans Morgenthau wrote of what he called an unprecedented divorce between military and economic power based on the control of raw materials.<sup>6</sup> The vulnerability of Western societies at a period of high commodity prices encouraged many less developed countries to believe that a greater transformation of power had occurred than was actually the case. Many theorists reflected on these concerns. A representative view among the modernist writers of the 1970s was that:

The forces now ascendant appear to be leaning toward a global society without a dominant structure of cooperation and conflict—a *polyarchy* in which nation-states, subnational groups, and transnational special interests and communities would all be vying for the support and loyalty of individuals, and conflicts would have to be resolved primarily on the basis of ad hoc bargaining in a shifting context of power relationships.<sup>7</sup>

By the late 1970s the mood began to change, both in the United States and in the United Nations. The United States government became more concerned about Soviet policy, and less sensitive to the policies and complaints of governments of less developed countries. The experience of the Carter administration illustrates this point. While campaigning in 1976, Jimmy Carter promised to reduce the

<sup>5</sup>Herman Kahn and B. Bruce-Briggs, *Things to Come* (New York: Macmillan, 1972).

<sup>6</sup>Hans J. Morgenthau, "The New Diplomacy of Movement," *Encounter* (August 1974): 56.

<sup>7</sup>Seyom Brown, *New Forces in World Politics* (Washington: Brookings Institution, 1974), p. 186.

defense budget, but by 1980 he was closer to Ronald Reagan's position than to his own previous view. Reagan's election accentuated these trends. American policy focused on East-West confrontation and scaled down North-South issues and the role of multilateral institutions. The defense budget increased in real terms for five straight years, and the United States was more willing to use military force (albeit against extremely weak states such as Grenada and Libya). Arms control was downgraded and the modernization of nuclear forces was intended to restore an "edge" for additional utility of military force. This shifting agenda was accompanied by a resurgence of realist analysis, for history seemed to have vindicated the realist model.

Just as some analysts in the 1970s overstated the obsolescence of the nation state, the decline of force, and the irrelevance of security concerns, others in the early 1980s unduly neglected the role of transnational actors and economic interdependence. Contrary to the tone of much political rhetoric and some political analysis, however, the 1980s did not represent a return to the world of the 1950s. Just as the decline of American power was exaggerated in the 1970s, so was the restoration of American power exaggerated in the 1980s. Looking carefully at military and economic indices of power resources, one notes that there was far more change in psychology and mood than in true indicators of power resources. The diffusion of power continued as measured by shares in world trade or world product. Economic interdependence as measured by vulnerability to supply shocks eased in a period of slack commodity markets (but it could change if markets tighten again and growth of economic transactions continues). Sensitivity to exchange-rate fluctuations remained high. The costs of the great powers' use of force remained higher than in the 1950s. Moreover, despite rhetoric, the relations between superpowers did not show a return to the Cold War period. Not only were alliances looser, but transactions were higher and the relations between superpowers reflected a fair degree of learning in the nuclear area.<sup>8</sup> In our view, therefore, the analysis that we put forward in *Power and Interdependence* has not been rendered irrelevant by events. The real questions are not about obsolescence, but about analytical cogency.

In a sense, the 1970s and 1980s were merely the latest instance of a recurring dialectic between the two main strands in what has been called the "classical tradition" of international relations theory. Realism has been the dominant strand.<sup>9</sup> The second strand is the "liberal" or "Grotian tradition," which tends to stress the impact of domestic and international society, interdependence, and international institutions. In their simplest forms, liberal theories have been easily discredited. The proposition that gains from commercial transactions would overcome the problems inherent in the security dilemma and make war too expensive was belied in 1914. Hopes that a system of international law and organization could provide collective security to replace the need for self-help inherent in the security dilemma were disappointed by 1939. Nonetheless, the sharp opposition between realist and

<sup>8</sup>Joseph S. Nye, Jr., "Nuclear Learning and U.S.-Soviet Security Regimes," *International Organization* (Summer 1987).

<sup>9</sup>K. J. Holsti, *The Dividing Discipline: Hegemony and Diversity in International Theory* (Boston: Allen & Unwin, 1985).

liberal theories is overstated. In fact, the two approaches can be complementary. Sophisticated versions of liberal theory address the way interactions among states and the development of international norms can interact with domestic politics of states in an international system to transform how those states define their interests. Transnational as well as interstate interactions and norms lead to new definitions of interests as well as new coalition possibilities for different interests within states.

*Power and Interdependence* sought to explain the patterns of change that we observed during the early to mid-1970s by integrating aspects of the realist and liberal traditions. Thus our core argument in Chapter 1, that asymmetrical interdependence can be a source of power, links the liberal stress on interdependence with the realist focus on power. Yet as we noted in our Preface to the first edition, we were taught as students to see the world through “realist” glasses, and our book reflected our struggle to see a more complex vision. Thus, realism bore the brunt of our critique, and our quarrels with aspects of liberalism were subdued. As a result of our rhetorical barbs at realism, our approach is sometimes labeled simply as “liberal.” Yet this characterization of *Power and Interdependence* is highly misleading, since we stressed the importance of governments’ wielding of power in pursuit of their conceptions of self-interest, and we declared in Chapter 1 that “military power dominates economic power in the sense that economic means alone are likely to be ineffective against the serious use of military force” (p. 16).

