

CHAPTER 11

NEOLIBERAL INSTITUTIONALISM

ARTHUR A. STEIN

INTERNATIONAL politics today is as much institutional as intergovernmental. International institutions can be found in every functional domain and in every region in the world. Modern reality consists of an alphabet soup of institutions, that includes the United Nations (UN), World Trade Organization (WTO), International Monetary Fund (IMF), Nuclear Non-Proliferation Treaty (NPT), International Atomic Energy Agency (IAEA), Trade-Related Aspects of Intellectual Property Rights (TRIPS), Missile Technology Control Regime (MTCR), European Union (EU), Shanghai Cooperation Organization (SCO), Association of Southeast Asian Nations (ASEAN), Organization of the Petroleum Exporting Countries (OPEC), Asia-Pacific Economic Cooperation (APEC), North Atlantic Treaty Organization (NATO), North American Free Trade Agreement (NAFTA), Gulf Cooperation Council (GCC), and so on.

Even when people discuss the seeming irrelevance of institutions, the argument presumes institutions. The complaint of US unilateralism only makes sense in a world where the presumption is that states do not act unilaterally as a matter of course. If the world truly approximated the realist vision of autonomous independent states acting in their self-interest in an anarchic setting, then unilateralism would be the norm and would elicit little comment or even the characterization of unilateral.

The study of international institutions has grown alongside their growing number. It draws upon diverse analytic traditions and impacts the broad range of international relations scholarship.

1 A LEXICAL AND HISTORICAL INTRODUCTION

1.1 Institutionalism

The moniker of neoliberal institutionalism is a product of scholarly branding and product differentiation and is one I would prefer to do without. Just as everyone uses a computer but typically not for computing, and even as we talk about game theory though it is not a theory of games, so this chapter will talk of neoliberal institutionalism. Ironically, those who use the label never address whether the “liberal” qualification means that there is an “illiberal institutionalism,” or whether it is possible to talk of institutions and not be a liberal. Unfortunately, scholarly literature in the field revolves around labels and “isms,” and so this chapter will use the common parlance of international relations even though it is essentially about institutions in international politics.

1.2 A Reactive Field Discovers International Organizations

The field of international relations responds to real-world events and historically has shifted the substantive focus of investigation to reflect changing reality. Following the First World War, and with the creation of the League of Nations and the emergence of international law, the field necessarily focused on international organizations. The literature was largely descriptive and normative. When the League failed to deal with aggression in the 1930s and the Second World War broke out, the reaction was to castigate the emphasis on international organizations and international law. The critics dubbed those who promoted international organizations as idealists who believed in the possibility of international cooperation and contrasted them with realism and its emphasis on power and conflict (Carr 1940).

Yet, following the Second World War, there was even more of a broad-scale effort to construct international organizations (Ikenberry 2001). The UN was created, as were the World Bank (initially called the International Bank for Reconstruction and Development) and the IMF, among others. Moreover, the steps taken toward European integration, especially the creation of the European Economic Community, also constituted important institutional developments. Scholars necessarily took note, and international organizations and regional integration became established subfields of international politics.¹

¹ Ironically, the key victim of the realist shellacking of idealism was not the study of international organizations, but rather the study of international law. What had been part of the core curriculum in

The emergence of European integration was especially momentous. On the Continent, where the state system had developed and which had been witness to centuries of great-power rivalry and war, states were combining aspects of governance in some new creation. The project of European unification has undergone fits and starts over the past half-century, but the very project itself implies some transcendence of the anarchic state of nature in which realists presume states find themselves.

1.3 From Organizations to Regimes to Institutions

During the more than half-century since the end of the Second World War, the field of international organizations has undergone significant changes, captured by the changing terms used to characterize it. In general, and consistent with broader changes in political science, the subfield became less normative and increasingly theoretical. What began as the study of international organizations and regional integration took a dramatic turn in the early 1980s in what came to be called regime theory, and was subsequently rechristened neoliberal institutionalism. The turn consisted of both a broadening of the focus and a specific formulation of the causal logic.

The original post-1945 focus was on international organizations, concrete entities with a physical presence—names, addresses, and so on. A typical definition was that of “a formal arrangement transcending national boundaries that provides for the establishment of institutional machinery to facilitate cooperation among members in the security, economic, social, or related fields” (Plano and Olton 1979, 288). This rather narrow conceptualization was broadened with a focus on regimes, defined as “principles, norms, rules and decision-making procedures around which actor expectations converge in a given issue-area” (Krasner 1982, 185).

The second critical feature of this intellectual turn was that it rooted the existence of international institutions in the core elements of realist theory: states, power, and interests. Rather than argue that regimes were somehow a different feature of international life, that they constituted an alternative way of thinking about international politics, regime theorists accepted the realist view of states as the central actors of international politics, and they accepted the central realist premise that state behavior is rooted in power and interest.² In addition, they used

international relations before the Second World War, the study of international law, was relegated to law schools and was systematically ignored by political scientists for more than half a century.

² Emblematic of the convergence implied in this formulation is the fact that the critical contributions to regime theory are in a special 1982 issue of *International Organization*, which was edited by a prominent realist, Stephen Krasner. For more on regimes see Young (1986); Rittberger with Mayer (1993); Hasenclever, Mayer, and Rittberger (1997).

the intellectual tools of conflict analysis such as game theory and derived a self-interested basis for the existence of international institutions.

Before long, the term regime was replaced with that of institution. The key reason is that it allowed those in international relations to connect intellectually with the re-emergence of the study of institutions in economics, political science, and sociology. In all these fields and in various subfields, an "old institutionalism" which had focused on formal institutions was being replaced by a "new institutionalism" which embodied a broader conceptualization. Across fields and subfields, scholars could accept the definition of "institutions," as "the rules of the game in a society, or more formally, [the] humanly devised constraints that shape human interaction" (North 1990).

The expansion in focus made it possible to recognize a broader array of international politics as being comparable and similar. Take, for example, the efforts by states to stop the proliferation of nuclear weapons and their delivery systems. In the 1960s, the vast majority of states signed the NPT and constructed an IAEA to monitor compliance. Years later, to deal with the ancillary issue of delivery systems, states capable of exporting missiles came together and created the MTCR. Although dealing with similar concerns, preventing the spread of particular weapons systems, the two arrangements were constructed quite differently (Rasmussen and Stein 2001). The IAEA was an international organization, but there was none created by the MTCR. Yet both the NPT and the MTCR could be considered international regimes or international institutions. One implication of this broader focus is that scholars could assess the role of international institutions prior to the arrival of actual international organizations.

1.4 Liberalism

Those who studied the post-Second World War international organizations were called liberals. In part, this was because they focused on the cooperation that underlay the new post-Second World War international arrangements. Realists after all focus on conflict and minimize the prospect for, and the nature of, international cooperation. In addition, in focusing on international cooperation and new institutional arrangements, scholars were accepting the possibility of change and improvement (both classically liberal notions) in contrast to the realist emphasis on the continuous and unchanging nature of the reality of international anarchy and the omnipresent prospect of war.

