

Cooperation in the international arena

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Consequences of anarchy

- The peculiarity of the international system: anarchy
- No centralised authority
- No rules enforcement
- Security based on self help
- Security dilemma (the paradox of the security research)

Two approaches confront each other:

1. Realist approach

- The central role of balance of power (whenever a state increases its relative power the others react with a balancing strategy)
- Relative gains theory (versus absolute gains theory)
- The difficulty of stable cooperation
- The theory of hegemonic stability : international political order depends only on a stable and clear hierarchy (strong hegemony of a nation state is able to replace the functions of a central government)

2.Liberal approach

- Cooperation among nations is possible and frequent
- The role of international organizations in promoting peace and cooperation
- Cooperation and coordination games

Cooperation games

- Characterised by a unilateral incentives to defection: mutual cooperation is not dominant strategy (cooperation is not an equilibrium): opportunistic behaviour (“free riding”)
- Outcome: suboptimal solutions
- Monitoring and enforcement costs: difficult to implement cooperation. Some example: custom tariffs; environmental issues; migrant issue, ect.

Environment Issues

- Environmental challenges (damages to ecosystem):
- A) negative externalities :industrial pollutions
- B) tragedy of commons: resource depletion through overuse

Migrant Issue

- Propensity to free-riding: “buck passing” strategy from every single nation states

Security and military cooperation

- Many nation states are jealous of their sovereignty (especially in the military field)
- Difficulty to share “know how” and secrets
- Sharing technology and knowledge could increase vulnerability

Cooperation games (prisoner dilemma)

3,3	4,1
1,4	2,2

Coordination games

- No incentives to unilateral defections
- Different equilibrium points (with different pay-off for the different players)
- Transaction costs to achieve one of the equilibrium points available
- Once found an agreement, this is an equilibrium point (stable and without inclination to unilateral defection): defection is not a dominant strategy

The role of international institutions

Institutions promote cooperation lowering transaction costs

- They exert monitoring and enforcement functions when they face cooperation games
- They help reach an agreement (among different equilibrium points) in the context of coordination games

Some historical examples: the terrible thirties

- The reduction of trades between the world wars (after a long period of economic globalization). Cooperation is not irreversible
- Growing economic and political competitions among nations
- The era of protectionism and autarchy
- Connection with the spreading of authoritarian regimes

The liberal order after II WW

- The USA established a liberal order in the western countries (in force only in this context)
- A order based on multilateral approach and diplomacy
- New international organizations arose in order to promote economic and political cooperation: UN, World Bank, IMF and the complex architecture of Bretton Woods

The crisis of the liberal order

- The end of the Bretton Woods System
- The neoliberal turn (based on deregulation)
- The radical changes made by D. Trump: the crisis of the multilateral diplomacy and the propensity for a bilateral approach (that triggers a sort of cooperation game with suboptimal outcomes): climate change, commercial war and the risks for the international commerce and the world growth

New challenges

- The rise of neonationalism (consider the international relations as a zero sum games)
- The cases of migrants in UE
- Economic protectionism and autarchy: short vs long terms gains and objectives
- Clash of civilisations
- The growth of authoritarian and illiberal regimes
- The rising power of authoritarian great powers (Especially China and Russia)