

# **Autonomous Policy Making by International Organizations**

*Edited by*

Bob Reinalda and Bertjan Verbeek

Routledge/ECPR Studies in European Political Science



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# Autonomous Policy Making by International Organizations

With the end of the Cold War, economic globalization gave rise to a new phenomenon in the field of international political economy: gradually more trust is being put into international organizations for solving pressing transnational problems. These problems range from traditional security issues such as political stability in Europe to relatively new ones such as global economic governance and respect for human rights.

This edited collection assesses the importance of international organizations in global governance during the last ten years. The volume seeks to determine the ways in which IOs contribute to the solution of global problems by influencing international decision making in ways that go beyond the lowest common denominator of national interests.

Bob Reinalda and Bertjan Verbeek have assembled a prestigious team of international contributors who analyze more than a dozen IOs in various policy areas which affect primarily Eastern and Western Europe, from security and human rights to international economic policy coordination and the environment. The authors seek to determine the factors which influence the autonomy of IOs under specific conditions and investigate why, in the advent of the Cold War, some IOs have benefited more than others. Empirical evidence is provided on a large number of international organizations, The International Atomic Energy Agency (IAEA), NATO, IMF, The Eastern Europe Bank (EBRD), The World Trade Organisation (WTO) and OECD among others.

*Autonomous Policy Making by International Organizations* fills a very significant gap in the current literature on international organizations and international relations and will interest both academics and practitioners of international political economy and diplomacy.

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## Preface

The state of affairs in world politics, and in Europe in particular, has changed profoundly in the past decade. Not only did the era of the Cold War come to an end, a 'new Europe' was created, and political and socioeconomic integration gained more momentum than many observers would have expected some fifteen to twenty years ago. In short, the world of International Relations is apparently facing new realities and an urge for new interpretations of how states and related national interests cope with these changes that manifest themselves within and between nation-states, regions as well as across the globe as a whole. In effect, one may put forward that this new state of affairs strongly affects the existing body of knowledge in political science in general and its sub-disciplinary field of *International Relations*.

For long it has been argued that the 'natural' unit of analysis—the national state—is withering away, or is at least becoming a contested notion. It appears that *sub*-national and *trans*-national organized interests have become influential actors in politics and are noticeably active on their own or by means of collective action through a number of existing and rapidly emerging *international organizations*. Although this development has been noticed by many observers, it is surprising that political scientists and those who specialize in the field of International Relations have only paid lipservice to the changing state of affairs by coining them in catchy notions like 'globalization' or 'interdependence' and the 'multi-lateral' if not 'multi-polar' world without hegemons and recognized *international practices and rules*. However, until recently little or no proper theoretical and empirical knowledge on this changing international world has been developed.

This volume can therefore be seen as an attempt to remedy this lack of redirecting the state of discipline by focusing explicitly on the question to what extent and in what way are international organizations active in regional and in world politics today? The contributions to this volume try to consciously elaborate on vital questions regarding the role of (sub) national interests within the perspective of an internationalized world and related political and socioeconomic dependencies. The key question is then, of course, how this affects the autonomy of the nation-state, on the one hand, and discretionary impact of international agencies on national policy making, on the other. The theoretical answer to this question, suggested in this volume, is that the concept of interest (whether or not this is related to 'security' or 'stability') is to be defined on the level of the actors involved, or perhaps more adequately the players of the *transnational*, if not *supranational* game in view of the type of decision-making arena that exists or is *in statu nascendi* (e.g. 'regimes').

Such a view allows to investigate international organization from an institutional—or 'rule-driven'—perspective as well as from a behavioural—or 'actor-driven'—

perspective. This approach opens up the field of International Relations and of national politics to empirical analysis and is not lured into the trap of abstract notions without concrete footing or seemingly endless disputes about self-interests *vis-à-vis* normative dispositions of the actors involved. Of course, the answers that are given in the various case studies presented in this volume cannot and do not come up with paradigmatic or comprehensive conclusions. Yet what the separate contributions do demonstrate is that international organisations—as represented by agencies like NATO, the Council of Europe, the EU, the ILO—do play an autonomous role in international politics but do not appear to influence the autonomous role of national states altogether. These empirical findings inevitably lead to the observation that we are in dire need of new concepts and perspectives in order to understand the changing world of international affairs in order to grasp the role of policy making of national states.

As the series editor I find this book not only important for reasons elaborated above, but also because it is a serious challenge to existing views in European Political Science. Although the scope of the volume is primarily focusing on international organizations, particularly European ones, the ideas and perspectives it concerns should be of immediate interest to a much wider audience of political scientists and practitioners than those specialising in International Relations or European politics *per se*.

