

STATE, SECURITY, AND INTEREST: LIMITS OF EUROPEAN INTEGRATION

by

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## **ABSTRACT**

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Keywords: International cooperation, interstate negotiation, structural realism, rational bargaining theory

Under what conditions do security seeker states more inclined to initiate cooperation? What determines negotiation outcomes? Standard realist explanations argue that security-seeker states rarely cooperate even if their interests converge. This study proposes an analytical framework which argues that international cooperation and negotiation can best be explained through two theories, arrayed in a multistage model, which takes its fundamental assumptions from theories of structural realism and rational bargaining. Basically, the framework requires, first, the application of structural realist theory to explain the conditions under which states initiate cooperation; and second, the application of a rationalist theory of bargaining in order to explain what determines negotiation outcomes. With respect to the emergence of international cooperation, the framework argues that power symmetry and a large number of actors, as structural factors, conjointly increase the likelihood of international cooperation. A large number of actors with evenly distributed power will be more likely to initiate cooperation because such actors will believe that relative gains and losses from cooperation will not shift the balance of power in favor of one actor. As for interstate negotiation, the framework argues that whether negotiating actors exchange concessions depends largely on the relative bargaining power of the actors rather than their military power. The study focuses empirically on the negotiations for the European Defense Community (EDC) between France and the Federal Republic of Germany and concludes that the limits of European integration lie in the changing relative bargaining power of the member states in a given policy area not the nature of that policy area.

## ÖZET

### DEVLET, GÜVENLİK VE ÇIKAR: AVRUPA ENTEGRASYONUNUN SINIRLARI

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Anahtar Kelimeler: Uluslararası işbirliği, Devletlerarası müzakere, Yapısal Realizm, Rayonel pazarlık teorisi

Güvenlik arayan devletler hangi koşullar altında işbirliği başlatmaya daha meyillidir? Devletlerarası müzakere sonuçlarını ne belirler? Standart realist açıklamalar, güvenlik arayan devletlerin çıkarları uyuşsa bile nadiren işbirliği yaptığını ileri sürmektedir. Bu tez, uluslararası işbirliği ve devletlerarası müzakereleri açıklamak için yapısal realizm ve rasyonel pazarlık teorilerini içeren iki aşamalı bir analitik çerçeve sunmaktadır. Temel olarak, bu çerçeve, devletlerin hangi koşullar altında işbirliği başlattıklarını açıklamak için yapısal realist teoriyi; devletler arası müzakere sonuçlarını neyin belirlediğini açıklamak için de rasyonalist bir pazarlık teorisi içermektedir. Yapısal realist bir açıdan bu çerçeve, gücün devletler arasında kabaca eşit dağıldığı bir bölgede işbirliği yapacak aktörlerin sayısı arttıkça devletlerin işbirliği yapmaya daha meyilli olacaklarını iddia etmektedir. Eşit güce sahip çok sayıda aktörün işbirliği başlatma ihtimali daha yüksek olacaktır çünkü böyle bir durumda ilgili aktörler işbirliğinden kaynaklanan göreceli kazanç ve kayıpların mevcut güç dengesini bir aktör lehine aniden değiştirmeyeceğini değerlendireceklerdir. Devletlerarası müzakere konusunda ise bu çerçeve, uluslararası müzakereler esnasında devletlerin birbirlerine taviz verip vermemelerinin müzakereci aktörlerin askeri güçlerinden ziyade göreceli pazarlık gücüne bağlı olduğunu öne sürmektedir. Bu tez, yapısal faktörlerin işbirliği ihtimalini; devletlerin göreceli pazarlık gücünün ise müzakere sonuçlarını nasıl etkilediğini açıklamak için Fransa ile Federal Almanya Cumhuriyeti arasındaki Avrupa Savunma Topluluğu müzakerelerini incelemektedir. Avrupa entegrasyonu konusunda bu tez entegrasyonun sınırlarının belli bir politika alanının doğasından ziyade devletlerin söz konusu alandaki göreceli pazarlık gücünde yatmakta olduğu sonucuna varmaktadır.

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## CHAPTER 1

### INTRODUCTION

This study aims to explore the following questions: Under what conditions do security seeker states more inclined to initiate cooperation? And what determines negotiation outcomes?

So far, issues related to international cooperation have mostly been studied under the framework of liberal and institutionalist international relations theories. Those theories provide valuable insights for understanding the determinants of non-altruistic cooperation among states. However, liberal theories have their shortcomings when it comes to security cooperation. In terms of international cooperation, the extant liberal studies have emphasized the role of domain structure (i.e., security, economy) to explain whether cooperation is possible. Accordingly, states are more likely to cooperate in the realm of economy; and less likely to cooperate in the realm of security since these domains contain different payoffs. States would have less incentive to cooperate in military affairs because the cost of being cheated is very high in that domain. Therefore, conventional liberal international relations theories are more concerned with cooperation in economic affairs while realists deal with security issues.

Even though security issues have always been attributed to realist theories, realists have neglected various dimensions of security cooperation among nations. They, instead, have focused on alliances. States form alliances against security threats.<sup>1</sup> The term “alliance” does not necessarily mean “security cooperation” since security

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<sup>1</sup> For the literature on Alliance formation, see Walt, S. M. (1990). *The origins of alliances*. Cornell University Press; Snyder, G. H. (2007). *Alliance politics*. Cornell University Press.

cooperation can also exist in the absence of a threat.<sup>2</sup> This is what realists miss when it comes to security cooperation.

Given this gap in the literature, this thesis examines the structural factors that lead states to coordinate their security and economic policies, under uncertainty, relative gain and cheating problems. The paper focuses empirically on the negotiations for the European Defense Community (EDC) between France and the Federal Republic of Germany, and attempts to identify how structural factors and states' relative bargaining power determine negotiation outcomes at the international level.

### **1.1 The Argument of the Thesis**

This study argues that international cooperation and negotiation can best be explained through two theories, arrayed in a multistage model, which takes its fundamental assumptions from theories of structural realism and rational bargaining. The aim of the study is not to develop a new theory or model to explain international cooperation. Rather, the study attempts to nest one grand theory—a structural realist theory of international cooperation and one rationalist middle-range theory—an interstate rational bargaining theory, within a two-stage structured framework. Basically, the framework requires, first, the application of a structural realist theory to explain why states initiate cooperation; and second, the application a rationalist theory of bargaining in order to explain what determines whether negotiating states strike a deal at the international level. To explain international cooperation, hence, two tasks are crucial. First one needs to explain what factors lead states to initiate cooperation. Second, one needs to explain what factors determine the outcome of interstate bargaining.

To begin with the structural realist part of the framework, this thesis argues that power symmetry and a larger number of actors, as structural factors, conjointly increase the likelihood of international cooperation.

When power is equally and evenly distributed in a geographic domain, states in that domain will assess that their security is less threatened since no single state can become the hegemon in a very short time period. This will lead to states to be less concerned about the possibility of falling behind their partners. States, therefore, may

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<sup>2</sup> Milner, H. V. (1997). *Interests, institutions, and information: Domestic politics and international relations*. Princeton University Press.

neglect the negative effects of relative gains problem, as the gains to be obtained from cooperation will not immediately change the balance of power in that region.

Along with power symmetry, the larger the number of actors to cooperate, the less important the relative gains concern will be. In such a situation, the relative advantage of better-positioned states will be neutralized by the gains obtained from other weaker states. Since there will be more than one cooperation dyad, states will have the opportunity to compensate their relative losses in one dyad with a more favorable dyad.

To sum up, more actors with evenly distributed power will be more likely to initiate cooperation because such actors will believe that relative losses from cooperation will not shift the balance of power in favor of one actor.

As for the rational bargaining part of the framework, the initiation of cooperation does not guarantee that the involving parties will reach an agreement. Cooperation may breakdown. According to the conventional structural realist logic military power is the most important tool to manipulate other actors' strategies and positions in a cooperation setting. So the argument goes, the stronger the state, the more its bargaining power. However, this logic fails to explain cases in which weaker states have the leverage to impact bargaining outcome.

The framework argues that reaching an agreement at the international level depends on the relative bargaining power of cooperating actors rather than their military power. The relative bargaining power of a state depends on the following conditions: whether a unilateral action is available for that state; whether the state has outside/inside options; and whether the state has the capability to propose an alternative coalition, and urgency of preferences.

Combined with each other, these factors determine the bargaining power of a state in the face of its partners. Relative bargaining power influences whether negotiating states exchange concessions. If mutual concessions are made it is more likely that the involving states would strike an agreement.

As for the empirical puzzle, this thesis deals with the origins and limits of European integration in broader terms. Despite high-level of economic interdependence, European states have not been eager to further military integration. Much of the work

on this issue has emphasized the nature of policy domains. Accordingly, states more inclined to cooperate in the realm of economy since the cost of being cheated in this realm is lower than in the realm of security.

In general, regarding the origins of European integration, this thesis argues that the equal distribution of power in Western Europe immediately after the World War II allowed the states to initiate cooperation in needed policy areas. At the time, most Western European countries were warworn. There was no potential hegemonic country in Western Europe to dominate the region. The total power was distributed evenly among major nations like Germany, France, and Italy. Since the relative gains problem is more salient when security dilemma conditions prevail, Western European states managed to start cooperative endeavors to improve their economy and military. Without the fear of falling behind their partners, Western European states sought to maximize their absolute gains.

While the balance of power made European integration possible at the beginning, the members' relative bargaining power in various policy area does not allow the integration push forward. In the realm of security, the major European states have not been eager to further develop an intra-European (rather than transatlantic) cooperation arrangement due to NATO. The alliance has played a crucial role for European nations in the provision of their security. NATO, as being an alternative option, has impeded a possible European security integration. Today, the security cooperation among European states is limited compared to the integration in the realm of economy.

## **1.2 The Importance and Contribution of the Thesis**

The analytical framework presented in this study contributes to understanding international cooperation in various ways. First, with respect to theoretical contribution, it expands the realist sight on international cooperation by showing how states neglect relative gains problem even under anarchy and uncertainty. As I will discuss in further sections of the study, the framework shows that, unlike standard realist theories, when faced with the probability of cooperation, states focus on absolute gains, not relative gains.

Second, the framework attempts to set light to negotiation process once cooperation has started, which is an understudied subject for structural realist theories.

Most realist accounts explaining international cooperation fail to address the factors that were influential both before and after the negotiation process begins. This framework offers a parsimonious explanation on why states initiate cooperation and what determines negotiation outcome.

Third, as a conceptual contribution, the framework treats the concept of cooperation as a distinct concept from the concept of alliance. Regarding these two concepts, there is an ambiguity in the family of realist theories. Most realist studies on determinants of international cooperation use these concepts interchangeably. This misunderstanding has led to realist theories handle the problem of international cooperation in a misleading way. The framework shows how international cooperation is possible and not an anomaly but a puzzle to be solved.

### **1.3 The Concept of Cooperation**

To explain the causes and consequences of international cooperation, we should first understand the nature of the concept of cooperation. To understand the nature of cooperation, we, first, need to define the concept clearly. Then, we need to distinguish cooperation from other types of state behavior. Finally, we need to identify the forms of cooperation so that we can make robust analysis regarding the concept.