This intellectual turn to a focus on regimes, although it was intended by some to bridge the gap between realists and institutionalists, was nevertheless considered liberal for two reasons. Even though realists had by this point rooted their arguments in microeconomic arguments about competition among the few, the core argument that international institutions constituted mutually beneficial

arrangements reflected the classically liberal argument of economists about individuals and firms engaging in mutually beneficial exchanges. In addition, this new institutional turn also drew on arguments made by economists to explain the integration of firms. Economics was built on the logic of large numbers of producers and consumers exchanging in an efficient market. In classical economic theory, the size of firms could be explained only by economics of scale—that is, efficiency improvements from becoming larger. But firms had clearly grown beyond simply scale efficiencies. Economists thus had to explain why firms replaced market transactions and internalized them in a corporate structure that included production facilities in multiple locations. Economists developed an argument about market transaction costs, and that in some cases firms found hierarchy more efficient than the market. This argument was appropriated by international relations scholars to explain international institutions (Keohane 1984; Lake 1996; Weber 2000). Thus, this new institutional literature, despite emphasizing self-interest as realists do, despite drawing on microeconomics as realists do, and despite using game theory as realists do, was dubbed neoliberalism and neoliberal institutionalism because of its emphasis on cooperation and institutions.

1.5 Rationalism: The Grand Union

The use of game theory and the demonstration that institutionalized cooperation could be explained from a starting point of the power and interest of independent actors made possible not only a rapprochement between realists and neoliberal institutionalists but even an intellectual union in a perspective some dubbed as rationalism. Game theory made possible integrating conflict and cooperation in a unifying framework in contrast to having the field divided between those who studied conflict, especially crises and war, and those who studied cooperation and institutions. It also held the prospect for an integration of those who focus on security and typically emphasize the conflictual nature of international politics and those who study international political economy with its substantial domain of cooperation between states. It made possible a recognition that there were cooperative elements even in the midst of conflict and conflictual elements even in the midst of cooperation.

By the late 1990s, one could detect two distinct views. On the one hand, some accept a view of limited difference between neorealism and neoliberal institutionalism and talk of a single perspective of rationalism (Katzenstein, Keohane, and Krasner 1998). On the other hand, one continues to come across studies setting realism and liberalism against one another as competing explanations (Baldwin 1993; Kegley 1995) and assessing their subtle differences (Schweller and Priess 1997; Jervis 1999).

2 COMPETING FORMULATIONS AND PERSPECTIVES

2.1 Institutions as Marginal and Epiphenomenal

Those who do recognize the seemingly obvious reality that international politics is riddled with institutions must perforce confront the implications of this development. Those who believe they have a set of concepts and theories that have explained international politics all along are quite reasonably chary of discarding them because of the emergence and growth of international institutions. Realists trace their intellectual roots to Thucydides and see states as the primary actors and emphasize the role of power in determining outcomes in the anarchic setting of international politics. And realists see international institutions as a relatively small and irrelevant component of international relations and in any case reducible to the twin realist verities of power and interest (Stein 2001*b*).

Realists have downplayed the role of institutions in international politics for two general reasons. While not denying the obvious reality of a vast array of institutions, they have argued that institutions exist typically in "low politics" domains of lesser importance such as transportation, communication, health, and the like, and not in the "high politics" domains of national security and defense. In these areas, institutions constitute a "false promise" (Mearsheimer 1994–5).

The second main criticism is that institutions are epiphenomenal, that they merely reflect power and interest. Institutions have no independent standing, they have no independent causal role, they constitute the same world of power politics familiar to realists. Institutions may exist, but they do not mitigate in any way the anarchy of the international system. Institutions are created by the powerful to serve their interests, and they are dissolved when power and interest shift. Realists beg the question of why institutions would be needed in the first place to achieve the interests of the powerful.

The post-cold war period thus makes possible a test of the resilience and continuity of institutions. The collapse of the Soviet Union clearly transformed the international distribution of power. The bipolar world of US–Soviet rivalry was replaced by one of US predominance, and this led realists to argue that an institution such as NATO, whose sole purpose was to contain Soviet power, was doomed. The departure of the enemy removed any reason for the continued existence of the institution (Mearsheimer 1990). Yet NATO has not only continued to function; it has expanded its membership and its tasks. For realists, only a concern by former Soviet satellites and newly independent former Soviet republics about the return of Russian imperialism can explain NATO's expanded membership. More difficult for them to explain is the expansion of NATO missions to "out-of-area operations" such as those in the former Yugoslavia and in Afghanistan.

2.2 How Wide to Cast the Net?

The expansion of the focus of inquiry raises the problem of how widely to cast the net. If institutions are simply rules of the game, and if all recurrent behavior is guided by some rule, then the entire study of international politics can simply be redefined as the study of international institutions. Even the definition's requirement that the rules be "humanly devised constraints" does not do much to delimit a domain of inquiry. In a sense, all social reality is humanly devised, and since what actually happens can always be contrasted against a range of possibility, what actually occurs can be seen as the product of constraints. States interacting in an anarchic international system follow some rule (even one such as "all's fair in war"), and thus anarchy can simply be redubbed an institution. Nothing is then delimited by a focus on institutions, because all international politics is institutional.

The field continues to be in some disarray from an inability to agree on a definition that circumscribes some well-defined domain for the study of international institutions. What I said once about regimes could as easily be applied to today's use of institution: "scholars have fallen into using the term . . . so disparately . . . that it ranges from an umbrella for all international relations to little more than a synonym for international organizations" (Stein 1982, 299). One study assessing historical change in a set of international institutions deals with the following: statehood, territoriality, sovereignty, international law, diplomacy, international trade, colonialism, and war (Holsti 2004). To that list, some add borders as institutions (Simmons 2005). The key question is whether all these can be profitably conceptualized and studied as institutions.

Two literatures, often described separately, are similar in casting a wide net that in effect redefines all international politics along institutional lines. One school is that of social constructivism, in which all social reality is constructed intersubjectively through interaction. The very units of international politics, states, are social constructions, as is the sovereign state system in which they interact. Combining a broad view of institutions with a view of social and political reality as socially constructed leads to the argument that the sovereign state system is itself an institution of international political life. In this view all international politics is subject to a set of rules that are human constructions and in which actors are subsequently socialized.

A second literature is in many ways similar; it is known as the English School and it emphasizes the existence of international society. Although the School recognizes an international system that involves the mere interactions of states and that is subject to power politics, it argues that typically an international society, rather than system, constitutes international reality. The definition of international society provided by the School seems delimiting: An international society exists "when a group of states, conscious of certain common interests and common values, 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” (Bull 1977, 13). But this definition appears in a book titled *The Anarchical Society*, whose point is that states do not really interact in an anarchic international system but rather in an anarchical society guided by rules and norms of behavior. Relations both create and reflect some rules of a game, and these are socially constructed and constitute the basis of an international society.