Hans Keman  
Series Editor  
Weesp (June 1998)



# 1

## **Autonomous policy making by international organizations**

### **Purpose, outline and results**

*Bob Reinalda and Bertjan Verbeek*

With the twentieth century drawing to a close, the discipline of international relations is still struggling to come to terms with the profound changes that have shaken the field since the early 1980s. In that struggle intergovernmental organizations have become a neglected topic of research.<sup>1</sup> At least three developments have challenged traditional approaches to world politics: first, intensified economic, social and cultural interdependence, often labelled globalization; second, a profound change in the nature of regional cooperation because of the development of what is now called 'the European polity' and regional efforts elsewhere; third, a sense of uncertainty because the end of the Cold War has removed old assurances that any matter would be defined and treated in terms of the security conflict between East and West. Basically, the debate within the discipline focuses on the question of whether international relations are still a struggle for territorial security or whether they have transformed in a struggle for wealth that can no longer be acquired simply by the threat of the physical occupation of land (cf. Rosecrance 1986; Strange 1992). The former vision portrays nation-states as dominant actors, while the latter includes numerous types of non-state actors.

### **A disregard for international organizations**

Many attempts have been made to capture today's world in purposeful terms. Scholars who stick to the opinion that the world has not significantly changed retain their traditional concepts that centre around the notion of stability: today's world is a relatively stable world because of American hegemony (Mastanduno 1997); today's world is potentially a very unstable world because of multipolarity (Waltz 1993); or, today's world is waiting for a new hegemonic struggle as soon as new contenders enter the ring (Modelski 1987). Scholars who argue that international politics today can no longer be captured in terms of security have developed many neat alternative concepts. Since the 1980s the buzzword changed from 'international regimes' to 'multilateralism', and, most recently, was followed by international or even global 'governance'. What almost all scholars and catchy tunes have in common, however, is a disregard for international organizations.

This book started as a workshop during the second ECPR Pan-European conference on international relations in Paris in 1995. Its purpose is to assess the current role of international organizations in world politics. This objective is guided by the intuitive notion that increased interdependence, the end of rigid Cold War security constraints, and the growth of regional cooperation are bound to have an effect on international organizations. Most theories in international relations consider these organizations as carrying little weight in explaining policy outcomes. To (neo)realists, they are dominated by state interests. They are a platform for discussion between states or an instrument serving the interests of the most powerful states. Liberal institutionalists retain that states' behaviour is not simply interest-driven, but, under certain conditions, rule-driven as well. Yet, in their work, international organizations tend to be of secondary importance only in accounting for the creation and observance of such rules. This book aims to redirect the focus of attention and to assess the proper place of international organizations in such an interest- and rule-driven world.

In addition, the existing literature on international organizations suffers from three major shortcomings. First, little attention is paid to decision-making processes within international organizations. As a matter of fact, the major work still seems to be the classic study *The anatomy of influence* by Cox and Jacobson (1973); second, a lack of empirical research into policy making by international organizations that is explicitly grounded in theoretical notions (see for an exception Haas 1990); third, relatively scarce attention is given to processes of implementation and adjudication.

### **Research question**

Generally, this volume investigates the extent to which recent major changes in world politics have been paralleled by an increase in autonomous influence of international organizations on policies. Three such recent changes will be discussed in chapter 2: globalization of the economy, regional integration, and the end of the Cold War. Globalization of the economy widens and deepens interdependence between national, transnational, and subnational actors. The incentives to cope with the structural changes related to globalization may push actors in the direction of international cooperation and thus provide a window of opportunity for international organizations to carve out a role for themselves. Globalization implies that several of the cases that have been selected are in the field of international economics and finance. These are the European Bank for Development and Reconstruction (EBRD) and the World Bank (chapter 12), the European Monetary Institute (EMI; chapter 13), the International Monetary Fund (IMF; chapters 12 and 14), and the World Trade Organization (WTO) and the G7 summits (chapter 14).

Increasing regional integration, especially in Western Europe, is of utmost relevance. First of all, in many areas policy proposals are conceived, although not decided upon exclusively, by transnational agencies such as the European Commission. Second, persistent patterns of cooperation in several policy areas have produced a system of implementation and adjudication that may prove a source of influence for an international

organization. Therefore, a number of case studies have been selected that are prime examples of the impact of regional integration on international organizations: the European Commission (chapter 5), the European Court of Human Rights as part of the Council of Europe (ECHR; chapter 11), and, to a certain extent, the International Labour Organization (ILO; chapter 4).