To begin with the definition of cooperation, despite the fact that realists and liberals diverge over the causes and limits of international cooperation, there is a compromise over the definition of the concept in the discipline of international relations.<sup>3</sup> Most of international relations scholars employ Robert Keohane's definition of cooperation. Keohane identifies the occurrence of cooperation as follows: "[...] *when actors adjust their behavior to actual or anticipated preferences of others, through a process of policy coordination.*"<sup>4</sup> As the definition suggests, policy coordination is an important feature of cooperation. Policy coordination occurs through a process. The puzzle that needs to be solved lies in that process.

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<sup>3</sup> Milner, H. (1992). International theories of cooperation among nations: Strengths and weaknesses. *World politics*, 44(3), p. 467.

<sup>4</sup> Keohane, R. O. (2005). *After hegemony: Cooperation and discord in the world political economy*. Princeton University Press. p. 51.

Liberal scholars argue that policy coordination requires reciprocity—which means the exchange of roughly equivalent values of both goods and bads.<sup>5</sup> As a liberal, Keohane notes that what is central for the emergence of cooperation is contingency and equivalence.<sup>6</sup> Joseph Grieco, as a realist, on the other hand, argues that cooperation occurs when involving parties achieve a balanced distribution of gains.<sup>7</sup> Hans Morgenthau points out states grant concessions in order to gain equal compensations.<sup>8</sup> Liberals and realists put a similar requirement for the emergence of cooperation. As Helen Milner notes Grieco’s notion of balanced exchange sounds remarkably like Keohane’s conception of reciprocity.<sup>9</sup>

Further, according to both approaches, one important requirement for international cooperation is that the cooperating parties expect that they will mutually exchange some values. While implicitly agreeing on the exchange of values, liberals and realists, however, are divided on how the values that will emerge as the result of this mutual exchange will be distributed among the parties. This divergence leads the discipline to a well-known debate—relative gains and absolute gains debate, as will be discussed in more detail in the later chapters of this study.

To sum up, we can understand that there are two important elements that form cooperation. First, the common definition assumes that cooperative behaviors are toward some goal/s, second, it implies that involved actors will be better off by the expected mutual, if not equal, gains.<sup>10</sup> The essence of cooperation is, thus, policy coordination and adjustment to get mutual gain.

After the nature of cooperation has been examined, it is equally important to understand what cooperation is not. In general, the concept of competition is used as the opposite form of the concept of cooperation. Competition is a phenomenon that is examined mostly in realist international relations theories. While the parties expect mutual gains in the cooperation, the parties try to prevent each other's gains in the

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<sup>5</sup> Milner, *Ibid.*, p. 471.

<sup>6</sup> Keohane, R. O. (1986). Reciprocity in international relations. *International organization*, 40(1), Relations, p. 5.

<sup>7</sup> Grieco, J. M. (1990). *Cooperation among nations: Europe, America, and non-tariff barriers to trade*. Cornell University Press. p. 47.

<sup>8</sup> Morgenthau, Hans, (1948). *Politics Among Nations: The struggle for power and peace*. Nova York, Alfred Kopf. p. 135-136.

<sup>9</sup> Milner, *Ibid.*, p. 471.

<sup>10</sup> *Ibid.*, p. 468.

competition.<sup>11</sup> In addition, the concept of cooperation should not be confused with the concept of alliance, another concept which is often studied by realist theories. Alliances also require mutual policy adjustment in a similar way as cooperation does, but, as George Liska has stated, “*alliances are against, and only derivatively for, someone or something*”,<sup>12</sup> while cooperation is *for* something.

Finally, touching upon forms of cooperation is crucial in understanding the causes and consequences of international cooperation, which will be examined in the following chapters. Cooperation can emerge in various ways. Oran Young classifies three forms of cooperation. Accordingly, cooperation can be tacit, negotiated, and imposed.<sup>13</sup> Tacit cooperation does not require a clear and explicit communication between the cooperating parties. The Prisoner Dilemma situation, which is used in game theoretical models, can be considered as an example of tacit cooperation since the actors are not allowed to communicate.<sup>14</sup>

Imposed cooperation suggests that cooperation can be enforced by a hegemonic state in the system. This type of cooperation requires mutual policy adjustment in certain policy domains by minor actors and the hegemonic power itself. Imposed cooperation falls into the category of hegemonic stability theories which will be examined in later sections of this work.

The third type of cooperation is negotiated cooperation. This is the most common form of interstate cooperation. This type is also easily identified since it involves an explicit communication and negotiation process between and among the cooperating parties. Most of the literature on international cooperation study this type of cooperation. This study will take into account negotiated cooperation since the claim of this thesis is to offer a new analytical framework consists of both initiation and bargaining process of cooperative endeavors among states.

## 1.4 Methodology

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<sup>11</sup> Ibid., p. 468.

<sup>12</sup> Liska, G. (1962). Nations in alliance: The limits of interdependence. Johns Hopkins Press. p. 12.

<sup>13</sup> See Young, O. R. (1989). *International cooperation: Building regimes for natural resources and the environment*. Cornell University Press; Young, O. R. (1980). International regimes: Problems of concept formation. *World Politics*, 32(3), 331-356; Young, O. R. (1986). International regimes: Toward a new theory of institutions. *World politics*, 39(1), 104-122.

<sup>14</sup> See Jervis, R. (1978). Cooperation under the security dilemma. *World politics*, 30(2), 167-214.



In this study, I will combine case study and analytical narratives methods to test my argument. The reason I combine both methods is that using these two methods allows us to better evaluate the data and evidence. While analytical narratives method offers opportunities to deal with the key actors and their interaction, case studies, on the other hand, emphasize the role of key variables.<sup>15</sup> So, by combining both methods, we will be able to evaluate the key actors, the context and the causal mechanism of the case presented in this study.

To begin with, case studies are useful research techniques to make inferences and to describe events thoroughly. Case studies could be designed in a descriptive and explanatory fashion.<sup>16</sup> In this study, I used an explanatory case study since this thesis' framework claims to explain and understand the determinant of international cooperation in the context of European integration. Since this thesis attempts to develop a new analytical framework, designing an explanatory case study would allow us to better deal with analytical and empirical issues. If this thesis had sought to test theories from the extant literature, it would be a necessity to use larger data sets and empirical resources. If there is a reasonable causal chain as the causal logic of the framework stipulates, then we can conclude that the argument offers a convincing explanation. Therefore, in order to understand the argument presented in the framework, then the thesis elaborates on a mainly unique case study, which is also compatible with analytical narrative methods.

Analytical narratives method is a useful tool to evaluate the logic of an argument in the context of a particular case. This research method is usually used in studies involving rational choice theory. However, the method could be applied to other types of theories.<sup>17</sup> Since the framework presented in this study involves a rational bargaining theory to understand the determinants of interstate negotiation process, this method would be a good strategy to analyze the negotiation process between Germany and France, regarding the European Defense Community.

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<sup>15</sup> Levi, M., & Weingast, B. R. (2016). *Analytic Narratives, Case Studies, and Development*, p. 5.

<sup>16</sup> See George, A. L., & Bennett, A. (2005). *Case studies and theory development in the social sciences*. Mit Press.; Yin, R. K. (2003). *Designing case studies*.

<sup>17</sup> For a comprehensive analysis of the method, see Bates, R. H., Greif, A., Levi, M., Rosenthal, J. L., & Weingast, B. (1999). *Analytic narratives*.

Generally, analytical narratives method consists of several steps, as Levi and Weingast note.<sup>18</sup> In the first step, the researcher should identify the principal players, their preferences, and the rules of the game. In the second step, the researcher present regarding the sequence of interaction. Finally, the method requires comparative statics which is consists of the evaluation of the model.<sup>19</sup> As a widely used research method, analytic narratives method allows us to evaluate and demonstrate parsimonious causal mechanisms.

In this study, I used both primary and secondary resource to collect data. I used the Foreign Relations of the United States series which contain historical documents regarding the USA's relations with foreigner countries. It also contains American diplomatic notes, documents, and resources on American-Western European relations. I also used the Correlates of War project's National Material Capabilities dataset. As for secondary resources I mainly benefited from published scholarly materials which examine the process of European Defense Community.

### **1.5 The Organization of the Thesis**

This thesis is organized as follows: In Chapter 2, I will describe the extant literature on international cooperation in the context of European integration. In that chapter, I will, first, compare three rationalist explanations. After presenting their arguments, I will address their weaknesses and shortcomings in certain aspects of international cooperation and particularly European integration.

In Chapter 3, I will analyze structural realism and the problem of international cooperation. I will first examine structural realist arguments on the state, security, and interest. After presenting structural realism, I will examine standard structural realist approach to the problem of international cooperation.

In Chapter 4, I will present my framework. In the light of structural realism, I will seek to explain how security-seeker states initiate cooperation if certain conditions met. I will introduce the arguments of power symmetry and the number of actors.

In Chapter 5, I will present a rational bargaining theory in order to explain the determinants of negotiation outcomes at the international level. I will first examine the

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<sup>18</sup> Levi and Weingast, *Ibid.*, p. 1.

<sup>19</sup> *Ibid.*, p. 1-2.

sources of relative bargaining power. Then, I will introduce three hypotheses regarding relative bargaining power and interstate negotiations.

After the theory chapters, I will examine the case to test my argument and the hypotheses. I will concentrate on two conferences regarding European Defense Community project. I will show how relative bargaining power of Germany and France interplayed in striking an agreement.

In the final chapter of the study, I will discuss the argument of the thesis. First, I will summarize the analytical framework I introduced. Next, I will analyze how my framework fits the case and how it offers a better explanation regarding the origins and limits of European integration. Finally, I will conclude by discussing how my framework applied to future research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

It is often claimed that European integration is a unique process. However, it does not require a unique theory to explain the causes of the integration process.<sup>20</sup> European integration The European integration project is, in essence, a matter of international cooperation since the member states coordinate their policies in various areas. It is a fact that the level of cooperation in the European political communities is very high. While the determinants of the high level of cooperation is an important task to understand, we need to understand first the causes of cooperation. The discipline of international relations has a vast literature on the causes of European integration. I categorize theories on European integration into two camps: rationalist and constructivist theories. In this study, I will only examine rationalist theories due to the fact that the focus of this thesis is materialistic and non-altruistic rational cooperation. Rationalist explanations on European integration can be divided into three groups: the liberal intergovernmentalism, structural realist accounts, and institutionalist explanations.

To begin with structural realist theories, the essence of these accounts is that European integration is best understood through the balance of power politics logic. Scholars such as John Mearsheimer argue that it is the American pacifier which made Europe peaceful during the Cold War.<sup>21</sup> Accordingly, the existence of American military forces in the continent has allowed Western European states to cooperate without the fear of being exploited. If America withdraws its forces from the continent, these scholars argue, Europe would return to pre-Second World War power politics.

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<sup>20</sup> Moravcsik, A. (1993). Preferences and power in the European Community: a liberal intergovernmentalist approach. *JCMS: Journal of Common Market Studies*, 31(4), p. 474.

