
TOWARDS AN ALTERNATIVE IMAGE OF THE STATE: CHINA/US RELATIONS, ECONOMIC INSTITUTIONS, AND THE STATE AS UNITARY PURPOSEFUL ACTOR

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The analytical assumption of the state as a rational unitary-actor has become one of the cornerstones of International Relations theory. However, this assumption is not without significant drawbacks, one being the exclusion of a variety of ideational and domestic factors which likely have significant impact on international state behavior. With this in mind, the current work undertakes an exploration of the possibilities for an alternative to the unitary-actor model. Following a preliminary examination of the various strengths and weaknesses of the mainstream neo-realist and neo-liberal theoretical frameworks, an attempt is made to go beyond the dichotomy between security-oriented systemic constraints and the economic neo-liberal development model, through bringing in alternative causal factors. These factors include cultural institutions such as “cosmopolitan” vs “communitarian” group identities, as well as “democratic” vs “authoritarian” forms of government. Ultimately, the conclusion drawn is that there is conceptual space in IR for an alternative theory of the state; one perhaps most useful as an augmentation—rather than as a replacement— of the rational unitary-actor model. This alternative image would need to include the pluralistic and fallible aspects of an individually-mediated nation/state as a political, economic, and socio-cultural entity. The approach taken here is to focus on the economic sphere through an examination of various “free-market” vs “interventionist” institutional variables. China/US economic policies are used throughout as a case study providing a framework for the analysis.

Keywords: *free-market, rational-actor, economic interventionism, state theory, methodological individualism*

Introduction: The “State” of an IR Theory of the State

Mainstream IR theory has largely coalesced around an image of the state as a rational unitary-actor within the international system. Within this perspective, the

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state at the international level is personified, as though it were comparable to a “self-interested” individual. However, turning to specific IR scholars, many express ambiguous understandings in terms of the ontological status of the state. For example, in *Theory of International Politics*, Kenneth Waltz “freely admits” that states “are in fact not unitary purposive actors.”¹ In “The Richness of the Tradition of Political Realism,” Robert Gilpin comments: “Of course...the state does not really exist,” and warns of the need to avoid “the fallacy of reification.”² Richard Little, in *The Logic of Anarchy*, makes the point that the state as a unitary-actor model is, “simply a form of shorthand,” referring to, “the human agents who represent the state.”³ And Marjo Koivisto discusses, “the widespread (if often implicit) analytical assumption that while the state is a ‘useful’ conceptual abstraction for the analysis of world political analysis, it is not ‘real.’”⁴ Alternatively, Richard Ashley argues that while many IR theorists make efforts to qualify the state as unitary-actor assumption in *principle*; in *practice*, these qualifications tend to be ignored, and consequently, as concerns domestic politics, the state becomes a theoretical black-box subject to various enablements and constraints imposed by top-down systemic forces.⁵ As such, according to Ashley, these qualifications are essentially meaningless.⁶

Ashley and others have pointed out some serious drawbacks that come with the state as unitary-actor abstraction. However, some degree of conceptual abstraction is an indispensable aspect of all theoretical constructs. In order for a theory to focus on particular variables, certain factors must be made *exogenous* and others *endogenous*. Neorealism, for example, has opted to focus on systemic causal forces, making other potential causal factors—e.g. ideas and domestic politics—exogenous to the theory. By contrast, neoliberal institutionalism allows room for economic institutions but remains largely rooted in the assumption that these exist predominantly at the systemic—rather than domestic or individual—level.⁷ Going further than neoliberalism, constructivism brings in more socio-cultural ideational factors, but again—similar to neoliberalism—examines these factors predominantly within a system/unitary-actor framework.⁸ Significantly, all three positions, in order to facilitate making systemic causes fundamental, adhere to the rational unitary-actor

1 Kenneth Waltz, *Theory of International Politics* (New York: McGraw Hill, 1979), 119.

2 Robert Gilpin, “The Richness of the Tradition of Political Realism,” in *Neorealism and its Critics*, ed. Robert O. Keohane (New York: Columbia University Press, 1986), 318.

3 Barry Buzan et al, *The Logic of Anarchy: Neorealism and Structural Realism* (New York: Columbia University Press, 1993), 112.

4 Marjo Koivisto, “State Theory in International Relations: Why Realism Matters,” in *Scientific Realism and International Relations* (Cambridge: Cambridge University Press, 2010), 69.

5 Richard Ashley, “The Poverty of Neorealism,” in *Neorealism and its Critics*, ed. Robert Keohane (New York: Columbia University Press, 1986).

6 Ibid.

7 Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (Longman, New York, 2001).

8 Alexander Wendt, *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1998).

image of the state. This assumption of the state as a rational unitary-actor becomes necessary because once the state is “opened-up,” parsimony is sacrificed to the more complex reality of domestic and individual level ideas and practices. However, while disciplines should not strive for an overly complex theory which tries to mirror reality, IR practitioners should also be wary of theories which are too parsimonious, thereby running the risk of making exogenous what are in fact significant—if not indispensable—explanatory factors.

The unavoidable limitations of any theory are part of the logic behind Robert Cox’s oft-quoted assertion: “theory is always *for* someone and *for* some purpose.”⁹ In other words, theories are never *value-free*, to the extent that they cannot escape having a particular perspective even in trying to deny one.¹⁰ If this is correct, then there can never be one definitive IR theory which comprehensively explains all international behavior—all theories being (to varying degrees) partisan, partial, and inescapably fallible. As a consequence, there are undoubtedly many possible images of the state; some likely preferable to the unitary-actor model; especially if one’s goal is to develop insights different from those uncovered through the positivistic, materially-oriented theoretical perspectives—or what John Ruggie refers to as the “neo-utilitarian” approaches.¹¹

To investigate the impact of factors outside the neo-utilitarian approach, as a means to assess the need for an alternative model of the state, the current work examines the impact of certain ideational institutions on state behavior. The term institution is a complex one. In IR theory there are at least two senses in which the concept comes into play. There are the systemic institutions of neoliberal institutionalism. These types of institutions have ideational aspects but come into being predominantly through international organizations.¹² In the second sense, the English school understands institutions as essentially comprised of ideational rules and norms which impact state behavior. From this perspective, institutions are social constructs; however, for the English school these constructs are restricted to the systemic level, directing state behavior within what Bull calls “international society.”¹³ The sense in which institutions are intended here is more akin to the social constructs of the English school, rather than the international organizations of neoliberal institutionalism—although most relevant institutions have aspects which exist through organizations. However, against the English school, an argument can be made that the shared ideational institutions relevant for IR can be considered *multi-scaler*, in that they exist at both the domestic and international levels—although

9 Robert W. Cox, “Social Forces, States, and World Orders,” *Millennium: Journal of International Studies* 10, no. 2, (Jun. 1981): 129.

10 Robert W. Cox, *Approaches to World Order* (Cambridge: Cambridge University Press, 1996).

11 John Gerard Ruggie, “What Makes the World Hang Together? Neo-utilitarianism and the Social Constructivist Challenge,” *International Organization*, Vol. 52, (Autumn, 1998): 855-885.

12 Keohane and Nye, *Power and Interdependence*.

13 Bull, *The Anarchical Society*.

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usually the international level instantiation is not as extensive as the domestic one. A good example of this involves political institutions: democratic political systems of governance, perhaps to a greater degree than authoritarian systems, are based upon a slew of ideational institutions which undergird democratic practices. Some examples include beliefs in the value of universal suffrage, representative government, freedom of speech, equality under the law, etc. Although these institutions have *thicker* instantiations at the domestic level, there are international aspects of democratic values which exist at the systemic level, though in *thinner* form—for example, the idea that all nations should have the right to vote in the UN general assembly, or the belief that certain human rights are universal.

