Classic works in International Relations (IR) can emerge in a variety of ways. Some classics introduce a new paradigm that explains complex phenomena better than previous efforts. Others revive neglected but important ideas and claims. Still others hit the tenor of the times and speak to immediate challenges facing global politics. Robert O. Keohane and Joseph S. Nye’s *Power and Interdependence* (PI), first published in 1977, is indeed a classic for all of these reasons. Unlike some of the works discussed in this volume, Keohane and Nye’s work was promptly hailed as a classic. Two of the leading IR journals published article-length reviews of *PI* shortly after its publication. In *International Organization*, Kal Holsti surmised that this book may ‘prove to be one of the most significant writings in international relations theory of the past two decades’. In an extensive review published in *World Politics*, Stanley Michalak referred to *PI* as ‘a groundbreaking work … that will have a long-term impact on the ways in which teachers and scholars conceptualize international phenomena’. Both of these reviewers were prescient. The themes and puzzles presented in *PI* continue to shape our thinking on globalization, international trade, regime formation and change, non-state actors as well as the nature of power and military force in the global realm.

*PI* was an early collaboration between two young scholars who would both become ranked among the most influential in the field of IR. When IR scholars were recently asked ‘whose work has had the greatest influence on the field of IR in the past 20 years’ Robert O. Keohane was ranked first and Joseph S. Nye was ranked sixth. Their high standing in the field rests in no small part on the enduring influence of *PI* and the ways in which it deviated from the standard realist approach. The degree of realist dominance in the decades prior to *PI* cannot be overstated. In the mid-1950s Hans J. Morgenthau’s *Politics Among Nations*, the subject of Chapter 7 in this volume, was ‘used by more North American university-level instructors than all competing texts in international politics combined’. The discipline’s reliance on realist theory was rigorously documented by John Vasquez. Vasquez demonstrated how realist theory informed more than 90 per cent of the hypotheses tested by IR scholars up to the 1970s. In this context of realist dominance, Keohane and Nye offered a timely contrast. The events of the 1970s seemed to shake the foundations of political realism. The US inability to prevail in Vietnam despite overwhelming military capabilities was particularly troubling for many political realists. Power, especially military power, was not as fungible as realists had expected. The oil embargo initiated by the Organization of Petroleum Exporting Countries (OPEC) in 1972 further highlighted the changing nature of power in the global system by demonstrating how militarily weak states could still wield considerable influence. The global economic crisis brought on by the collapse of...
of the Bretton Woods system showed that even the hegemon was vulnerable in an interdependent world. Finally, the emergence of new issues of global environmental management and questions of global governance of seabed resources raised a new set of problems that realism could not address. Collectively, these real-world events posed serious challenges to the realist paradigm. *PI* effectively responded to this series of crises that beset world politics in the 1970s. In their Preface to the first edition, Keohane and Nye admit that they ‘soon became uneasy about this one-sided [realist] view of reality, particularly about its inadequate analysis of economic integration and of the roles played by formal and informal international institutions’ (p. v). Keohane and Nye set out to address these inadequacies by clarifying the concept of complex interdependence and to show how complex interdependence contributes to the rise of international regimes in a variety of issue areas. Their case studies examined international monetary affairs and global management of the oceans. They also devoted chapters to the cooperative bilateral relationships between the USA and Canada and the USA and Australia. These cases demonstrate how growing interdependence undermines the efficacy of military power and imposes layers of complexity on global politics that are not acknowledged by realism.

I will begin reviewing the central claims and contentions made in *PI* and how these claims challenged mainstream IR in the 1970s. I will then critically explore Keohane and Nye’s later efforts to graft *PI* onto neorealist theory rather than highlighting how their ideas challenge realist expectations. I argue that this obscures the close relationship between *PI* and long-standing liberal internationalist themes in IR. I conclude by exploring the significant and enduring legacy of *PI* in the study of IR.