<sup>21</sup> Mearsheimer, J. J. (2010). Why is Europe peaceful today?. *European Political Science*, 9(3), 387-397.

Sebastian Rosato, on the other hand, argues that European integration is best understood as an attempt by the major western European states to balance against the Soviet Union and one another.<sup>22</sup> Accordingly, immediately after the end of the Second World War, Western European states were in a weaker position compared to the Soviet Union which had an overwhelming military power at that time. Given the fact that no war-ravaged European country could balance Soviet power alone, the major European powers such as France and Germany thus began to build a military-economic coalition in order to check the Soviet Union. Most of the Western European states were required to balance the Soviets through mobilizing their available resources, because of the unprecedented nature of Soviet power. To balance each other in the coalition, Rosato further argues, the major European powers have established institutions. Those institutions' main role is to provide joint control over the decision-making process in the coalition.<sup>23</sup>

Institutionalist explanations, as the name suggests, focus on the role of the institutions. The core idea of institutionalism is that institutions are actors facilitating international cooperation by helping states to overcome cooperation problems.<sup>24</sup> The leading role of institutions, therefore, is promoting cooperation by providing information; solving distribution problems, and reducing transaction costs for states.<sup>25</sup> Institutions are also important for provision of collective goods in international politics. Due to the free rider problem, states do not act unilaterally to achieve a common interest. Institutions create forums and platforms for states to interact. Institutions promote international cooperation by creating iterated games. When it comes to the European Union, institutionalists argue that European states have established institutions to reach mutual gain. Given the idea that institutionalized cooperation is more likely to persist, institutions are key variables for explaining international cooperation.

The third alternative argument on European integration is liberal intergovernmentalism. Its core argument is that European integration is a set of institutional decisions made by national governments as an outcome of interstate

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<sup>22</sup> Rosato, S. (2010). *Europe united: power politics and the making of the European Community*. Cornell University Press.

<sup>23</sup> Ibid.

<sup>24</sup> See Keohane, R. O. (1988). International institutions: Two approaches. *International studies quarterly*, 32(4), 379-396.

<sup>25</sup> See Keohane, R. O., & Martin, L. L. (1995). The promise of institutionalist theory. *International security*, 20(1), 39-51.

bargaining.<sup>26</sup> Andrew Moravcsik notes that liberal intergovernmentalism is a three-level approach to explain international economic cooperation, particularly European integration.<sup>27</sup> Accordingly, domestically determined preferences are the key drivers for governments to cooperate. However, governments cannot actualize all their preferences due to the fact that one state's preferences may create externalities over another state. In order to achieve mutual gains and to overcome the impacts of externalities, states negotiate. The outcome of negotiations is dependent upon the relative bargaining power of the involved states.

The alternative arguments that I have summarized above provide important contributions for understanding the logic of international cooperation, and European integration as well. However, they have shortcomings in certain dimensions of international cooperation.

To begin with structural realist arguments, Rosato's argument is more comprehensive compared to previous structural realist arguments. His theory of international cooperation is also based on the logic of the balance of power. However, his theory has two shortcomings. First, he treats European integration as if it were an alliance. Since the logic of alliances is different from the logic of cooperation, the European integration process cannot be better understood from Rosato's perspective. International cooperation, by larger definition, is a kind of policy coordination and adjustment that states pursue to get mutual gain. Alliances, on the other hand, are only useful tools when states have to deal with an adversary. Another point about Rosato's theory is that he, as a realist, does not touch upon relative gain problems. Distribution problems are the key factors which determine whether involving states reach an agreement.<sup>28</sup> However, Rosato does not examine negotiation and bargaining dimensions of European integration despite the fact that he puts forward a realist international relations theory of international cooperation.

To continue with institutionalist arguments, there are two essential problems with those arguments. First, institutionalist international relations theorists must overcome an endogeneity problem in their arguments. The essence of the endogeneity

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<sup>26</sup> Moravcsik, A. (2013). *The choice for Europe: social purpose and state power from Messina to Maastricht*. Routledge.

<sup>27</sup> Ibid.

<sup>28</sup> Grieco, J. M. (1988). Anarchy and the limits of cooperation: a realist critique of the newest liberal institutionalism. *International organization*, 42(3), 485-507.

problem is the question of whether states determine institutional designs or institutions determine state behavior, given the fact that institutions are formed by states. If the idea that institutions autonomously affect state behavior is true, then a new problem concerning the agency of international institutions arises: How can institutions be autonomous actors since they are, themselves, formed by states? Following the institutionalist logic, institutions are ontologically depended on states. This problem makes institutionalist accounts controversial given the fact that institutions are considered as the independent variable in these accounts.

As for the liberal intergovernmentalism, the theory focuses mainly on the determinants of national preferences related to economy. Despite the fact that it does not suggest that economy is the only factor, liberal intergovernmentalism is usually applied to economically driven preferences and interactions. Thus, state preferences are considered in terms of economical denominators. The theory has a shortcoming in terms of formation of geopolitical interests related to security. The consequences of geopolitical interests of a state such as national security needs cannot be explained very well by using second level liberal-societal approaches. National security, by definition, is a public good that states must provide it for all citizens, not for a specific social group or a business circle. While one's economic interest may exclude the economic interest of another, no one, theoretically, can be excluded from the security umbrella of a state. Societal level theories like liberal intergovernmentalism fail to explain the domestically-driven security-seeking behavior of states.<sup>29</sup>

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<sup>29</sup> For a study on bureaucratic politics, see Allison, G. T., & Zelikow, P. (1971). *Essence of decision: Explaining the Cuban missile crisis.*"

## **CHAPTER 3**

# **STRUCTURAL REALISM AND THE PROBLEM OF INTERNATIONAL COOPERATION**

### **3.1 Introduction**

The analytic framework presented in this thesis relies on the idea that security seeking is a behavior that derives from the structure of international politics, not domestic politics and domestic structures. The framework, thus, argues that structural realism offers a more useful explanation to analyze international cooperation in the realm of security and economy. In this chapter, since this framework first requires the application of structural realism to understand the conditions in which states initiate cooperation, I will, firstly, briefly address the fundamental structural realist assumptions and arguments on the state, security, interest. Following this part, I will examine the problem of international cooperation. I will show how structural realism addresses the problem of international cooperation.

### **3.2 Structural Realism**

Theories are lenses that allow us to analyze events by drawing causal mechanisms and by finding regularities, models, and connections among phenomena in the complex structure of reality. By using these lenses we are able to explain and understand our past, present, and future. The discipline of international relations, like many other social sciences, involves explanatory theories and constructive theories.<sup>30</sup> Explanatory theories establish causal relations between dependent and independent variables and seek to build testable hypotheses while constructive theories based on the

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<sup>30</sup> Burchill, S., Linklater, A., Devetak, R., Donnelly, J., Nardin, T., Paterson, M., & True, J. (2013). *Theories of international relations*. Macmillan International Higher Education.



idea that the knowledge obtained from scientific endeavors shapes the world rather than reflecting it.

Realism, with its explanatory power, the concepts that it employs, and its various theories, is one of the leading family of theories in the discipline of international relations. Within the Realist paradigm, neorealism or structural realism<sup>31</sup> has been the most powerful theory of the discipline during and after the Cold War era. Though criticized by other theories, especially after the end of the Cold War, it is still one of the leading international relations theories on explaining politics among nations.

The most distinct feature of structural realism is the level of analysis it employs to explain patterns of international politics. When looking at its level of analysis, structural realism is a systemic theory as it attempts to explain state behavior by focusing on the international system.<sup>32</sup> Kenneth Waltz, as a prominent structural realist, divides theories into two camps: reductionist and systemic theories. According to him, theories that study international politics at the individual and national level are reductionist theories, and theories that analyze international politics at the international level are systemic theories.<sup>33</sup> He, further, argues that it is necessary to use systemic theories to understand international politics.<sup>34</sup>

Waltz's system, basically, consists of interacting units and a political structure. He defines the concept of structure in terms of certain elements. These are; ordering principle (*how are units related to each other?*), differentiation of functions (*how are political functions allocated?*) and distribution of power (*how is power distributed?*).<sup>35</sup>

To begin with, while the ordering principle of national level politics is hierarchy, the ordering principle of international politics is anarchy. There is a hierarchical order in a structure if units are subjected to certain rules. Under a hierarchic structure, units are not equal either formally or positionally. Also, each unit has a different function in such orders. Those who do not obey rules and do not perform their functions well may face sanctions by a higher authority. On the other hand, anarchic orders are the opposite of

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<sup>31</sup> I will use neorealism and structural realism interchangeably.

<sup>32</sup> Waltz, K. N. (2001). *Man, the state, and war: A theoretical analysis*. Columbia University Press.

<sup>33</sup> Ibid.

<sup>34</sup> Waltz, K. N. (1979). *Theory of International Politics*, Waveland Press.

<sup>35</sup> Waltz, Theory of International Politics; for a summary see., Burchill, Scott, et al. *Theories of international relations*.

hierarchical orders. In anarchic orders, functional differentiation among units is minimal and there is no higher authority to regulate the system.

Since there is no higher authority upon all states, the structure of international politics is anarchic, according to structural realists. The anarchic structure engenders a state of nature at the international level. While the state of nature among individuals comes to an end when a sovereign emerges, the state of nature at the international political level never ends since there is no world state. Various theories of the realist paradigm, more or less, emphasize the anarchic environment of international politics. However, the concept of anarchy does not imply that international politics is chaotic. Anarchy is the absence of a rulemaking supreme authority which punishes and rewards units.

After defining a system, Waltz, further, argues that, in an anarchical international environment, states are alike and perform the same function. They all have one function: to achieve a self-sufficient position, to ensure their security, and to fulfill the actions necessary to survive. As a result, if all international structures are anarchic and this implies a minimal functional differentiation among units, then international political structures differ only in terms of distribution of power. Power is defined in terms of military assets and capabilities. Following this logic, each state in the system has a share of the total power. This means that some states have little power while some states control a large amount of total power. Thus, each state, more or less, has some capacity to hurt another.<sup>36</sup> The configuration of power defines characteristic of international systems since units are alike and perform the same function.

Structural realism counts states as the most important and fundamental actor of international relations, as can be understood from the above. Non-state actors such as international institutions, non-governmental organizations, and multinational corporations are usually neglected by realists. This does not mean that such actors have no influence in international politics. Most realists recognize their role in international relations. However, when compared with the role of states, the role of such actors is minimal. This is why realists consider them as secondary actors and downplay their role.

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<sup>36</sup> Mearsheimer, J. J. (2001). *The tragedy of great power politics*. WW Norton & Company.

Given the role of the state in realist theories, structural realists have common core assumptions about states operate in international politics. First of all, states are rational actors. According to this assumption, states make cost and benefit calculations and aim at maximizing their utility in their actions. The concept of rationality does not imply that states do not make mistakes. States may sometimes make mistakes due to miscalculations. The reason for this situation is that states act with imperfect information in a complex world. Another realist assumption about the state is that states are unitary actors. This assumption indicates that internal political systems, regimes, internal differences and cultures of states are not significant at the international level. These differences are not determinative in the outside world. In other words, structural realism's states act as a unified and integrated unit in international politics.