Two important sets of multi-scaler ideational institutions, widely proposed as having an impact on the international behavior of states, are the various *free-market* and *interventionist* sets of ideas involved in the political debate over the economic policies and practices various states should pursue. On one side, free-market neo-liberals advocate minimal (if any) government interference—whether at the domestic or international level—while on the other side, a diversity of ideational institutions have developed around a variety of interventionist economic policies.

There are several types of interventionism which derive from a variety of motivations, but at least three types are relevant for IR. The first type is *protectionism*, involving a *security-oriented* form advocated by neorealism. However, there are other institutional motivations behind protectionist policies, having to do with non-rational factors such as fervent nationalism, dogmatic religiosity, and economic and political ideologies. The second type of interventionism is related to *distributive justice*—basically involving the idea that some form of wealth distribution is both feasible and just. Finally, the third type of interventionism tries to alleviate the *tragedy of the commons*; which is essentially the way common resources are often ravaged by unregulated free-market policies. For example, interventionist measures are at times advocated to try and galvanize the protection of shared ecosystems. While all three forms of interventionism are important, due to considerations of space only the various *protectionist* forms of interventionism will be investigated here.

With the end of the Cold War and the collapse of Soviet communism, the Western version of free-market liberal democracy seemed on the verge of becoming the sole political/economic model globally, and as such Francis Fukuyama famously declared “The End of History.”¹⁴ However, as of yet historical issues seem far from settled, with one subsequent occurrence being the development of a form of authoritarian state-capitalism within some former communist countries. Today, Russia and China—both widely considered to be politically authoritarian states—have economic systems in which state-owned enterprises (SOEs) play a large role

14 Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 2006).

in the economy (as of 2017, about 30 to 40 percent of GDP by some estimates).¹⁵ At the same time, in the West, proposals to curtail the development of free-trade agreements—increasingly by populist political actors—appear to represent a renewal of more traditional protectionist (or mercantilist) ideas and beliefs. Furthermore, while states with emerging economies seem committed to increased economic integration, state-capitalism can also be understood as a form of protectionism wherein political proponents hope to shield their domestic economies from what they presumably fear will be the negative effects of opening fully to a globalized free-market system.

Mainstream IR theory has basically two theoretical responses to the various *free-market* and *interventionist* institutions, the most prominent being the neo-realist approach, and the second most influential deriving from neo-liberalism. The neo-realist approach focuses on the structural distribution of material capabilities among state, and on the threat this distribution poses to the security interests of various powerful states. Alternatively, the neo-liberal approach brings-in economic integration—and corresponding institutional regimes—at the systemic level.¹⁶ Neoliberals argue that these institutions foster interstate cooperation, consequently mitigating the purely security-oriented pressures considered within neorealism.¹⁷

Neorealism was a great fit for the bipolar international structure, which largely characterized the Cold War era. However, it is widely accepted that the end of the Cold War created doubts about the efficacy of the theory to contend not only with the causes of the end of the Cold War but also explanations for the fundamental causal factors set to shape the emerging era. Initially, it seemed obvious that this era would be largely American dominated, with a globalist-oriented free-market form of economic development at the forefront. But the last three decades have witnessed the significant rise of China towards peer competitor status, challenging American dominance (globally, in economic terms, and increasingly, regionally, in terms of military power). Initially, the mainstream neoliberal belief was that as China opened-up economically, liberalizing political reforms would ensue which would then foster further free-market economic reforms. However, while some degree of economic liberalization has been enacted, this has not seen any corresponding development of broader reforms, with the CCP maintaining significant government control over not only domestic markets, but the internal political and social situation in general.

Due to these varying circumstances, several questions arise: Is the neo-

15 State Department: Office of Investment and Affairs, “China-7-State Owned Enterprises,” July 25, 2017, https://www.export.gov/article?id=China-State-Owned-Enterprises&fbclid=IwAR3_2ucSSakV8Z3TT2HQpEZaUCmgQ80yN7y9QLQmaiV-NeytHN7uLP9Zy0g; Bofit Viikkokatsaus, “State Enterprises and the State May Generate Around 40 Percent of Russian GDP,” Nov. 17, 2017, https://www.bofit.fi/en/monitoring/weekly/2017/vw201746_3/?fbclid=IwAR1i7h5X-HwU34QlqnMvcFCXYvv_znnHvzbSoDPGiCaj0DzZMKBfMG-axKMs

16 Robert O. Keohane, “International Institutions: Two Approaches”, *International Studies Quarterly*, 32, (Dec. 4, 1988): 381, 386.

17 *Ibid.*

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utilitarian perspective, with its structure/unitary-actor framework, sufficient for explaining and understanding international relations as they relate to the economic policies and practices of China and the US? Alternatively, does IR need a theory that takes greater account of relevant multi-scaler ideational institutions in order to explain the contemporary international practices of powerful states? Ultimately, would this require a different theoretical model of the state, and if so, what would this alternative model look like?

An Alternative Model of the State

In *The Anarchical Society*, Hedley Bull writes, “World order is more fundamental than international order because the ultimate units of the great society of mankind are not states (or nations, tribes, empires, classes or parties) but individual human beings...”¹⁸ From this position, the significance of the individual is not restricted to the domestic level, but rather, permeates the international level through what Bull designates as “world order.” In this sense, there are at least two ways to view the international system: one mediated by states as unitary-actors within the international order and the other mediated by individual agents throughout the world order. Of course, these are just different versions of the analytical lenses described by Steve Smith, through which the analyst can alternately view the same reality.¹⁹ Perhaps through the lens of world order, instead of restricting mainstream IR analysis to an image of the state as a kind of “personified” unitary-actor, analysis of the shared ideas—or institutions—and coordinated actions—or practices—of the individuals who comprise the state can prove advantageous to the field.

In viewing the “world order” as more fundamental, Bull indicates the important role individual agency plays in constructing bottom-up collective action, which in turn mitigates the impact of top-down structural forces. If this is true, then a case can be made that any alternative image of the state should involve some form of *methodological individualism*. In *Economy and Society*, Max Weber also advocates for the primacy of the individual as the basic constitutive unit of social reality. Accordingly, Weber understands larger social units (e.g. corporations, political parties, religious organizations, the sovereign state, etc.) as abstractions of aggregated individuals, rather than entities with independent ontological status.²⁰ However, in contrast to the atomistic individualism utilized predominantly within microeconomics—where individuals are viewed as autonomous rational actors—Weber’s individualist methodology makes use of collectivities of individuals through

18 Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (London: Macmillan, 1977), 21.

19 Steve Smith, “Epistemology, Postmodernism and International Relations Theory: A Reply to Østerud,” *Journal of Peace Research* 34, no. 3 (Aug. 1997): 330-336.

20 Max Weber, *Economy and Society: An Outline of Interpretive Sociology*, ed. Guenther Roth and Claus Wittich, (Berkeley: University of California Press, 1979).

his concepts of the *ideal-type* and *averages of groups*.²¹ Weber's "collectivistic" methodological individualism suggests an irreducible individual agency which permeates the various ideational institutions that structure society. It is these individually-mediated institutions (values, norms, ideologies, etc.), and the practices they inspire that largely mitigate what would otherwise be a more deterministic and materialist understanding of both social structure and historical process.

