17 International organization: institutions and order in world politics

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1. Introduction
The modern history of international organization (IO) reflects an uneven development of both the practice and concept that go under that name. The term is used in differing ways and we apply it to both IO conceived as formal institutional organizations and in a more general sense of order creation. Furthermore, international organization includes not only interstate arrangements but, increasingly, arrangements among non-governmental and transnational actors. Thus, the landscape of international organizations (IOs) includes both intergovernmental organizations (IGOs) and international non-governmental organizations (INGOs). International organization is clearly a very broad concept, which has evolved with the practice of various forms of international governance. Our main task here is to chart the theoretical development of understanding about IO. We emphasize approaches that are most relevant to international law and economics, while noting important contributions and challenges posed by alternative perspectives.

After a descriptive summary of the history and evolution of IOs, we discuss three general conceptions of IO as formal organization, as international ordering principle and as international regime. We then review the theoretical literature on IO, addressing such topics as regime theory, institutional variation and design, compliance and effectiveness, and the role of non-state actors in global governance. We conclude by noting that there is substantial overlap in the interests of political scientists, law scholars and economists when it comes to the study of IO, a confluence that is leading to productive intellectual debates.

A. A BRIEF HISTORY OF INTERNATIONAL ORGANIZATION

2. The Rise of Intergovernmental Organizations
Beginning with the Peace of Westphalia in 1648, the principle of national sovereignty placed the states of Europe on an equal legal footing and established
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the norms of territorial integrity and non-interference in the domestic affairs of other states. Westphalian sovereignty helped to order political life at the international level, though in a highly decentralized and limited way (Falk, 1969; Krasner, 1999), and was critical to the subsequent development of international organization. However, it was not until the nineteenth century that formal inter-governmental organizations (IGOs) began to appear in significant numbers. Prior to that, there was insufficient contact between states, few problems arising from interdependence among them, and little perceived need for institutionalized mechanisms to manage international relations (Claude, 1964).

The first serious attempt at international organization among states came with the Congress of Vienna (1814–15), which established a new diplomatic order whereby representatives of states met at regular intervals – not just in the aftermath of war – to discuss political issues. The resulting “Congress system” was a more systematic and institutionalized approach to managing issues of war and peace, which some view as a fundamental turning point in the conduct of international relations (Schroeder, 1994).

The Congress system gave way to the more informal Concert of Europe, “A looser association of the Great Powers . . . limited to dealing with problems as they arose, not seeking to anticipate them or to iron them out of existence” (Hinsley, 1963, p. 213). This featured sporadic gatherings throughout the century, mostly in response to wars: Paris in 1856, Vienna in 1864, Prague in 1866, Frankfurt in 1871, Berlin in 1878, Berlin in 1884–5, and The Hague in 1899 and 1907. These last two conferences went so far as to establish panels of arbitrators to settle international disputes and produced a Convention for the Pacific Settlement of International Disputes. These are the earliest examples of formal organizations designed to manage security issues. The result of the Concert was, indeed, quite a long period of relatively peaceful interstate relations among the great powers of Europe.

Many of the most dramatic developments in international organization during the nineteenth century grew from the increased geographic scope of economic activity, which created new interdependencies among states. To facilitate international trade and regulate traffic, the states of the Rhine established the Central Commission for the Navigation of the Rhine in 1815, and commissions were subsequently established for the Danube (1856) and Elbe (1821) rivers. The Zollverein, a customs union of Germanic states established in 1834, was the first effort at international economic integration and governance in Europe. A related set of IOs, the Public International Unions, were concerned primarily with technical matters and with establishing standards. They included the International Telegraphic Union (1865), the General (later Universal) Postal Union (1874), the International Union of Railway Freight Transportation (1890), and the International Bureau of Weights and Measures (1875). Some of these
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organizations had elaborate institutional frameworks, including permanent bureaus that represented forerunners of secretariats (Archer, 1983, p. 12).

Parallel to these developments in IGOs was a rise in non-governmental and transnational actors as important participants in global governance. Notable groups created in the nineteenth century were the International Committee of the Red Cross, the international labor movement in Europe, and transatlantic advocacy networks focused on the abolition of slavery and women’s suffrage (Boli and Thomas, 1999; Keck and Sikkink, 1998, chapter 2; Reinalda, 2009, chapters 4–5). In some cases, these groups provided services (such as the Red Cross’s efforts to aid civilians and prisoners during times of war), but arguably their most important role was to raise awareness of issues and pressure governments to accept new norms governing them.

The periods following the two world wars saw the greatest proliferation of institutions. Diplomats met in 1919 at the Versailles Peace Conference to create a global security IGO in the League of Nations. This was the first attempt at collective security – that is, an institution operating on the principle that an attack against one state is considered an attack against all (Claude, 1962; Kupchan and Kupchan, 1991; Miller, 1999). The League Covenant established the Permanent Court of International Justice, the first universal forum of its kind and predecessor to today’s International Court of Justice. Versailles was also the first instance of widespread participation by non-governmental actors in a large interstate conference; two products were the establishment of the International Labor Organization and a more formal partnership between states and the Red Cross. This marked the beginning of a trend toward increased participation by non-governmental organizations (NGOs) in global governance throughout the twentieth century (Skjelsbaek, 1971).