The end of the Cold War has presumably removed the constraints that had paralyzed much cooperation in many international organizations for decades. Some of the case studies have thus been selected explicitly in order to account for possible changes in cooperation patterns in issue areas that have traditionally been dominated by Cold War conflict: the North Atlantic Treaty Organization (NATO; chapter 9), the International Atomic Energy Agency (IAEA; chapter 7), and the Organization for Security and Cooperation in Europe (OSCE; chapter 8), or geographical areas outside the scope of many Western-oriented international organizations, like Central and Eastern Europe (chapter 12).

Given these considerations, the book addresses the following research question: ‘To what extent have the continuing process of globalization of the world economy, increased regional integration, and the end of the Cold War reinforced, or weakened, the autonomous influence of international organizations on international and national policy making, in particular in Europe?’.

### **Autonomy**

Because of the strong, almost axiomatic, presumption in international relations theory that international organizations hardly matter because nation states’ interests will prevail, an operational definition of autonomy should be tailored in order to tackle this claim. Therefore, one can speak of an international organization’s autonomy if international policy cannot be explained simply as a compromise between its most important member states. This is the case, for instance, when some important member states agree to policies that conflict with their narrow national interests. It should be emphasized that such matters can relate to agenda setting, policy making, as well as to policy implementation. Obviously, the degree of autonomy increases strongly when states not only allow certain topics to be put on agendas or into pretty declarations, but also accept, and participate in, the implementation of such policies. Autonomy can also be related to what may be called ‘institutional legacies’: a state sometimes agrees with unwanted policies because it prefers continued participation in the organization to leaving it or obstructing its policies. A (neo)realist may explain this state’s choice in terms of a calculation of long-term national interests. We argue, however, that the existence of such long-term considerations offers a tool of influence to the organization, because it allows for policy proposals that are closer to the organization’s interests than to the state’s. This is certainly the case in certain policy areas of the European Union, but may also occur in intergovernmental organizations like the IAEA (see chapter 7).

This operational definition of autonomy may have two important drawbacks. First, it may result in the general conclusion that the autonomy of many an international

organization has increased, but only with respect to minor matters. That would confirm Cox and Jacobson's conclusion of a quarter of a century ago (see chapter 3). We expect to deal with this drawback by our explicit inclusion of international organizations that operate in areas of security relations and by the request to our authors to investigate a nation-state's acceptance of policies that violate their vital national interests. The second drawback relates to our explicit focus on intergovernmental organizations. It is conceivable that an increase in an organization's autonomy can be argued for, but it can be better explained by factors not included in the equation. One major factor, that is somewhat underrepresented in this volume, is the role of transnational non-governmental (or private) organizations, which, by making proper use of the media and domestic politics, affect the decisions that nation-states make regarding international policies (cf. Hurrell and Kingsbury 1992:20–5, 110–41). Strange will tackle this matter in the concluding chapter of this book and will thus put its themes in a different perspective (chapter 15). She argues that international organizations need to be studied not only in their relations with nation-states, but also with private organizations that now dominate the world economy, like transnational corporations.

### Outline

The volume comprises three parts. Part I has a primarily theoretical objective, although empirical analyses are a major part of most of its chapters. Chapter 2 deals with the scepticism that mainstream international relations theory reserves for international organizations, and presents an overview of the theoretical landscape. The following two chapters make an assessment of two classic approaches to the study of international organizations, the decision-making approach developed by Cox and Jacobson (1973) (chapter 3), and the analytical framework designed by Ernst Haas (1968) on the basis of organization theory (chapter 4). The next two chapters are an application of two more recent theoretical strands in international relations theory. Liberal institutionalism, which explains intergovernmental bargains in terms of states' interests that are embedded in an institutional setting, is reformulated to take into account the role of international organizations (chapter 5). Next, an analytical framework that is founded in rational choice (chapter 6) explains an international organization's autonomy.

Parts II and III contain chapters with a primarily empirical focus. In Part II four international organizations in the field of security and human rights are discussed: IAEA (chapter 7), OSCE (chapter 8), NATO (chapter 9), and the Council of Europe (chapters 10 and 11). Chapter 10 discusses an early attempt at autonomous policy making by the Council of Europe in the political field (the Saar problem between France and Germany). Chapter 11 explains the effectiveness of the Council of Europe in the field of human rights. The authors present a checklist designed to explicate the various factors that have contributed to the Council's success. Part III discusses international economic organizations, in particular the role of the international financial institutions (IFIs) in assisting the Eastern European transformation process (chapter 12), the influence of a transnational monetary elite in determining national policies within the European Union



(chapter 13), and the interrelationship between governments and international economic institutions (chapter 14).

