

# 1 *Goods Substitution and the Logics of International Order Transformation*

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One of the most venerable traditions in our field holds that the history of world politics is driven by the rise and decline of hegemonic powers. That is, it argues that international systems remain stable so long as a single political community – usually an empire of one kind or another, but sometimes a city-state, a nomadic confederation, or a sovereign state – achieves unmatched economic and military capabilities. Those superior capabilities allow it to shape its international system according to its ideological, religious, or more parochial interests. The Romans laid down their law, their roads, and their aqueducts (see, for example, Eckstein 2006; Ward-Perkins 2005); the Ming constructed a series of hierarchical relations with its neighbors that followed, in various ways, Confucian principles (see Lee 2016a, 2016b; Zhang 2015); the British opened markets, suppressed piracy, and built a global system of colonies, protectorates, and other subordinate polities (see Darwin 2009).

This hegemonic order, however, comes under strain when the leading power enters into absolute or relative decline. This is inevitable. Nothing lasts forever. Political and economic systems decay. Other polities experience faster economic growth, or benefit from new military and social technologies. As the hegemon weakens, it finds it increasingly difficult to maintain its preferred order. Newly empowered – or, at least, newly emboldened – polities face a choice: They can opt for the *status quo* and underwrite the order or even help the hegemon maintain its position; or they can decide to *revise* the order to better reflect their own interests, even to the point of going to war to force the issue.

Hegemons themselves must also make decisions. They can retrench, effectively conceding hegemony in at least some regions. The United Kingdom famously got out of the way for the United States in North America at the turn of the twentieth century (see Schake 2017).

Hegemons can otherwise accommodate rising powers, negotiating adjustments in the rules, norms, and arrangements of international politics. Or they can stand their ground, and even go to war, to maintain their position and their preferred international order.

Of course, the choices made by incumbent hegemons and rising powers during these *power transitions* often result from multiple interactions, claims, and counterclaims. But the important thing is that, in many of these frameworks, hegemonic wars drive major transformations in international order. The victors of those wars reshape international order. If neither side emerges from the war in a position to exert international leadership, the order atrophies or breaks down until the cycle begins again.<sup>1</sup>

Contemporary observers believe, for good reason, that we are currently experiencing a power transition, with the center of international power shifting from “the West” to Asia in general, and from the United States to China in particular. They worry, again for good reason, about the possibility of hegemonic conflict between the United States and China (see Allison 2017). And they are starting to focus on the processes and mechanisms that shape international order, especially during power transitions.

This volume looks closely at a major class of those mechanisms. It argues, among other things, that they can significantly erode, and perhaps transform, international orders, even in the absence of a hegemonic war. Consider four vignettes from the last decade.

First, on November 21, 2013, Ukrainian President Viktor Yanukovich announced that his government was abandoning its Association Agreement with the European Union (EU) in favor of closer economic cooperation with the Russian Federation. As the *New York Times* reported, the announcement was “a victory for President Vladimir V. Putin of Russia,” who “had maneuvered forcefully to derail the plans, which he regarded as a serious threat, an economic version of the West’s effort to build military power by expanding” the North Atlantic Treaty Organization (NATO) “eastward.”<sup>2</sup> Russia revealed

<sup>1</sup> This summary is drawn, variously, from (Gilpin 1981, 1988; Goddard 2018a, 2018b; Grunberg 1990; Keohane 1980; Kugler and Organski 1989; Lemke 2002; Ikenberry and Nexon 2019; Nexon and Neumann 2018).

<sup>2</sup> [www.nytimes.com/2013/11/22/world/europe/ukraine-refuses-to-free-ex-leader-raising-concerns-over-eu-talks.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2013/11/22/world/europe/ukraine-refuses-to-free-ex-leader-raising-concerns-over-eu-talks.html?pagewanted=all&_r=0). Similar pressure by Russia forced Armenia to abandon its talks with the Europeans.

that it would provide Ukraine with discounted Russian gas and purchase up to \$10 billion of Ukrainian government bonds.<sup>3</sup> Moscow's foreign economic pressure and assistance spurred the rise of the Ukraine Maidan movement that ultimately led Yanukovich to flee the country on February 14. In response, Russia invaded and annexed Crimea; it also deployed well-rehearsed tactics in support of separatists in Ukraine's eastern provinces (see Charap and Colton 2018; Menon and Rumer 2015). Relations between the United States and Russia nosedived. The United States and Europe instituted economic sanctions against Russia, while NATO bolstered its presence in its Eastern member states. Some commentators declared the start of a new "Cold War" (Dilanian 2016). Russian efforts to help elect Donald Trump were motivated, in part, by the hope of easing US and European sanctions.