Though President Woodrow Wilson was its chief proponent, the United States never joined the League (the Senate failed to ratify the Covenant) and it never lived up to its promise of preventing war. Nevertheless, as the first attempt to forge a security order based on a formal IGO with universal membership, the League of Nations left an important legacy.

3. Post-World War II International Organizations

The architects of the postwar system established an ambitious framework of international law and institutions. Though the number of formal IGOs increased from about 50 to 80 during the interwar period, they flourished in the decades following World War II and numbered over 200 by the 1970s (Wallace and Singer, 1970; Jacobson, 1984).

The most important of these organizations is the United Nations (UN). The UN Charter was finalized and signed at the United Nations Conference on International Organization, which took place in San Francisco in 1945. The UN is comprised of six principal organs – the General Assembly, the Security
Council, the Economic and Social Council, the Secretariat, the Trusteeship Council, and the International Court of Justice – and dozens of programs, commissions and specialized agencies, which have proliferated over the years to address specific issues (Yoder, 1989; Mingst and Karns, 2007; Schachter and Joyner, 1995). Unlike the League, which focused almost exclusively on security issues, the UN is designed to address a range of social, economic and political issues.

One set of organizations, known as the Bretton Woods institutions, was created following World War II for the purpose of promoting economic stability and development. The International Monetary Fund was charged with lending money to address temporary balance-of-payments difficulties and to maintain stable exchange rates, though its role has expanded to include longer-term debt and other structural problems and intervention following financial crises. The World Bank’s initial task was to facilitate postwar reconstruction in Europe. Its focus quickly shifted to lending for major economic development projects, usually in cases where governments cannot secure loans from private banks. The General Agreement on Tariffs and Trade (GATT) was established to maintain open trade based on the principle of non-discrimination. It was replaced in 1995 by the more encompassing and centralized – for instance, it contains strengthened dispute settlement procedures – World Trade Organization (WTO).

Alongside these global institutions, an important development in the postwar period has been the rise of regional institutions (Fawcett and Hurrell, 1995; Taylor, 1993; Nye, 1968). Some perform a range of functions within a given geographical area, such as the Organization of American States, the Organization of Central American States, the Arab League, the African Union, and the Association of South East Asian Nations. Others are specifically security related, such as the North Atlantic Treaty Organization, the Organization for Security and Cooperation in Europe, and the now-defunct Warsaw Treaty Organization. The largest number are economic, including the European Free Trade Association, the North American Free Trade Agreement, the Southern Cone Common Market, the Andean Common Market, and the Asia-Pacific Economic Cooperation forum. In fact, many of these regional arrangements combine economic, political and security goals, and they have been credited with simultaneously promoting economic exchange and regional stability (Haftel, 2007).

Of these regional arrangements, the European Union is by far the most institutionalized, with rules and formal organizations governing economic relations (Armstrong and Bulmer, 1998; Eichengreen and Frieden, 1994; Kenen, 1995), human rights (Voeten, 2008; Moravcsik, 2000), legal dispute resolution (Alter, 2001; Burley and Mattli, 1993; Garrett, 1995), and, increasingly, security cooperation (Jones, 2007; Kupchan, 1997). To a greater degree than any other IGO, the EU represents a “pooling of sovereignty” (Moravcsik, 1998) and
some argue that it is an example of true supranational governance (Sandholtz and Stone Sweet, 1998).

4. Recent Trends
As globalization intensifies the level of interaction and interdependence across national boundaries, international organization is becoming more complicated in terms of the number of actors and institutions involved and the range of issues addressed. While states are still the most important actors, political scientists and legal scholars describe an increasingly complex network of public and private entities that supply governance functions.

Following an exponential growth rate in the decades following World War II, the number of IGOs exceeded 300 by the early 1990s, but has leveled off since then (Pevehouse, Nordstrom and Warnke, 2004). IGOs also sometimes become inactive; more than one-third of those in existence in 1981 were defunct by 1992, including many in Eastern Europe and the developing world. Nevertheless, the number of regional IGOs continues to rise, especially in the Americas, Europe and Africa, a trend driven largely by the increased regionalization of the world economy (Mansfield and Milner, 1999). Overall, it is the rich countries of Western Europe that participate most in IGOs, as reflected in their high number of memberships. This has led to concerns over a “growing polarization between powerful countries – dominated by the literate, wealthy, and democratic – that establish and control IGOs and countries whose populations and governments are badly off and increasingly disengaged from international organizations” (Shanks, Jacobson and Kaplan, 1996, p.594).

The UN and its various agencies have become more active since the end of the Cold War. Demand for an expanded range of UN services in the area of international security has produced a much more active Security Council and an increase in the number and complexity of peacekeeping operations (Roberts, 1993; Malone, 2004; Price and Zacher, 2004). This replaces the gridlock of the Cold War, during which the two opposing blocs often failed to agree on how to address security issues. The UN and related organizations have also become more active in settling international disputes and monitoring compliance with international law, through a variety of new organizations (e.g., the International Criminal Court, the International Tribunal for the Law of the Sea, the WTO’s dispute settlement mechanism, and the Human Rights Council) and increased activity by older ones (e.g. the International Center for Settlement of Investment Disputes and the Security Council).