**Reintroducing interdependence and globalization**

While the central themes of *PI* have a long provenance in IR (see Chapters 2 and 6 on Norman Angell and David Mitrany in this volume), Keohane and Nye’s book is one of the earliest efforts to systematically analyse the processes that later came to be known as globalization. While their first sentence might seem clichéd today, it was surprisingly novel in 1977: ‘We live in an era of interdependence’ (p. 3). Interdependence is accelerating owing to both technological advances and increasing levels of trade. The ‘remarkable advances in transportation and communications technology’ allow easy exchange of ideas, goods and people. Since the end of World War II, Keohane and Nye note, world trade in the industrialized world ‘has grown by more than 7 percent per year and has become a larger proportion of gross national product for most major countries of Europe and North America’ (p. 39). They characterize complex interdependence along three dimensions. First, foreign policy in this era of interdependence is distinct owing to the multiple and layered channels connecting societies. States are not the unitary or sole actors as realists have assumed. With greater ease and greater frequency, bureaucrats as well as non-governmental elites meet to negotiate and coordinate global understandings and policies. These new layers of interaction are more complicated and multifaceted than realists tend to acknowledge. The outcomes of these interactions often have consequences for domestic politics as well as international. As Keohane and Nye argue, ‘[t]ransnational communications reinforce these effects. Thus, foreign economic policies touch more domestic economic activity than in the past, blurring the lines between domestic and foreign policy … Parallel developments in issues of environmental regulation and control over technology reinforce this trend’ (p. 26). States are neither as
unitary nor as sovereign as realists would have them be. Domestic political outcomes can increasingly be linked to policies and actions emanating from abroad.

A second characteristic of complex interdependence is the absence of hierarchy among issues. ‘The agenda of interstate relations’, Keohane and Nye note, ‘consists of multiple issues that are not arranged in a clear or consistent hierarchy’ (p. 25). Military security does not dominate the agenda. The old realist distinction between high politics (i.e. concerns with power and security) and low politics (i.e. all other non-security issues including trade, finance and the environment) holds no longer. The two have become overlapping and intertwined. So the realist’s exclusive emphasis on high politics is insufficient in this age of interdependence.

The first two characteristics relate directly to the third characteristic of interdependence: the diminishing importance of military force. Not only is force more costly but it will rarely achieve a wide range of political objectives. This results from the diversity of issues and levels of economic interdependence shared by states across the world. Keohane and Nye argue that ‘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’ (p. 29). This drives up the costs of using force. The diminishing importance of military force is especially relevant in ‘Western democracies’ where ‘popular opposition to prolonged military conflicts is very high’ (p. 29). Keohane and Nye’s emphasis on democracies in an interdependent world is an important but underdeveloped aspect of Pl.

A world characterized by complex interdependence, therefore, demands different points of emphasis than those offered by political realism. More attention must be devoted to questions of international management and cooperation. This places international organization and international regimes as prominent pieces in Keohane and Nye’s model. Domestic politics must also be taken into account. Similar to the realist neglect of international organization and regimes, Keohane and Nye note how the ‘realist approach deprecates domestic politics by suggestions that the national interest must be calculated in terms of power, relative to other states, and that if it is not, the result will be catastrophic’ (p. 43). Domestic political interests, frequent and multilayered interactions across state boundaries, overlapping issues that often lack hierarchy and the decreasing efficacy of military power are hallmarks of complex interdependence. Cooperation and international regimes will prove to be vital to managing such a complex system.

An early analysis of international regimes

Prior to the publication of Pl, questions concerning fungible aspects of power, the interplay between domestic and international politics, the roles of international organization and the importance of international regimes were largely marginalized in the study of IR. This may have been a result of their association with interwar idealism or utopianism. Any efforts towards global governance or management were frequently dismissed by realists as utopian efforts akin to the failures of the 1930s. In their evaluation of studies of international regimes, Stephan Haggard and Beth Simmons note that all societal notions of international politics had long suffered ‘from a lingering taint of idealism’.8 One of Keohane and Nye’s most notable achievements was to bundle these neglected features of global politics into one work. After the publication of Pl, elements of liberal internationalism such as international regimes were no longer marginalized by students of IR. The ‘taint’ was gone.
Keohane and Nye’s analysis of international regimes may be the most lasting contribution of PI. Four years before Stephen Krasner presented the enduring definition of international regimes as ‘implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given issue area of international relations,’9 Keohane and Nye defined international regimes in this way: ‘By creating or accepting procedures, rules, or institutions for certain kinds of activity, governments regulate and control transnational and interstate relations. We refer to these governing arrangements as international regimes’ (p. 5). As interdependence increases, so too does the value of ordering mechanisms like international regimes. By popularizing the concept of international regimes, Keohane and Nye provided a language for understanding politics in an interdependent world that challenged the realist language of anarchy.10