In sections one and two below, the mainstream neorealist and neoliberal explanations for the economic policy choices of states are explored. This exploration is undertaken to evaluate the impact of limitations which arise from each positions making *exogenous* various analytical factors. China/US economic relations and policies are used to assist in this evaluation. If the neorealist and neoliberal perspectives do not adequately explain the international economic policies and behavior of powerful states, then perhaps IR analysis needs to go beyond the neo-utilitarian reliance on the rational unitary-actor assumption. An attempt is made in the final section to construct a preliminary outline of what an alternative state model might look like. Essentially, rather than a *rational-unitary* state, an alternative *pluralistic-fallible* model is suggested. In terms of the *pluralistic* character of the state, various *national components* are proposed including a political, economic, and socio-cultural elite, and various instantiations of the populace. As well, rather than rational actors, that make objective decisions based on material and security interests, the individuals who comprise the national components are understood as *fallible* actors who make decisions based upon all manner of non-rational beliefs, desires, norms, and traditions.

Guided by Weber's collective form of methodological individualism, the social actions of the individual agents who comprise the various national components suggested above, give rise to and develop various ideational institutions—understood as Weberian ideal-types. Several groups of institutions are suggested which seem likely to impact international behavior. First and foremost, for the analysis at hand, are the economic-oriented *free-market* and *interventionist* institutional beliefs which provide the focus of the current investigation. However, neither of these economic institutions can be studied in isolation from various other inter-related political and socio-cultural sets of ideas. These include *cosmopolitan vs communitarian* socio-cultural institutions, and *democratic vs. authoritarian* political institutions. Again, China-US economic relations and policies are used as a case study to evaluate the potential of the various aspects of this alternative model. Hopefully, an alternative *pluralistic-fallible* model of the state can assist in evaluating the impact of individually-mediated institutional factors on state behavior, not only in terms of US/China relations and economic policies but as concerns relations across the international and world orders more generally.

21 Ibid.

1) Neorealist “Security-Oriented” Protectionism

In IR, security-oriented protectionism is represented by a Hobbesian-inspired neorealist perspective. Advocates of this position generally view the global economy as a zero-sum competitive arena, where states face a security-dilemma if they allow competitor states to make significant material gains relative to their own. The neo-realist framework largely consists of analysis of the structural distribution of power (or material capabilities, in Waltz’s terms) across an anarchically-ordered system, and the assumed fundamental desire of states to maximize either their security (defensive realism)²² or power (offensive realism).²³ Basically, the proliferation of free-market institutions will remain largely unproblematic until a rising power proves to be making relative economic gains over an established power.²⁴ Once these gains become evident, the established power will likely place curbs on economic integration, essentially because, for neo-realists, security concerns supersede economic considerations.²⁵

From within this framework, the US-China relationship provides a fitting example of what Graham Allison calls the *Thucydides’s Trap*, where a rising power comes into conflict with an established power, and both must contend with unavoidably destabilizing structural forces.²⁶ Also within this framework, an image of the state as a rational unitary-actor is considered analytically sufficient.

In terms of China/US relations, neo-realism predicts that as China’s relative power increases, the US will adopt more nationalistic and protectionist economic policies. Basically, political actors in the US will come under increasing pressure to enact policies which conform to state security needs. Consequently, as China strengthens economically and militarily, at some point cooperation should begin to fracture, as Washington implements interventionist policies intended to impede a competitor’s rise. According to the logic of the theory, if it is deemed necessary to restrict China’s relative economic growth, security-oriented political actors will even advocate for policies that impede their own nations’ economic development.

Problems With Security-Oriented Explanations

While the neorealist system/unitary-actor framework admittedly has significant analytical value; does it adequately explain the motivations behind the various economic policies and practices pursued by the US and China? In Allison’s analysis

22 Waltz, *Theory of International Politics*.

23 John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York, London: W. W. Norton and Company, 2001)

24 Joseph Grieco, “Anarchy and the Limits of Cooperation,” *International Organization*, Vol. 42 (1988): 485-507.

25 Ibid, 485-507.

26 Graham Allison, *Destined for War: Can America and China Escape Thucydides Trap* (Boston: Houghton Mifflin Harcourt, 2017).

of Thucydides trap, war occurred in twelve out of the sixteen cases studied. Presumably then, even explanations focused on systemic forces and material power must accept that there are factors which mitigate the probability of war. These mitigating factors likely involve certain non-systemic conditions; in particular, domestic politics as well as individually-mediated—but widely-shared—ideational institutions. The focus here is on the impact these types of factors might have on the choices of powerful states to pursue free-market vs interventionist policies. In this section on neorealism, the question is one of whether or not security-oriented explanations for protectionist economic policies prove adequately comprehensive. One of the main critiques of neorealism concerns the inability of the theory to account for why states have significantly expanded economic interaction following the end of the Cold War, both within Europe and across the globe. However, while this is an important area of inquiry, this is not the focus of analysis here. Rather, the purpose of this investigation is to try and understand why protectionism has seen a resurgence in the early part of the 21st century, to the extent that it appears to be impeding the further development of free-trade policies.

One problem with the neorealist explanation for the protectionist resurgence is that, while security-oriented explanations for interventionism offer a motivation for the economic protectionism of an *established power*, they do not offer any obvious explanation for why a *rising power* would choose interventionist policies. According to most mainstream economic theories, free-market policies provide the maximum potential for economic growth; and in general, the structural realist model does not challenge this assertion. As such, a rising power enjoying relative economic gains compared to its rival should fully support the greatest possible extension of free-market/free-trade conditions. However, China has maintained control of state-owned enterprises (SOEs) as well as restricted foreign access to its domestic markets on a variety of fronts. This is partly why many analysts have labeled China's economic system as "authoritarian capitalist."²⁷ The ideational factors which have likely led to this state of affairs have to do with attitudes of political actors towards the neoliberal free-market ideology, and thus will be examined in the following section. It is sufficient to point out here that security-oriented protectionism is only a part—if admittedly an important part—of the bigger picture.

Another problem is that security-oriented protectionism is also subject to the critique that it potentially creates security threats where none exist, thereby creating unnecessary impediments to economic growth. This idea of the creation of security-threats reflects Ole Wæver's concept of "securitization," where forces within the state ruling apparatus manufacture external security-threats through the manipulation of the discourse around security; sometimes for the purpose of

27 Ang Yuen Yuen, "Autocracy with Chinese Characteristics Beijing's Behind-the-Scenes Reforms," *Foreign Affairs*, (April 16, 2018).

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solidifying political authority, rather than actually furthering state security.²⁸ This is a potential explanation for tensions between the US and China, where each side paints the other as a potentially dangerous enemy for their domestic audiences, rather than because they represent imperative existential threats. Certainly, just by being powerful states, both countries present security dilemma type threats to one another. As China grows economically and militarily, the US does have legitimate security concerns, and in turn, China has legitimate concerns that the US will try to stop or limit that growth. Nevertheless, both the CCP's struggle to maintain authority, as well as the rise of populist nationalism in the US—and indeed more broadly across the Western world—mean that both governments tend to use the threat posed by each towards the other as a tool to garner support from their respective populaces. In the US, this is pursued through attempts to increase protectionist measures against China. In China, this condition may in part explain why the CCP government is hesitant to allow a more extensive opening of the economy to the global market.

Given the above conditions, it seems apparent that both US and PRC forms of economic protectionism cannot be adequately explained within the neo-realist security-oriented framework. As such, an argument can be made that the unitary-actor state model proves problematic through making exogenous domestic and ideational factors which might better explain the economic protectionist policies of both states. Ultimately, while the neo-realist perspective remains largely indispensable for the discipline, it may be that its exclusive adherence to explanations involving systemic factors and unitary-actor states is too parsimonious in that it excludes too many significant factors. Unlike neorealism, however, the neoliberal institutional perspective does allow for the inclusion of economic institutions in order to try and explain increased cooperation between states. An examination of the neoliberal argument is the focus of the next section.