Second, in June 2017, the government of Greece blocked an EU statement at the United Nations (UN) criticizing China's human rights record. According to leading human rights watchdogs, this marked the first time that the EU had failed to make a statement about China's practices at the UN human rights body. While the Greek Foreign Ministry explained its decision to block the statement as avoiding "unconstructive criticism of China," most analysts observed that Athens was heavily influenced by receiving recent investment from Beijing, especially in upgrading the port of Piraeus, which had made cash-strapped Greece a critical European gateway for China's signature Belt and Road Initiative (BRI).<sup>4</sup>

Third, on June 9, 2019, protestors in the post-Soviet Central Asian state of Kazakhstan took to the streets to protest widespread accusations of election fraud that appeared to bolster the victory of President-elect Kassym-Jomart Tokayev, the hand-chosen successor to President Nursultan Nazarbayev who had ruled Kazakhstan since the country's independence. Allegations of voter fraud and ballot stuffing were supported by eye-witness accounts, social media postings, and, perhaps most significantly, harsh criticism from the international election observation mission of the Organization for Security and Co-operation in Europe's (OSCE) Office of Democratic Initiatives and Human Rights, which, having monitored nearly all

<sup>3</sup> [www.bbc.com/news/world-europe-25411118](http://www.bbc.com/news/world-europe-25411118).

<sup>4</sup> Robin Emmott and Angeliki Koutantou (2017). "Greece Blocks EU Statement on China Human Rights at U.N." *Reuters* June 18. [www.reuters.com/article/us-eu-un-rights/greece-blocks-eu-statement-on-china-human-rights-at-u-n-idUSKBN1990FP](http://www.reuters.com/article/us-eu-un-rights/greece-blocks-eu-statement-on-china-human-rights-at-u-n-idUSKBN1990FP).

national elections in the post-Communist space since the Soviet collapse, is considered the most credible international organization among Western states and democratic watchdogs.<sup>5</sup> Nevertheless, Tokayev himself readily dismissed the Office for Democratic Institutions and Human Rights' (ODIHR) critical assessment, calling it "just one of the international organizations" monitoring the vote and stating "we should not focus on the assessment of this organization."<sup>6</sup> Indeed, the Kazakh government had invited observers from twenty-two different organizations to monitor the election and all but the ODIHR had delivered supportive assessments of what had been an obviously flawed election.<sup>7</sup>

Fourth, in March 2020, Serbian President Aleksandar Vučić issued a broadside against the EU while "praising China for its willingness to assist with the [COVID-19] pandemic." In the early days of the pandemic, a number of European politicians also thanked China for delivering medical equipment – although China would soon lose some of that goodwill as some of that equipment proved to be faulty (Cooley and Nexon 2020b).

While China made a major show of providing international medical assistance to countries across the world, the United States failed to play its traditional leadership role. As Kurt M. Campbell and Rush Doshi (2020) noted Chinese Premier Xi Jinping "understands that providing global goods can burnish a rising power's leadership credentials. He has spent the last several years pushing [for China to take a greater role in promoting] reforms to 'global governance', and the coronavirus offers an opportunity to put that theory into action." Indeed, many analysts have argued that if the United States follows through on the Trump administration's withdrawal from the WHO, then that "would either advantage China, which recently announced to member states that it would contribute \$2 billion to fight the pandemic, or, worse,

<sup>5</sup> The ODIHR report commented, "significant irregularities were observed on election day, including cases of ballot box stuffing, and a disregard of counting procedures meant that an honest count could not be guaranteed, as required by OSCE commitments. There were widespread detentions of peaceful protesters on election day in major cities." [www.osce.org/odihr/elections/kazakhstan/422510?download=true](http://www.osce.org/odihr/elections/kazakhstan/422510?download=true).