Both social constructivism and the English School characterize (if not define) the study of international institutions so broadly as to make all international relations institutional. In doing this, they in effect argue that recent developments do not constitute anything new but merely a continuation or a development on what has always been there (a feature they share with realists). Although they both provide essential insights for an understanding of international relations, they do not help circumscribe the role of institutions in international relations.

3 INSTITUTIONS AS SOLUTIONS TO DILEMMAS OF SELF-INTEREST

As already alluded to, the heart of neoliberal institutionalism is a view of international institutions as the self-interested creations of states. States find that autonomous self-interested behavior can be problematic and they prefer to construct international institutions to deal with a host of concerns.

States experience many coordination problems, situations in which their interests generate multiple equilibria and for which they need some mechanism for what has come to be called equilibrium selection. In some cases, there is little conflict of interest, and international institutions are easily constructed. In other cases, there are conflicts of interest between equilibria, yet here too institutional solutions may be preferable to the risk of coordination failure (Stein 1982; 1990; Snidal 1985a; Martin 1992).

States also experience collaboration problems, in which their autonomous self-interested behavior results in deficient outcomes. The Prisoner's Dilemma game is the quintessential example of a situation in which autonomy results in poorer outcomes. In such cases, institutions can resolve the collective action problems and allow states to reach mutually preferred outcomes. Many situations, from trade to arms races, have been characterized as Prisoner's Dilemma games, and these are precisely ones in which states have either created, or tried to create, international institutions.

This institutional solution is akin to the social contract arguments of political theorists for the creation of states. These theorists explain the state as an institutional solution to the problem of autonomous choice in the state of nature. Individuals, they argue, out of their self-interest, voluntarily cede some of their freedom of action in order to achieve better outcomes than those arrived at in the state of nature. The argument of these political theorists came to be analyzed using modern game theory, and they were seen as offering a statist solution to Prisoner's Dilemma problems.³

Finally, states may also create institutions in order to reduce the governance costs associated with autonomous decision-making. The costs of organizing coalitions of the willing for every specific problem and circumstance are quite high. Just as firms find it more efficient to take external arm's length transactions and internalize them within a corporate governance structure, so too states find that transaction costs can be reduced by creating international institutions.

4 THE DARK SIDE OF THE FORCE

Realists responded to these arguments about cooperation and collective action.⁴ Their response focused on what they saw as too rosy a picture about the prospects for, and the nature of, international institutions. International cooperation and international institutions were harder to construct than the picture provided by institutionalists. In addition, not only did international institutions themselves reflect the power of the states that created them, but their construction itself entailed the exercise of power even as it was the product of voluntaristic and autonomous choice.

4.1 Relative Gains and the Problem of Institutions

One realist retort was to emphasize that institutional cooperation in international relations was more difficult than imagined because states had distributional concerns and not simply welfare-maximizing ones. That is, they argued that, even

³ It should be noted that anarchic solutions to Prisoner's Dilemma problems could still arise if there were repeated interactions and sufficient weight attached to future payoffs. Ironically, within civil society, the statist solution is omnipresent. In international politics, the statist and anarchy solutions are both present.

⁴ The title of this section pays homage to Jack Hirshleifer (2001), who continually emphasized that the voluntaristic domain of economics has a coercive component to it.

if states found themselves in situations in which they would be better off cooperating with one another, it remained the case that states were concerned about the relative gains that would accrue from cooperation. In short, cooperation was more difficult to achieve and sustain because states would give up potential gains if the cooperation that brought them these gains meant that others gained even more (Grieco 1988). States were concerned about their relative standing and the relative gains from cooperative arrangements and did not just focus on their own returns.

The issue of relative gains led to a mini-literature, the net result of which remains open to competing interpretations (Stein 1990, ch. 5; Powell 1991; Snidal 1991*a*; 1991*b*; Busch and Reinhardt 1993). What is clear, however, is that relative gains concerns do not do away with the possibility of cooperation and especially so as the number of powers in the system increases.

The point to be made, however, is that relative gains notwithstanding, there is a great deal of institutionalized cooperation and much of it having quite differential payoffs. The international hierarchy of power and wealth has changed over the last half-century, and those shifts have occurred in part because of, and certainly in the context of, the workings of international institutions.

4.2 Coercive Cooperation: The Power of Clubs and First Movers

A second line of criticism argues that international institutions are less benign than they are pictured and reflect the actions of the powerful. States differ in power and they use that power in the creation of international institutions. They use their bargaining power as well as their power to structure the choices for others in the construction of institutions. Realists argue that this vitiates their view of the world.

Stephen Krasner (1991) argues that when there is a set of acceptable outcomes (a Pareto frontier), great powers use their bargaining power to obtain outcomes they most prefer. I described this as "coordination for the powerful" (Stein 1982, 311), and it arises whenever there are multiple equilibria, and states have conflicting preferences over which they want to see emerge. But the existence of such cases in no way reduces the importance of institutions and voluntaristic agreement. It simply reminds us that there is a coercive aspect to mutually beneficial exchanges. Actors have different endowments and different possibilities and different bargaining strengths, and these determine outcomes. But this was the point of neoliberal institutionalism, that one could begin with the power and interests of states and deduce a role for international institutions. That such outcomes were described as cooperative does not imply the complete absence of power and even coercive threats.

There are also cases in which especially powerful states can get together in a less than universal grouping and leave other countries with the difficult choice of joining or staying out of the arrangement. The creation of the inter-state club changes the status quo and means that what may have been a preferable alternative is no longer available. States outside the club are left with a choice: they may join the club but there is a substantial component of coercion along with the voluntarism in the choice. The states creating the club have exercised a form of power (Gruber 2000).

This latter point is also a long-recognized one. The emergence of a liberal trading order began with the inclusion of most-favored-nation clauses in bilateral trade agreements (Stein 1984; 1990). States bound by such agreements created a "club good." Those in the club shared a collective benefit, that of the lowest negotiated tariff rates between them. Those not in the club were excluded and paid the standard and often substantially higher tariff rate. Such clubs provide benefits to members and exclude nonmembers, and their existence changes the incentives for future prospective entrants. They are *clubs of agglomeration* and constitute "regime creation by accretion" (Rosecrance and Stein 2001, 225–6). Such a sequential admission of members based on their preference for cooperation results in an institution exhibiting more cooperation than could have been achieved by an initial strategy of complete inclusion (Downs, Rocke, and Barsoom 1998). Those on the outside might prefer not to have to choose between joining and staying out. They might even have preferred to join initially when they could have had a larger role in writing the rules. But this exercise of power is hardly the coercive vision of classical realism (Rosecrance 2001).