2) The Neo-Liberal “Free-Market” Argument

Starting in the late 20th century, international economic relations increasingly developed to favor the interests of a globally-oriented economic elite. This process reflected a Kantian-inspired ideology which claims that free-market policies simultaneously secure the cosmopolitan interests of both the economic elite and the global populace more generally. Essentially, unregulated markets supposedly allow various nations to utilize their comparative advantages (in the case of poor countries, cheap labor, and natural resources) to create the most efficient global economy possible; thereby leading to the highest achievable standards of living

28 Barry Buzan, Ole Weaver, and Jaap de Wilde, *A New Framework for Analysis* (USA: Lynne Rienner Publishers, Inc., 1998).

for the greatest number of people.²⁹ If this is indeed the case then, regardless of how well-intentioned, any attempts at intervention—whether through regulations, wealth-redistribution, or other means—will only impede market efficiency leading to increased levels of inflation, poverty, and unemployment.³⁰

In opposition to security-oriented forms of interventionism, free-market advocates suggest that the material benefits of economic cooperation outweigh the security risks;³¹ and consequently, the community of states would be wiser to ignore protectionist impulses in favor of implementing expansive free-trade policies. Furthermore, the most optimistic of the free-market/free-trade advocates argue that an internationally integrated economy will ultimately promote not only prosperity throughout the world order, but peace across the international order as well.³²

Advocacy for unregulated free-markets is often attributed to neoliberalism. However, the term “neoliberal” has various meanings, at least one denoting an *economic* neoliberalism, and another an IR version. The strictly economic version of neoliberalism advocates for a globalized free-market and has been promoted—at least since the end of the Cold War, by the establishment of both major US political parties. However, concerning the unmitigated benefits of this global system, IR neoliberals tend to be somewhat less sanguine than their economist cousins. This is largely due to IR neoliberals generally accepting, along with neorealists, certain structure-oriented features of the international system. These include the state as rational unitary-actor assumption as well as the basic anarchic condition of the overall system. This tends to make IR neoliberals more attuned to the potential for unintended conflict within the international system than it is generally the case with the economic version. Nevertheless, IR neoliberals are inclined to be more optimistic than neorealists about the possibility of states forming peaceful relations through economic ties, especially through fostering institutional regimes.³³

Problems With Neo-Liberal Free-Market Ideology

Against the predictions of the advocates for increased economic globalization; dissatisfaction with globalization—which arguably began in earnest with the APEC protests of 1997—have only continued to grow.³⁴ Today, predominantly in the West, there is significant opposition to the globalization process on both the political left

29 Ludwig Von Mises, *The Theory of Money and Credit* (USA, Pacific Publishing Studio, 2010).

30 Milton Friedman, *Price Theory* (New Jersey: Transaction Publishers, 2008).

31 Thomas Friedman, *The Lexus and the Olive Tree* (New York: Anchor Books, 2000).

32 Erich Weede, *Balance of Power, Globalization and the Capitalist Peace* (Potsdam: Liberal Verlag, 2005).

33 Stephen D. Krasner, *International Regimes* (Ithaca, NY: Cornell University Press, 1983).

34 Maryse Zeidler, “We were at this tipping point’: APEC protests at UBC continue to shape politics 20 years later,” Nov. 25, 2017, <https://www.cbc.ca/news/canada/british-columbia/we-were-at-this-tipping-point-apec-protests-at-ubc-continue-to-shape-politics-20-years-later-1.4417358>

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and right. However, if neoliberals are correct about the benefits of a global economy, and if states are indeed rational actors, then there should be little impediment to increased economic interconnection. As noted in the last section, security-oriented explanations argue that states fail to develop significant economic cooperation because of security concerns surrounding relative gains, not because of doubts about the potential material benefits of economic integration. But just as security-oriented explanations were not adequate to explain the interventionist policies of a rising power, the neoliberal framework does not offer a satisfactory explanation for why states would reject free-market ideational institutions. There are at least two possible reasons for such rejection. One is that states are *fallible*, as opposed to *rational*, actors; and as such, for a variety of reasons and often against their best interests, fail to pursue economic integration. The other possibility is that states are actually correct in their assessment of economic globalization, essentially coming to the conclusion that it has negative consequences which require them to place limitations on its development. This is different from the neorealist argument that, for security reasons, states sacrifice the economic gains they could otherwise make from increasing free-market policies. Rather, the argument is that states believe that free-market policies in and of themselves have negative economic consequences.

Concerning these negative consequences, the French economist Thomas Piketty has argued that the prosperity developed through globalization has overwhelmingly benefited a small percentage of a global economic elite, with broader income distribution being far less than anticipated.³⁵ Likewise, critics of economic globalization argue that workers in developed countries face high levels of unemployment, as manufacturing jobs have supposedly been outsourced to developing nations, and not replaced by new technology-driven or service industry forms of employment.³⁶ Regardless of causal accuracy, the belief that economic globalization unfairly benefits a global economic elite, and that manufacturing jobs have predominantly been lost to outsourcing rather than automation, has gained political traction in many Western states, cultivating resistance to globalization on both the political left and right.

Ultimately, however, the question of whether states reject free-market policies because they are fallible actors or because free-market policies are fundamentally flawed cannot be definitively answered here. Suffice to say there is likely a certain amount of truth in both assertions. The main point is that, in the current era, there is significant impetus within powerful states to reject the neoliberal globalization project, and the reasons for this rejection is not adequately explained by either the neoliberal or neorealist perspectives. If it turns out that populist resistance to free-market ideology has significant consequences for international relations, then the

35 Thomas Piketty, *Capitalism in the Twenty-First Century* (USA: The Belknap Press of Harvard University Press, 2014).

36 Scott Tong, "What went wrong with globalization," Aug. 07, 2017, <https://www.marketplace.org/2017/08/07/world/trade-stories-globalization-and-backlash/what-went-wrong-with-globalization>

entire neo-utilitarian paradigm falls short of providing adequate explanations for economic interventionism; as such, the theoretical framework constructed around the rational unitary-actor model needs to be subjected to sharper scrutiny, with an eye towards a significant restructuring of IR theory.

The US and Economic Neoliberalism

The “Washington consensus” is the term identified with the economic neoliberal perspective, which generally refers to a group of US-backed policy prescriptions for developing economies. This policy program advocates that all nations (developing or developed) should deregulate any state-owned economic operations and open their economies to unrestrained free-trade and foreign investment.³⁷ In order to bring about conformity, pressure was/is exerted on poor states largely through the denial of loans and funding from American-dominated global development organizations, in particular the World Bank and the International Monetary Fund.³⁸

However, if it turns out that the Washington consensus hinders rather than assists economic growth and integration, this would seem to indicate that the assertions of free-market advocates—claiming that merely opening to unrestrained global markets is the best policy choice for all states—is called into question. Indeed the Washington consensus has faced considerable criticism. According to Joseph Stiglitz, the consensus’s set of “one size fits all” policies promotes the interests of a global economic elite without taking account of the varying needs of specific developing nations.³⁹ Furthermore, states have often been pressured to make “shock therapy” reforms they were not ready to absorb, and ultimately this has contributed to economic and political crises.⁴⁰ Echoing many of Stiglitz’s critiques, Ha-Joon Chang has argued that the implementation of protectionist policies by weaker developing nations can help their economies strengthen by fostering more mature industries capable of competing internationally—a practice sometimes called “infant industry protection.”⁴¹ Chang also points out that core states benefit from “kicking away” the same protectionist ladder they used to develop their own economies at earlier historical times, thereby denying to poor states a means of escape from the resource-based economies that tend to be representative of states

37 John Williamson, “What Washington Means by Policy Reform,” in *Latin American Readjustment: How Much has Happened*, ed. John Williamson (Washington: Institute for International Economics, 1989).

38 Joseph Stiglitz, *Globalization and its Discontents* (United States: W. W. Norton and Company, 2002).

39 Joseph Stiglitz, *Freefall: America, Free Markets, and the Sinking of the World Economy* (USA: W. W. Norton and Company, 2010).

