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Modeling external constraints on the hegemonic strategies of regional powers

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Abstract

A simple general equilibrium model is borrowed from economics to study alternative foreign policy strategies of regional powers that are conditional on external constraints. An equilibrium hegemonic strategy is modeled as the joint production and consumption of two "goods" (*empire* and *leadership*) that are produced with two "input factors" (*political repression* and *political support*). A persistent policy change on the part of a global-level actor, such as a shift in great power interference, leads to a change in the hegemonic strategy of the regional power and to a disequilibrium. It is shown that an equilibrium can only be restored by a corresponding persistent change in the level of state power. Economic performance is identified as a key determinant of state power.

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1. Introduction

Over the past two decades, substantial power shifts have taken place in international politics. Regions have become more important as the units in which international politics is made. As Katzenstein (2005) puts it, we are living in a "world of regions." Countries like China, India, Brazil, Russia or South Africa play a prominent role in their regions, while at the same time rising as players at the global level. A recent strand of the literature emphasizes the role of such

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countries as "regional powers," suggesting that they can exercise a high degree of influence on their regional neighbors.

Regional powers appear to exercise their influence in very different and not always benign ways. For instance, Brazil and South Africa have been able to generate a substantial degree of followership among their regional neighbors by pursuing predominantly cooperative policies over the past years (Burges, 2008; Schoeman, 2003), but India faces hostility among South Asian countries and has not been able to contribute to the development of effective forms of regional integration (Destradi, 2012; Sáez, 2011); Russia has not hesitated to pursue its interests by employing military threats and means (Allison, 2009). The different foreign policy strategies employed by regional powers have shaped the character of regional relations, so the "world of regions" we live in reflects the way regional powers deal with their neighbors.

In this paper, we look for general explanations for the pattern of foreign policy strategies employed by regional powers. So far, the literature on regional powers has been mainly concerned with definitional and classificatory issues, but attempts are largely missing toward developing a formal theory of the foreign policy strategy of regional powers. To this end, we start from the observation that regional powers have a peculiar position in the international system. On the one hand, they are the dominant countries within their regions and are assumed to be able to exercise a substantial degree of influence on their smaller and weaker neighbors (Nolte, 2010; Østerud, 1992). On the other hand, they are still constrained by systemic imperatives, and particularly by the policies of the actors operating at the global level of analysis (Buzan and Waever, 2003: 27–29). As Buzan and Waever (2003: 37) put it, regional powers' capabilities "[. . .] loom large in their regions, but do not register much in a broad-spectrum way at the global level. Higher-level powers respond to them as if their influence and capability were mainly relevant to the securitization processes of a particular region. They are thus excluded from higher-level calculations of system polarity [. . .]."

Our point of departure is twofold. First, we consider alternative strategies of regional powers as arrayed along a continuum between two ideal-typical extreme foreign policy strategies, namely "empire" as the most aggressive and "leadership" as the most cooperative foreign policy strategy (Destradi, 2010, 2012). Between these two poles we find a large spectrum of "hegemonic" strategies reaching from "hard" to "intermediate" and "soft" hegemony.

Second, we borrow from economics a simple two-sector two-factor general equilibrium model. This model allows us to determine the type of foreign policy strategy that a regional power will adopt in dealing with its neighbors as the equilibrium outcome of domestic and global-level factors. By looking at the interplay of these variables, we broadly follow a neoclassical realist approach (Taliaferro, Lobell, & Ripsman, 2009), but embed it in a framework that takes into account three levels of analysis: the domestic (within the regional power), the global (the constraints deriving from great power interference), and the regional (at which the strategies of the regional power are targeted) as the result of the other two.

In light of our economic model, we conjecture that a regional power produces its hegemonic strategy as the weighted average of the two extreme goods *empire* and *leadership*, thereby using the two factor inputs *political repression* and *political support* (Wintrobe, 1998).[1] We assume that *empire* is the repression-intensive good and *leadership* is the support-intensive good. In this setting, equilibrium is determined by the relative shadow price of the two goods, which itself is

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[1] Wintrobe (1998) uses the term *political loyalty*; we prefer *political support* to differentiate this factor input from the output good *leadership* when using first letters for these terms in the figures that follow below.