4.3 Institutional Failure

International organizations were also faulted as failures on their own terms. The fact that they were created to improve outcomes for states provides no assurance that they actually accomplish their objective. The argument is much like that made regarding states and domestic policy. State intervention is a desirable outcome when there is market failure. But the fact of market failure and the possibility of better outcomes is no guarantee that states deliver. Instead, government failure is itself a possibility. So citizens in democratic societies debate when markets fail and whether government intervention would provide improvement.

A similar debate exists about international organizations. There may indeed be failures of autonomous independent behavior, and the possibility for improved coordinated and collaborative behavior. But creating international institutions may not provide the hoped-for improved outcomes, because they may themselves exhibit a form of international organizational failure (Gallarotti 1991; Barnett and Finnemore 1999).

5 INTELLECTUAL AGENDAS OF NEOLIBERAL INSTITUTIONALISM

5.1 Do Institutions Matter?

Central to an interest in institutions is the notion that they matter, that they make a difference in the behavior of states and in the nature of international politics. Otherwise they are the irrelevancies that realists claim.

In one area after another, then, there are literatures devoted to assessing the impact, or effectiveness, of international institutions. There are many studies, mostly by economists, assessing the impact of regional and global trade arrangements (Goldstein, Rivers, and Tomz 2007). There are many studies on the effectiveness of international environmental regimes.

Similarly, scholars have focused on the question of state compliance with international institutions, and have found that states by and large comply with the agreements they make. They have demonstrated that compliance is not easy to ascertain (Chayes and Chayes 1993) and is related to the design of the institution (Mitchell 1994). Much of the force of the original wave of work on compliance was that compliance occurred even without enforcement mechanisms, and a mini-literature developed on the possibility of a managerial alternative to enforcement as the basis for compliance.

Yet the empirical assessment of compliance is bedeviled by the problem of selection bias. As George Downs, David Rocke, and Peter Barsoom (1996, 380) put it in discussing the first wave of work on compliance, the problem is that compliance with minimal enforcement results "from the fact that most treaties require states to make only modest departures from what they would have done in the absence of an agreement." More recent extensive statistical work on compliance has been subject to the same charge (Simmons 2000; von Stein 2005). While it may be difficult analytically to assess the impact of institutions, it remains striking that states use institutions to arrive at the outcomes they want.

5.2 How they Come into Being

That international institutions serve state purposes provides an explanation but no process for how they come into being. One answer, and one that oddly links institutionalist and realist thought, is that hegemonic powers create institutions. Yet imposition is only one mechanism (Young 1982), and hegemonic powers often provide inducements to create institutions (Stein 1984; Snidal 1985*b*). They provide a variety of forms of leadership central to the process of regime formation (Young 1991).

5.3 Institutional Design

International institutions vary along many dimensions. They vary in their membership and size. Some are universal and encompass almost all states in the international system. Others are purely regional in character and encompass only a small set of countries. Some focus on very narrow issues, whereas others are broader and multipurpose in character. As discussed above, some are embodied in formal organizations, whereas others have no building, no address, no secretariat, and so on. They vary in the degree of attention paid to issues of monitoring and enforcement, in their mechanisms for dispute resolution, and in how they deal with possible noncompliance by states. They vary in their rules of procedure—in how collective decisions are selected.

These issues are the same ones that underlie domestic institutional construction and are at the heart of constitutional arrangements (Rogowski 1999). Domestically we speak of the franchise rather than membership, but the issue is the same: who is part of the enterprise and who is not. In international organizations, as within countries, representation mechanisms and decision rules determine how preferences are aggregated into a collective choice.

All these issues are negotiated by states in the course of dealing with the problems that underlie the search for institutional responses. Why particular institutional designs are chosen and with what consequence are the focus of a growing literature.

The original formulation of international organizations as solutions to collective action problems contained the broad implication that the design of international institutions was related to the nature of the problem they were intended to solve. Institutions that provided coordination, for example, were self-enforcing and did not require extensive mechanisms for monitoring and enforcement. Thus they were unlikely to be highly institutionalized and formalized. In contrast, collaborative solutions to Prisoner's Dilemma problems were subject to defection and cheating and exhibited extensive concern with monitoring and enforcement (Stein 1982; 1990).

There has been a heightened interest in institutional design, as evidenced by a special issue of *International Organization* on the topic that appeared in 2001 (reprinted as Koremenos, Lipson, and Snidal 2004). The special issue lays out five dimensions of design: membership, scope of issues covered, centralization of tasks, rules for control of the institution, and the flexibility of arrangements in dealing with new and unanticipated circumstances. In addition, the special issue argues that design choices along the above dimensions are a function of distribution problems, enforcement problems, the number of actors as well as asymmetries between them, and uncertainty.

These design features do not exhaust the possibilities. Thinking of international institutions as forms of governance and thinking of governments as analogues, one

can characterize the structure of international institutions as including legislative, executive, and judicial features. The above items capture aspects of the first two, but some international institutions even embody a judicial function. These institutions are designed with mechanisms that provide disaffected states an alternative to exit. States, for example, can depart from their institutional obligations, and quasi-judicial procedures exist for distinguishing acceptable departures from opportunistic behavior. In addition, institutions also have mechanisms for dispute resolution that embody different design features (Smith 2000).

Another design feature of international institutions has to do with how they treat property and provide the good in question. It is a misconception that international institutions deal only with public goods. Indeed, they deal with both private and public goods.

Some international institutions are constructed to change the nature of the good being provided. Environmental problems such as clean air are quintessential examples of public goods. Yet the international institution created to clean the air did not approach the problem by instituting a global regulatory regime for air quality; rather it created a market in emissions trading. On the other hand, international trade is an inherently private good, and it is only the design feature of including most-favored-nation clauses in bilateral agreements that provide it with a collective character (Stein 1984; 1990; Rosecrance and Stein 2001). In some cases, international institutions make collective what is inherently a private good.

There is much work to be done characterizing the design features of international institutions, the trade-offs associated with different design features, their bases, and their consequences.

5.4 Domestic Politics and International Institutions

One of the major developments in the study of international relations has been the breaking down of the intellectual wall separating domestic and international politics. It is increasingly recognized that international relations has domestic roots and domestic consequences.

The link between domestic and international politics applies as well to the study of institutions. On the one hand, domestic political institutions must typically be supportive of membership, and thus we can talk of the domestic political requisites of joining international institutions. Further, there must be domestic support for subsequent compliance as well (Dai 2005).

But international institutions also affect domestic ones. First, because there are often domestic requisites to joining international institutions, membership conditionality has an important effect on internal political arrangements (Skålnes 1998; Kelley 2004). Secondly, since membership in an institution subjects a state

to continuing restraints, joining one has the affect both of locking in domestic changes and of making credible a domestic commitment to a particular policy path (Pevehouse 2002; Grigorescu 2003). Thirdly, international institutions may provide a degree of legitimacy (Franck 1988; Hurd 1999) and make difficult domestic changes more palatable by providing political cover (Vreeland 2003; Allee and Huth 2006). In these cases, domestic actors come to frame their arguments in terms of international institutions (Cortell and Davis 1996).