40 Ibid.

41 Ha-Joon Chang, “Kicking Away the Ladder: The Real History of Free Trade,” *Foreign Policy in Focus* (December 2003).

on the periphery.⁴²

If the free-market is the most efficient way to grow the economy, both globally and domestically, then why have so many developing states failed to develop under the Washington consensus? In terms of its promotion of external economic policies, perhaps the US advocacy of the Washington consensus is in part due to a fallible decision-making process within the American-devised international organizations set up to promote global economic development. Maybe these organizations simply misunderstand the correct means towards furthering the prosperity of poor countries. Or alternatively, perhaps the Washington consensus is purposely designed to keep the core nations at the core, and the peripheral nations on the periphery. If the latter scenario is true, then development policies are intentionally designed to be ineffective. The neo-utilitarian paradigm's exclusive use of the rational unitary-actor state model and reliance on systemic level explanations, does not encourage the exploration of any deeper explanations for why the Washington consensus has remained for so long at the forefront of the US-advocated developmental policy for peripheral states, especially considering the evidence that it impedes optimal results.

Concerning the internal economic policies of the US, there seems to be an emerging shift away from the promotion of unrestricted free-trade, and towards increasingly protectionist policies. This trend appears to be part of a broader movement towards increasing populist nationalism across the developed Western world. Again, this could be due to the fallible nature of the state political apparatus and protectionist interests based upon populist nationalism might represent a mistaken evaluation of where American national interests more accurately lie. Potentially, this could be part of a cynical move by populist leaders to garner political support from a fervently nationalistic, but ultimately misinformed, segment of the populace. Alternatively, however, it could also be that elements of the political establishment truly believe protectionism can create more jobs for Americans, thereby strengthening the US economy and garnering political support from working- and middle-class people. In any event, a return to a more *mercantilist* kind of protectionism would indicate doubts concerning the veracity of the neo-liberal economic ideology. The fundamental point, however, is that the neo-utilitarian paradigm only provides a partial explanation for this populist shift towards protectionist interventionism.

China and Economic Neoliberalism

The neorealist security-oriented perspective offers an explanation as to why an established power would pursue protectionist measures; however, if an unregulated free-market is indeed the most efficient way for a state to achieve economic prosperity—as the neoliberal world view suggests—then why would a rising power behave in a protectionist manner? Indeed, rather than exhibiting any unquestionable

acceptance of the neoliberal free-market ideology, Beijing seems to have significant misgivings, in terms of both its externally and internally directed economic policies.

Unlike the Washington consensus, Beijing's overall external economic policies are intentionally designed to *explicitly* reassure authoritarian regimes that they will not be censured on issues such as domestic human rights abuses. Through a set of policies some have labeled the "Beijing consensus," the Chinese government claims not to be concerned with the internal politics of the countries it provides assistance to.⁴³ This position is defended as being a form of respect for the sovereignty of developing nations, as opposed to being, as some critics argue, a lack of concern for "universal" human rights.

The Beijing consensus largely involves significant loans of capital and expertise for the development of much-needed infrastructure projects, predominantly in South East Asia, Africa, and South America. In South America, for example, as of 2017, China was providing more monetary aid than the World Bank and the Inter-American Development Bank combined.⁴⁴ The Beijing consensus is generally considered part of the CCP's widely discussed "Belt and Road" initiative. Concerning these developmental projects, the increasing debt that Chinese foreign investment creates, along with a tendency of Belt and Road projects towards the extensive use of Chinese equipment and labor, has led some governments to question not only the long-term benefits of Chinese investment but also the goals.⁴⁵ Some argue that the ultimate goal for the CCP is to increase China's regional and global power; and that, while the Beijing developmental model claims to respect the sovereignty of client states, its real-world impact may be to undermine their autonomy, placing them more firmly under Chinese control.⁴⁶

In large part both the Beijing consensus and the Belt and Road initiative can be explained within a neo-utilitarian perspective: i.e. an attempt by Beijing to increase China's global power (neorealism), while also encouraging increasing global economic cooperation (neoliberalism). However, the fact that Beijing is unconcerned with human rights abuses clearly has an impact on international relations, and is one factor the explanation of which needs to consider domestic conditions—especially the authoritarian character of China's political system. Furthermore, there seems to be a sense in which the Belt and Road initiative is more about nationalistic prestige than actual rational material gains in power or wealth. If this is the case, then again the neo-utilitarian framework needs to be reevaluated, and perhaps augmented, utilizing a perspective which considers internal socio-cultural factors, such as the possibility that China has—for whatever historical reasons—a propensity towards

43 Stephan Halper, *The Beijing Consensus: How China's Authoritarian Model Will Dominate the Twenty-First Century* (New York: Perseus Books, 2010).

44 Jonathan Eckart, "8 things you need to know about China's economy," June 23, 2016, <https://www.weforum.org/agenda/2016/06/8-facts-about-chinas-economy/>

45 Halper, *The Beijing Consensus*.

46 Ibid.

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an irrational degree of nationalistic fervor.⁴⁷ Additionally, perhaps an exploration of the degree to which the Belt and Road initiative is a non-rational policy, implemented by a fallible government decision-making process, can also help explain some of its shortcomings.⁴⁸

In terms of internal economic policy, although the neoliberal economic perspective argues that interventionism should work against China's economic interests—slowing optimal growth—China's political leaders seem committed to intervention, especially as concerns certain core industries.

There are a variety of reasons why this might be the case. It may represent attempts to control the economy for neorealist security-oriented concerns; or it could be that the CCP leadership believes state-owned enterprises help secure the continued dominance of the ruling party.⁴⁹ Although from a purely economic standpoint (in the neoliberal sense), SOEs do not appear to be a rational economic strategy, perhaps they allow the Chinese government some measure of control over the pace and direction of development as well as provide a means to offer certain powerful groups and individuals—whose interests are tied up in the prolonged existence of SOEs—incentives to support the continuation of the one-party system. Political elite leaders likely fear that if they relinquish too much economic control, the Party will face greater challenges to its political dominance. However, while such fears may be realistic, any major economic slowdown will also likely threaten continued CCP rule. Consequently, Party leaders walk a tightrope between their desire to maintain political authority, and the need to open up to the free market in order to ensure continued economic success. Viewing the Chinese political elite from this perspective is important because it allows consideration of the degree to which policy decisions are less about pursuing rational state interests and more about the party securing its position of authority.

While many experts argue that Beijing's interventionist policies are unsustainable over the long-term, eventually causing an inevitable economic stagnation,⁵⁰ as yet the CCP seems to have staved off the more dire of these predictions. The possibility remains, however, that such predictions have been averted because adoption of unrestrained free-market policies is not absolutely advantageous, and perhaps aspects of Beijing's interventionism actually help rather than hinder optimal economic growth. If this is the case, then somewhat ironically, in behaving in a manner considered irrational by the neo-utilitarian perspective, Beijing is actually behaving like a self-interested rational actor.

While China's *external* economic policies appear to largely conform to the expectations of the neo-utilitarian paradigm, i.e. designed to maximize power and

47 Martin Hart-Landsberg, A Critical Look at China's One Belt, One Road Initiative, Oct. 5, 2018, <https://mronline.org/2018/10/05/a-critical-look-at-chinas-one-belt-one-road-initiative/>

48 Ibid.

49 Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy*, (Cambridge, Ma: Harvard University Press, 2006).