We have quite a bit to say, after more than a decade, both about how commentators construed or misconstrued our work, and about our own shifts in perspective. We could have changed the text of our book, but this would not have enabled us to respond to our critics, and it would have concealed our own amendments, shifts in point of view, and second thoughts. We could have written a long Preface—indeed, we drafted one—but our astute editor pointed out that this would encumber the reader unacquainted with our book with commentary before he or she had read the original text. In this edition we have therefore left the original text as it was written and have added only a brief new Preface. We have, however, added an Afterword, which provides a fuller discussion of how we see our work, as contrasted with the perspective of commentators.<sup>10</sup>

In Chapter 8 of *Power and Interdependence* we drew some implications from our analysis for policy. In our view, many of our judgments remain valid—for instance, we argued that reducing the United States’ vulnerability to external shocks could be part of a strategy of policy coordination and international leadership. Building an American oil stockpile and taking the lead in the International Energy Agency have indeed been the two key components of the successful international energy policy which has helped transform international energy politics since the 1970s. Furthermore, they have been, as we suggested, complementary, rather than alternative, policies. We also argued for effective international policy coordination on ecological issues—as lovers of wild lands we could not ignore this dimension of

<sup>10</sup>Most of the Afterword appeared as an article entitled “*Power and Interdependence Revisited*,” published in *International Organization* 42, no. 4 (Autumn 1987): 725–753.

global politics—but suggested that cooperation on such issues would be difficult. In general, we called for “international surveillance and collective leadership” (p. 232), which we still believe to be crucial if urgent world problems are to be addressed.

These prescriptions, however valid, were mostly quite general. In 1985 we sought to make more specific recommendations, using not only the analysis of *Power and Interdependence* but also that of subsequent work on international regimes. The article that we produced, “Two Cheers for Multilateralism,” is reprinted from *Foreign Policy* at the end of this volume, following the Afterword.

In the eleven years since we completed *Power and Interdependence*, our professional paths have diverged and then converged again. Robert O. Keohane has concentrated on interpreting patterns of international cooperation and discord in light of social science theory; Joseph S. Nye has served in government and published works on nuclear deterrence, ethics and international relations, and U.S.–Soviet relations. Since 1985 we have been colleagues at Harvard University, giving us the opportunity to discuss analytical and policy issues intensively again, both in seminars and in personal conversations. We have gained enormously from our intellectual companionship and deeply satisfying personal friendship, which now extend over twenty years. If our readers also benefit, we will be doubly pleased.

---

# Preface to the Third Edition

---

Nearly three decades ago, we began working together on the ideas in this book. We did not seek to refute all of the “realist” arguments that we had been taught as graduate students or to formulate a wholly new “liberal” alternative to realism, although careless readers and commentators have sometimes interpreted *Power and Interdependence* in this way. Instead, we sought to construct a way of looking at world politics that helps us understand the relationships between economics and politics, and patterns of institutionalized international cooperation, while retaining key realist insights about the roles that power and interests play in world politics.

In the preface to the second edition, written at the end of the 1980s, we emphasized our synthesis of liberal and realist perspectives on international relations. We also observed how theories of international relations are susceptible to the influence of current events. We noted the revival of realism during the 1980s “little Cold War,” and how different the political climate was from that during the decade during which this book was written. Nevertheless, we argued that our perspectives on interdependence were still relevant. The continuing relevance of our arguments reflected the fact that we had not argued that everything was changing at once, nor did we propose universal generalizations, supposedly applicable everywhere and at all times. Instead, the argument of *Power and Interdependence* was explicitly conditional. Under conditions of what we called “complex interdependence,” politics would be different than under realist conditions (Chapter 2). Since neither complex interdependence nor realist conditions are universal, understanding world politics requires that one understand the conditions applicable among particular countries at a particular time. The guiding theme of our work has been to combine the great theoretical traditions of realism and liberalism in such a way as to clarify the conditions under which the propositions of one tradition or the other are more or less likely to be valid.

Today, at the beginning of a new millennium, everyone is talking about “globalization” rather than “interdependence.” As we argue in Chapter 10, written for this edition, globalization refers to an intensification of what we described as interdependence in 1977. Indeed, many aspects of world politics resemble the liberal portrayal of the 1970s more than the realist image of the 1980s. In 1977 we identified three characteristics of “complex interdependence”: multiple channels of contact among society, lack of clear hierarchies of issues, and irrelevance of military force. We argued that although complex interdependence did not characterize most of world politics, it was coming to describe relations among the advanced industrial

democracies, allied with the United States. Now democracy and open markets spread more extensively over the globe, and the United States is more powerful militarily, relative to its rivals, than ever before. Complex interdependence is not universal, but it seems to extend more widely than it did in 1977 or 1989.