To sum up, structural realism regards the international system as the level of analysis, while it takes the state as the unit of analysis because it focuses on the behavior of states rather than behaviors of non-state and sub-state actors. The international system has a structure and this structure has certain characteristics. The most important feature of this structure is anarchy, and it forces states to practice certain behaviors resulting in international political relations. Realists argue that international political relations built on power politics due to the anarchy. Accordingly, some states are stronger, while others are less powerful.

Structural realists further maintain that states do and should ensure their survival. In order to survive, states seek security through a certain amount of power. In a world characterized by anarchy and conflicting interests, power and power relations are the essential features of international relations. Some realist scholars argue that states' most important preference is "national interest". According to classical realism, national interest is defined in terms of power.<sup>37</sup> Structural realists, on the other hand, argues that the principal duty of decision-makers is to ensure national security. Therefore, they always have to prioritize national interest defined in terms of power and security instead of pursuing moral values.

While realists comprehend a competitive world, cooperation is a recurrent pattern in international politics. Structural realists argue that there are challenging barriers in front of states to achieve a real cooperation. States can start to cooperation

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<sup>37</sup> See Morgenthau, H., & Nations, P. A. (1948). *The struggle for power and peace*. Nova York, Alfred Kopf.

only if they defeat these barriers. In the next section of this chapter, I will first present the standard structural realist logic on international cooperation.

### 3.3 The Problem of International Cooperation

Structural realists argue that there are two main problems which make international cooperation less likely and even impossible to emerge in certain policy domains.<sup>38</sup> These problems are the relative gains problem and the cheating problem. Both problems derive from the fact that the structure of international politics impels states to seek security, according to realists. Since states seek to ensure their survival in a system characterized by anarchy, they are pre-occupied with security concerns.

Moreover, structural realists contend that security concerns, even, determine states' other preferences. Accordingly, states prioritize security over other second-ranked preferences such as prestige and wealth. As Waltz puts "*to pursue other goals, states, first, have to exist.*"<sup>39</sup> Even the behavior of a state in the realm of economy is determined by the calculation that how the possible results of this decision could affect the state's security in the short and long runs. States' preferences, hence, are driven by the international level forces, according to the structural realist logic.

Structural realists further argue that states are positionally placed in the international system. This means that states are neither atomistically nor relationally placed, as liberals and constructivists respectively argue. Waltz puts this argument in that way:

"In anarchy, security is the highest end. Only if survival is assured can states safely seek such other goals as tranquillity, profit, and power. The first concern of states is not to maximize power but to maintain their positions in the system."<sup>40</sup>

Another structural realist Joseph Grieco advances the positionalist argument by positing that states are "*defensively positionalist*" entities.<sup>41</sup> Defensive positionalism, in essence, implies that states seek to maintain their relative position since they are

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<sup>38</sup> Grieco, J. M. (1988). Anarchy and the limits of cooperation: a realist critique of the newest liberal institutionalism. *International organization*, 42(3), 485-507.

<sup>39</sup> Waltz, K. N. (2010). *Theory of international politics*. Waveland Press. p. 126.

<sup>40</sup> Ibid.

<sup>41</sup> Grieco, Anarchy and the limits of cooperation, p. 500.

positionally placed in the international system. This causes states to be more concerned with their relative losses rather than absolute gains, according to structural realists. Grieco puts this logic as follows:

"[...] Realists argue that states are more likely to concentrate on the danger that relative gains may advantage partners and thus may foster the emergence of a more powerful potential adversary. Realism, then, finds that states are positional, but it also finds that state positionality is more defensive than offensive in nature."<sup>42</sup>

According to structural realists, the fact that states are defensively positionalist entities causes "the relative gains problem", when they consider co-operating. Grieco describes this problem as follows:

"[...] a state will decline to join, will leave, or will sharply limit its commitment to a cooperative arrangement if it believes that partners are achieving, or are likely to achieve, relatively greater gains. It will eschew cooperation even though participation in the arrangement was providing it, or would have provided it, with large absolute gains. Moreover, a state concerned about relative gains may decline to cooperate even if it is confident that partners will keep their commitments to a joint arrangement. Indeed, if a state believed that a proposed arrangement would provide all parties absolute gains, but would also generate gains favoring partners, then greater certainty that partners would adhere to the terms of the arrangement would only accentuate its relative gains concerns. Thus, a state worried about relative gains might respond to greater certainty that partners would keep their promises with a lower, rather than a higher, willingness to cooperate."<sup>43</sup>

As for the cheating problem, structural realists argue that the risk of being cheated is always possible in world politics since there is no world government upon states. Therefore, it is difficult for states to believe that their partners would keep the commitments of an agreement. Some structural realists argue that a hegemonic state may play the role of an international government by imposing cooperation in certain geographies and domains. Accordingly, the existence of a hegemon makes other minor and secondary states to find themselves in a hierarchic order. Further, relying on the idea that hegemonic states would punish those who defect an agreement, these minor states would be more likely to join cooperative endeavors. This situation is called hegemonic stability. Realists, however, do not argue that such a cooperation process will automatically begin in the very existence of a hegemon. The existence of a

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<sup>42</sup> Ibid., p. 499-500.

<sup>43</sup> Ibid., p. 499.

hegemon is necessary but not a sufficient condition for international cooperation. In a hegemonic system, the hegemon and some of the minor powers must be in the same alliance system.<sup>44</sup> The hegemon, in such an alliance system, internalize security externalities which occur among minor states. Relying on the hegemon, minor powers may neglect security externalities, according to hegemonic stability theory.

Critics of hegemonic stability theory, on the other hand, maintain that the hegemon may have the incentive to exploit its minor allies. Joanne Gowa, argues that there are two constraints that limit the hegemonic state to exploit its minor allies.<sup>45</sup> First, short-run exploitation may undermine hegemon's credibility. So, in order to protect its long-term interests, the hegemon does not attempt to exploit its partners. This argument relies on the idea that the hegemon will most benefit from such a hegemonic system. Second, the dependence of hegemon on its minor allies' wealth gives an incentive to hegemon to not exploit them. Since wealthy allies contribute to the maintenance of the hegemonic system, the hegemon would have lesser incentive to undermine the wealth of its partners, Gowa argues.<sup>46</sup>

### **3.4 Conclusion**

The core argument of structural realist theories is that the structure of international politics impels states to seek power and security. The structure of international politics is anarchic, as realists and many liberals agree. This, however, does not mean that international politics is chaotic. Anarchy means the absence of a higher government over national governments. In this situation, states placed in the international system wish to survive. In order to ensure their survival states seek to enhance their security. Therefore, international politics is a competitive realm. In such a situation, security-seeker states are less likely to cooperate.

Further, according to structural realists, there are two major barriers which prevent states to cooperate even if their interests converge in a given policy domain. These are the problems of relative gains and cheating. Relative gain is a problem for international cooperation because states check who gains more. As Waltz puts, states do

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<sup>44</sup> See Joanne Gowa, J. (1995). *Allies, adversaries, and international trade*. Princeton University Press; Gowa, J., & Mansfield, E. D. (1993). Power politics and international trade. *American political science review*, 87(2), 408-420.

<sup>45</sup> Gowa, J. (1989). Bipolarity, multipolarity, and free trade. *American Political Science Review*, 83(4), 1245-1256.

<sup>46</sup> *Ibid.*

not ask “*Will both of us gain?*”, rather they ask “*Who will gain more?*”<sup>47</sup> The latter is important because a state may convert the economic benefits that it gained from cooperation into its military capacity. Increasing military capacity of a state decreases the security of the others. This is known as the simple security dilemma of international politics.<sup>48</sup> Security dilemma occurs because there is no supreme authority over states to assure their survival. This drives states to ensure their security and to be skeptical about each other’s intentions.

As understood, structural realists maintain that it is difficult for states to decide and initiate cooperation. The relative gains problem is the most important barrier for international cooperation. Defensively positioned states are more prone to focus on their relative losses rather than absolute gains. However, the structural realist arguments presented above have shortcomings with respect to the fact that cooperation is a recurrent pattern of international relations. Indeed, states could also initiate cooperation if certain conditions are met. In the following chapter, I will introduce the arguments of power symmetry and the number of actors to explain conditions under which states are more likely to initiate cooperation.

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<sup>47</sup> Waltz, *Theory of International Politics*, p. 105.

<sup>48</sup> See Glaser, C. L. (1997). The security dilemma revisited. *World politics*, 50(1), 171-201; Jervis, R. (1978). Cooperation under the security dilemma. *World politics*, 30(2), 167-214.

## CHAPTER 4

### THEORY: EXPLAINING INTERNATIONAL COOPERATION

#### 4.1 Introduction

This thesis proposes a two-structured analytical framework which intertwines theories of structural realism and rational bargaining to understand and explain the problem of international cooperation. The framework, first, requires the application of a structural realist theory; and second, the application of a rational bargaining theory. In this chapter, I will examine the structural realist part of the framework. In order to explain the conditions under which security-seeker states more inclined to initiate cooperation, I will introduce two arguments derives from structural realism—the arguments of power symmetry and the number of actors. As the framework proposes, these arguments based on a set of structural variables which affect the likelihood of international cooperation conjointly. First, I will present the power symmetry argument which claims that equal distribution of power decreases the level of fear among states. Then, I will introduce the number of actors argument which claims that concerns over relative gains problem decrease as the number of actors involved in an issue increases.

#### 4.2 The Power Symmetry Argument

Most realists emphasize the role of power. Power is the currency of international politics, according to realists.<sup>49</sup> States can conduct certain behaviors only if they have a capacity to do so. As noted above, structural realists argue that the anarchic structure of international politics impels states to seek power to ensure their survival and realize their secondary preferences.

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<sup>49</sup> Mearsheimer, J. J. (2007). Structural realism. *International relations theories: Discipline and diversity*, p. 72.



From a systemic point of view, however, it makes little sense that how much power a unit possesses. Systemic theories deal with distribution of power, not the absolute power of individual units, to explain certain behaviors of the states in a system. Distribution of power in a system determines the way in which states perform certain behaviors. This is why a systemic theory does not take into account how much power a unit has but how total power is distributed among the units in a system. For example, the power of the United States makes sense compared to the total and particular power of other states in the system. A systemic theory would expect different behaviors from the United States depending on whether a counter power exists in the system.

As the distribution of power is the most important dimension of a system, variances in the distribution of power determine the configuration of power in that system. Different configurations of power cause various international outcomes that emerge as the collective result of states' behavior. With respect to international cooperation, a systemic theory of international relations takes into account variances in the distribution of power in the system. Therefore, a systematic theory that attempts to explain international cooperation asks the following question: What type of a distribution of power makes international cooperation is more likely to emerge?

This thesis argues that such a type of distribution of power that allows states to overcome obstacles to security dilemma would lead states more likely to initiate cooperation if they need to cooperate in a specific policy area. Such a distribution of power leads an international system in which states are less sensitive against the effects of security dilemma so that they could neglect negative implications of the relative gains problem. The lesser the states fear each other, the more they likely to decide to cooperate.