50 Ibid.

material gain, they also partly appear driven by a non-rational nationalism. When we examine China's *internal* economic policies there appears to be significant resistance to any unmitigated acceptance of the neo-liberal free-market ideology, which is not compatible with the security-oriented neorealist predictions of how a rising power should behave. Furthermore, as previously indicated with the US, moves towards a populist nationalist rejection of unmitigated free-market policies are also not explainable by the mainstream IR theories. Importantly then, there are strong indications that domestic factors, such as the desire of a political establishment to gain and maintain control of the states governing apparatus, have significant effects on state policy decisions independent from either top-down structural constraints or rational security and economic interests. If this is indeed the case, the development of a theory of the state which at minimum brings in domestic variables is warranted. Essentially, the analysis of US/China economic relations and policies seems to indicate that the form of government (democratic or authoritarian), the socio-cultural attitudes of the populace towards nationalistic prestige, and the fallible nature of the policymaking process, are all factors which have consequences for international relations and consequently need to be reflected in a more complex theory of the state.

3) Towards an Alternative Image of the State?

The above analysis indicates significant analytical gaps in both the neorealist and neoliberal explanations for the economic policy decisions of China and the US. Neither theory provides a comprehensive explanation for why a rising power, like China, would adopt internal protectionist policies nor adequately explains the motivational agency behind populist moves towards protectionism in the US. Neo-utilitarian approaches also offer no means through which one can explain the differences between the Washington and Beijing consensuses. If states generally behave like rational unitary-actors, then why do the US and China pursue fundamentally different policies in terms of their internal approach to the global free-market and their external economic involvement with developing countries? Perhaps these gaps are indicative of the need for a theory which considers non-systemic causal forces in a more systematic fashion rather than the *ad hoc* or speculative forms of analysis applied within the neo-utilitarian approach. To achieve this would likely require an alternative to the rational unitary-actor model of the state. In terms of economic institutions, this model would need to consider more than just a choice between, on the one hand, protectionism oriented towards state security; and on the other, neoliberal economic develop intended to foster unregulated, though maximum, economic growth.

Moving beyond the duality of either security-oriented interventionism or free-market neoliberalism and in the direction of a more complex theoretical framework—one which explores the role of “ideational institutions” in the formation of state behavior—provides the logic behind an argument for an alternative model of the state. Ideational institutions consist of broadly shared ideas which guide the collective practices of individuals at all levels of analysis. As noted previously,

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these ideas are more akin to the English school understanding of the various norms which guide behavior in an *international society*, as opposed to the organizations which neoliberal institutionalists see grounding *regimes*. However, unlike the English school, the concept of ideational institutions utilized here understands these shared ideas as being constituted by individuals, rather than unitary-actor states, and existing at all levels of analysis. So, for example, as an instantiation of an ideational institution, *free-trade* represents all the arguments put forth to justify the implementation of free-trade policies, with the goal of developing a globalized free-trade system. Relevant multi-scaler (i.e. individual, domestic, international, and global level) institutions examined here include the economic institutions which are the focus of the current work—*free-market vs. interventionist* as well as the institutions which undergird forms of government in the political sphere—in particular *democratic vs. authoritarian* political systems and institutions in the socio-cultural sphere—especially involving shared ideas supporting *cosmopolitan vs communitarian* beliefs and practices (nationalism being an important example).

An Image of the State as Pluralistic-Fallible Nation

If mainstream neo-utilitarian theories do not adequately account for the various institutional motivational factors behind the international policy choices of states, where should any theoretical augmentation or reform be implemented? Perhaps the most obvious and fruitful place to begin is attempting to modify the specific theory of the state adhered to within mainstream IR. Across the discipline, the rational unitary-actor model has become almost theoretical orthodoxy; a position arguably requiring significant reevaluation in the current era. The rational unitary-actor assumption makes at least two specific claims: 1) that states can be usefully understood as *unitary-actor* entities in the international system; 2) that states should be considered *rational actors*. These two aspects of the mainstream model serve to structure the argument for an alternative image of the state as a *pluralistic-fallible* nation.

Limitations of the Systemic/Unitary-Actor Framework?

While some IR theorists (notable Alexander Wendt,⁵¹ along with certain advocates of the scientific realist perspective)⁵² argue that the state is literally some kind of emergent unitary *superorganism*, for most analysts the state as unitary-actor assumption is a useful theoretical abstraction rather than ontological fact. The latter position holds that the unitary-actor model facilitates the analytical isolation

51 Alexander Wendt, "The State as Person in International Theory," *Review of International Studies*

30, no. 2 (April 2004): 289-316.

52 Jonathan Joseph and Colin Wight, *Scientific Realism and International Relations* (London: Palgrave Macmillan, 2010).

of top-down systemic forces on state behavior and that once these forces have been conceptually isolated from other factors, analysts can then layer alternative explanations back-in. Consequently, when one understands the systemic pressures on unitary-actor states, one can look at the actions of specific individual leaders for example, in light of those fundamental pressures. This position makes two assertions. First, that theorists should clearly maintain the unitary-actor assumption as a heuristic tool rather than a mirror of reality; and secondly, that top-down systemic constraints are the fundamental factors driving international state behavior, other factors being of lesser impact or of secondary importance.

The problem with the *first* assertion is that IR theorists continuously ignore (or in the case of Wendt and the scientific realists, totally deny) that the unitary-actor image is an analytical abstraction. This abrogates Robert Gilpin's warning against developing the "fallacy of reification" of the state,⁵³ which becomes especially problematic in terms of making predictions about state behavior and correspondingly advocating for specific foreign policies. As it is well known, for a variety of reasons the social sciences are notoriously difficult fields for practitioners to accurately predict events. In some cases, the neo-utilitarian paradigm, with its exclusive reliance on a systemic/unitary-actor framework, causes the predictions and prescriptions which emerge from the discipline to be even more prone to error than might otherwise be the case. With this in mind, perhaps an alternative model of the state, one which facilitates analysis of a variety of multi-level institutional causal factors, as well as a plurality of relevant actors—both within the state and across the international system—might allow for clearer insights into the likely causes and consequences of certain policy prescriptions and state actions.

The second assertion, that systemic constraints are the fundamental causes of state behavior, is also problematic; and has similar consequences for any predictions and policy prescriptions derived from the discipline. The problem is, in some ways, similar to critiques of the economic determinism found in certain versions of Marxism. More Weberian-type *interpretivist* perspectives have tried to understand the impact that ideas have on historical development, seeing ideas as autonomous factors guiding the practice of embodied individual agents, rather than as ephemeral consequences of fundamental material forces. In IR, top-down systemic factors (especially the structural distribution of material capabilities) undoubtedly have an important impact on state behaviors, but it is not at all clear in what sense they are more "fundamental" than the ideas guiding the ordered practices of individuals. Just as one should remain skeptical of the Marxist argument that the material base determines the ideational superstructure, in IR, one can also question the degree to which structural constraints across the international system supersede the ideational as explanatory factors behind state behavior. Ultimately, rather than superfluous, ideational factors may be "fundamental" in their own right.⁵⁴

53 Gilpin, "The Richness and Tradition of Political Realism," 318.

54 Wendt, *Social Theory of International Politics*.

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Examples of ideational factors having an impact either independent from, or additional to, top-down structural forces abound. In terms of America's external approach to economic globalization, the Washington consensus is comprised of ideological beliefs in the infallibility of unrestrained free-market policies to bring about economic development in poor countries. These ideas have pushed corresponding policies forward even in the face of material evidence that the consensus is seriously flawed. Concerning internal US free-market policies, a recent shift in the public conversation, towards normalizing beliefs amongst certain politicians and segments of the populace regarding a populist nationalism, has pulled American policy in a protectionist direction. Turning to China's external economic approach, the Beijing consensus is imbued with ideas concerning the lack of importance of human rights abuses in sovereign countries, and the Belt and Road initiative has been argued to involve certain policies which are less about gaining material capabilities, and more about furthering nationalistic prestige—a need often fueled by the “century of humiliation” narrative.⁵⁵ The point is not that these ideational forces exist in isolation from systemic forces; rather, it is that they have a degree of independent causality which under certain circumstances might prove more causally primary than systemic forces. As such, their analysis needs to be included in the disciplines theories in a more systematic fashion, and one preliminary move in this direction involves an exploration of a modified *pluralistic* model of the state.