Keohane and Nye present several models of how international regimes endure and evolve. They are dissatisfied with the pure power or structural explanations of regime formation and change. This is especially true in the management of the global economy. Military power, according to Keohane and Nye, ‘provides only a small part of the explanation’ (p. 47). While powerful states will make the rules, a richer understanding of international regimes demands analysis of the issues at hand. To navigate a world characterized by complex interdependence, they develop a model of ‘issue structuralism’ where no clear issue hierarchy exists and traditional power relationships may not determine outcomes. As a result, both regime effectiveness and distributions of power tend to vary across issues. The oil resource issue and the power wielded by OPEC clearly informed this model. Keohane and Nye never argue that the distribution of power is unimportant to international regimes. They do, however, argue that military power grows less important with the passage of time and increasing interdependence: ‘Regimes are established and organized in conformity with distributions of capabilities, but subsequently the relevant networks, norms, and institutions will themselves influence actors’ abilities to use these capabilities’ (p. 55). In the end, their discussion of international regimes is a perfect reflection of the book’s title. While power remains an important factor in establishing and maintaining regimes, it must be complemented with an appreciation for the variety of issues facing states in a world of interdependence.

Case studies: democracies in an interdependent world

To further demonstrate how power and interdependence shape world politics, Keohane and Nye turn to a series of case studies. They begin their first case studies with broad historical overviews of international regimes in money and oceans. Their discussion of the monetary regimes from 1920 though the early 1970s will be familiar to most students of IR. They chart the decline of international trade during the interwar period owing to the absence of any international regime and the absence of a hegemonic power willing to lead. Then they turn to US efforts to sustain trade in the postwar period. For a book published in 1977, Keohane and Nye provide an excellent treatment of the demise of the Bretton Woods system and international efforts to forge a new regime based on flexible exchange rates and special drawing rights. Their discussions of the international regime(s) involving the oceans are more wide-ranging. Ocean issues range from the largely successful efforts to manage the problem of piracy to the unsuccessful efforts to establish an international regime to regulate the extraction of natural resources from the seabed. In some ways the two issue areas that they selected
are not congruent and are therefore difficult to compare. For instance, the monetary issue that revolves around stable exchange rates and free trade is a positive-sum game where coordination and cooperation will benefit all parties (i.e. provide a public good), according to the economic logic of free trade. Issues involving extraction of seabed resources, on the other hand, can be viewed as largely a zero-sum game where resources are finite and their extraction by one state leaves less for another. This may explain in part why the international regime regarding monetary issues is relatively strong. Any regimes involving Law of the Sea and other ocean management issues, on the other hand, have met with considerably less success than monetary issues.

After tracing out how these issues have evolved since World War I, Keohane and Nye demonstrate how under conditions of complex interdependence realist models provide poor explanations. They chronicle the importance of domestic political coalitions along with transnational elite networks working along multiple and layered channels. In the absence of a hierarchy of issues, military force has limited utility. Given the case selection, these findings are not completely unexpected.

Keohane and Nye broaden their empirical analysis by turning to cases of bilateral relationships. They begin by exploring the past 50 years of Canadian–US relations. This is followed by an examination of Australian-US relations. Keohane and Nye consciously adopt a series of cases that ‘seemed most likely to fit the three ideal conditions of complex interdependence’ (p. 165). These cases possess varying and layered channels connecting actors, the absence of issue hierarchy and a low salience of military force. Their case selection reflects a certain methodological savvy. They note that they ‘have chosen two cases that differ in their approximation of complex interdependence while being similar in other ways’. While both are English-speaking, former British colonies with similar forms of government, the ‘Australian case is much further than the Canadian case from complex interdependence’ (p. 166). Once again, the evidence drawn from their case studies fall into the category of ‘most likely’ and tend to support the expectations of complex interdependence.

Keohane and Nye wrote PI in an era during which the logic of case selection was hardly discussed. Their cases – composed entirely of liberal, democratic states – are poor reflections of international politics generally. By concentrating on the behaviours of liberal democracies and ignoring authoritarian regimes (which composed a slight majority of regimes at the time of writing), their empirical purview comprises only a subset of international relations. Keohane and Nye repeatedly acknowledge this point and admit that ‘the case studies are not representative of all of world politics’ (p. 60). However, they fail to justify their exclusive focus on relations between democratic states. They never address why and how the forces wrought by complex interdependence might be uniquely appropriate for liberal, democratic states. This is part and parcel of Keohane and Nye’s reluctance to develop the obvious connections between their work and the liberal tradition in the study of IR. While their case studies reflect a clear liberal bias (i.e. consisting exclusively of behaviours of liberal, democratic states), they never address the obvious connections between their ideas and the well-established claims of liberal international theory.