## Results

The contributions to this volume add up to a mixed answer to our research question. On the whole, the three major changes in the international environment (the end of the Cold War; globalization; regional integration) have produced an increase in autonomy for some international organizations, but not for others. The former include the IAEA, the European Court of Human Rights, the United Nations Environmental Programme (UNEP), the European Commission, and the OSCE. Among the latter are NATO and ILO. This general observation should worry the (neo)realists. The IAEA and OSCE are organizations that were part of the Cold War-security regime, and today still operate in policy areas that (neo) realists would consider vital to the security of the nation-state. The organizations' increased autonomy is counterintuitive to their perspective. Even NATO's lack of autonomy should not comfort them. Megens shows the important role played by NATO's bureaucracy, first, in establishing its operational strength in the 1950s, then, in expanding eastward during the 1990s (chapter 9).

At the same time, globalization and regional integration are not associated with a clearcut growth in autonomy of international organizations either. The European Commission and the EMI may have gained autonomy, the ILO has lost some. Interestingly, as chapter 4 shows, the decrease in ILO's importance is due in part to the parallel gains by the European Commission and the World Trade Organization. International organizations actually compete among each other for affecting international policies. This brings the (neo)realists back into the game. They would deduce from this rivalry that international organizations are more or less useful to the interests of the nation-states. However, they would be jumping to conclusions. Many international organizations have clearly succeeded in formulating, and sometimes implementing, policies that cannot be described as the simple product of interstate bargaining. This holds especially true for the case of the IAEA carving out new authority within the existing nuclear arms' regime. However, it is also the case in the European Commission's influence on national equal treatment policies (chapter 5), in EMI's role in shaping a European monetary regime (chapter 12), and the development of a High Commissioner on National Minorities under the umbrella of the OSCE (chapter 8). The realists' last line of defence would then be that an international organization can gain autonomy in relatively unimportant ('low politics') policy areas only (see also chapter 3 in this volume). Here, the realist perspective still appears valid. The OSCE High Commissioner may have obtained some discretion in reporting on the treatment of minorities in Europe, but the OSCE is still far from being an organization that can intervene in European security crises. The IAEA may have expanded its role in securing the nuclear weapons' regime, but it is still unable to alter that regime fundamentally. The IMF may have gained some autonomy in assistance policies to Central and Eastern Europe, but its major security considerations override any technical concern regarding Russia's macro-

economic performance (cf. chapter 12).

This volume shows, however, that several international organizations have obtained autonomy in policy areas that clearly affect the vital interests of nation-states. First, several institutions of the European Union, such as the European Commission and the European Monetary Institute, have succeeded in making member states adopt and implement policies (equal treatment and monetary integration) that were bound to bring enormous costs (but not always large benefits) to their societies (chapters 5 and 13). Likewise, UNEP was successful in getting acceptance for its proposals to clean up the Mediterranean that went beyond the interests of the most powerful states in the area (chapter 6). These examples show that international organizations have various tools of influence at their disposal: first, the use of technical knowledge and juridical language in order to define issues and alternative solutions; second, the building of coalitions with domestic and transnational actors. Moreover, they seem more successful when they operate in a relatively institutionalized environment. That is, when member states have an interest in continuing cooperation despite the short-term disadvantages of adopting policies. Helfer and Slaughter offer a checklist of effective supranational adjudication with factors within the control of states and of supranational institutions (chapter 11). The crux of their effectiveness seems to be a combination of both supranational and parallel subnational pressures on national governments, as is confirmed by ILO experiences (chapter 4) and the EU practice in the case of equal treatment of women and men (chapter 5).

It would be wrong, however, to stop at observing more or less autonomy for international organizations. What most chapters show is a fundamental change in the game that international organizations and nation-states play. As argued by Verbeek and Bayne in chapters 2 and 14 respectively, globalization and regional integration have increased the number of parties that are affected by international policy making. This implies that international policy making can no longer be captured as a battle between the vital interests of nation-states, as (neo)realists would see it. Rather, international policy making is a game between many actors both inside and outside nation-states. Even though states may still be the dominant actors in international organizations, their behaviour is no longer dictated strictly by national interests alone. Instead, states have to take domestic political considerations into account. This situation can serve as a source of influence for international organizations. This is borne out by the European Commission's coalition with national interest groups in bringing about equal treatment policies (chapter 5), but equally in UNEP's mobilization of environmental pressure groups in order to gain leverage over nation-states (chapter 6).

