

Recap: Anarchy & Its Consequences¹

POLISCI 101: Introduction to International Relations

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Motivation: In class, Professor Fearon mentioned two traditional “views” of anarchy: the realists, who claimed that anarchy is really bad, and the idealists, who thought it wasn’t that serious. The reality is that the severity of the problems of anarchy is somewhere in between. So, what problems does the lack of a world government create, to what extent can states overcome these problems, and how should we evaluate how bad they are?

What is Anarchy? How can we tell if it is “bad”?

When we say that the international system is **anarchic**, we mean that there is no world government that can create and enforce laws between states. This is true even with the post-1945 UN system, when there was a proliferation of international institutions. Although institutions like the UN can help states cooperate in the face of anarchy, these institutions do not have an independent ability to compel states to comply with its terms. It is up to states to enforce their own agreements however they can.

Anarchy, unsurprisingly, can have profound and often negative consequences for international politics. We can judge how “costly” anarchy with the standard of Pareto efficiency. An outcome is **Pareto inefficient** if there is another outcome where you can make at least one player better off without harming the other player. (By contrast, an outcome is **Pareto efficient** if it is impossible to find such an outcome). ***If the lack of a world government leads to Pareto inefficient outcomes, then anarchy is costly.*** The further away the outcomes we land on are from Pareto optimal, the costlier anarchy is.

The reason why many think that anarchy is “so bad” is because it can be more difficult for states to cooperate without a global body to perform the functions of a domestic government. As we mentioned last week, there are two main kinds of cooperation problems that appear under anarchy: coordination problems and commitment ones. As we’ll see below, coordination problems aren’t really that much more problematic under anarchy than they are in domestic settings. The major obstacle for “solving” coordination problems is bargaining, but disagreements about the distribution of goods or their costs aren’t unique to politics under anarchy.

Commitment problems, on the other hand, are a much bigger problem for anarchy. Without a world government to act as a third party enforcer, states may often end up at Pareto inefficient outcomes. However, there are other means to try to enforce cooperation when facing a commitment problem, and international institutions can also help. We’ll talk about these mechanisms, as well as their limitations below.

Coordination Problems

A **coordination problem** is a type of interaction where two actors (usually “states” in IR) benefit from synchronizing or harmonizing their action in some way in order to attain some desired good or avoid something bad. In a lot of coordination problems, parties will want to choose the

¹ Notes based on James Fearon’s “Intro to International Relations” lectures. Please do not circulate without permission.

same action, but this is not always the case. A classic, real-world example of the former is determining which side of the road to drive on. It doesn't really matter which side of the road cars drive on, as long as all cars drive on the same side so that they can avoid crashing into each other. But stop signs also act as a device to solve coordination problems. When you meet another car at an intersection, you want to go if the other car is going to stop, and you want to stop if the other car is going to go. So, coordination problems sometimes, but not always involve people or groups or states (or whoever the relevant actors are) wanting to choose the same action.

There are lots of types of coordination problems in international relations, some that are more interesting than others. A simple example of a coordination problem, though, is which language international pilots should speak. We want all pilots that fly international flights and air traffic controllers to be able to speak the same language in order to avoid all kinds of terrible accidents. So, the International Civil Aviation Organization (ICAO) under the UN sets English as the common language and lays out standards for English proficiency, training, and testing.

In domestic politics, governments "solve" coordination problems by setting the standards for people to coordinate on (i.e. the government passes laws about what side of the road to drive on, and it decides where to put stop signs at intersections). But the same is often true in the international system. Although there is no one single world government, states have formed international institutions to set these same standards to coordinate on (i.e. ICAO and English proficiency). And, unlike commitment/collective action problems, it's not really problematic that these institutions don't have the ability to "force" states to comply because states have an incentive to abide by the standards on their own. Even though China, for instance, would probably prefer if Chinese was the standard language for international aviation, it doesn't have an incentive not to require its international pilots learn English because being able to coordinate with air traffic control allows it to avoid various disasters that are costlier than requiring their pilots to learn English.

This is an important feature of many coordination problems. Often, states would benefit from cooperating in some way, but players may have conflicting preferences about which actions to coordinate on. So, cooperating is better for both players, but one of the cooperative outcomes yields a higher payoff for one player, while the other cooperative outcome yields a higher payoff for the other player. Our example of coordinating on a common language for international aviation has this feature. Do you see why? Again, China would probably prefer that the standard language was Chinese, while the United States would probably prefer that it is English. Disputes about how to distribute the benefits or costs of cooperating are called bargaining problems, and they are an important type of coordination problem that can make it more difficult to cooperate. However, bargaining problems aren't too different under anarchy than they are in domestic situations. I'm sure that you can think of a few examples in the United States where it was difficult for Democrats and Republicans to reach an agreement because they couldn't agree on the distribution of costs and benefits, even though cooperating was better than not having an agreement at all.