Today, IGOs range in size from small consultative organizations such as the Northwest Atlantic Fisheries Organization to very substantial bureaucracies like the World Bank or EU with elaborate administrative structures, large budgets, many employees and extensive operational capacities. While IGOs were traditionally established by treaty, a majority are now “emanations”, that is,
organizations created by other organizations. A striking feature of the landscape of IGOs is the degree of overlap in terms of functions, membership and rules, producing a complex – and sometimes confusing – network of institutions (Alter and Meunier, 2009).

Parallel to the growth in governmental organizations has been a continued proliferation of international non-governmental organizations (INGOs). From 176 in 1909, there were 1,255 INGOs in 1960 and are now more than 5,500 (UIA, 1997/98, Table 2, Appendix 3). Non-governmental organizations pressure governments for change, but also work with them to manage a variety of issues, including the environment, human rights, and international regulation in various settings (Raustiala, 1997; Rosenau and Czempiel, 1992; Keck and Sikkink, 1998; Abbott and Snidal, 2010). They also work with and through IGOs, including the UN, the World Bank and the WTO (Weiss and Gordenker, 1996; Charnovitz, 1996). Today’s world is thus one of “transnational” relations and governance, where governmental actors at various levels interact with their counterparts abroad, but also with IGOs and private actors, to manage international issues (Hall and Biersteker, 2002; Slaughter, 2004; Keohane and Nye, 1972; Risse-Kappen, 1995).

As this historical summary makes clear, international organization has generally been a response to or manifestation of deeper changes in international relations, not a driver of these changes.

B. CONCEPTUAL APPROACHES TO IO

The theory and practice of IO have developed together in the modern era, and especially in the post-World War II period. One consequence of this progressive development is substantial ambiguity in what we mean by “international organization”, since the practice and concept have co-evolved over time. A compensating virtue is that we have developed a richness of different possibilities for organizing international behavior and for thinking about it. It is useful to distinguish three different conceptions of the term.

5. IO as Formal Organizations

The most familiar and straightforward definition of international organization is as formal organizations, usually among states or with states selecting representatives. As noted above, the Congress of Vienna (1815) established the Rhine Commission as the first formal IGO, but not until the last third of the nineteenth century did IGOs begin to proliferate rapidly to facilitate expanding commercial and other forms of interdependence among European states. In the current period, formal IGOs are exemplified by the United Nations and its agencies, as well as a host of functional and regional organizations.
The study of formal organizations took off in the early twentieth century, especially as the débâcle of World War I led to the creation of the League of Nations. The interwar analysis was heavily descriptive and normative and focused on the legal and organizational structure of emerging or proposed institutions (Yalem, 1966). It suffered from a relative neglect of the actual incentives of states, including their reluctance to transfer sovereignty to federal or supranational organizations. This led to its being labeled as “idealistic” in distinction to the “realist” account of international life as being fundamentally driven by the harsh realities of power politics (Carr, 1939; Morgenthau, 1948). Realism continues to view power, not institutions, as the key organizing principle of international affairs, and is skeptical of any significant role for formal organizations.

Despite the failure of the League, the concern for international organizations carried through World War II, although it was significantly changed by David Mitrany’s (1943) “functionalist” theory. Technological advancements and the desire to promote welfare concerns were seen as creating a need for interstate cooperation that required both international governmental organizations and non-governmental organizations to manage the necessary technical cooperation. The theory further emphasized the important role of professionals within those formal organizations in effecting international cooperation. “Neofunctionalism” extended this argument by suggesting that successful collaboration in one area would increase the benefits of cooperation in related areas, and generate joint pressure from domestic interest groups and international officials to extend the realm of cooperation (Haas, 1964; Lindberg and Scheingold 1971; Nye, 1971; Groom and Taylor, 1975). This “spillover” would then provide the motor for broad international – and especially regional – integration, as exemplified by the development of the European Community. Although this body of literature had a limited impact in the end (see Haas, 1975), it represented an important move away from description towards a theoretical analysis whose ideas continue to be echoed in contemporary discussions.

While these theories argued that formal IGOs could perform functions that would lead them to acquire authority, subsequent theory focused on how increasing interdependence was eroding state sovereignty. This trend has not been monotonic, as illustrated by high levels of pre-World War I economic interdependence that declined precipitously in the interwar period and were only surpassed well after World War II. Nevertheless, long-term and increasing interactions among states in all fields of activity – including health, technology, security, environment, culture and economics – mean that even the most powerful states are sensitive to events elsewhere and cannot always achieve goals by themselves. Small states that are dependent on larger states have even stronger reasons to seek support from such organizations. Moreover, this interdependence takes increasingly complex forms, including the increase in
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the number of significant transnational actors such as multinational corporations and environmental groups (Keohane and Nye, 1972, 1977). These changes have increased opportunities for formal international organizations, but have not necessarily increased the willingness of states to transfer political authority to them.