Friends and anonymous referees polled by our publisher have told us that the basic argument of our book remains relevant to the analysis of contemporary world politics, even if some of the factual examples must be read in historical context. We have therefore produced this third edition, with two new chapters: Chapter 9 on how the information revolution has affected power and interdependence, and a long new Chapter 10 on globalization, written expressly for this edition. However, we have left the core of our book and our 1989 addenda untouched, except for editorial changes to eliminate anachronisms such as references to the Soviet Union in the present tense. To have changed these chapters in substantive ways would have enabled us to “cover our tracks” where our statements might now seem to lack prescience. We prefer to retain what we wrote, “warts and all.” More important, changing the substance of our argument would have obscured one of the key reasons to bring out a third edition: our contention that the analytical framework of *Power and Interdependence* remains highly relevant for the understanding of globalization at the beginning of the twenty-first century.

We sought in 1977 to understand how world politics was being affected by rapid technological change, then manifested by the telephone, television, and jet aircraft. We still seek to understand this interplay between technological change and politics, although now it is the “information revolution” and the Internet that exemplify the most fundamental transformations in technology. The effects of the information revolution are already significant, as we discuss in Chapter 9. Nongovernmental actors can organize transnationally at very low transactions costs, blurring the distinction between domestic and international politics. Individuals have unparalleled access to information, formerly confined within bureaucratic organizations. As discussed in Chapter 10, globalization has created a number of complex networks of relationships, which increase the possibilities for strategic interaction, as well as generating great uncertainty. The information revolution is not the sole cause of the current changes in international relations, but it has generated significant effects as well as providing a catalyst for interactions between other causes, ranging from the collapse of the Soviet Union to thickening networks of international trade and investment.

The relevance of our analytical framework is, we believe, enhanced by the continuing significance of the two main sets of forces that we tried to understand in 1977: rapid technological change and the continuing importance of state interests and power in shaping the global political economy. In the first edition we decried the oversimplified views of both “modernists” and “realists,” and we believe we were right to do so. For instance, we showed the significance of economic interdependence, but also that asymmetries in such interdependence provided a form of power that states could use in very traditional ways. The new chapters in this edition begin from the same analytical perspective as our 1977 work: that technological change,

economics, and politics are closely connected but that none of these forces is dominant over the others. Our new Chapter 10, for example, emphasizes the multidimensionality of globalization—economic, environmental, military, and social. The analysis of Chapter 10 departs significantly from much contemporary work on globalization—which exaggerates its economic component, overstates its newness, and sees it as technologically determined. But the argument of Chapter 10 is broadly consistent with Chapters 1–8 of *Power and Interdependence*, written mostly in 1974–75 and published in 1977.

The consistency of our argument could be a fault as well as a virtue. Perhaps we have failed to learn how wrong we were, or how much new has occurred. Readers will have to judge this point for themselves. However, our consistency will be hard to deny. We objected in the 1970s, and object today, to formulations that saw a sharp shift from geopolitics earlier to geoeconomics now—whether the “now” was 1975 or 1999. All markets occur within a political framework, and to ignore the role of military security in an era of peace and economic growth is like forgetting the importance of oxygen to our breathing. It would be as much a mistake now as it was in the 1970s to argue that a fundamental change from one overall model to another has occurred. What we see is an interweaving of economic, environmental, military, and social relationships, rather than the replacement of one set by another.

In addition to the multidimensional perspective just identified, we have consistently seen world politics as differentiated both by issue areas and by region. We resisted broad generalizations about interdependence in the 1970s, and about globalization now, because we see so much variation among regions and across issues. Instead, we see the world as highly differentiated; hence our “issue structure model” of regime change, developed in Chapter 3, has proved more satisfactory than an “overall power structure” explanation.

Our collaboration over thirty years has been a source of intellectual stimulation to both of us, which is difficult to express and would be impossible to overstate. We have different ways of looking at world politics—different degrees of induction and deduction, varying orientations toward synthesis and criticism, different perspectives deriving from experiences as “insider” or “outsider.” Hence our thought processes do not duplicate one another. However, we also seem to “connect.” When one of us says something, the other often says—sometimes after substantial argument—“Ah-ha! Now I see that problem differently, and more clearly.” We work and rework each other’s texts so thoroughly that it is usually difficult for us to identify, afterward, which of us had which ideas. We hope that our belief—that the result is better than either of us could accomplish alone—finds some resonance in the reactions of our readers.

Beyond intellectual stimulation, our collaboration has been a source of deep friendship between us and between our families. The key ideas for the first edition were discussed and elaborated in conversations between us in Joe Nye’s garden in Lexington, Massachusetts; and our arguments for the new Chapters 9 and 10 were worked out amidst the pristine hills of Sandwich, New Hampshire. Writing together has been combined with the pleasure of tramping through the White Mountains,