The intensity of security dilemma affects the level of fear, and fear affects the likelihood of conflict. Low-intensity security dilemma reduces the likelihood of conflict by reducing the level of fear. Therefore, if states are less sensitive against the effects of security dilemma, international systems are more stable. The sensitivity of states against the effects of security dilemma is measured by whether states perceive each other as an immediate threat. The type of distribution of power in a system would determine the fact that whether states assess each other as a potential threat.

With respect to types of distribution of power, the central argument of this thesis is that if power is distributed evenly among states in a system, the intensity of security dilemma would be low. Equal distribution of power would decrease the chances of states to achieve hegemony. Since states fear each other less in such a situation, the system would be more stable. Stability would provide predictability in power calculations to a certain extent. In this regard, it is important to understand the relationship between the distribution of power and stability.

In the extant literature concerning distribution of power and stability, there are two competing theories. These are theories of balance of power and preponderance of power.<sup>50</sup> The central argument of balance of power theories is that equal distribution of power leads to more peaceful orders because no single unit is able to change the status quo in a short period of time.<sup>51</sup> The preponderance of power scholars, on the other hand, argue that uneven distribution of power among units creates more peaceful orders as there will be no great war because second-tier states are not able to challenge the hegemon.<sup>52</sup>

To begin with, scholars like Organski argue that preponderance of power systems are more stable and peaceful. In such systems, there is one hegemonic state and many minor states. Minor states will not be able to challenge the hegemonic state since there is a high power disparity between the hegemon and minor states. This power gap leads minor states to believe that they would not win a war against the hegemon. So, the probability of conflict is decreased, according to the theory. Relying on this logic, the theory further suggests that international trade and cooperation will be more likely under the leadership of a hegemon since that hegemon would promote international trade in order to maintain its position.

This account, however, has flaws in certain aspects. First, it bears a biased argument that the stronger side will win a major war. However, there is a remarkable

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<sup>50</sup> Powell, R., (1996), "Stability and the Distribution of Power." *World Politics* 48.2, 239-267; Siverson, R. M., & Tennefoss, M. R. (1984). Power, alliance, and the escalation of international conflict, 1815-1965, *American Political Science Review*, 78(4), 1057-1069.

<sup>51</sup> For the Balance of power theories, see Morgenthau, H., (1948). *Politics Among Nations*, Nova York, Alfred Kopf., Mearsheimer, John J. (1990),. Back to the future: Instability in Europe after the Cold War, *International security* 15.1, 5-56.

<sup>52</sup> For the literature on Preponderance of Power, see Organski, Abramo FK, and Jacek Kugler, (2015). *The war ledger*. University of Chicago Press.

historical record that weaker states could also win wars. Second, the theory downplays the probability that minor powers could build counterbalancing coalitions against the hegemon given the fact that the balance of power is the recurrent pattern of international politics. Even if we accept the flawed assumption that stronger sides win wars, a more powerful counterbalancing coalition would easily believe that it could overthrow the hegemon. As the prospect for victory increases, the coalition may be more prone to initiate a war. In such situations, crises may escalate into unnecessary conflicts generating an unstable international system. Third, the hegemon may behave aggressively in the absence of an opposite equal power to prevent it. Then, hegemons could easily attack minor powers. For example, when the United States attacked Afghanistan in 2002 and Iraq in 2003, no state could stand against it. Finally, the theory neglects the probability of conflict among minor powers. Second-tier states under the shadow of the hegemon may go to war in order to secure and advance their positions in the system. It is not guaranteed that the hegemon would prevent such conflict among minor power since the hegemon itself could benefit such conflicts.

According to balance of power theories, international systems are more peaceful and stable if power is distributed evenly among actors. When power inequalities are higher among units, the potential for successful hegemonic aggression is increased.<sup>53</sup> If power is distributed evenly among the states in a system, no state can easily achieve hegemony. This logic can also be applied to regional systems. In a certain region, if there is no a higher power disparity between the powerful states and the second-tier states, the likelihood of conflict is decreased. This situation, hence, leads to stability and peace in that region. States located in that region would asses that their security is less threatened in a predictable time period. Therefore, they would believe that the balance of power in the domain will not change immediately if they cooperate.

All in all, states are more likely to initiate cooperation in systems where total power is distributed evenly among nations. This is because of the fact that the intensity of security dilemma which prevents cooperation in such systems would be low. Accordingly, in a balance of power system, the cost of war will be high because the states are roughly equal in terms of material power. The high cost of war would reduce the chances of successful aggression. States, therefore, will find no opportunity for a “cheap victory”. The increased cost of war and aggression would lead states in the

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<sup>53</sup> Mearsheimer, *Back to the future*, p. 18.

system to not fear each other. Therefore, states will be more inclined to initiate cooperation if they need to coordinate their policies in a certain policy area.

### **4.3 The Number of Actors Argument**

Standard structural realist theories argue that the major barrier to international cooperation is the relative gains problem. This study recognizes that the relative gains problem is a crucial factor for states considering their security. Yet the study argues that this problem, is not, in fact, a factor as determinant as structural realists argue.

“The relative gain matters” argument is based on the implicit realist assumption that there are only two states in the world. Accordingly, when the possibility of cooperation emerges between two states, these two states will have to focus on their relative gains. However, there are also cooperation settings include more than two states. This is an important fact to ponder so that one accurately explain why states join international cooperation. If the number of actors involved in a cooperation setting increases, the negative effects of the relative gains problem would decrease. One should note the fact that, at this point, increasing numbers of actors does not cause a reduction in gains obtained from cooperation but a reduction in the relative gains concern.

In order to better explain the effect of a larger number of actors, illustrating the following cooperating setting would be helpful. Suppose that the state A would cooperate with the state B. In the first step both of states would concern about who will gain more, as the conventional realist logic operates. Further, suppose that the state A would gain more than the state B if they cooperate. In this case, the state B would not be eager to cooperate with the state A. However, this logic operates only if there are two states—the state A and the state B, in the cooperation setting. In a situation in which more than two actors are involved cooperation, the state B would have the chance to cooperate with the state C at the same time. Cooperating with the state C, the state B may gain more, while the state C may be the more gaining side with the cooperation with another state, the state D. The state D, on the other hand, may gain more or less in different alternative cooperation dyads with other states. These dyads may be expanded to cover the states E, F, G. The larger the number of states, the more the cooperation dyads. As a consequence of this, even if the states in a system act through the relative gains concern, as the standard structural realists logic argue, they would effort to increase their absolute gains within possible cooperation dyads. As states neglect the

relative gains concern and focus on their absolute gains, they will be more likely to initiate cooperation if they need to cooperate in a certain policy area.

Another factor that will make the relative gains concern less important for states is the fact that states that are not involved in cooperation would fall behind those who are involved in cooperation. While cooperative states increase their absolute gains by cooperating, a non-cooperative state will be worse off compared to the cooperating states. Stated differently, cooperating states will be better off with respect to the non-cooperative states. Given this fact non-cooperative states, even they concerned with relative gains problem, would be willing to be cooperative. Non-cooperative behavior brings costs to them. This situation, in the literature, is called “defensive cooperation.” As Duncan Snidal notes “*states will cooperate for fear that other states will get ahead by cooperating among themselves.*”<sup>54</sup> Randall Schweller, on the one hand, explains this situation in a more detailed fashion as follows:

“[...] According to the neorealist position, state A will turn down a cooperative arrangement with state B in which both sides make gains but B achieves greater gains than A. The logic is that anarchy forces states to be security-, not power-, maximizers. The problem with this argument is: if A accepts B's offer, it might be less secure with respect to B, but by increasing its absolute capabilities A will be in a relatively better position vis-a-vis all outsiders to the agreement. Moreover, suppose that another state, C, accepts B's offer. A, having refused to cooperate with B, is now relatively less secure with respect to both B and C. In other words, A loses two ways instead of one: it is weaker both in absolute and relative terms. In addition, B might be less likely to seek future cooperation with A, even be hostile to A, because it has proven to be a distrusting friend. In short, the realist view of the relative- gains problem is misleading because it does not take into account outside targets of comparison and alternative scenarios, that is, that another state will accept the offer despite the gap in gains advantaging its partner(s).”<sup>55</sup>

As it can be understood from the above discussion, states are supposed to consider their relative gains because of security concerns, but states would still have to pursue their absolute gains in order to maintain and advance their positions in the system. Therefore, absolute-gains seeker states would make international cooperation more likely to emerge. The relative gains problem would matter on whether states to initiate cooperation if there are only two states in a cooperation setting. In a cooperation

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<sup>54</sup> Snidal, D. (1991). International cooperation among relative gains maximizers. *International Studies Quarterly*, 35(4), p. 401.

<sup>55</sup> Schweller, R. L. (1996). Neorealism's status- quo bias: What security dilemma?. *Security Studies*, 5(3), p 109-110.

setting includes more than two actors, states do not have “the luxury of not cooperating” since the fact that they would face to the probability of falling into a less favorable position with respect to others, as they avoid to cooperate. Indeed, non-cooperative behavior would jeopardize states’ security.

The number of actors argument suggest that states tend to increase their absolute gains rather than their relative gains. In this regard, the argument resembles liberal theories. The argument, however, differs from liberal theories on the cause of the absolute gains seeking behavior. Liberal international relations theories argue, states act purposefully, the basic behavior of the goal-oriented states in the anarchic international system is to maximize their absolute gains. For this reason, liberals argue that cooperation, not conflict, is essential in international relations. The state, according to liberals, is rational, egoistic, and atomistic. The argument presented in this section, on the other hand, argues that when faced with the probability of cooperation, states care about their absolute gains because of the systemic forces.

#### **4.4 Conclusion**

This framework refines the argument that states are concerned with absolute gains, by relying on the structural realist logic which argues that states are positionalist not atomistic actors. We reach the conclusion that states would seek to maximize their absolute gains even if we stand from a structural realist perspective. Accordingly, in the anarchic structure of international politics, states’ priority is to ensure their security. Since states placed positionally, they struggle to maintain and advance their positions in the system. Therefore, when faced with the probability of cooperation, they would avoid non-cooperative behaviors. If they avoid cooperation, they could fall behind their partners.

The framework presented in this thesis argues that the relative gains concern would become less important to states if the total power is evenly distributed in a region. In addition to power symmetry, the framework argues that if a larger number of actors is involved in the issue, states would be less concerned about relative losses since they have the opportunity to neutralize their losses with gains in more favorable cooperation dyads. Consequently, the relative gains problem would be a weak incentive for states under such conditions.

Once states decide to cooperate, then a negotiation process begins. In this process, states interact strategically. In the next chapter, I will present a rational bargaining theory that argues the relative bargaining power of states effects whether states extract (or grant) concessions.

## **CHAPTER 5**

### **RATIONAL BARGAINING THEORY**

#### **5.1 Introduction**

As this thesis argues international cooperation is best understood through two theories structured in one framework of analysis, we first applied structural realist theory to understand under what conditions security seeker states are likely to cooperate. As for the second step, the framework employs a rational bargaining theory in order to explain the outcomes of interstate negotiation. In this chapter, I will examine the second step of the framework.