Indeed, formal international organizations had come to be viewed unfavorably from both practical and theoretical standpoints until quite recently. From a practical perspective, IGOs have not always lived up to the high expectations they have raised. This was true with the League of Nations in the 1930s and with the UN by the 1970s, when the General Assembly and various UN agencies seemed to have become little more than forums for ideological debate (between North and South and between East and West). Developing countries in particular have felt that the Bretton Woods institutions are biased against them (Wilkinson, 2000; Stiglitz, 2002) and have created alternative institutions such as the UN Conference on Trade and Development to further their interests, but with mixed success. In the 1980s, the UN system faced open hostility from the United States, its most powerful member. Similarly, the high expectations for the European Community appeared to have stalled in this period – both within Europe itself and with regard to transferring the regional community model elsewhere.

Nevertheless, formal IOs continued to play an important role throughout the postwar period (Karns and Mingst, 1990). Economic organizations were instrumental in the performance of the global economy, while NATO was the most institutionalized, and probably the most successful, alliance. In the post-Cold War years, formal organizations have experienced somewhat of a renewal. There has been an effort to make better use of existing organizations, as the United States did with the UN during the Gulf War, to change organizations such as NATO to address a different set of problems, and to expand the venue of organizations such as the World Bank and IMF to address new issues, including the environment. Skepticism regarding the effectiveness of formal IGOs is neither over nor unwarranted, but there is continued interest in pursuing the possibility of improved governance through IGOs.

The theoretical literature is experiencing a similar sharp turnaround from the preceding decades, where, in the words of one commentator, there had been a “steady disengagement of international organization scholars from the study of [formal] organizations, to the point that today one must question whether such a field even exists any longer except in name” (Rochester, 1986). This new attention to formal IOs should not be understood as a continuation of the earlier tradition, however, but as a reconstitution of a substantive interest, now on stronger theoretical footings. On the one hand, the new literature is decidedly non-idealist and questions of enforcement of agreements and incentives to obey institutions are key concerns of its proponents. On the other hand, the literature is theoretical as it seeks to move well beyond the institutional-descriptive accounts.
that dominated much of the earlier literature (Abbott and Snidal, 1998; Hawkins et al., 2006; Barnett and Finnemore, 2004).

Legal scholarship, especially the doctrinal analysis of the rules and outputs of formal IOs, has continued to provide a rich description of the institutional forms and details of IOs. Although traditionally a-theoretical (see Virally, 1972, for a partial exception), its implicit emphasis on problem-solving states is highly amenable to rationalist theoretical development. This work examines how similar problems are addressed under different IO arrangements (Amerasinghe, 1996; Dupuy, 1988; Kirgis, 1993) and the best is comparative (Schermers and Blokker, 1995). An especially promising recent development, discussed below, is the reuniting of the legal concern with detailed arrangements and more theoretical developments in economics (Trachtman, 1997) and international relations (Abbott, 1992; Slaughter, Tumello and Wood, 1998; Guzman, 2008).

Finally, the emphasis on formal organizations represents a very narrow view of the forms of, and possibilities for, international governance. Indeed, the failure of the “classic” IO model to live up to an exaggerated promise of managing international affairs in a relatively depoliticized and expert manner has led to its disrepute in many quarters. Improved understandings of governance suggest that formal organizations are only one among numerous institutional possibilities. This is reflected in practice in the expanding use of informal arrangements such as G-groups (the Group of 77 and Group of 8, for example) to address international problems and in an emerging theoretically oriented study of informal institutions.

6. IO as Ordering Principle

If formal organization provides a narrow view of international organization, the most expansive definitions of international organization are framed in terms of broad ordering principles of the international system. We focus on two here: the realist conception of self-help in anarchy and the English School view of a “society”. We do not consider other ordering principles such as Marxist theories of imperialism ( Lenin, [1917] 1939) or of a “world capitalist system” (Wallstein, 1979), although the economic logic they describe certainly constitutes an alternative international ordering principle. The two we do consider play a central role in debates regarding the nature of international organization and pose major alternatives to regime theory, which we consider below.

Self-Help in Anarchy

The traditional realist view centers on sovereign territorial states in a state of anarchy, with Thomas Hobbes’ “state of nature” as the relevant metaphor. Anarchy is defined primarily in terms of the absence of central authority, not necessarily in terms of chaos or war (Milner, 1991, offers a valuable discussion of different meanings of anarchy). However, the realist view does imply that
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international politics is inherently competitive and conflictual, that survival is
the primary goal of states, and that relative power is of central importance. Waltz
(1959, 1979), the most influential contemporary realist commentator on anarchy,
emphasizes that the fundamental difference between domestic and international
politics is that the former is hierarchic while the latter is irreducibly anarchic.
This creates some irony with respect to realist reliance on Hobbes as their
intellectual forebear since they part ways with him on his central conclusion that
actors in a dire state of anarchy would choose a Leviathan, and thus transform
anarchy into hierarchy. The best explanation for states’ failure to do so is that
international anarchy is not as brutish as Hobbes’ vision of domestic anarchy
(Beitz, 1979).