The relationship between domestic politics and international institutions is an important one that requires further exploration. And it is an evolving one, as shown by the next section, which describes the growth of international intrusiveness into domestic life and how such increasing constraints on sovereignty interact with domestic politics.

5.5 Toward a Historical Institutionalism

Alongside the development of the new institutionalism in the social sciences has been the emergence of a historical institutionalism, emphasizing the ways in which institutions change. Some institutions arise and decay and disappear. Others arise and grow and develop (Shanks, Jacobson, and Kaplan 1996), and become more complex (Holsti 2004). They take on new members and even new tasks.

Even more broadly, institutions can themselves substantially change the circumstances under which they were created. Although the original regime literature emphasized that institutions reflected power and interest, it left open as a question what would happen to institutions as the distribution of power changed and as the constellation of interest shifted. The possibility was raised that the creation of institutions would itself change the nature of interests and subsequent calculations (Stein 1982; 1990).

The discussion above about how institutions can begin with a small set of countries and then grow signals the role of accretion and agglomeration in institutional development. Most international institutions have grown in size. Even narrowly crafted security ones, such as NATO, took on new members.

Institutions also develop and become formalized and organized. The Group of Seven (G7) economic summits began as informal exercises but became routinized over time. The institutional structure that is NATO was not at all foreseen in the founding arrangements (Wallander 2000).

Institutions also change and take on new tasks with changing conditions. The IMF, for example, proved inadequate for its originally intended role and thus did little in its early years. It then functioned as intended during the 1950s and 1960s, but found a new role as the major states left the system of fixed exchange rates. The IMF today functions in a way never intended or imagined by its founders (Pauly 1999).

Perhaps the most important development is that institutions have become more intrusive and constraining over time. To deal with the challenges that have led them to construct international institutions in the first place, states have demanded and accepted unprecedented levels of intrusiveness in their domestic affairs (Stein 2001a). In both security and economic arrangements, states expect and tolerate more involvement in their internal affairs by international institutions. On-site monitoring by foreigners, an item that was once an immense stumbling block in obtaining security arrangements, is now much more readily accepted. International economic institutions now lecture and grade member states on a host of political variables that were once deemed as off-limits and not related to economic management. It has even become accepted practice to have external monitors for internal elections (Santa-Cruz 2005; Hyde 2006). Nowhere is the decline of sovereignty more apparent than in Europe, where states still exist and matter but where significant governance operates at levels above the state (Mattli 1999; Wallace 1999).

5.6 Multilevel Governance

The number of international institutions has become sufficiently large for scholars to have begun to focus on the implications of competing and overlapping institutions and the choices that states have regarding institutions. Faced with new problems, states can extend the scope of extant institutions or create new ones. And as institutions proliferate, states have a choice in which institutional setting to deal with their problems and concerns.

In a rich institutional environment, states have a choice between creating new institutions or reforming existing ones in order to deal with new problems. As mentioned above, rather than extend the scope of the institutions already dealing with proliferation of nuclear weapons, a new institution, quite different in character, was created to deal with the proliferation of missile technology (MTCR). On the other hand, as also mentioned above, states have changed the character of extant institutions, such as NATO and the IMF, when facing new challenges.

In a number of areas there are multiple institutions that are either nested or overlap (Aggarwal 1998; Rosecrance and Stein 2001). In the area of trade, for example, bilateral trade agreements and regional trade agreements coexist with the global WTO. In such cases, states have the opportunity to engage in forum shopping, deciding in which venue to pursue their interests and concerns (Alter and Meunier 2006; Busch 2007).

A wide array of international institutions exist, some regional and some global, some narrowly focused and others quite broad. The result is a more complex world of multilevel governance which states navigate (Stein 2008).

5.7 Ideas

Ideas are central to many of the above agendas. As social constructions, institutions inherently reflect ideas about governance, and many of the illustrations above implicitly demonstrate this (Goldstein and Keohane 1993). For example, as discussed above, the transformation of trade from a private to a club good depended on the idea of an unconditional most-favored-nation clause. The idea of a market in pollution rights is the key underpinning of the institutional design that transforms that public good into a private one. Similar cases can be made about other elements of institutional design. In addition, institutional change is also related to ideational change.

6 CONCLUSION

The world is full of international institutions. Disagreement about definitions, about how old or new the phenomenon, and about its exact impact cannot mask the reality of a growing number and role of international institutions. How much and how adequately these institutions of international governance tame anarchy is open to question, but the world is witnessing an increase in supranational governance, created by states and in which states increasingly live. Understanding and explaining international politics (and indeed even many areas of national politics) increasingly requires incorporating the role of international institutions. Scholarship on international institutions is growing and developing commensurately.

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CHAPTER 12

THE ETHICS OF NEOLIBERAL INSTITUTIONALISM

JAMES L. RICHARDSON

CONTEMPORARY liberal institutional theory, originating in an enhanced awareness of interdependence in the 1970s, broke with earlier liberal thought in accepting some of the central assumptions of realist theory and defining itself solely in empirical terms. To the extent that normative presuppositions or implications may nonetheless be discerned, they remain implicit. This chapter focuses on the most prominent theoretical school, usually termed "neoliberal institutionalism," which, it is argued, narrowed down liberalism's traditional normative commitments no less than its empirical assumptions. The chapter also takes note of certain alternative formulations of institutionalist theory and of the broadening scope of institutional theorizing in the present decade, and its re-emphasis on the normative. The normative writings of Robert Keohane, the central figure in the neoliberal school, demand special attention: while in some respects quite distinctive, they may reasonably be taken as representative of a widely shared American liberal outlook. It is argued that the values endorsed by these variants of liberal institutionalism are limited by their shared perspective: that of the predominant power of the day with its distinctive political culture.¹

I should like to thank Ursula Vollerthun and the editors for their comments and searching questions, from which this chapter has greatly benefited.

¹ Institutional theory outside the United States, notably in Germany, has been strongly influenced by American theorists; for reasons of space it is not discussed here.

1 HISTORICAL CONTEXT

In response to the devastation occasioned by the First World War, liberal institutionalists pursued one overriding goal: the establishment of peace. Initially it was sought directly, through creating an institution, the League of Nations, which would embody a new liberal order in place of the discredited realist "power politics." The League's failure to fulfil this expectation prompted a radical reformulation: a new approach, functionalism, sought to achieve the goal indirectly. A network of specialized institutions regulating specific areas of international relations would, it was maintained, foster habits of cooperation that would gradually moderate the conflicts that would otherwise lead to war. The early moves toward integration in Western Europe offered some encouragement, but in the intellectual climate of the cold war functionalism never won credibility as a general theory.