Having indicated some significant impact of ideas on international relations, what would an alternative pluralistic model of the state look like? In *The Sources of Social Power*, Michael Mann describes several possible theories of the state which may be of use in this regards.⁵⁶ The first, *economic class theory*, is a rather reductionist vision of the state as merely the political arm of the capitalist class.⁵⁷ However, this perspective indicates that an economic elite should be considered an important component of any pluralistic model of the state. Mann then discusses *pluralist theories* of the state, which he critiques as reducing the state to just one actor among many. Alternatively, Mann understands the state's political apparatus as having some fundamental role in the formation of state policy and action. Mann's third theory of the state he calls *elitist/statist* theory. This perspective sees the state as containing a political class with autonomous “distributive power,” which is basically the ability to direct the “collective power” available to the state.⁵⁸

Mann's various theories provide some guidelines for the potential *national components* which would comprise any pluralistic state model. Clearly these components would need to include a *political elite* and *economic elite*, and an argument could be made for the inclusion of a *socio-cultural elite* (academics and

55 Andy S. Lee, “A Century of Humiliation: Understanding the Chinese Mindset,” Feb. 18, 2018, <https://www.mironline.ca/century-humiliation-understanding-chinese-mindset/>

56 Michael Mann, *The Sources of Social Power: Volume 2, The Rise of Classes and Nation States 1760-1914* (Cambridge: Cambridge University Press, 1993).

57 Ibid, 46.

58 Ibid, 48-49.

creators of popular culture for example), the members of which have a broad impact on the way ideas comprising ideational institutions are constructed and disseminated. In terms of the state, the political elite would be distinct from economic and socio-cultural elites in that it would be more than merely the political arm of the capitalist class or just one actor among many other equals. The political elite is distinct in its control of the distributive power of the state, and consequently, all other actors must pursue their interests through the political elite if they hope to impact upon state policy and behavior. Besides elites, other components of a pluralistic state model would involve various instantiations of the populace. Perhaps as political constituents, economic consumers, and the embodied individuals through which the social relations and cultural institutions which comprise the state are constructed and maintained.

Rational Actor vs. Fallible Agent and the Role of Ideational Institutions

Mann describes a fourth state theory, *institutional statism*, which views the state as comprised of certain institutions which constrain all actors, including the political class.⁵⁹ Mann writes: “States are essentially ways in which dynamic social relations become authoritatively institutionalized.”⁶⁰ This theory leans towards a kind of *functionalist* social-order inducing perspective on the state. Perhaps to counter this functionalist tendency, Mann introduces a fifth and final theory of the state which he refers to as *foul-up theory*, which basically tries to grasp the degree to which states are, in Mann’s words “chaotic, irrational, with multiple departmental authorities, presumed erratically and intermittently by capitalists but also by interest groups.”⁶¹ To some extent, the chaotic aspects of the foul-up nature of the state mitigate what would otherwise be the determinative consequences of authoritative institutions. As a result, rather than states being exclusively *rational actors* pursuing material interests oriented towards increased security or economic gains—within the confines of stability inducing state institutions—states are also *fallible agents* formulating policies with imperfect information because of various non-rational motives, including an array of value-oriented beliefs, desires, and social norms

In some ways, it is even more difficult to conceive of the state, in comparison to an individual, as a rational actor. This is because complex collective entities are comprised of sub-groups made up of individuals with shared interests. However, not only do these various sub-groups have divergent interests—and, as a consequence, compete for political influence, economic advantages, and social status—but even the individuals who comprise these groups compete against one another. This essential pluralistic nature of collective entities means that, while states can pursue rational courses of action, this is not an inevitable outcome; as such, the assumption

59 Ibid, 52
 60 Ibid, 52
 61 Ibid, 53

of the state as rational-actor may obscure vital internal conflicts and contradictions which impact upon any specific state's international behavior. Add to this that the individuals and groups which comprise the state are all fallible actors, operating under partial information and for various non-rational desires and beliefs, and it is remarkable that states manage to function in an apparently rational manner even some of the time. Arguably, one way the appearance of order arises is through the existence of various shared ideational institutions, which although fallible, tend to have at least some relation to external material reality and correspondingly guide the collective actions of broad groups of individuals.

Ideational institutions come in a variety of forms. *Political* and *economic* ideational institutions generally undergird various ideologies—ideational institutions surrounding a free-market ideology, for example. However, when it comes to *socio-cultural* institutions, we are discussing the more deeply rooted ideas through which individuals imbue their lives with meaning and purpose. To that extent, socio-cultural institutions are involved in the construction of each individual's sense of identity, and as such are in many ways psychologically deeper than political and economic institutions; which are generally oriented towards the more objective necessities of social reality—weapons and material resources for example.⁶²

Socio-cultural institutions such as *cosmopolitan* or *communitarian* forms of identity have the potential to influence the international behavior of states. While these institutions may proliferate without intentional direction, once developed, they can be manipulated by various actors (political or otherwise) in attempts to influence various security-oriented and economic foreign policies. One important example of a non-rational force, which has motivated significant international behavior in the modern era, occurs when extremist nationalist movements strongly influence and/or directly control the *distributive power* of the state, to the extent that adherents are willing to make huge sacrifices—of both resources and lives—for irredentist causes which have no practical hope of success. Importantly, however, there are also less virulent forms of nationalism that have an impact on international state relations. Besides nationalism, there are various other kinds of *communitarianism* relevant for IR, including religious extremism, and to some extent more emotional aspects of certain political and class-based ideologies. But for the current analysis of China/US relations, nationalism appears to be the more prominent instantiation of communitarian identity. For example, attempts by elements of the US political elite to enact policies aimed at slowing China's rise may be predominantly security-oriented; however, this process also manipulates a nationalistic narrative, similar to Waever's "securitization" process,⁶³ through which China is presented as "the enemy." Looking at China, the CCP's authoritarian rulers have also been known to stoke nationalist sentiments as a means to bolster support amongst the populace,

62 Molly Cochran, *Normative Theory in International Relations: A Pragmatic Approach* (Cambridge: Cambridge University Press, 1999).

63 Buzan et al, *A New Framework for Analysis*.

especially in terms of attitudes within China concerning issues such as Taiwanese independence or Japanese war crimes.⁶⁴ To achieve maximum impact on popular opinion, such nationalistic narratives (whether the need to “make America great again; or China’s “century of humiliation”) will likely contain elements of truth combined with appeals to chauvinistic communitarianism. Once stirred up, these nationalistic narratives have an impact on economic policies, especially in terms of fostering forms of protectionist economic interventionism.

Turning to domestic level *political* institutions, whether a government is predominantly *democratic* or *authoritarian* arguably has some significant impact on economic policy decisions in several divergent ways. In a *democracy*, for example, in the face of economic elite pressure to support unrestrained free-market policies, oppositional interventionist policies are difficult to implement without popular public support. Consequently, various political actors may either try to manipulate the populace into supporting policies which work against their interests, or alternatively, an informed electorate might use the democratic system to pressure governments to implement—where they conflict with economic elite interests—policies which further the interests of the general populace. In terms of *authoritarian* governance, as a one-party state, China’s political elite are, at least in principle, less constrained by public opinion (including the opinions of free-market oriented economic elites) than are political actors in the US. As such, one would expect that the CCP faces less resistance to the implementation of policies favored by the Standing Committee political leadership. But even in an authoritarian system, Chinese leaders cannot completely ignore varying opinions and interests when it comes to policy implementation. Partly as a consequence, China’s policymakers have developed a system many analysts refer to as “authoritarian capitalist.”⁶⁵ While to some extent this political/economic system is constructed to further China’s state interests (economic prosperity and state security, for example), it is also designed with the aim of perpetuating CCP authoritarian rule—which may be a “rational” goal for the CCP political elite, but not necessarily for the state as a whole.