Nevertheless, given the absence of central authority, the key realist ordering
principle is self-help: states must take care of themselves (Waltz, 1979; Glaser,
2010). Security is seen as the overwhelmingly central problem and balance
of power provides the unique source of international order. Thus a central
focus of realist theory is the relation between the distribution of power and
international outcomes, including but not restricted to war – although there are
sharp debates over the precise impact of different power distributions (Kaplan,
1957; Gilpin, 1981; Waltz, 1979). Power and security considerations are further
seen as the deep source of states’ attitudes towards, and arrangements for, other
(secondary) issues such as economics, human rights or environment. Thus
lower-order institutions – including formal organizations and regimes – are seen
as largely epiphenomenal, with the organization of the system explained largely
by the balancing of power among states (Mearsheimer, 1994–5; Wight, 1973).

International Society and Norms

A very different tradition in the international relations field, inspired by Hugo
Grotius ([1625] 1925), focuses on the system of states as an “international
society” that contains persistent elements of order (Bull, 1977; Wight, 1977).
According to Bull (1977, p. 13), the most prominent member of this English
school, “states form a society in the sense that they conceive themselves to be
bound by a common set of rules in their relations with one another, and share in
the working of common institutions”. This framework of rules and institutions
guides state behavior in patterned ways.

Social constructivist scholars of international relations make related arguments
regarding international norms, which operate as a social structure. States,
embedded in a dense network of social relations that shape their judgments,
define their interests according to “internationally shared norms and values
that structure and give meaning to international political life” (Finnemore,
1996, p. 3; see also Katzenstein, 1996; Tannenwald, 2007). Shared norms of
what constitutes legitimate behavior may lead states to act according to more
cooperative and multilateralist principles (Ruggie, 1993a; Finnemore, 2004;
Scholars working in this area critique the rationalist underpinnings of regime theory and other institutionalists (see below) for failing to capture many of the dynamics of international cooperation and organization. States abide by rules and norms, even when it is not in their material interest, because they have a long-term interest in the maintenance of a “law-impregnated international community” and share a sense of “moral community” (Hurrell, 1993). Some of this work has attempted to integrate regime theory into the study of international society, arguing, for example, that functional theories of regimes are largely accurate but that international society is a precondition for their development (Buzan, 1993). Hurrell (1993) suggests that the field of international law can provide a bridge for understanding the interaction between normative structure and self-interested cooperation. This recognition that regime theory and the notion of a norm-laden international society are not mutually exclusive offers a promising path for future work in the study of IO and cooperation more generally.

7. IO as Regimes

Between the narrow understanding of formal organizations and the extremely broad understanding of ordering principles lies the now somewhat dated concept of “international regime”. Regime theory is premised on the twin observations that international politics is highly interdependent (Keohane and Nye, 1977), thus implying mutual interests in cooperation, and that “international behavior is institutionalized” in a variety of ways (Ruggie, 1975, p. 559). There is agreement over these empirical phenomena, but the approach includes a diverse set of theoretical and methodological orientations. There has been wide adherence to a “standard” definition of regimes as “sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of international relations” (Krasner, 1983, p. 2). This very broad conception of regimes includes the endpoints as well as the vast middle ground between formal organizations and broader ordering principles in international relations.

The definition of regime has been criticized as being expansive to the point of vagueness (Strange, 1982). An unfortunate consequence is that an inordinate amount of effort has been expended in arguing about whether or not there is an effective regime in a particular area. The corresponding virtue is that this broad definition allows for a broader view of governance possibilities than is suggested by the narrower concern with formal institutions. The various categories in the definition also point towards a greater level of specificity than is often achieved by more ethereal discussions of ordering principles. Finally, the breadth of the definition leaves room for a plurality of approaches – liberal as well as realist,
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rationalist as well as constructivist. This has provided some unity to the field despite the diversity of approaches sometimes employed.

Much of the early regimes literature focused on explaining why states create international regimes and demonstrating that they “matter”, that is, that they influence state behavior in a meaningful way. From the beginning, however, regime theorists were addressing issues such as why regimes change or evolve (Lipson, 1982) and how to measure a regime’s effectiveness (Haas, Keohane and Levy, 1993; Bernauer, 1995). Regime theory has been applied to a wide variety of issue areas, including international security (Jervis, 1982; McCalla, 1996), trade (Finlayson and Zacher, 1981; Aggarwal, 1985; Yarborough and Yarborough, 1987), finance (Cohen, 1982; Lipson, 1985), human rights (Donnelly, 1986), telecommunications (Cowhey, 1990: Zacher, 1996; Sandholtz, 1993), and the environment (Young, 1989; Young and Osherenko, 1993; Haas, Keohane and Levy, 1993). International legal scholars have increasingly used regime theory to better understand issues such as international trade law, arms control agreements, and the law of treaties (Abbott, 1985; Smith, 1991; Setear, 1996; see also Aceves, 1997).

Scholars in the regime tradition have increasingly moved towards alternative terminology, including institutions, multilateralism, and governance systems, to describe phenomena of international organization that exist between formal organizations and broader elements of order in the international system (Ruggie, 1993a; Haas, Keohane and Levy, 1993; Young, 1989, 1997).