<sup>6</sup> Tamara Vaal and Mariya Gordeyeva, "Nazarbayev's Hand-picked Successor Tokayev Elected Kazakh President," *Reuters* June 10, 2019.

<sup>7</sup> <https://astanatimes.com/2019/05/kazakhstan-credits-22-long-term-odihr-observers-for-june-9-presidential-election/>.

embolden it to create a competing health organization, leveraging its position astride the global medical supply chain” (Edson 2020; see also Cooley and Nexon 2020c).

What do these examples have in common? They all involve power politics surrounding *international goods substitution*. In the first, competition among potential goods providers led to military conflict and significantly altered the tenor of relations between Russia and the West. In the second, China’s provision of economic goods provided a mechanism for shaping outcomes in the EU and countering liberal norms at the UN. In the third, a government was able to blunt what should have been a clear signal of fraudulent elections by turning to alternative suppliers of election monitors. And, in the fourth, China stepped in to provide international goods in an effort to blunt criticism over its handling of the COVID-19 pandemic and enhance its international influence, especially in the domain of global public health.

The politics of goods substitution take place whenever states or other actors consider adjusting, or actually do adjust, “their portfolio of security, economic, cultural, or other goods.” They do so when they, for whatever reason, “find the quality or quantity of a good wanting” and thus “have incentives to expand or change their stock of that good.” They can pursue goods substitution by seeking “new arrangements from a current external supplier,” attempting “to expand their own production of that good,” looking for new external suppliers, or some combination of all three (Cooley, Nexon, and Ward 2019, 704).

As the examples we opened with suggest, the dynamics of goods substitution operate in a wide variety of settings: from inflection points in the relations between great powers to the efforts of weak authoritarian regimes to retain their hold on power. Indeed, recent commentary on Chinese goods provision is correct: The politics of goods substitution can play an important role in shaping the fate of international orders, leading states, and rising powers. Even the simple availability of new providers can help alter international orders by providing states with exit options and thus with greater leverage in their existing relationships. Hegemonic orders, in particular, depend on the effects of a “patronage monopoly” enjoyed by a dominant actor by itself or in conjunction with weaker allies (Cooley and Nexon 2020a, chapters 2–3).

This volume offers a framework for the politics of goods substitution and explores its dynamics in a number of empirical settings. We do not

pretend that our framework or arguments are entirely novel; we draw heavily upon existing work across a number of different domains. Discussions of goods substitution run throughout international relations scholarship, albeit often implicitly. Variations on the argument exist, for example, in the literature on soft balancing (see Chan 2017; Pape 2005; Paul 2005); work on forum shopping and regime complexity (see Alter and Meunier 2009; Busch 2007; Drezner 2009); analysis of the impact of the rise of China on global order (Bader 2015; Barma et al. 2009; Cooley 2012; Kastner 2014); findings that competition leads donors to receive fewer policy concessions in exchange for more aid (Bueno de Mesquita and Smith 2016; Dunning 2004); the politics of strategic hedging (Koga 2018; Tessman and Wolfe 2011); and, most notably, in understandings of alliances as mechanisms for the joint production of security (see Cornes and Sandler 1996; Murdoch 1995; Oneal 1990; Sandler and Hartley 2001). Thus, we develop a *synthetic* approach: a framework that emphasizes the *common logics* that operate across different behaviors in the realms of, for example, military security, political economy, and cultural politics (see Barkin 2010; Goddard and Nexon 2016).

In this introductory chapter, we begin with core concepts. We review the major categories of goods: private, public, common-pool, and club. We also discuss the concept of good specificity – essentially, the number of possible suppliers – which matters to the politics of substitution. We then turn toward a discussion of how this volume defines and understands international order. In particular, we argue that an important feature of international order is its “goods ecology” – that is, patterns in the production, supply, quality, and nature of international goods.