Ultimately, the process through which state constituting fallible sub-groups, representing a plurality of interests, vie for distributive political power and influence within the state must at some point be brought-in to IR analysis. While the parsimony of the neo-utilitarian theories is attractive, the analytical costs in terms of understanding the complexities of state behavior may be too high for the systemic/unitary-actor framework to stand alone, especially as concerns the rational unitary-actor assumption as the principal image of the state in IR. Consequently, IR needs an alternative theory to augment, rather than replace, the unitary purposive actor model. One alternative might be some version of the *pluralistic-fallible* model of the state described above.

64 Peter Hays Gries, *China’s New Nationalism: Pride, Politics, and Diplomacy* (University of California Press, 2004).

65 Richard Carney, *Authoritarian Capitalism* (Cambridge: Cambridge University Press, 2018).

Conclusion

In IR, neo-realists tend to subscribe to a Hobbesian-inspired type of conflict theory, viewing economic competition as a zero-sum game inevitably producing winners and losers. Consequently, states are seen to cooperate economically only as long as their competitors are not making significant gains relative to their own. States which make significant gains in material resources relative to their competitors shift the distribution of material capabilities, thereby simultaneously increasing their power and magnifying security dilemma induced tensions between themselves and their economic partners. Alternatively, an economic neo-liberal position holds to a Kantian view in which free-market policies utilize non-zero-sum processes to spur economic growth—i.e. as the economy increases everybody benefits. Proponents of this position argue that the benefits of economic integration have the capacity to mitigate the constraints imposed by systemically-structured security threats.

Against the free-market optimism of the neoliberal perspective, neorealists point out that states have security interests which diverge from those of the economic elite.⁶⁶ Accordingly, economic elite actors function in a sphere in which security is assumed because guaranteed by the state.⁶⁷ In other words, corporate actors do not need to prepare for war against competitors (although this could change in the future). As a result, economic elites generally advocate for the proliferation of free-trade policies, whereas the political sphere has a propensity towards security-oriented protectionist interventionism.

This dichotomy between neorealist security concerns and the neoliberal belief that economic integration can mute the more brute aspects of state power under anarchy is one of the major currents which runs through mainstream IR theory. However, critiques of this framework come from a variety of directions, perhaps most prominently the constructivist position outlined by Wendt. Constructivism borrows from sociology the view that ideas have an important role to play in creating the social framework from within which individuals experience the external world.⁶⁸ However, Wendt's constructivism maintains one important continuity with the mainstream IR paradigm; namely, the assumption of states as rational unitary-actors. Against this assumption, the thrust of the argument presented here is that IR needs to develop an alternative model of the state; one which brings in the shared ideational institutions (norms, beliefs, ideologies, etc.) which motivate coordinated, but individually-mediated, social practices. Rather than existing at the systemic-level, and formulated exclusively by the unitary-actor state (as are Wendt's international ideas), these ideas are developed from the bottom-up, through

66 Robert Jervis, "Realism, Neoliberalism, and Cooperation: Understanding the Debate," *International Security* 24, no. 1 (1999): 42–63.

67 *Ibid.*, 42-63.

68 Wendt, *Social Theory of International Politics*.

a process of intersubjective communication, leading to coordinated and contested social practices.

The main purpose of this paper has been to evaluate the need in IR for an alternative to the rational unitary-actor model of the state. This evaluation was attempted by focusing on free-market vs. interventionist economic institutions. An investigation of the neo-utilitarian explanations for why states pursue either free-market policies or various forms of economic interventionism was undertaken, with the aim of determining whether mainstream IR explanations for the economic policies of states appear adequate. To assist in this endeavor, US and China economic relations and policies were used as a case study. In the first section, the analysis indicated that while neo-realist explanations involving security-oriented protectionism do explain a significant degree of great power motivations behind protectionism, there appear to be contingent factors, such as nationalism, which are not accounted for by the neorealist structure/unitary-actor framework.

The second section, exploring neoliberal explanations for economic cooperation indicated that even the addition of economic institutional explanations—although a move in the right direction—is still not enough to adequately explain the interventionist economic policies of the US and China. Analysis indicated that both in their respective internal and external economic policies, the US and China have motivations for their policies and actions which go beyond what can be explained by systemic level factors and the rational unitary-actor state model. In terms of the Washington consensus, it was pointed out that faith in the policy's prescriptions went beyond the rational desire to increase the supposedly non-zero-sum economic gains said to come from globalization. Additionally, as for what concerns the so-called Beijing consensus, values surrounding a lack of importance for human rights, as well as cultural concerns over national prestige, appeared to bolster the Belt and Road initiative beyond the rational pursuit of security and material resources. The analysis also indicated that domestic politics had an impact on the internal adoption of unrestrained free-market policies for both states as well. In the US, a populist nationalist movement seems to be pushing the nation towards an increasingly protectionist position. In China, CCP fears of losing political control subordinates free-market openness to a seemingly ineradicable level of state control.

Consequently, it was argued that there is enough analytical need to justify the creation of an alternative image of the state; one intended to *augment* rather than *replace* the unitary-actor model. This alternative image would take account of certain ideational institutions at the various levels-of-analysis. These institutions should be understood as Weberian ideal-types and basically represent the individually-mediated shared ideas that undergird coordinated social practices. Some institutions most likely relevant for IR, beyond the *free-market/interventionist* dichotomy, include socio-cultural *cosmopolitan* and *communitarian*, as well as politically-mediated *democratic* and *authoritarian* sets of institutional ideas.

When it comes to the respective economic policies pursued by the US and China, it goes without saying that the impact of either nations' choices will have far-reaching implications. These implications go beyond the bilateral relations between the US and China affecting the global economy, and by extension, Bull's

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international and world orders as well.⁶⁹ Ultimately, whether a tendency towards free-market or interventionist policies characterizes international relations depends on the ability of either *globalist* or *nationalist* narratives to capture the distributive power of the state, and thereby shape the policy implementation process in either nation. Importantly, however, the flourishing of *unrestrained* free-market institutions is not an unquestionably positive outcome for either states' respective domestic populace, or the global populace in general. However, interventionism, especially in the form of protectionism, also contains significant drawbacks. In particular, it may impede economic growth and efficiency with real-world consequences, especially as concerns the quality of life for the hundreds of millions of the previously (and largely still) disenfranchised workers globalization has pulled out of poverty.⁷⁰

In the final analysis, it does appear that the mainstream neo-utilitarian paradigm, and the corresponding rational unitary-actor state model, is able to explain a lot of international behavior, especially the tendency of China and the US towards security-oriented protectionism—reflective of Graham's *Thucydides Trap*.⁷¹ However, there are also indications that the systemic/unitary-actor framework is not sufficient for understanding several important reasons why the US and China have chosen varying aspects of their specific attempts at economic interventionism—varying aspects of the Washington vs Beijing consensuses for example. Consequently, a more adequate explanation will depend in part upon understanding the impact of domestic factors and ideational institutions as mitigating factors of systemic forces, and perhaps this can be accomplished more comprehensively through engagement—at all levels of analysis—with an image of the state as a more *fallible* and *pluralistic* agent than the mainstream image of the state as rational unitary-actor allows.

69 Bull, *The Anarchical Society*.

70 Stiglitz, *Globalization and its Discontents*.

71 Graham, *Destined for War*.