What theoretical lessons can be drawn? The first observation must be that (neo) realism is becoming a less relevant theoretical avenue to take if one wants to investigate the role of international organizations. The strength of (neo) realism is that it forces one to demonstrate that the structure of the international system and the narrow interests of states alone cannot explain certain outcomes. Rather, states now operate in an environment in which domestic politics has to be taken into account next to considerations resulting from international anarchy. One way to tackle such a situation from a theoretical perspective is to come up with a design that incorporates the

preferences and sources of influence of all actors relevant to an international policy area, including, of course, an international organization. In chapter 2 it is argued that a public choice approach may be employed to discuss the interests of, and sources of influence for, an international organization. The next step would be to design a framework that incorporates transnational and national actors. Van der Vleuten's 'two-level interaction' represents such a framework, which is successfully applied to the role of the European Commission in formulating and implementing equal treatment policies in the EU. Bayne shows in chapter 14 how such interaction affects the operation of various international economic institutions, including the Organization for Economic Coordination and Development (OECD), WTO, IMF and at a regional level the British Commonwealth.

Once the logic of the transnational-domestic interaction has been unravelled, it is important to return to the question of the origins of an organization's interests. In chapter 4 it is argued that Ernst Haas' application of organization theory to international organizations is still useful today. This is borne out not only by an analysis of ILO autonomy over a longer time period, but also by Megens' study of NATO's organizational interest. It may not be sufficient to conceptualize an organization's interests simply in terms of survival (i.e. tasks, personnel and budget). International organizations' preferences may stem from substantive perspectives on certain international policy areas. Such perspectives may originate in the technical nature of international organizations, which transpires in the large number of 'technical' personnel. This clearly seems the case in OECD (see chapter 14), IAEA (chapter 7) and EMI (chapter 13). Sometimes this may take the form of a so-called epistemic community.

Once we have understood the origins of an organization's interest, it is necessary to understand why its staff would pursue the organization's interest rather than the preferred policies of their home countries. After all, it is the home countries that send them and can often call them back. In chapter 6 Nicholson argues from a public choice perspective that it can be perfectly explained why the international civil service would put the organization's interests first. However, as the ILO case also shows, weak leadership reduces the margin for an international organization to play a role of its own (chapter 4).

This volume thus hopes to bring home three important points. First, that it is important to refocus attention on international organizations. Second, that changes in autonomous policy making by international organizations can be observed which cannot be explained easily by international relations theory. Third, that new theoretical frameworks can be developed to account for these empirical phenomena. However, in order to make these points it is necessary to understand first why international organizations have been neglected by international relations theory. Chapter 2 offers an answer to that question.

### Note

- 1 Our focus on international organizations implies an emphasis on *intergovernmental* organizations. In the book the terms international organization and intergovernmental organization are used interchangeably.

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**Part I**  
**Theoretical perspectives**



## 2

# International organizations

## The ugly duckling of international relations theory?

*Bertjan Verbeek*

The study of international organizations has always been considered as the ugly duckling of the discipline of international relations.<sup>1</sup> For a long time, it was an area dominated by lawyers and historians. Scholars of international relations preferred to treat organizations as a residual subject, only marginally important to the explanation of what was happening on the world stage. When international interdependence intensified in the 1970s, scholars introduced a new analytical concept called international regime, that was explicitly aimed at circumventing the presumably elusive notion of international organization. Nevertheless, they rarely investigated the extent to which international organizations have acquired autonomous influence over the formulation of international policies. This chapter accounts for this situation and offers a way out. It is argued, first, that international regime theory has furthered the dominance of the neo-realist view that international organizations are marginal actors in world politics; second, that recent changes in the international environment demand a reassessment of the weight of international organizations; third, that public choice provides a perspective that can account for international organizations' autonomy, while retaining some of neo-realism's premises, but relaxing others.

### **A historical overview<sup>2</sup>**

Following the Second World War lawyers and historians dominated the study of international organizations. Although their studies produced valuable knowledge on the organizational structure and actual functioning of international organizations, they showed a disregard for questions such as 'How can decisions (policies) by international organizations be accounted for?' and 'Do international organizations have an impact on the behaviour of other actors in international politics?' In general, one could argue that analyses were characterized by, first, a legal-institutionalist perspective, and, second, a predilection for *intergovernmental* organizations, in particular United Nations agencies.