The next major section elaborates the logic of goods substitution, and serves as the common framework for the chapters in this volume. We discuss top-down – that is, from great and regional powers – and bottom-up – that is, from weaker states and other actors – drivers of goods substitution, and distinguish between intrinsic and extrinsic reasons why recipients of patronage might seek to alter their portfolios.

We then take a slight detour. Most, but not all, of the goods discussed in this volume are the “objects” or “things” of so-called “rationalist” approaches to international politics, such as military assistance and development projects. But many of the goods in international politics are cultural or symbolic in character. Others – from security commitments to roles in international organizations – might be best

understood as having performative dimensions. One of the classic “goods” in hegemonic-order theories, for example, is status or prestige, which is hardly an objective thing (see Duque 2018; Gilpin 1981; Goddard 2018a, 2018b; Ikenberry and Nexon 2019; Larson, Paul, and Wohlforth 2011; Larson and Shevchenko 2010; Volgy and Mayhall 1995; Ward 2017). We therefore discuss this dimension of goods and, although it is not a focus of this volume, how approaches that focus on social fields dovetail nicely with the study of goods substitution.

We conclude by laying out the plan of the volume and the contents of each of the chapters.

## Core Concepts

### *Goods and Assets*

Goods are anything, whether tangible or intangible, that provide a benefit and have an exchange value. Although the distinction does not concern us much here, any good that can generate future value is an *asset*. Examples include broad categories of goods, such as military security and economic wealth. They also include a long list of more particular goods, including aircraft carriers, nuclear weapons, military bases, hard-currency reserves, fisheries, rivers, voting rights on the United Nations Security Council (UNSC), and the possession of sacred spaces, such as Jerusalem or Mecca.

An important dimension along which goods differ is excludability: the degree to which a “potential user or beneficiary” can be prevented from benefitting from a good. Another is rivalry: the degree to which a good is “not diminished by consumption or use” (Krahmann 2008, 383). Different categories of goods vary in their position along these dimensions:

- *Public goods* are nonrivalrous and nonexcludable. A classic example is a lighthouse. The owner of a lighthouse cannot prevent a ship from seeing its signal, and thus benefitting from its navigational assistance. Moreover, the lighthouse “has the same utility irrespective of whether it guides one or one hundred ships” (Krahmann 2005, 383–84; see also Olson 1973). In world politics, the suppression of piracy provides an example of a public good. So long as shipping

lanes remain open to everyone, stopping piracy benefits all those engaged in maritime trade and does so irrespective of the number of ships passing through.

- *Private goods* are both excludable and rivalrous. Bilateral economic assistance and arms transfers are, in the main, examples of international private goods. While some third parties might indirectly benefit, the direct benefits go only to the recipient state, whose use of the good reduces its value for others.
- *Common pool goods* are “non-excludable, but rival; everybody has free access to them, but the more people use them the less there is for others” (Krahmann 2008, 384; see also Ostrom, Gardner, and Walker 1994).
- *Club goods* are excludable but nonrivalrous. Collective security arrangements, such as NATO, provide security as a club good. Only member states directly benefit from the promise of mutual defense, but the addition of more members does not, at least in principle, reduce the value of the good (Krahmann 2008, 384; see also Cornes and Sandler 1996).

These categories are ideal typical; real goods combine their features in various ways. For example, to the extent that NATO depresses security rivalries among member states and makes relations in much of Europe more peaceful, it may have spillover effects on the international conflict environment that operate more like a public good. At the same time, the value of NATO’s security guarantee probably varies with respect to the number of member states. If NATO had included only the United States, Canada, and Belgium during the Cold War it would have been much less effective at deterring the Soviet Union. But, at some point, NATO might become too large and its benefits decline. Indeed, some believe that the addition of new members after the Cold War diluted the credibility and effectiveness of the alliance (see Sandler and Tschirhart 1997).<sup>8</sup>

Goods vary in other ways that matter for the politics of substitution: their relative *specificity*, which refers to the number of providers that can supply the same good (see Lake 1999, 2001). Gibraltar was a highly specific asset for modern European geopolitics, as it occupied

<sup>8</sup> In general, the cases discussed in this volume tend to fall more toward club and private goods than public or common ones, but some do have significant attributes of public goods.



a chokepoint between the Atlantic and the Mediterranean. The Dardanelles provide the only way to sail ships from the Black Sea to the Mediterranean, which made their control a major concern for much of European history. Petroleum and natural gas reserves are *relatively* specific assets, in that there are multiple oil and gas fields across the globe.