C. CONTEMPORARY THEORETICAL APPROACHES TO IO

8. Rationalist Regime Theory
The most substantial vein of regime theory relies on rational choice understandings of state behavior, where states were initially viewed as unified, self-interested actors (Keohane, 1984; Hasenclever, Mayer and Rittberger, 1997). We emphasize rationalist approaches because they are closest to the law and economics tradition.

Rationalist regime theory was a natural outgrowth of the increasing propensity among international relations scholars, beginning in the 1970s, to theorize international cooperation problems as analogous to “market failure”. They used a public choice approach to problems such as public goods provision and externalities at the international level (Russett and Sullivan, 1971; Ruggie, 1972; Snidal, 1979; Fratianni and Pattison, 1982) and applied Coase’s theory of property rights and bargaining to the process of international organization (Conybeare, 1980). But the most important move in the literature emerged from the “folk theorem” of economics and its result that decentralized cooperation can be an equilibrium outcome when a circumstance is repeated through time. This provided a response to the realist claim that the lack of centralized authority
in anarchy prevents international cooperation. Indeed, by taking a Hobbesian specification of anarchy as akin to a prisoner’s dilemma (Taylor, 1976), international relations theorists began to develop a theoretical argument that cooperation was not only possible in realist anarchy, it was in some sense likely (Axelrod, 1984). Thus the title of Oye’s (1986) *Cooperation under Anarchy* reflected the emerging synthesis in the literature that international order did not require centralized institutions (see also Keohane and Ostrom, 1995).

The seminal work for the study of rationalist regime theory is Robert Keohane’s *After Hegemony* (1984), which draws on rational choice logic and microeconomic theories to explain the continuing strength of international institutions. “Political market failure” is a central notion in Keohane’s analysis: “Like imperfect markets, world politics is characterized by institutional deficiencies that inhibit mutually advantageous cooperation” (1984, p. 85). While bargaining could in principle correct these failures (Coase, 1960), Keohane argues that the underlying conditions for Coasean logic to operate – well-defined property rights, perfect information, and zero transactions costs – do not naturally exist in the international system. Regimes serve to fill in these gaps. They also bring states together in a common forum, ensuring that they will interact repeatedly over time and thereby enhancing reputational incentives to comply and cooperate.

Rationalist regime theory and cooperation theory have been challenged in several important ways, especially as to whether their underlying assumptions truly apply in international relations. Possibly states, or their leaders, are not properly characterized as rational agents with the capacities or inclinations necessary to maintain decentralized cooperation. An alternative, realist critique is that states seek power and relative rather than absolute gains, limiting cooperation in international affairs (Grieco, 1988; Mearsheimer, 2001), but this argument has been countered by analyses demonstrating that these limits are not great (Snidal, 1991; Powell, 1991). A more important limitation of early regime theory is that it did not address the substantial variation we see across institutions at the international level. It helps us understand the rise of international organization but not its form.

9. Institutional Variation and Design
More recently, many international relations and legal scholars have focused on the design of IGOs and international agreements. These writers go beyond explaining the general demand for international regimes (Keohane, 1982, 1984) to provide explanations for why institutions vary and for their particular design features. They use the detailed study of institutions to draw broad theoretical implications about international cooperation in a manner consistent with the goals of rationalist regime theory.
The earliest studies on variation and design looked at broad-gauge differences across institutions and sought to explain these as a function of the strategic problem facing states. Using insights from game theory, for example, Snidal (1985) and Stein (1982) argued that states facing prisoner’s dilemma-type problems should create more robust institutions, with monitoring and enforcement, whereas coordination problems require only minimal institutionalization since they have self-enforcing equilibria. Other scholars were drawn to the related question of why some agreements and organizations are stronger or more formalized than others, and sought to identify the tradeoffs presented by these design choices (Lipson, 1991; Kahler, 1996; Martin, 1992).

Related to these theoretical developments was the introduction of the new economics of organization (NEO) – or transaction cost economics – into the study of international organization. In the early 1990s, economists began to notice “striking parallels between the central questions of NEO and those of international relations” (Yarbrough and Yarbrough, 1990). An important aspect of this NEO wave is an attempt to theorize the organizational design of international institutions rather than treating them as black boxes. The assumption is that states create institutions with the governance structures intended to be the most effective, resulting in a variety of institutional forms. Yarbrough and Yarbrough (1992) use an NEO approach to explain why international trade liberalization has taken unilateral, bilateral, minilateral and multilateral forms over time. Lake (1996) builds on NEO to present a theory of contracting whereby organizational choice in security relations – which varies on a continuum from anarchic alliances to hierarchic empires – is determined by considerations of transaction costs and the risk of opportunism. Others political scientists have explained the institution of state sovereignty through this lens (Spruyt, 1994; Cooley and Spruyt, 2009). International lawyers have similarly applied transaction costs economics to explain variation in legal institutions (Aceves, 1996; Trachtman, 1997).