Commitment/Collective Action Problems

The other kind of cooperation problem under anarchy is commitment problems (aka. Collective action problems). A **commitment problem**, or a collective action problem, is a type of situation in which players would be better off if they could cooperate, but one or both has an incentive to defect (or cheat) on their agreement. For instance, group projects can take the form of a commitment problem. As a member of the group, you can either cooperate (by working hard on

the project) or defect (by slacking off). If everyone defects, then you won't pass the assignment—an outcome which is bad for everyone. If everyone else cooperates but you defect, you'll probably get a good grade and you'll be able to spend a day on Netflix instead of at the library. If everyone cooperates, you'll pass, which is great, but not as great as passing AND being able to goof off however you want.

Commitment/Collective action problems occur everywhere in IR, so it's important you are able to identify them and analyze them. The big four that we will talk about in this class are: (1) arming and war, (2) protectionism in international trade, (3) sovereign debt, lending, and investment, and (4) global "commons" problems, usually dealing with the environment.

When collective action problems arise in domestic society, the government acts as a **third party enforcer** to make sure that everyone cooperates. For instance, we can think of paying taxes as a collective action problem. If everyone defected (and avoided paying their taxes), then the government would not have any funds to provide roads or other public goods that are important to our day to day life. However, for any individual, it would be better to keep the money they would pay in taxes and still benefit from the government's provision of public goods. So, to prevent people from acting on this *unilateral incentive to "cheat,"* the government punishes those that get caught for tax avoidance. It costs more to pay the punishment than it would have cost to just pay the taxes. Thus, the government's punishment changes people's incentive structures so that it is no longer in their interest to defect.

However, in anarchy, there is no world government to punish countries for cheating on their agreements so states might still end up at the Pareto inefficient outcome of (Defect, Defect) instead of (Cooperate, Cooperate). But, not all is lost. Even though states can't rely on third party enforcement to ensure cooperation, first and second party enforcement are still options. **First party enforcement** can promote cooperation by trying to change the preferences of the players themselves, so that they would feel "good" about cooperating and guilty about "cheating." For this, you should think about how parents try to instill good values into their children: just because you can steal your brother's candy and get away with it, doesn't mean you should. There are some international treaties that appear to try to change parties' preferences in this way. The Ottawa Treaty, which tries to get states to abandon using landmines and to remove ones from historical conflict zones, is an example. By "naming and shaming" those who are violating this treaty, the treaty tries to foster a preference for states to comply and to "feel guilty" for violating.

Second party enforcement is by far the most common way states foster cooperation under anarchy. **Second party enforcement** is when parties enforce their own agreement by the implicit threat of retaliation, using strategies of conditional cooperation/reciprocity like tit-for-tat (TFT) or grim trigger. To use second party enforcement, states will have to interact frequently and expect to play the PD over and over again. But by conditioning the choice of cooperate vs. defect today based on past behavior, states can avoid the Pareto inefficient outcome of (Defect, Defect) as long as the long-term rewards for cooperating outweigh the short-term incentive to defect.

International organizations, like the WTO and IAEA, can help states police their own agreements using second party enforcement. Although these organizations do not have the ability to punish violators themselves, they facilitate punishment by other member states. In particular, international institutions can help member countries use strategies of reciprocity by: (1) setting standards of behavior (i.e. what behavior constitutes "cooperating" versus "defecting"), (2) monitoring the behavior of states & judging whether violations have occurred

(i.e. identifying when another country has “defected”), and (3) authorizing retaliation against cheaters.

While second party enforcement is a cause for optimism about the costs of anarchy, you should keep in mind that it does have its limits. First, states have to be relatively patient and care about the long-run benefits of cooperation. But this isn't always the case. If a state only cares about its payoff today (perhaps because some kind of domestic political crisis), then the long-run benefits of cooperation will not be valuable enough to deter defection at the present.

Second, conditional cooperation will not work if defection by one party against another will permanently change the relative bargaining power—like in arms control or territorial disputes—between the adversaries. For example, consider the difficulty procuring a peace agreement between Assad and the rebels to end the Syrian Civil War. Both Assad and the rebels have a choice of continuing to fight or to lay down their arms and sign a power-sharing peace agreement. Although both sides would be better off sharing power than they are by continuing to draw out a bloody civil war, they can't commit to a power-sharing peace agreement. To illustrate, if the rebels were to lay down their arms in favor of peace, Assad would do better by continuing to fight, recapturing Aleppo, and severely weakening (or even destroying) the rebels in the process since he would be able to remain the sole leader of Syria. Conditional cooperation assumes players, like the rebels, will be around in the future to punish defection today. If you aren't around or are “too weak” tomorrow to punish your adversary for defecting today, then strategies of reciprocity will not work.

Summary

So, to sum it up, anarchy can make it more difficult for states to cooperate, but that does not mean all is lost. Coordination problems are relatively easy to solve under anarchy since states do not have a reason to cheat in these situations once an agreement is in place. Although the lack of a third party enforcer is a serious obstacle to cooperation on commitment problems, there are still ways—like first and second party enforcement—to avoid Pareto inefficient outcomes, where both countries defect. In many ways, international organizations are designed to help states use second party enforcement to sustain cooperation. But, there are still obstacles to cooperation in PD-style situations. If the states are relatively impatient or if defection can have long-term consequences for the relative bargaining power between states, strategies of reciprocity are likely to fail.