These examples suggest that the specificity of assets is a function of their “natural” distribution. This is true to some degree, but a lot of other factors can affect the specificity of an asset. For example, natural gas matters as a source of energy; the development of viable alternatives makes *that energy* a less specific asset even though natural gas deposits remain no more or less specific. As we discuss below, in unipolar systems only the dominant power can provide credible security guarantees, giving it the possession of a highly specific asset. But as new great powers emerge, credible security guarantees become a less specific asset.

### *International Order*

At heart, “international order” refers to relatively stable patterns of relations and practices in world politics (compare Allan, Vucetic, and Hopf 2018, 845; Goddard 2018a, 765). These patterns result from many different processes, such as coercion, negotiation, contention, and resistance. But, regardless of which mechanisms dominate in a particular time or place, international orders emerge from the behavior of states, international institutions, transnational movements, and other important actors in international politics.

This is an extremely broad definition. Scholars usually describe international orders with respect to narrower characteristics. There are a lot of different analytical approaches to thinking about international order, including in terms of social network structures (see Duque 2018; McConaughy, Musgrave, and Nexon 2018; Oatley et al. 2013) or nested social fields (see Go 2008; Go and Krause 2016; Musgrave and Nexon 2018; Nexon and Neumann 2018). But the most common approach focuses on related concepts as rules, norms, values, and social purpose (see Bull 1977, 8; Finnemore 1996; Reus-Smit 1997). For example, Ikenberry (2011, 12–13) argues that “international order is manifest in the settled rules and arrangements between states that define and guide their interaction.” Thus, what makes an order

“liberal” is the prevalence of governing liberal norms about trade, political rights, and the like.

Another way to think about international order is as a *goods ecology*—defined by patterns in the production, supply, quality, and nature of international goods. States and other actors deliberately provide international goods. But those goods also emerge from their coordinated and uncoordinated activities. States are positioned within that ecology into various niches, with implications for the opportunities and constraints that they face.

The idea that the distribution and quality of goods may, in effect, be “tossed up” by the behavior of states might seem strange. But we already assume something like it in common ways of discussing international politics. For example, when we speak of states facing a difficult or challenging “strategic environment,” we reference the quality of its security goods as, at least in part, such an emergent property of its security ecology (Cooley, Nexon, and Ward 2019, 16).<sup>9</sup> This logic extends to other categories of goods. For example, trade regimes not only affect economic goods among their members, but can also shape their quality and quantity for nonmembers (see Carrère 2006).

Conceptualizing at least one of the dimensions of international order as a goods ecology accords with important understandings of what defines a state as *revisionist* or oriented toward the *status quo* (compare Goddard 2018a; Rynning and Ringsmose 2008; Schweller 1996). These are crucial concepts in security studies and hegemonic-order theories, but they often remain ambiguous: The “most common approaches to revisionism place it on one side of a one-dimensional continuum” that is “defined by the costs that a state will bear to alter,

<sup>9</sup> Work on alliances and the joint production of security goods points to how the intentional provision of a good may shift the overall security ecology. Mutually Assured Destruction forms of nuclear deterrence, for example, created “public benefits” for NATO and therefore encouraged free riding across security contributions (Sandler and Hartley 2001, 879). More generally NATO’s overall production of security to its members – as a club good – impacts the overall security landscape in the region. Moscow appears to perceive it as diminishing the quality of its own security, despite protestations that NATO expansion enhances Russian security by eliminating the pernicious effects of a “power vacuum” in Eastern and Central Europe. A similar disagreement persists with respect to the effects of American security provision in East Asia. Along related lines, Krebs (1999) argues that NATO’s provision of security to Greece and Turkey against the Soviet Union altered their security ecologies in ways that exacerbated their rivalry.