**Liberal internationalism from a safe distance**

From a broad theoretical perspective, PI is a work seeped in the tradition of liberal internationalism. Keohane and Nye’s assumptions as well as their empirical claims can
be traced back to the thought of early Enlightenment liberals like Thomas Paine and Immanuel Kant. One of the staples of early liberal thought, as reflected in Chapter 2 on Norman Angell, is how trade will foster understandings and interdependence. This, in turn, will encourage peaceful relations between trading states. In *Perpetual Peace*, Kant argued that international trade ‘cannot exist side by side with war’. Owing to a ‘mutual self-interest’ created by trade, ‘states find themselves compelled to promote the noble cause of peace, though not exactly from motives of morality, and wherever in the world there is a threat of war breaking out, they [trading states] will try to prevent it by mediation’.12 For Kant, the state is the central actor in the relationship between trade and peace. Paine offers a similar vision but one where interdependence has more multilayered channels connecting individuals, societies and states. In *Rights of Man*, published four years prior to *Perpetual Peace*, Paine argued that international trade creates a ‘Pacific system, operating to cordialize mankind, by rendering nations, as well as individuals, useful to each other … If commerce were permitted to act to the universal extent it is capable, it would extirpate the system of war.’13 Paine also associated the expansion of trade to the decreasing utility of military force: ‘The idea of conquering countries, like the Greeks and Romans, does not now exist; and experience has exploded the notion of going to war for the sake of profit.’14 While written nearly 200 years prior to *PI*, these early liberal views align neatly with those of Keohane and Nye. Collectively, they compose the foundational principles of the liberal internationalist vision that reaches back to the Enlightenment.

Surprisingly, Keohane and Nye do not explore many of the linkages between complex interdependence and liberal internationalism. Instead, they make a sustained effort to develop ‘potentially complementary models’ to political realism (p. 4). In their *Afterword*, published with the second edition in 1989, they confess that ‘Liberalism as a traditional theory escaped mention entirely’ despite the fact that the ‘concept of complex interdependence is clearly liberal’. Then they highlight how they sought to link ‘realist and neorealist to liberal concerns with interdependence’ (pp. 247–48, 254). Their effort to link *PI* to neorealism, in their 1989 *Afterword*, is perhaps the most surprising feature to the contemporary reader. This is most apparent when they reflect upon the influence that their ideas have had on the field. Keohane and Nye find it ironic that ‘the result of our synthetic analysis in *Power and Independence*, and of subsequent work such as Keohane’s *After Hegemony*, has been to broaden neorealism and provide it with new concepts rather than to articulate a coherent alternative theoretical framework for the study of world politics’ (p. 251). Much of this ‘alternative theoretical framework’ already existed in various strains of liberal internationalism that pass through the work of Angell (see Chapter 2) and Mitrany (see Chapter 6) and back to Paine and Kant. Keohane and Nye failed to relate well-established liberal internationalist themes to their discussions of complex interdependence.

We might speculate why liberal internationalism escaped mention in *PI*. Given the dominance of realism in the 1970s, the decision to distance their ideas from liberal internationalism may have been strategic. Any direct assault on traditional *realpolitik* or the realist paradigm may have led to a quick dismissal of their ideas.15 Every liberal critic of realism faced this possibility. When Norman Angell was writing his liberal manifesto *The Grand Illusion*, the topic of Chapter 2 in this book, he was warned by friends to give up this sort of frontal attack on *realpolitik* lest he become ‘classed with cranks and faddists, with devotees of Higher Thought who go about in sandals and long beards, live on nuts’.16 In a field dominated by political realism, as IR was in the
1970s, there were few fates worse than being associated with the likes of Norman Angell and Lord Cecil – two of the favourite liberal whipping boys to E. H. Carr, Hans J. Morgenthau and other leading realists. The taint of idealism, as noted above, could prove ruinous. Keohane and Nye may have been understandably cautious about tempering their critique of realism. Yet, this measured and accommodating approach to realism provides both strength and weakness to the work. While it successfully avoids any quick dismissal by realists by not launching so-called paradigm wars, which are rarely fruitful in IR, the work never established some of its obvious connections to the liberal internationalist tradition in IR.