By the 1970s the increasing salience of economic interdependence prompted a further radical reformulation of institutionalism, culminating in Keohane and Joseph Nye's *Power and Interdependence* (1977), which foreshadowed core ideas of neoliberal institutionalist theory. They did not seek to replace realist theory, but to limit its scope: They saw it as valid when security concerns were uppermost, but introduced the term "complex interdependence" to identify areas of international relations governed by a different logic—namely, regulation through cooperative regimes. In a further departure from traditional institutionalist thinking, there was no explicit reference to the normative purpose, the promotion of peace. While this might remain the ultimate aim, it was no longer claimed that institutions have the system-transforming potential formerly ascribed to them.

Thus far, changes in institutionalist theory had been prompted mainly by perceived changes in "the world." The shift to neoliberal institutionalism, it may be suggested, was mainly theory driven. The replacement of the comparative-sociological style of *Power and Interdependence* by the economics-based "rationalist" style of neoliberal institutionalism was occasioned by acceptance on the part of a group of liberal scholars of the metatheoretical assumptions of rational choice theory and of the core realist assumptions that states remain the central actors in international politics, and that they pursue self-interested goals, in particular security and material interests. The main difference with neorealism was the claim that, nonetheless, there was far greater scope for international cooperation than neorealist theory would have it, and that institutions played an important role in facilitating this cooperation (see, e.g., Keohane 1989, 1–20, 101–31).

The critique of hegemonic stability theory offered persuasive support for this institutionalist claim. Contrary to the realist thesis that the maintenance of cooperative economic regimes requires the presence of a hegemon to enforce the system's norms, it was argued on both theoretical and empirical grounds that this is not the case: Egoistic state actors can find ways to cooperate to advance their

shared interests (Keohane 1984; Snidal 1985). The argument was soon broadened: The same game-theoretical logic can provide a common framework of analysis for the whole of international relations—for conflict and cooperation, international security and political economy. These are not separate realms, and conflict is not always paramount (Oye 1986; Stein 1990). However, this left open the question of the scope for cooperation, and of how much institutions “matter,” relative to power capabilities—for realists the basic determinant. The debate over relative gains versus absolute gains clarified these issues up to a point, but they remain the crux of the divergence between the two theories (Keohane and Martin 2003).

During the 1990s institutionalists sought to remedy certain omissions identified by critics—notably the role of ideas and the linkage to internal politics—through rationalist analyses complementing their systemic theory (Goldstein and Keohane 1993; Keohane and Milner 1996). But, with the possible exception of the legalization project (Goldstein et al. 2000), there were no further theoretical landmarks. Moreover, the counterpart to the close engagement with neorealism was a failure to engage with other theoretical traditions, and the debate with realism appeared to have run its course. By the late 1990s Keohane was looking back to it as “yesterday’s controversy,” and embarking on an agenda shaped more by perceived changes in the world than by theoretical puzzles (Keohane 2002, 27–38, 193–287).

Keohane’s subsequent institutional studies are so wide-ranging as to raise the question whether there is continuity with neoliberal institutionalism or an entirely new departure. Again in collaboration with Nye, he returns to a sociological style of analysis, seeking to define the nature and extent of changes in the international system: state actors remain important, but theory also needs to take account of new actors and the significance of networks. Normative issues relating to democratic accountability now figure prominently (Keohane 2002, 193–244). In addressing a major new issue, “governance in a partially globalized world,” Keohane (2002, 245–71) retains rational choice theory, but now combined with other approaches—sociological, historical, and normative. He retains major elements of neoliberal institutionalism, but has moved beyond its confines.

Certain other theorists offer a wholly different conception of liberal institutionalism—as a theory not of cooperation or of institutions in general, but rather of the character of the contemporary institutional order. Two are especially notable: John Ruggie, moving toward constructivism; and John Ikenberry, drawing on rational choice theory along with other approaches.

Ruggie’s contribution is mainly conceptual. His starting point is not a world of egoistic state actors but a historically grounded conception of state–society relations. An international order and its major institutions are not simply a function of the power of the leading actor, but result from “a fusion of power with legitimate social purpose” (Ruggie 1982, 382). Since 1945 the United States, the leading actor (but not the hegemon as usually understood), has promoted an institutional order consistent with its normative identity. This has a certain “architectural form,”

multilateralism, defined in terms of principles of nondiscrimination, indivisibility, and diffuse reciprocity (Ruggie 1993, 8–16). Similarly the US-inspired post-1945 economic order had a distinctive normative character, “embedded liberalism” (economic liberalism qualified by certain overarching political goals), whose subsequent disembedding raised major concerns (Ruggie 1982; 1996, 135–56).

Ikenberry (2001) identifies a historical trend, the creation of increasingly institutionalized international orders by the victors in hegemonic wars, but his main concern is to examine and explain the order constructed by the United States after the Second World War, and still providing the framework for international politics. He sees this order as part-hegemonic, but in view of the nature of this particular hegemon, it is a liberal, constitutional order: Power is exercised through rules and institutions, the hegemon accepts binding institutional restraints, its decision-making is relatively open, thus its junior partners enjoy access and “voice” opportunities. These liberal characteristics explain the persistence and relative stability of the order after the cold war, and indeed the further institutionalization in this period: the extension of the North Atlantic Treaty Organization and the establishment of the World Trade Organization, the North American Free Trade Agreement, and Asia-Pacific Economic Cooperation.

2 THE ETHICAL DIMENSION

Neoliberal institutional theorists did not question the prevailing assumption that value judgments have no place in the social sciences—even though they might provide the motive for a scholar’s choice of subject matter. This assumption, never uncontested, is now widely questioned, but there is no new consensus on the role of value judgments. This section inquires to what extent implicit normative commitments—judgments about what is good, desirable, legitimate, obligatory, and so forth—are entailed in contemporary institutionalism, and what are these commitments? Are they indeed liberal, and in what sense of that term? While the focus is on the neoliberal school, inclusion of the alternative theories permits a more differentiated response.

There is no canonical method for teasing out implicit value commitments, but several aspects of the theories will be examined: the use of evaluative language; values implicit in the conceptual framework, or excluded by it; the research agenda; silences; and finally, the question whether a pattern can be discerned, and to what extent it is liberal. No more than a provisional sketch can be completed within the space available, hopefully in a way that invites further inquiry.

Some empirical concepts have evident normative connotations: Negative terms such as genocide, terrorism, or totalitarianism provide clear examples, but the

positive connotations of peace, security, or order equally convey taken-for-granted value judgments (see, e.g., Putnam 2002). Cooperation is one such concept. Even though Keohane (1984) insists that it is not necessarily benign, but can be exploitative, it is often used with positive connotations, as when Arthur Stein (1990, ix) writes of “an era of hope, of the promise of international cooperation” or Keohane (1989, 160) himself contrasts “fragile cooperation” with “persistent zero-sum conflict and warfare.” And the regimes studied by the neoliberal school are normally assumed to be welfare promoting, not exploitative.