The first attempts by political scientists to capture the field in the mid-1960s were inspired by theories of integration, such as functionalism and neo-functionalism, that had gained tremendous popularity in the wake of the success of the European Communities. Both approaches sought to explain cooperation through international organizations rather

than describing institutions and their workings. Both considered international organizations as a response to pressing transnational problems that evidently could not be solved by national policies. Moreover, scholars within both approaches often fell prey to the presumption that transnational pressures eventually necessitate international cooperation. Functionalists predicted that technicians and other experts who would produce 'non-political' solutions to those pressing transnational problems would populate international organizations. Organizations like the International Telecommunication Union (ITU) and the Universal Postal Union were thus heralded as major successes.

However, these attempts at explaining rather than describing international cooperation suffered from undue optimism and the assumption that international cooperation was highly valuable in itself. They thus ignored the possibility that international organizations and their staff might develop objectives of their own, not necessarily compatible with the performance of the function for which they were designed. Moreover, they remained unaware of attempts by nation-states to make use of 'technical' organizations for their own ends. (Hence the debate in the 1970s and 1980s on the alleged 'politicization'.) At the same time, theories of international organization predominantly paid attention to *intergovernmental* organizations and tended to disregard the weight of other transnational actors, such as multinational corporations, pressure groups (both national and transnational), as well as the possibility that international organizations might have gained leverage over nation-states.

The introduction of the concept of international regimes at the beginning of the 1970s meant a major conceptual innovation. Dissatisfied with the traditional emphasis on cooperation by nation-states in the form of international organizations, Keohane and Nye (1977) suggested that international relations should be regarded as a constellation of various policy fields, so-called issue areas. Not only nation-states, but also all kinds of actors (both at the transnational, the national and the subnational level) tried, if affected by the policy area, to influence international policy-making in such an area, each with its own objectives and power resources. The actual policy eventually governing the issue area was labelled international regime. Regimes were eventually commonly defined as 'principles, norms, rules, and decision making procedures around which actor expectations converge in a given issue-area' (Krasner 1982a:185). World politics could thus consist of many different policy areas, with many different regimes, where power was not concentrated in a few actors, but widely dispersed among many. Keohane and Nye called such a pluralist situation 'complex interdependence'.

The huge advantage of this approach was that no longer did one automatically focus on international organization as the object of cooperation (as lawyers, historians, and [neo] functionalists had done): rather, international organization was considered as one of many forms of cooperation. Moreover, international organizations could now also be analyzed as actors in their own right trying to affect international policy (previously they were identified with that policy). And because international organizations were now regarded as potentially powerful actors, the question became legitimate to ask after their autonomous influence over other actors, even over nation-states.

The new concept of international regimes started out as a very promising approach to the study of international cooperation and discord. In the course of the 1980s, however, it



ran into serious problems (cf. Keohane and Nye 1987; Hurrell 1993). Two problems are worth singling out. First, the most innovating part of the regime-approach, explicit attention to their autonomous influence, is much emphasized (Krasner 1982b), but little research has so far been devoted to this issue. Most regime analyses have concentrated on studying regimes as outcomes, basically asking questions such as 'why are regimes formed?' and 'why are regimes altered?' The question 'to what extent has the existence of regimes significantly affected the behaviour of actors?' is posed much more rarely.

Second, most regime analyses have abandoned the complicated, yet more comprehensive, analytical scheme of complex interdependence and have returned to analyzing how the interactions of nation-states produce regimes. Originally, the regime-concept was meant to protect the scholar from immediately turning to nation-states when dealing with international organizations. Instead, the focus would be on other players, nationally, transnationally, and subnationally. International organizations would thus be considered actors in their own right, independently affecting international policy-making in the various issue areas. The actual emphasis on states, however, has resulted in a tendency to direct one's attention to the conclusion of formal agreements between states; for instance, the conclusion of the Uruguay Round in 1994. In such studies international organizations are little more than conference venues.

The latest developments in regime theory are directed towards overcoming these problems. First of all, attempts have been made to move away from the analysis of the conclusion of formal agreements by incorporating sociological notions of institution building. Such analyses, often labelled 'multilateralism' (Ruggie 1993)<sup>3</sup> or 'governance' (Young 1994), concentrate on the question of why certain (not necessarily explicit) norms, rules, and roles evolve in the international world, how they are internalized, and constrain various actors. Second, several studies have tried to assess the impact of private actors, especially international non-governmental organizations (NGOs) (Haufler 1993), with particular respect to environmental issues (e.g. Bramble and Porter 1992).