As discussed in the previous chapters, once states decide to cooperate, a new process begins. This is a negotiation process in which states bargain over the terms of an agreement. Stated differently, states would struggle to make sure that the terms of the negotiated agreement fall close to their preferred point. The framework argues the rational bargaining power of the cooperating states determine whether they get what they want in this process. Given the importance of relative bargaining power, this chapter explores the following question: What are the sources of relative bargaining power? To understand the sources of bargaining power and the determinants of interstate negotiation, this chapter, first, underlies the importance of relative bargaining power. Secondly, it employs a rational bargaining theory to understand the dynamics of bargaining settings.



## 5.2 Relative Bargaining Power and Interstate Negotiations

Structural realists argue that material power based on military force and economic resources is the principal tool to take concessions from others.<sup>56</sup> However, there is a remarkable historical record that small states were able to escape offering concessions to larger states under certain circumstances. This is because of their relative bargaining power vis-à-vis larger states. There are also cases in which larger states were able to take concessions from their weaker partners due to their relative bargaining power, not material power. In a non-coercive bargaining setting, therefore, the disparity in states' assets other than material power determine negotiation outcomes, while military power is the most important tool for persuading others not to attack when the probability of conflict rises. This thesis does not downplay the role of material power in conducting international affairs. The role of material power is recognized in the previous chapters which explain why states initiate cooperation.<sup>57</sup>

Once states sit around a negotiation table, a new game begins. Muthoo notes that this is a kind of strategic interaction in which “*the players have common interests to cooperate but have conflicting interest over how to cooperate.*”<sup>58</sup> This is the negotiation process which is also called as "bargaining situation". In such situations, Moravcsik and Schimmelfennig note:

“States must overcome collectively suboptimal outcomes and achieve coordination and cooperation for mutual benefit, yet at the same time they must decide how the mutual gains of cooperation are distributed among the states.”<sup>59</sup>

In a bargaining setting which starts after states decided to cooperate, the relative bargaining power of the cooperating parties is the most determinant factor. Therefore, with respect to interstate negotiation, this thesis, relying on rational bargaining theory, argues that the disparity in the relative bargaining power of states would determine to what extent states exchange concessions at the international level. The disparity in relative bargaining power stems from asymmetric circumstances under which states

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<sup>56</sup> Krasner, S. D. (1991). Global communications and national power: Life on the Pareto frontier. *World politics*, 43(3), 336-366.

<sup>57</sup> Recall the argument that the distribution of material power determines whether states to initiate cooperation if they need to cooperate in a specific policy area.

<sup>58</sup> Muthoo, A non-technical introduction to bargaining theory, p. 146.

<sup>59</sup> Moravcsik and Schimmelfennig, *Liberal intergovernmentalism*, p. 71.

negotiate. These circumstances determine the bargaining structure which effects states' bargaining behavior.<sup>60</sup> Under the bargaining structure, the framework argues there are three factors that determine the bargaining power of states. These are i) unilateral policy alternatives ii) outside options iii) urgency of the negotiated issue for a state.<sup>61</sup>

To start with, one of the most important determinants of relative bargaining power is whether a state has the ability to realize its preferences with its own resources. This is called unilateral policy alternative. If a state has the ability to go it alone, it is less likely to offer concessions to its partners since it does not have to compromise. Such states are also self-sufficient states in a given policy area.

States with unilateral policy alternative would have a maneuver space where they could exploit concessions from their partner. Moreover, states that have unilateral policy alternatives would have the set of strategies includes even the threat of non-cooperation. They would enjoy the autonomy that is given by the bargaining structure in which they negotiate.

Moreover, the availability of unilateral policy alternative for a state would provide this state to manipulate others' strategies at the negotiation table. Thus, a unilateral policy option would grant bargaining power to states. According to some scholars, it is the most fundamental bargaining power.<sup>62</sup> Therefore we reach the following hypothesis.

**Hypothesis 1:** If a state has the ability to realize its preferences in a certain policy domain through its own resources, the more bargaining power it has.

To continue with, other than unilateral policy alternative, having alternative options is also an important source of bargaining power. Alternative coalitions and bargaining partners are two significant bargaining power source.

If states show credibly that their alternatives are more attractive than the negotiated agreement, they would have the leverage to extract concessions. If the

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<sup>60</sup> McKibben, H. E. (2013). The effects of structures and power on state bargaining strategies. *American Journal of Political Science*, 57(2), 411-427.

<sup>61</sup> See Muthoo, A. (2000). A non-technical introduction to bargaining theory. *World Economics-Henley On Thames*-, 1(2), 145-166. ISO 690145-166; Moravcsik, A. (1997). Taking preferences seriously: A liberal theory of international politics. *International organization*, 51(4), 513-553.

<sup>62</sup> Moravcsik, Preferences and Power in the European Community, p. 499.

opposing partners have not such alternatives, they would more likely to offer concessions.

Moreover, states that have alternative options can threaten others via “exclusion threats.”<sup>63</sup> It should be noted that alternative options and proposals need to be credible so that states have such options can persuade their partners to offer concessions. Otherwise, alternative options considered by other states as empty threats and bluffs which have no impacts on the relative bargaining power of a state. Therefore, we conclude the following hypothesis.

**Hypothesis 2:** If a state has credible alternative options for a negotiated agreement, the more bargaining power it has.

Finally, the urgency of preferences is a crucial bargaining power source. In certain policy areas, some states may have immediate interests while some states not. This is also called as “haggling cost” in the literature of bargaining.<sup>64</sup> The haggling cost for a state would increase if that state values time much more than its partner in the negotiation table. If a state needs an agreement immediately, it is more likely to offer concession since it has an urgent interest to be realized.

On the other hand, states that do not have urgent preferences would have less incentive for an immediate agreement. Therefore, if a state has a weak incentive to coordinate its policy in a certain policy area, it would be less willing to offer concessions. In such situations, states with weak incentive to grant concessions are more likely to persuade its partners to offer concessions. This leads us to build the third hypothesis.

**Hypothesis 3:** A state's bargaining power is higher if it does not have urgent preferences to be realized.

Consequently, the relative bargaining power of states is the main determinant on whether states strike a deal at the international level. The incentive for cooperation is a necessary but insufficient condition for reaching an agreement. Once states sit at the table to reach an agreement, they begin to strategically interact with each other relying on their relative bargaining power.

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<sup>63</sup> Ibid., p. 503.

<sup>64</sup> Muthoo, A non-technical introduction to bargaining theory, p. 151-152.

### 5.3 Conclusion

In this chapter, I built three hypotheses relying on previous literature on rational bargaining theories. The hypotheses are below:

**H1:** *Unilateral policy alternative:* If a state has the ability to realize its preferences in a certain policy domain through its own resources, the more bargaining power it has. For example, in the context of European integration, if the member states can balance a threat with their own resources, they are less likely to be cooperative in the military realm.

**H2:** *Alternative options:* If a state has credible alternative options for a negotiated agreement, the more bargaining power it has.

**H3:** *Urgency of preferences:* A state's bargaining power is higher if it does not have urgent preferences to be realized. In the context of European integration, if a member state faced an immediate security and economic problem, it will be more willing to grant concessions to its partners in a bargaining setting.

In the following chapter, I will examine the case of the European Defense Community. Specifically, I will focus on the negotiations between two major powers, Germany and France. I will show how relative bargaining power of both states affects the negotiations outcomes at the international level.

## **CHAPTER 6**

### **THE EUROPEAN DEFENSE COMMUNITY AND THE FRANCO-GERMAN BARGAINING**

#### **6.1 The European Defense Community**

In this chapter, I will examine the international level negotiation process of the European Defense Community (EDC) which took place between 1950 and 1952. The EDC was a plan which envisaged a European defense organization between France, Italy, Netherlands, Luxembourg, Belgium, and West Germany.<sup>65</sup> It was proposed by France as a response to a possible German rearmament. Even though the government of France had proposed the project, French National Parliament eventually refused to ratify the agreement in 1954. After the failure of the EDC, Germany gradually started a limited re-armament within NATO.

#### **6.2 The Brief Background**

Immediately after the Second World War, one of the most important problems for the European security order besides the Soviet threat was the question of German rearmament. Germany wanted to have a military to ensure its national security. However, given the Nazi experience and continuing Allied occupation, a unilateral rearmament was not a viable option for Germany and the other major European power, France.<sup>66</sup> At that time, France was a NATO member while Germany was not. The United States, on the other hand, had an enormous military presence in Europe. American elites were considering whether to withdraw some of American troops from

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<sup>65</sup> I will use Germany and West Germany interchangeably unless I directly refer to East Germany.

<sup>66</sup> Helga Haftendorn, Germany's accession to NATO: 50 years on, <http://www.nato.int/docu/review/2005/Peace-Building/Germany-accession-NATO/EN/index.htm> (Accessed: 1st June 2017).

the continent.<sup>67</sup> This might have led to a German rearmament. West Germany was concerned about its own security in the face of Soviet expansionism. The United States thus began to consider a limited German rearmament within the NATO framework.<sup>68</sup> The US proposed a plan which envisaged Germany being invited to NATO. France, on the other hand, was very suspicious about the prospect of German militarization. As a NATO member, France had satisfied its immediate security concerns which derived from the Soviet Union. However, German rearmament could lead to a feeling of insecurity for the French, because the legacy of the Second World War was still vivid at that time. Under these conditions, the French government proposed a European army including German troops under a supranational command and control organization.<sup>69</sup> According to the proposed plan, the head of the organization would be a French officer and Germany would have a limited sized military under this command. Thus, two solutions to the German rearmament problem emerged. The first one was a NATO solution which envisioned German rearmament within the alliance. The second one was France's EDC plan which envisaged German rearmament within a European army. For the NATO solution, the Petersberg Conference was held, while simultaneously the Paris Conference organized to establish the EDC plan.

During the negotiation processes, France managed to block the Petersberg Conference because it had an alternative proposal, the EDC plan.<sup>70</sup> When the Petersberg talks ended, Germany shifted its policy goals to the Paris Conference for the EDC plan.<sup>71</sup> Even though EDC was not the best option, Germany had to make a deal given its weak bargaining power compared to France..

### **6.3 Primary Actors**

In this study, I regard nation-states as the primary actors in international politics. In order to examine the case empirically, I assume that government leaders (and their cabinets) are principal actors who act on the behalf of their country. They conduct necessary and relevant policies in certain areas to ensure their countries' specific goals and preferences.

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<sup>67</sup> Fursdon, E. (1980). *The European defense community: a history*. Springer.

<sup>68</sup> *Ibid.*, pp. 92-99.

<sup>69</sup> Solsten, E. (Ed.). (1999). *Germany: a country study*. Diane Publishing. p. 93.