Turning to a counterfactual view, had Keohane and Nye integrated *PI* with classical liberal internationalism, the book would have been strengthened on several fronts. First, the causal processes of how complex interdependence might foster peaceful relations and change the nature of global politics are underdeveloped. Does peace-through-interdependence result from the efforts of states, as Kant imagined? Or does it result from the multilayered societal exchanges and learning as Paine theorized? While Keohane and Nye would probably argue that both sets of processes are important, greater attention to theories of liberal internationalism would have placed the possible causal processes in a clearer light. Second, more sustained attention to liberal internationalist theory would have forced some discussion of the role of democratic governance – which stands as the pillar of liberal internationalism. With their intensive case studies on Australia, Canada and the USA, Keohane and Nye’s ideal examples of complex interdependence all involve democratic states. Yet they never broach the question of whether democratic rule is a necessary condition to their theoretical expectations. Third, their efforts to complement realism rather than to challenge it obscured some of the obvious disagreements between liberals and realists on questions of trade, peace and interdependence. Political realists have long been critical of any association between trade and peace. For Morgenthau, ‘free trade became the shibboleth of liberalism’. Morgenthau concluded that the growing importance of economics and trade in world politics does not maintain peace but ‘is a source of conflict and war’. In a chapter written in 1970 and aptly entitled ‘The Myth of National Interdependence’, Kenneth Waltz challenged the liberal enthusiasm for trade and cooperation. Trade might actually contribute to conflict by intensifying interactions. In *Theory of International Politics*, addressed in Chapter 16 of this volume, Waltz concluded rather pointedly that ‘the myth of interdependence both obscures the realities of international politics and asserts a false belief about the conditions that promote peace’.

In their Afterword, published after Waltz’s seminal work, Keohane and Nye still evade these clear disagreements between their theoretical claims and those made by many realists. Had Keohane and Nye integrated *PI* with a broader liberal internationalism, its departure from realism would have been better appreciated and a clearer test between realist expectations and liberal expectations could have been evaluated.

**Conclusion**

Despite this requisite and speculative quibbling, *PI* stands as a true classic by virtue of its influence and legacy in the study of IR. While *PI* certainly revived many neglected aspects of liberal internationalism, it is difficult to label this as an exclusively liberal work. As the title suggests, realist elements of power must be examined with liberal elements of interdependence. In their Afterword, Keohane and Nye reflect on how *PI*
‘consistently asks, without dogmatic presuppositions, under what conditions liberal or realist theories will provide more accurate accounts of world political reality’ (p. 252, emphasis in the original). In the end, this work provided IR with a new research programme and new concepts which political realism had long ignored. Each of the authors went on individually to develop ideas first put forth in PI. From their discussions of power, Nye developed the concept of soft power more fully in Bound to Lead, published in 1990. As opposed to material capabilities, soft power rests on ‘the attraction of one’s ideas or on the ability to set the political agenda in a way that shapes the preferences that others express’. The origins of soft power, a concept now ingrained in the discourse of IR, can be clearly discerned in PI. Keohane followed up their seminal ideas of international regimes in his masterful book, After Hegemony, published in 1984. This work could also merit inclusion as a classic of IR. Keohane and Nye’s discussion of global governance working along informal and interdependent networks sparked a generation of research on the topic, most notably Anne-Marie Slaughter’s extensive study demonstrating how transnational networks shape global politics across a variety of issues. Their focus on how trade and interdependence can transform relations between states remains prominent in the liberal research programme. Recent works by Michael Mousseau and Erik Gartzke provide systemic evidence that supports the expectations of Keohane and Nye. Trade, as liberals have long predicted, is strongly associated with peace, which Gartzke refers to as the Capitalist Peace. Both Mousseau and Gartzke argue that the complex networks created by trade may be a more powerful explanation for the liberal peace than democratic governance. This claim, like many others in PI, will continue to be evaluated by students of IR. Finally, Keohane and Nye’s influence on broad studies of interdependence and globalization would be impossible to summarize. However, few would challenge the claim that Keohane and Nye’s work was at the forefront. In the end, this work stands as one of the earliest and most sustained efforts to address how multifaceted concepts like globalization and interdependence are changing the nature of world politics. These efforts will continue to shape the discipline and they are far more advanced due to the contribution of Keohane and Nye’s seminal study, PI.

Notes

1 I would like to thank Robert O. Keohane and Jonathan M. DiCiccio for helpful and insightful comments about an earlier draft of this chapter.
2 Robert O. Keohane and Joseph S. Nye, Power and Interdependence (2nd edn), Glenview, IL: Scott, Foresman and Co, 1989. All page numbers placed in parentheses in this review refer to the second edition, which contains all of the original 1977 text but also presents two new concluding chapters; an Afterword in which Keohane and Nye respond directly to several critics of the first edition and a short chapter on international regimes entitled ‘Two Cheers for Multilateralism’. With these two exceptions, the first and second editions are identical.