In these latest developments, however, little explicit attention has been paid to the role of international organizations. Part of this negligence can be explained by the lack of theorizing about international organizations and their influence and by the dominance of realism in those works that do theorize about international organizations. It is to theory that we now turn.

### **International organization theory: the strength of neo-realism**

Two factors explain the lack of attention to the autonomous influence of international organizations. First, the theoretical strength of neo-realism; second, the theoretical weakness of its main competitor, complex interdependence.<sup>4</sup> This is all the more unfortunate, because complex interdependence incorporates the autonomous role of international organizations, whereas realism reduces their actions to a residual of the balance of power politics of nation-states.

### *The neo-realist claim*

Realists do not accord freedom of manoeuvre to international organizations (Hoffmann 1970; Mearsheimer 1995). The international political environment constrains their actions. Sovereign nation-states struggle for territorial or economic survival in a so-called anarchic international system which lacks a central government that can punish those actors who do not live up to the promises that they make. As a consequence, nation-states have to take into account permanently (shifts in) the existing distribution of power. International cooperation, therefore, can last only as long as it serves the national interests of states. Two factors, in particular, explain the limits to international cooperation (Grieco 1990). First, relative gains and losses: cooperation may be beneficial to country A, but even more to country B. Because states have to take shifts of power into account, they will be wary of continuing cooperation when they find out that relative gains and losses work out to their disadvantage. Second, cheating: states will always be concerned that other parties will not stick to the agreement. Realism thus recognizes that states sometimes cooperate through international organizations, but always on the basis of narrow calculations of self-interest. In this perspective, international civil servants are often expected to incline towards the interests of their home countries (cf. Weiss 1982). International organizations achieving a certain degree of autonomy can thus be expected to be halted by nation-states.

### *The 'failure' of complex interdependence*

Complex interdependence, unlike neo-realism, offers no explanation of why things happen as they do in international politics. It offers new concepts and draws our attention to phenomena and actors that have been previously ignored. A theory of their occurrence and behaviour has not yet been developed.<sup>5</sup> International regimes are an essential ingredient in complex interdependence. However, the explosion of regime studies in the 1980s has not resulted in explanations of how non-state actors (like international organizations) operate and can affect international policy making. Instead, explanations in regime analysis closely resemble neo-realist premises.

Theories of *hegemonic stability* explain regimes and their functioning explicitly in terms of the distribution of power and changes therein. The precise effect of structural constraints, however, is uncertain. Exactly because states consider organizations to be executive agencies of regimes rather than rival policy makers, they may allow them some freedom of manoeuvre (Murphy 1994, 218–22). *Functionalist* explanations account for the persistence of regimes despite the demise of a hegemonic leader, but do so in terms of rational calculations of states: the pursuit of national interests is eased, because regimes provide information and reduce transactions costs. Theories of international regimes have thus returned to neo-realist assumptions regarding rational calculations of states based on their national interests (cf. Verbeek 1993). Only approaches that put emphasis on the *cognitive beliefs* of international policy makers adopt a different perspective. They explain international policies in terms of the decision makers' substantive policy ideas.

This is not without problems. Ideas may account for the specific contents of adopted policies, but can seldom explain the founding and persistence of regimes.

Most regime theories have thus adopted a neo-realist view of the world. Ironically, in doing so they have prevented complex interdependence from developing into neo-realism's major rival in international relations theory. One of the victims was the original, highly innovating question of how regimes (and, by implication, international organizations) autonomously affect outcomes in world politics (cf. Archer 1983:141–52).

### *What do we know, then?*

Although international regime theories seldom take international organizations and their autonomous role into account, they do offer some insight into the matter. It is useful to distinguish between studies that appeared in the 1970s and analyses from the 1980s. The former built on the general notion of complex interdependence, while the latter explicitly aimed at developing and applying theories of international regimes. Of course, both appeared at a time when the Cold War dominated international politics.

1 *1970s.* Not surprisingly, studies that deal with the impact of international organizations conclude that conflicts of interests between nation-states determine the most important, so-called strategic decisions in international organizations: policies are vague compromises aimed at satisfying all member states; or no policy gets formulated at all. International organizations enjoy some control over policies, however, if resources have been allocated to implement decisions that were member-state compromises (Cox and Jacobson 1973). Under such circumstances, individual leadership of the organization's top civil servants can explain both contents of policies and the allocation of resources, but always confined by the policies set out by member states (see also chapter 4). Only one exception to this rule is accepted: when, for various reasons, the very existence of international organizations is threatened, they muster all their strength in order to survive, even when that means fighting the most powerful member states. For instance, in the 1970s the Food and Agriculture Organization (FAO) successfully resisted strong international pressure to be replaced by the new International Food Programme (Weiss and Jordan 1976). Such analyses, unfortunately, did not result in the systematic application of organizational theory to international organizations (cf. Ness and Brechin 1988).