The more recent rational design literature draws on a number of independent variables (factors that shape institutional design) to explain outcomes (institutional design features). For example, the most comprehensive treatment seeks to explain the scope, centralization, decisionmaking rules, and flexibility of institutions as a function of distribution and enforcement problems, the number and asymmetry of actors involved, and uncertainty (Koremenos, Lipson and Snidal, 2004). In studies of economic, environmental, and security arrangements, institutional flexibility – in the form of escape clauses, adaptable rules, and duration provisions – is attributed to various types of uncertainty (Koremenos, 2001; Rosendorff, 2005; Thompson, 2010; Downs and Rocke, 1995). The legal literature has built on this to examine the design of international agreements, with special attention to features such as exit clauses, reservations, dispute resolution and monitoring (Helfer, 2005; Guzman, 2005; Swaine, 2006). One
interesting finding in this literature is that states are willing to create institutions that are quite independent if doing so helps them achieve joint gains more efficiently over the long term (Abbott and Snidal, 1998; Haftel and Thompson, 2006; Garrett and Weingast, 1993), although they also take measures to protect themselves in case of breach. What unites these works is an attempt to explain institutional outcomes as a result of rational choices by states to solve specific cooperation problems.

An important branch of the design literature, and one that unites political scientists and legal scholars, explores variation in the “legalization” of international institutions. Goldstein et al. (2001) define legalization as a form of institutionalization characterized by three dimensions: obligation (binding rules), precision (specific rules), and delegation (reliance on third parties to implement rules, create rules or resolve disputes). As Abbott and Snidal (2000) note, “hard” law is not inherently superior to softer forms; the choice between them depends on what types of problems states are seeking to address. For example, harder forms of law are more effective when it comes to deterring violations, but they may also deter participation in the first place, creating an incentive for softer forms (von Stein, 2008). Thus soft law may be a stepping stone on the way to hard law, but it can also be a rational institutional outcome in its own right. Pollack and Shaffer (2009) provide an important extension and application that looks at the interaction of hard and soft law regimes.

10. Compliance and Effectiveness

One critique of rational design theory is that it assumes states will choose efficient institutional solutions without exploring whether in fact such institutions are more effective (Wendt, 2001). Contemporary scholars of IO have spent considerable energy addressing the question of why some agreements and IGOs are more effective than others, including the related question of why some elicit higher rates of compliance. The question of why states comply or fail to comply with international rules has sparked debate in the fields of international law and international relations. The answer has important implications for whether and how international institutions matter. The literature is divided between norm-based and instrumentalist models (Hathaway, 2005; Keohane, 1997). For legal scholars who focus on the normative characteristics of law, states feel an internalized obligation to comply with international rules which exert an independent “compliance pull” (Franck, 1990). This view resonates with constructivist scholars who stress the importance of international norms in shaping state behavior and interests (Katzenstein, 1996; Finnemore, 1996).

Instrumentalists view the compliance decision as one based on calculations of self-interest. Pessimists in this tradition argue that states create institutions to reflect their interests and thus little change in behavior is required for compliance...
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(Downs, Rocke and Barsoom, 1996). The realist variant of this logic denies that international law and institutions have any independent effect on the actions of states; compliance occurs either when it is costless or when powerful states promote it (Mearsheimer 1994–5; Goldsmith and Posner, 2005). Other instrumentalists are more optimistic, however, stressing the incentives to comply that result from concerns over reputation and reciprocity (Guzman, 2008; Simmons, 2000) – although Brewster (2009) offers a useful critique. Finally, others show how power and the use of law are inextricably intertwined through their institutional setting (Steinberg, 2002).

The “managerial school” of compliance begins from the premise that compliance with international agreements is generally high, and that violations are the result of legal ambiguities, inadvertence, or the incapacity of states to comply rather than calculated “cheating” (Chayes and Chayes, 1993, 1995). Moreover, the incidence of this non-compliance is partly a function of how the relevant international institutions are designed, implying that one pathway to higher rates of compliance lies in improved institutional design (Mitchell, 1994a, 1994b; Sand, 1990). The resulting arguments are thus prescriptive as well as descriptive.

Compliance should not be conflated with effectiveness, defined as the real-world impact of an agreement or institution on the problem it is intended to address. Even high rates of compliance will not produce positive outcomes if the rules themselves are not well suited to the task. A substantial literature on “regime effectiveness” explores these issues both theoretically and empirically, with an emphasis on environmental issues (Young, 1999; Miles et al., 2002; Helm and Sprinz, 2000). Many IGOs have been subject to systematic assessments of their effectiveness, including the IMF (Vreeland, 2003), the World Bank (Flores and Nooruddin, 2009), and the UN in its peacekeeping role (Fortna, 2008), and there is increased interest in studying the performance of IGOs (Gutner and Thompson, 2010). These studies pose various methodological problems, as it is often difficult to discern the causal impact of a particular organization or set of rules in a context where many political and economic factors are at play.

11. Actors beyond the State

While much of the theoretical literature treats states as the main actors in IO, there is increasing recognition that a state-centric model is outmoded. Scholars now focus considerable attention on a wide range of actors, both private and public, that operate across national boundaries.