<sup>70</sup> Fursdon, E., "*The European defence community: a history.*"

<sup>71</sup> *Ibid.*

Following the structural realist logic, national preferences in the security domain do not stem from domestic politics. Preferences in the security realm are formed by mainly structural factors. The anarchic nature of international politics impels states to maintain their survival. I, however, do not argue that security is the only preference for states. Preferences are not fixed, they vary. A preference is not a strategy, tactic or policy.<sup>72</sup>

In this chapter, I take security preferences as having their roots in the structure of international politics. Despite the fact that domestic actors (i.e. institutions, opposition leaders) have a lesser impact on states' quest for security, they may affect the "security policy" of states. The point is that seeking security derives from the structure while policies or strategies to achieve security are shaped by domestic conditions of a state. For example, national parliaments, including opposition parties, are domestic actors which affect the orientation of states' security policies and strategies. However, states would behave as unitary and integrated actors at the international level. This is why a systemic theory neglects the domestic factors in understanding international outcomes.

#### **6.4 The Balance of Power in Post-War Western Europe**

As discussed in Chapter 4, if the total power is symmetrically distributed among nations located in a certain geographic domain, these nations are more likely to initiate cooperation if they need, since they believe that the gains obtained from cooperation would not change the balance of power immediately. In realist theories, the balance of power is considered in terms of the material capacity not in ideational and cultural terms. Since the framework presented in this study offers a structural realist account to explain the conditions in which states decide to initiate cooperation, I measure balance of power with respect to states' material capacity. To do so, I obtained data from the Correlates of War Project's National Material Capabilities (NMC, V5.0) dataset that includes six indicators; military expenditure, military personnel, energy consumption, iron, and steel production, urban population, and total population.<sup>73</sup> The dataset is very useful since it also contains the Composite Index of National Capability (CINC) index that aggregates the abovementioned six variables. The CINC gives the average of states'

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<sup>72</sup> Moravcsik, A., *Taking preferences seriously: A liberal theory of international politics*.

<sup>73</sup> See Singer, J. D. (1988). *Reconstructing the correlates of war dataset on material capabilities of states, 1816–1985*. *International Interactions*, 14(2), 115-132, Correlates of War National Material Capabilities Data Set (1816-2012) V5.0 available at <http://www.correlatesofwar.org/data-sets/national-material-capabilities>.

share of total power for each element of material capability, ranging between "0" and "1" while "0" indicates the given state has no share in total power in a given year. Below I will compare the power of the states that decided to negotiate over the EDC plan; Belgium, Netherlands, Luxembourg, Germany, France, and Italy in 1950.

The balance of power in Western Europe immediately after the World War II was stable because none of the states in the region had the material capacity to launch a bid for hegemony. Given their population and economic capacity; France and Germany were major powers in the region. Germany was defeated while France was warworn. Italy, Belgium, and the Netherlands were middle powers while Luxembourg was a small state given their material capacity. Table 2 shows their material capabilities. The NMC does not provide data for Germany for the years between 1946-1954 since Germany was gradually gaining its sovereignty. Table 3 shows Germany and France material capability in 1955.<sup>74</sup> I compared France and Germany since both were major powers in Western Europe. As seen in Table 3, France and Germany shared a roughly equal portion of power. That means power was distributed equally between both states.

**Table 1: Material Capabilities of Western European States**

Country	Military Expenditure (thousands of current year US Dollars)	Military Personnel (thousands)	Iron and steel production (thousands of tons)	Energy consumption (thousands of coal-ton equivalents)	Total Population (thousands)	Urban population (population living in cities with a population greater than 100,000; in thousands)	Composite Index of National Capability (CINC) score
France	1489278	595	8652	81344	41736	6892	.0332216
Italy	564799	235	2362	17468	47104	9374	.017447
Belgium	166920	74	3777	26698	8639	886	.0082221
Netherlands	236794	226	490	25202	10114	3182	.0081174
Luxembourg	2548	3	2279	1123	294	0	.0027704

**Table 2: Material Capabilities of Germany and France in 1955**

Country	Military Expenditure (thousands of current year US Dollars)	Military Personnel (thousands)	Iron and steel production (thousands of tons)	Energy consumption (thousands of coal-ton equivalents)	Total Population (thousands)	Urban population (population living in cities with a population greater than 100,000; in thousands)	Composite Index of National Capability (CINC) score
Germany	1757856	205	21336	183759	52364	14834	.0377847
France	2948000	802	12592	98982	43428	7343	.0306306

<sup>74</sup> I assume that Germany had the roughly same share of system power in 1950 as it had in 1955. That means there was no major change in Germany's power in that time period.



As seen in Table 2 and 3, there was no huge power disparity between the states. As a matter of course, some of them were stronger while others were relatively weak. However, given their material capabilities and CINC scores, no single state could have achieved hegemony in the post-WWII period. In 1950, for example, the CINC score of the United States was .284443. Comparing the power of the United States and Western European would be more meaningful to evaluate whether one of the Western European states could have become the hegemon.

### 6.5 Preferences of France and Germany

*The French:* France was one of the original twelve signatories to the NATO treaty. Thus, it was under the security umbrella of the alliance against a possible Soviet attack. However, it was still obsessed with a possible German militarization. As René Pleven, then-prime minister of France stated *the creation of a German army would give rise to renewed distrust and suspicion.*<sup>75</sup>

During that time, the United States was keeping a military force on the continent, particularly in the occupied German territories. US elites, on the other hand, were considering rearming Germany, in order to establish an effective Western defense against Soviets. A possible German contribution to European defense would mitigate the American military expenditure for the continent. At this point, Germany's participation in NATO came into question. Accordingly, Germany would have to create a military force to contribute to the alliance as a member state. Thus, German rearmament became inevitable, since Germany would be a sovereign nation. For the French side, the problem was that Germany would have a military force since the German rearmament inflames the bad memories of German militarism on French security. At the New York Conference held in September 1950, when Americans tried to convince France to accept the German rearmament, then-French foreign minister Schuman said: "*there was a serious psychological problem in France, however, and*

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<sup>75</sup> Statement by René Pleven on the establishment of a European army (24 October 1950),

[https://www.cvce.eu/content/publication/1997/10/13/4a3f4499-daf1-44c1-b313-212b31cad878/publishable\\_en.pdf](https://www.cvce.eu/content/publication/1997/10/13/4a3f4499-daf1-44c1-b313-212b31cad878/publishable_en.pdf),  
(Accessed: July 10, 2018).

*that it would create serious difficulties.*"<sup>76</sup> Prime minister Pleven's statement regarding the issue also reflects France's security concerns at that time:

"The formation of German divisions, of a German Ministry of Defence, would sooner or later be bound to lead to the rebuilding of a national army and, by that token, to the revival of German militarism."<sup>77</sup>

Schuman, further, put France's preference as follows:

"The position of the French Government which the Government has many times asserted. It is as favorable to a progressive integration of Germany into a European structure and to her admission to the organizations which are the basis of a peaceful cooperation among European states, as it is opposed to the idea of any possible discussion of the reconstitution of a German military force."<sup>78</sup>

Given the French security concerns, France proposed a European army which envisaged the participation of Germany, Italy, the Netherlands, Belgium, and Luxembourg in a supranational defense organization.<sup>79</sup> This plan was called the European Defense Community. The key point for the EDC was that Germany would have no officers in the organization, but only individual soldiers. By proposing such a plan, France aimed to prevent the emergence of a general staff which would allow Germany to plan and conduct a major war.

*The Germans:* West Germany was established in 1949. East German territories were under the Soviet control. West Germany's military and some of its industrial infrastructure were destroyed by the allies. As a newly established country, West Germany was domestically striving for denazification and the reestablishment of its institutions while the German government was attempting to build a political personality for the new state in the international arena.<sup>80</sup> West Germany's chancellor Konrad Adenauer pointed it out well:

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<sup>76</sup> United States Minutes, Private Meeting of the Foreign Ministers, New York, September 12, 1950, Foreign Relations of the United States, 1950, Western Europe, Volume 3, <https://history.state.gov/historicaldocuments/frus1950v03/d569>, (Accessed: July 2, 2018).

<sup>77</sup> Statement by René Pleven on the establishment of a European army.

<sup>78</sup> Translation of Statement Made by Robert Schuman Before the French National Assembly, ca. December 1949. Acheson Papers - Secretary of State File, Harry S. Truman Presidential Library and Museum, [https://www.trumanlibrary.org/whistlestop/study\\_collections/achesonmemos/view.php?documentVersion=both&documentYear=1949&documentid=66-3\\_03](https://www.trumanlibrary.org/whistlestop/study_collections/achesonmemos/view.php?documentVersion=both&documentYear=1949&documentid=66-3_03), (Accessed: July 5, 2018).

<sup>79</sup> Ruane, Kevin. *The rise and fall of the European Defence Community*, p. 4.

<sup>80</sup> Fursdon, E., *The European defence community*, p. 50.

“If the Allies demanded that we should take part in the defense of Western Europe, I should be in favor, not of an independent Wehrmacht but of a German contingent in a European force. I should be opposed to Germans being accepted into, or recruited for, a non-German contingent, or to their serving as mercenaries.”<sup>81</sup>

At this point, one of the main goals of Adenauer's government was to build "equal" relations with the outside world, particularly with other Western states.<sup>82</sup> Being an equal nation was important for the new state's foreign policy because West Germany, as a defeated nation, was under strict limitations. As a part of the consensus between victorious nations of the Second World War, West Germany would have no armed forces for a certain time; this was in part because the legacy of the Nazi regime remained strong in the memories of the neighboring countries.

Furthermore, the Soviet Union, at that time, was maintaining a large-scale military power.<sup>83</sup> Soviet-controlled Eastern Germany, on the other hand, had established a police force in order to ensure its domestic stability.<sup>84</sup> This police force, however, was not an ordinary police force. It was a semi-military organization. Under these circumstances, West Germany was under a communist threat. It had no army to deal with its security concerns.

To sum up, German foreign policy was driven by one basic preference: security under the equal term. To realize this preference, West Germany had three policy options: a) unilaterally build up a military force b) join the NATO alliance b) join a European Army.<sup>85</sup> Unilateral rearmament, in fact, was not an available option at that time, given the continued occupation status of West Germany. Thus, West Germany had two actual options regarding the rearmament—the NATO solution and the EDC plan.

## 6.6 The Bargaining Power of France and Germany

As discussed in Chapter 5, the relative bargaining power of states depends on the following factors: unilateral policy alternative, credible alternative options, and the urgency of preferences. These factors together provide leverages for states to extract concessions. Regarding the negotiation process over a possible German rearmament,

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<sup>81</sup> Ibid., p. 66.

<sup>82</sup> Ibid., p. 86-93.

<sup>83</sup> Rosato, S. (2010). *Europe united: power politics and the making of the European Community*. Cornell University Press.

<sup>84</sup> Fursdon, E., *The European defence community*, p. 64.

<sup>85</sup> Helga Haftendorn, Germany's accession to NATO: 50 years on, <http://www.nato.int/docu/review/2005/Peace-Building/Germany-accession-NATO/EN/index.htm> (Accessed: May 10, 2017).

Table 1 and Table 2 show the relative bargaining power and weaknesses of France and Germany.