Even the realist theory of hegemonic stability is not value free, but claims that the hegemon provides highly valued public goods, essential for maintaining a liberal international economic order. The attraction of *After Hegemony* is its persuasive argument that these public goods can be achieved through nonhegemonic regimes. Such evaluative concepts, like “reciprocity” with its connotation of equal exchanges, are very general expressions of commendation. More specific values are signaled in the language on the functioning of regimes: providing reliable information, deterring cheating, providing focal points for coordination, or reducing transaction costs (more generally, “efficiency”). These suggest a managerial orientation, an economist’s view of administration.

The foregoing might be termed “cool” evaluations, compared with the relative warmth of the language with which Ruggie and Ikenberry characterize their favored ideal-types, evoking a richer mix of liberal values. This is heightened by the contrast with negative ideal-types: for Ruggie, the kind of world order envisaged by Nazi Germany or the Soviet Union; for Ikenberry, the balance of power or hegemony.

While evaluative language can suggest no more than a general orientation, a theory’s conceptual framework can have stronger implications for values promoted or excluded. As Charles Taylor expresses it, a framework “secretes a certain value position:” it charts the geography of the phenomena in question, the range of possible variation. “A given map will have . . . its own built-in value-slope.” Certain outcomes being ruled out, the framework “will usually determine for itself” what is the best possible state of affairs (Taylor 1973, 153–4).²

Utilitarianism, as employed in neoliberal institutional theory, may be construed in this light. It is not the utilitarian framework as such that predetermines the valued outcome—for actors determine their own utilities—but rather its use together with the assumption that states, the relevant actors, are necessarily egoistic and define their individual self-interest in material terms.³ If this is how the world is, the most that is achievable is that states cooperate to pursue their interests in an enlightened manner—to maximize gains and minimize losses. No other ethical framework seems relevant. Within this general framework, the economists’ concept

² Taylor refers to well-known studies by Seymour Martin Lipset, Harold Lasswell, and Gabriel Almond.

³ While Keohane (1984, 125) allows for explanation other than in terms of “narrowly defined self-interest,” he sees this as limited to “relatively small spheres of activity.”

of Pareto optimality—referring to situations in which no actor's welfare can be increased except at the expense of that of other actors—offers a sharper illustration. If institutions are seen as enabling actors to reach the "Pareto frontier" or to choose among "Pareto-optimal equilibria," a high level of welfare is being presupposed. More importantly, this particular concept of welfare excludes by definition the question of redistribution, since this would leave some individual actors worse off.⁴ Elsewhere, Keohane allows that liberalism can make for a tendency to accommodate dominant interests and to adopt the perspective of governments, not of the disadvantaged (1990, 192–3) and, in a telling aside, dubs the present institutions "of the privileged, by the privileged and for the privileged" (2002, 256).

The neoliberal institutionalists' treatment of distributive issues offers a striking illustration of the way in which the framework narrowed down the normative agenda. In the initial phase of regime theorizing in the 1970s, "distribution" could refer to the larger, societal consequences of regimes: for example, in Raymond Hopkins and Donald J. Puchala's study of the international food regime, its effects on "wealth, power, autonomy, community, nutritional well-being... and sometimes physical survival," leading to the conclusion that in this regime there were "broad and endemic inadequacies" (cited in Martin and Simmons 1998, 737). In neoliberal institutional theory, regimes came to be evaluated, rather, as "efficient or efficiency-improving:" distributive issues were understood as conflicts over the allocation of gains and costs through bargaining among the state actors (Martin and Simmons 1998, 744–6).

The game-theoretic framework opened up an agenda for explaining significant aspects of institutions previously neglected or passed over lightly—questions relating to information, incentives, commitment, and compliance. But what was excluded from the research agenda was no less striking. A framework premised on bargaining on (more or less) equal terms is not conducive to the study of relations characterized by extreme inequalities such as those encountered in "North–South" relations, nor of hierarchical institutions such as those in the international financial domain, controlled by the major Western governments. Not surprisingly, the typical examples chosen by the neoliberal institutionalists are of bargaining among relative equals: the European Union and the international trade regime, the latter viewed from the perspective of its leading members. Keohane's suggestion (1984, 7) that the analysis might be extended to include North–South relations was not followed up; and indeed this must have created difficulties for applying the framework, or have led to questioning its generality.

The framework makes for a further silence, whose normative consequences are more difficult to discern. Can the United States really be regarded as just one actor like the others? Is the basic model of egoistic state actors, fundamentally alike, a

⁴ For the Pareto formula see, e.g., Martin and Simmons (1998, 744–5), referring *inter alia* to Krasner (1991).

valid starting point for theory in the present international system? The United States may not be hegemonic, but it is preponderant, its influence not just greater than that of others, but different in kind; the theory has no place for such an actor. The question of the normative consequences of the invisibility of the United States is taken up below.

Keohane's normative discussion of regimes adds a further dimension to the foregoing. It stands apart from his empirical theory—a commentary interrogating the theory from a different perspective (Keohane 1984, 10–11, 247–57). He by no means offers a robust defence of cooperative regimes. Rather, with reference to utilitarian and Rawlsian theory, he finds existing regimes seriously deficient, insufficiently responsive to the needs of the least well off. Nonetheless, he argues that they are superior to the politically feasible alternatives: Those disadvantaged under the present regimes would be even worse off if the powerful were not constrained by their rules. The analysis is searching, the conclusion unsatisfying: He does not acknowledge the problematic character of the politically feasible, nor allow for potential alternatives between the ideal world and the actual regimes. Indeed, his conclusion is at odds with the conception of liberalism that he outlines a few years later, as a gradualist striving for improvement (Keohane 1990, 194).

This discussion redresses the silence on North–South relations but is not incorporated into subsequent institutionalist theorizing. And, although there is no reference to the role of the United States, there is a clue as to what this omission may signify. Why is the politically feasible so circumscribed? Arguably, it was the Reagan administration's total rejection of the various North–South initiatives under discussion in the 1970s, and its subsequent imposition of the “Washington consensus,” that rendered reformist alternatives irrelevant—not any systemic constraint. Through excluding the concept of a leading actor, the theory foreclosed inquiry into the potential negative consequences of its role.

That role, as we have seen, is central in Ruggie's and Ikenberry's institutionalist theorizing. Both evaluate it positively. Ikenberry, while highly critical of the turn to unilateralism, remains close to the mainstream American foreign-policy discourse; Ruggie's focus on key concepts invites more searching questioning of the way in which the United States exercises its role. Neither engages in normative theorizing, but their explicit evaluations could serve to prompt normative debate on the American role and on the kind of institutionalization that the United States has promoted.

Do the normative commitments that have been identified in neoliberal institutionalism form a pattern, and is it a liberal one? They can be seen as relating to welfare, a very general value in liberal theory, but not exclusively liberal, and also to efficiency, highly valued in contemporary liberal economics; a certain conservatism, an orientation to the status quo, is also evident. There is no reference to the central liberal values—the freedoms and rights of the individual—but given the basic “levels of analysis” framework, this should perhaps not be expected of a theory at

the level of the international system.⁵ Neoliberal institutionalism can be seen as an updating and synthesis of two of the main traditions in international liberal theory, commercial and regulatory liberalism, both essentially systemic (Keohane 1990), and its values are characteristic of those traditions.