Building from past work on ‘transnational relations’ (Keohane and Nye, 1972), the literature on globalization stresses the large and growing number of non-state actors in the international system, such as firms, private associations, and religious groups (Cerny, 1990; Krugman, 1995; Risse-Kappen, 1995; Gupta, 1997). The fact that economic and other transactions increasingly take place
without regard to national boundaries has important implications for international politics (Rodrik et al., 1998). One conclusion drawn by globalization theorists is that the traditional state has become structurally inappropriate as a political unit, leading some to consider whether globalization has gone too far (Rodrik, 1997). In terms of international organization, Philip Cerny argues that the “residual state” will no longer be the most important entity driving collective action in the international system and will not be able to provide global public goods, such as the regulation of the world market (Cerny, 1995; see also McGrew and Lewis, 1992; Ruggie, 1993b; Strange, 1996).

The result of globalization may be increased reliance on private sources of governance that are more flexible and appropriate, such as interfirm alliances (Dunning, 1997), international NGOs (Boli and Thomas, 1999), and looser networks of activists (Keck and Sikkink, 1998). The complexity of contemporary governance also creates a more important role for governmental actors below the level of the state, as regulators seek to solve technical problems of a transnational nature (Slaughter, 2004). One possibility is that governmental and non-governmental actors will increasingly have to work together to solve important political problems, in the form of public-private partnerships (Abbott and Snidal, 2010; Andonova, 2010).

International relations scholars are also increasingly comfortable with the idea of treating IGOs themselves as actors. Rationalists usually think of this in terms of delegation, where states (as principals) have incentives to delegate tasks to IGOs (as agents) if the latter can perform them more efficiently (Hawkins et al., 2006; Bradley and Kelley, 2008). IGO bureaucracies are now important players in some areas of global governance (Biermann and Siebenhüner, 2009). Once this delegation takes place, however, there are limits to the ability of states to control their IGO agents, and indeed the latter may seek to carve out more autonomy over time. Important examples come from courts and the behavior of international judges (Alter, 2008; Voeten, 2008; Posner and de Figueiredo, 2005; Burley and Mattli, 1993). Scholars working in the sociological tradition have outlined various sources of IGO autonomy and explored some of the problems that can result when the staff develop their own goals and culture (Barnett and Finnemore, 2004). The issue of delegation and IGO autonomy has arguably become more acute with the increase, noted above, in emanations, and scholars debate the consequences for democratic principles of having substantial authority delegated to the international level (Keohane, Macedo and Moravcsik, 2009).

While there is widespread agreement that the state is now joined by a host of other actors in supplying global governance, there is no consensus on what this means for the future of the state. Globalization has resulted in transfers of authority (Kahler and Lake, 2003), to be sure, but there is no clear successor to the state in the foreseeable future.
D. CONCLUSION

Theorists and practitioners have employed a number of differing conceptions of “international organization”. These conceptions can usefully be thought of as falling into three categories: IO as formal organization, IO as ordering principle in the international system, and IO as regime. All three have informed a vibrant literature on the sources and effects of international institutions and global governance.

Political scientists who study IO have begun in recent years to return to the study of formal organizations, though this time they have done so with explicitly theoretical intentions (Snidal, 1997). At the same time, international legal scholars have sought to meet international relations theorists halfway. The result is a self-conscious effort from both sides to integrate the two fields (Abbott, 1989; Burley, 1993; Keohane, 1997). In his treatment of the negotiations on dispute resolution in the Uruguay Round of GATT, for example, Abbott (1992, p. 112) recognizes that “meaningful analysis of matters like these requires a theoretical framework”. Burley (1993, p. 222; Slaughter, Tumelello and Wood, 1998) offers an historical account of the interaction of the law and international relations literatures and suggests some “components of an institutionalist interdisciplinary dialogue”. This “dual agenda” includes the study of organizational design, compliance, and international ethics, and suggests that the future of IO scholarship will be more interdisciplinary than ever before.

Indeed, common concerns and methodology among political scientists, legal scholars and economists increasingly characterize the IO literature. More than ever, international legal scholars are using modes of analysis drawn from political science and economics to understand international organizations and law (Trachtman, 2008; Guzman, 2008; Bhandari and Sykes, 1997; Mock, 1992; Shell, 1995; Aceves, 1996; Chang, 1995; Colombatto and Macey, 1996; Setear 1996). This interdisciplinary movement is clearly evident in substantive work on compliance with international rules and on dispute settlement. Scholars from various traditions have come together to understand why nations comply with international law and institutional rules (Mitchell, 1994a; Keohane, 1992; Downs, Rocke and Barsoom, 1996; Cameron, Werksman and Roderick, 1996; Chayes and Chayes, 1995; Franck, 1990, 1995; Koh, 1997), as well as the development of supranational adjudication in international organizations (Alter, 2001; Helfer and Slaughter, 1997; Horlick and DeBusk, 1993; Hudec, 1990; Jackson, 1994; Kovenoch and Thursby, 1992; Pescatore, 1993; Yarbrough and Yarbrough, 1997). Through this intellectual interaction, the study of international organization, like the practice of international governance itself, is becoming more energized and, one hopes, more sophisticated.

As far as the practice of IO is concerned, the future is likely to be much more complicated than the past in terms of the complexity of the issues to be
addressed and the variety of actors, both public and private, that will supply governance functions. Contemplating this question, one group of scholars asks provocatively “who governs the globe?” (Avant, Finnemore and Sell, 2010). While states will be the most important actors for the foreseeable future, they will continue to face challengers and partners from above and below.

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