**Table 3: The Relative Bargaining Power of France**

<b>THE PETERSBERG CONFERENCE AND THE PARIS CONFERENCE</b>	<b>Ability to go to unilateral action</b>	<b>Alternative options</b>	<b>Urgency of preferences</b>
<b>FRANCE</b>	France had a military. It also had some of material capacity to increase its military expenditure.	France was a NATO member. So, it was under the alliance's security umbrella against the Soviets.  France proposed the EDC plan. The Conference for the EDC was held simultaneously with the Petersberg Conference	France as a NATO member ensured its immediate security against a foreign threat like the Soviet Union. Since a possible German rearmament would be a threat to France in the long term, France did not perceive an immediate threat from Germany.

**Table 4: The Relative Bargaining Power of Germany**

<b>THE PETERSBERG CONFERENCE AND THE PARIS CONFERENCE</b>	<b>Ability to go to unilateral action</b>	<b>Alternative options</b>	<b>Urgency of Preferences</b>
<b>GERMANY</b>	Germany's infrastructure for building an effective military was destroyed. Also, because of the Nazi legacy, it could not build a military immediately after the war.	The EDC was an alternative option for Germany in the Paris Conference. However, compared to NATO solution, the EDC plan was Germany's second best option. Germany could not propose an alternative defense system because it had no military at that time. Also, it was striving to build a political personality to maintain its international relations.	Germany as a defeated nation had no military at the time. It was perceiving threats the Soviet and East Germany. German leaders sought to ensure the country's security problems. Compared to other Western European nations Germany had immediate security preferences.

### **6.7 The Conferences for German Rearmament**

As mentioned above, there were two competing visions for solving the German rearmament problem: the NATO solution and the EDC solution. The United States was in favor of the NATO solution while France was for the EDC solution. In order to solve

the problem, two distinct conferences were held almost simultaneously. The Petersberg Conference, which aimed at negotiating Germany's possible membership and contribution to NATO, opened on 9<sup>th</sup> January of 1951, while the Paris Conference, which was for creating a European Army involving German contingents, opened on 15<sup>th</sup> February of 1951. France, The United States, the United Kingdom, and Germany were the participants of the Petersberg Conference. The Paris conference, on the other hand, involved Italy, the Netherlands, Luxembourg, Belgium, France, and Germany. France and Germany were the two most important participants in both of the conferences.

Germany sought security and equality. Therefore, the NATO solution would be a better option for the German side. Germany sent a larger delegation to Petersberg. This was a sign that Germany preferred a NATO solution over an intra-European solution for its security. A telling sign of the German quest for equality was that the head of the German delegation Herr Blank when he arrived at Petersberg, refused to join the conference unless his car had its parking place alongside those of three VIP places reserved for the French, the British and the American delegations.<sup>86</sup>

France, on the other hand, did not want Germany to have an armed force in a NATO framework. That was why it proposed an alternative solution: the EDC plan. France's ability to create an alternative coalition increased its bargaining power vis-à-vis Germany which was also a bargaining partner in the EDC negotiations that took place at the same time.

France, ostensibly, agreed to attend the Petersberg Conference. In fact, France was tactically blocking the negotiations. The main goal of the French was to convince both the United States and Germany to accept the EDC plan. In order to achieve that end, the French strategy was to ensure the failure of the Petersberg negotiations.<sup>87</sup>

The French delegation at Petersburg strictly maintained their position against a German rearmament. One of the key discussions at the conference regarded the size of German military units. The French delegation did not want Germany to create "divisions" as a basic military unit. The term "divisions" evoked "the German militarism" to the French.<sup>88</sup> Since the NATO alliance required an effective contribution by its member states, the United States wanted Germany to maintain an effective

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<sup>86</sup> Fursdon, E., *The European defence community: a history*, p. 107.

<sup>87</sup> *Ibid.*, pp. 114-120.

<sup>88</sup> *Ibid.*, p. 111.

military power against the Soviet Union. To be an effective power, Germany should have had 12 divisions, according to the US planners.<sup>89</sup> Unless the new German army was structured based on divisions, it would be unreasonable for the US to allow Germany to have a military.

The German delegation, on the other hand, needed to reach an urgent solution. This situation decreased the Germans' relative bargaining power. Their cost of haggling was higher than the others' cost. At that time, Germany was dealing with serious security problems, such as the Soviet and East German threats. As mentioned previously, due to technical and psychological barriers, the German government could not undertake a unilateral rearmament. This also decreased Germany's relative bargaining power. Germany needed partner countries to ensure its security. It needed to participate in a common defense system that would allow it to create a limited military power. Compared to the EDC plan, the NATO solution was preferable, because Germany was seeking security under the equal conditions. The EDC plan, on the other hand, required Germany to transfer some of its sovereignty to a supranational organization.

As for the United States, the Americans did not have a comprehensive plan for integrating Germany into NATO. It also sought to convince France to accept a NATO solution for German rearmament. However, both Germany and the United States could not offer a viable plan to convince France.<sup>90</sup>

The Petersberg Conference fell into a deadlock for three reasons. First, France could come up with an alternative plan. Second, Germany had urgent security problems. Third, Germany and the United States could not propose a tangible plan to assuage France's concerns. In the end, France got what it had wanted: failure of the conference. After that, the German government began to believe that a NATO solution was not feasible at that time. All these developments gave a chance for the Paris Conference, which was hosted by France.

The German government sent the experienced Petersberg delegation to Paris. However, the German position on equal status and the level of integration remained as consistent and steady in Paris as it had been at Petersberg.<sup>91</sup> The German delegation was

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<sup>89</sup> Ibid., p. 135.

<sup>90</sup> Ibid., p. 107-108.

<sup>91</sup> Ibid., p. 122.

determined to not accept any proposal which envisaged unequal German participation in the organization. Germany could have withdrawn from the conference. This was, in fact, a real threat to the talks. The United States would have, in this situation, simply proposed the NATO solution again. If this had happened, France would have had no alternative, and its bargaining power would have been decreased in the new talks for a second NATO solution. At this point, the fact that Germany had an alternative option increased their relative bargaining power relative to France. For the sake of the survival of the conference, France accepted Germany's demands for equal status. This was a major shift from the original proposal, which envisioned unequal German participation. As mentioned above, this situation was not acceptable for the German side.

After a long and hard bargaining process, the terms of the agreement were formulated. At the international level, France and Germany came to a realization that they would have to coordinate their security policies in order to minimize the negative externalities of German rearmament. France got what it had sought in the Petersberg Conference since it had the capacity of proposing an alternative plan. Germany with urgent security problems had no unilateral policy alternative vis-à-vis France. As for the Paris Conference, Germany could extract a concession because it had an alternative option. Consequently, the states reached an agreement at the international level in 1952.

As for the domestic level, the agreement was supposed to be ratified by domestic parliaments so that it could come into force. The German parliament ratified the agreement. However, the French parliament rejected the agreement in 1954. Notice that although the agreement was signed in 1952 at the international level, it was submitted to the French parliament's approval in 1954. During this period, various political changes took place both in France and international politics. The fact that the approval process took 2 years is an important research topic in terms of linkages between domestic politics-international politics. Since this thesis' scope of analysis is interstate negotiations at the international level, I omitted domestic level factors which require different types of analytical tools. Merging domestic factors into the framework of the thesis would have increased its descriptive accuracy, however, it would weaken its parsimoniousness and explanatory power.

## CONCLUSION

This study explores the following questions: Under what conditions security seeker states are more likely to initiate cooperation? What determines negotiation outcomes at the international level? The study offers an analytical framework which argues international cooperation and negotiation can best be explained through two theories, arrayed in a multistage model, which takes its fundamental assumptions from theories of structural realism and rational bargaining. The framework, first, attempts to explain conditions under which states initiate cooperation. Second, it employs a rational bargaining theory to elucidate how states extract and grant concessions.

The central argument of the framework is that when total power is evenly distributed in a region, states located in that region would be more likely to initiate cooperation if they need to cooperate in a certain policy area. In addition, if the number of cooperating actors increases, the states are less likely to avoid from cooperating. In such situations, states can compensate for their relative losses from one cooperation dyad with another favorable cooperation dyads. Consequently, equal distribution of power and a larger number of actors would increase the likelihood of the initiation of cooperation.

However, the initiation of cooperation does not imply that the involving states would easily strike an agreement. Once states decide to cooperate, a new strategic interaction in which states bargain begins. As for this bargaining process, the framework argues that the relative bargaining power of states is the main factor that determines negotiation outcomes. States with higher bargaining power at the negotiation table would be more likely to extract concessions from their partners. The determinants of relative bargaining power are as follows: i) unilateral policy alternative ii) available



alternative options iii) urgency of preferences. Combined together, these factors would grant bargaining power to states. Therefore, states that have the asymmetric advantage of these factors would make sure that the agreement is closer to its ideal point.

As for the empirical part of the study, the framework focuses on the origins of the European integration process. With this regard, it deals with the negotiation process of the European Defense Community. To illustrate the case, the thesis delves into the relative bargaining power of France and Germany. Employing case study and analytical narrative methods together, the thesis shows first how the extant balance of power dynamics could lead states in a certain domain to initiate cooperation. Second, the thesis shows that how the relative bargaining power of Germany and France affected whether both states make concessions during the two separate conferences. Regarding the negotiations, the framework concludes that it was not the military power matters most but the relative bargaining power of both states.

This thesis contributes to the debates on international cooperation and European integration by refining the standard structural realist logic on the relative gains problem. The thesis shows how absolute gains matters most to states even if they already placed positionally in the system. In a cooperation setting, as the number of cooperating actors with equal power increases, the relative gains problem becomes less salient. In addition to the structural perspective, the thesis also employs a rational bargaining theory to explain negotiation outcomes at the international level.

I acknowledge that this thesis may have some limitations. This does not mean that the argument presented in the thesis is flawed. I omitted some factors in order to reach a parsimonious and comprehensive explanation. This thesis does not deal with domestic preference formation process since it stands from a systemic point of view in terms of theory. The way in which preferences formed may affect states' decision on cooperation and conflict over an issue. In this regard, domestic politics and structures are important factors determining state behavior. There is also a vast literature on domestic factors and international cooperation.<sup>92</sup>

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<sup>92</sup> See Fearon, James D. "Domestic politics, foreign policy, and theories of international relations." *Annual Review of Political Science* 1.1 (1998): 289-313; "Bargaining, enforcement, and international cooperation." *International organization* 52.2 (1998): 269-305; Putnam, Robert D. "Diplomacy and domestic politics: the logic of two-level games." *International organization* 42.3 (1988): 427-460.

In addition to the theoretical limitations, I mostly relied on secondary resources in order to collect data and present evidence in the empirical part of the study. However, this is mostly because of the lack of primary data sources which one can access. Also, time and budget constraints did not allow me to collect most of available primary data resources.

Abovementioned limitations can be improved in future research. A theory or model that contains how domestic and international factors interplays in determining states relative bargaining power would offer an important contribution to the literature on international cooperation. In addition, as this thesis does not deal with institutionalization of cooperation, further studies focusing on systemic factors and institutional design would also expand our understanding of international cooperation. Finally, as this thesis focuses on the initiation of international cooperation, the framework of the thesis could be refined to cover the evolution of cooperation which is a process contains both persistence and advancement of international cooperation.

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