International relations theory has not been much concerned with differences within liberalism—the contrasting philosophical rationales and contending political orientations uneasily constituting the liberal “tradition.”⁶ Tension between conservative and radical strands has been ever present. Neoliberal institutionalism, its perspective essentially that of the leading governments of the day, is readily located near the conservative end of the spectrum, and its restrictive concepts of welfare and distribution bear the hallmarks of the American political culture. The radical strand, now prominent in normative political theory, is under-represented in the international relations discipline.⁷

Ruggie’s and Ikenberry’s normative commitments fall within the same general pattern: a system (“order”)-oriented, relatively conservative, and more explicitly American liberalism. Ikenberry’s constitutionalism offers some further classical liberal values such as the virtues of institutional limits on the exercise of power; and among the institutionalists he is the most explicitly supportive of the existing order. Ruggie’s societal orientation extends the framework beyond the governmental, and indeed suggests an affinity with the social liberal, not the utilitarian liberal tradition. His concern for the viability of embedded liberalism holds the potential for a more radical analysis of the political–economic order, but neither he nor other liberal institutionalists have followed this up.⁸

3 KEOHANE’S NORMATIVE TURN

As indicated earlier, since the late 1990s Keohane has developed a broader version of liberal institutionalist theory in order to address the kinds of questions that are raised by current changes in world politics. Issues chosen for research are related to explicit, theoretically grounded normative premises derived from a distinctive view of liberalism (Keohane 1990), one that falls within what might be termed the liberal pessimist tradition of thinkers such as James Madison, Adam Smith, and Judith Shklar (Keohane 2002, 246–7).

⁵ For a comprehensive normative critique of neoliberal institutionalism that does not make this concession, see Long (1995).

⁶ On differences within liberalism, see, e.g., Gray (2000); Richardson (2001).

⁷ There are important exceptions, such as Richard Falk (1999).

⁸ Steffek (2006) brings out embedded liberalism’s underlying conservatism, oriented to the needs and interests of relatively well-off Western societies, not to those of the disadvantaged.

This is a cautious, wary liberalism that sees human progress as possible but by no means inevitable, and achievable only if human and social limitations are taken into account. He sees liberalism as first and foremost a theory that highlights the scope for human action and choice, but he insists that the constraints that are emphasized—indeed overemphasized—in theories such as realism and Marxism be taken very seriously. Thus, while rejecting the pursuit of impracticable ideals regardless of consequences, he endorses a gradualist reformism that, over time, can extend the limits of political choice. In terms of standard liberal assumptions his theorizing is uncomfortable: In particular, he is skeptical of the association of liberalism with peace, allowing that radical critics may be correct in claiming that the needs of the open capitalist economy make for intervention and war (Keohane 1990, 186–90). This is a sober, seemingly dispassionate liberalism, offering little orientation to those deeply concerned over human rights violations or the intolerable living conditions of those at the margins of subsistence.

Keohane's discussion of global governance brings out some of the practical implications of this general conception of liberalism. In collaboration with Nye, he presents a critique of the existing "club model" of decision-making in the major international institutions—that is, their informal control by a few key members—showing why this has become unacceptable and outlining the practical and normative issues raised by the demand for greater democratic accountability (Keohane 2002, 219–44). They seek to scale down unrealistic expectations, looking to incremental improvements, not radical institutional restructuring.

His presidential address to the American Political Science Association proposes a general framework for such inquiries into the problems of "governance in a partially globalized world." The goals are defined normatively and he draws on several kinds of empirical theory—rational choice theory perhaps *primus inter pares*—to guide research into how they might be realized in institutional practice (Keohane 2002, 245–71). He refers to Amartya Sen's concept of enhancing human capabilities and to John Rawls's concept of justice, but his immediate discussion limits itself to issues raised by democratic legitimacy: accountability, participation, and persuasion. Even so, the project outlined here involves a major expansion of the institutional research agenda, and the inclusion of the issues raised by Sen and the Rawlsian debates would require an even more radical expansion. From a perspective outside the United States, however, the discussion reads as quintessentially Western: a response to the concerns of Western publics and nongovernmental organizations. There is no reference to non-Western perspectives on governance: for example, to the issue of greater representativeness, whether of states or of peoples.

The Western—and sometimes distinctively American—perspective is even more evident in certain of Keohane's other recent papers, such as his argument for "unbundling sovereignty" in the context of reconstructing political institutions after humanitarian interventions (Keohane 2003). However cogently reasoned in its own terms, the argument does not engage with the reasons why sovereignty is so highly

valued outside the West. And the volume of which it is part, like virtually all the literature on humanitarian intervention, remains a conversation among Western scholars.

The American world view comes through most strongly in his proposal, in collaboration with Allen Buchanan, for a new institutional process to authorize the preventive use of force if the United Nations Security Council is unable to act to forestall dire threats to security or to check massive violations of human rights. Subject to carefully defined conditions, a coalition of democracies, not exclusively Western, could then authorize preventive action (Buchanan and Keohane 2004). Has the cautious reformer turned radical in his readiness to set aside long-established norms and procedures? Radical or not, the argument—and in particular the apotheosis of democracy—may be seen as representative of the liberal interventionist outlook that has become characteristic of the American foreign-policy community since the ending of the cold war. It is to be hoped that Keohane's provocative formulation of this orientation will prompt a genuinely international debate within the discipline—and one not confined to the Western scholarly community.⁹

4 CONCLUSION

Contemporary institutionalist theories may be located in different liberal traditions—utilitarian, social liberal, and constitutional—and Keohane has developed a version of liberalism that stands apart as something of a pessimist–realist hybrid. However, for all their diversity, the theories share a common perspective, that of America as a “leading” power with a distinctive political culture.

For all its liberal virtues, this perspective does not make for sensitivity toward the concerns of those less well placed in the international hierarchy or those with different cultures or values. In the case of “North–South” relations this raises major issues for policy but presents no new challenge for theory, where the issues date back to the late-nineteenth-century debates over social liberalism (Richardson 2001). Far more intractable issues are raised by relations between Western and non-Western (more precisely, nonliberal) societies: the tension between liberal norms of universalism versus respect for diversity and self-determination (e.g. Gray 2000) may prove unresolvable. These issues are subject to lively debate among political theorists but remain at the margins of international relations theory.

The trend towards normative explicitness, here exemplified by Keohane, holds much promise for the discipline. Normative reasoning is surely preferable to assumption in guiding research. And, if it tends initially to bring out national

⁹ Such a debate may be foreshadowed in Reus-Smit (2005).

perspectives underlying contemporary international relations scholarship, it may subsequently lead to a certain distancing from the assumptions of one's own political culture, and serve as a catalyst for debate that could overcome the invisible barriers that separate national scholarly communities.

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