2 *1980s.* In the heyday of regime studies, cognitive theories attributed a certain weight to international organizations in explaining the origins and operation of international regimes. A major example was Jönsson's analysis of IATA's role in the international civil aviation regime (1987). Eventually, scholars within the cognitive approach developed the concept of *epistemic community* to get a grip on the observed phenomenon that international policies often resemble the shared notions of a group of influential policy makers (Haas 1992). Because they share the analysis of a policy problem and its solutions, such policy makers often prove able to forge coalitions across national boundaries and thus surpass the traditional conflict of interests between nation-states. International organizations suddenly proved an influential actor either because they housed the specific epistemic community, or because they managed to anticipate the

existence of such cross-national expertise. They were thus shown to possess an important tool of influence on their member states. Research in this area demonstrates that international organizations have thus acquired at least an agenda-setting capacity, especially in policy areas like global warming (Young 1994) and marine pollution (Haas 1993).

### *Conclusion*

The emergence of the regime concept, and its subsequent 'kidnapping' by neo-realism, has produced a situation in which little attention is paid to international organizations. The question regarding their relative autonomy received even less devotion. The literature that nevertheless touches the issue suggests that an international organization's autonomy can be limited by the wider international system of nation-states. To the extent that autonomy occurs, it seems limited to two major matters. First, to organizations that operate in policy areas that are of a more technical character (such as IAEA, ITU, UNEP, and the World Health Organization). The concept of epistemic communities confirms this impression. Second, to organizations that are threatened with extinction. Changes in the international political system over the last ten years, however, suggest that international organizations and the question of their autonomy merits renewed attention.

### **Changes in the international political environment**

Three important developments have changed the environment in which international organizations operate: the end of the Cold War, globalization, and regional integration, especially in Europe. All three produce similar consequences: international events affect an increasing number of actors at both the transnational, national, and subnational level. Such actors will subsequently attempt to influence these international events, and will therefore engage in transnational coalition building. This provides international organizations with a new source of influence *vis-à-vis* their traditional counter-parts, the nation-states.

### *The end of the Cold War*

For decades the conflict between East and West was the stage for international organizations. The antagonism between the superpowers meant deadlock for many of them. In the 1970s even relatively technical organizations, like WHO, ITU, and IAEA, became infected with the Cold War virus and suffered from so-called 'politicization'. The end of the Cold War meant the end of paralysis to many international institutions; of course, to other organizations, such as NATO and OSCE, it meant a threat. For a few years, the ideal of a 'new world order' glimmered on the horizon and seemed to be vindicated in the repulsion of Iraqi aggression against Kuwait, and the promotion of peace between Israel and its neighbours. The end of the Cold War also signalled the end

of the habit of denning attitudes towards Third World countries in terms of the Cold War. Suddenly, Third World dictators were less relevant to the defence of Western and Eastern interests in the area. International organizations often became instrumental in, if not catalysts of, important governmental changes in Third World countries, such as Haiti.

Structural change alone does not falsify the neo-realist claim that the international power distribution confines the actions of international organizations. On the contrary, it is perfectly in line with such a claim: a reduction in the freedom of international organizations should occur as soon as a new fundamental conflict in world affairs arises and nation-states play the game of balance of power once more. International organizations will again be subject to the power struggle of nation-states. Other changes in the international environment, however, cannot so easily be reconciled with neo-realist premises.

### *Globalization*

In general, globalization refers to the decreasing importance of geography for actors in reaching their objectives. It affects many domains of human relations: economics, finance, culture, and social relations (Waters 1995:1). Two types of explanation dominate the discussion. The first type considers globalization to be the unintended product of the way individual actors (producers, consumers, states, etc.) responded to important technological innovations. Innovations in communication and transport technologies made the financing, production, and movement of many goods and services increasingly independent of specific locations. Under such circumstances, producers, consumers, and states suddenly face a new situation and make the best of it. The second type of explanation, however, judges globalization as the product of deliberate choices by governments. Several powerful states had specific interests in liberating economic and financial markets and used their weight in international organizations to achieve their objectives. In finance, for instance, the United States, the United Kingdom and Japan pushed other countries into deregulation in order to protect their own dominance of international finance (Helleiner 1994). Globalization, thus, is not a virus that can be caught, but a condition that serves specific interests.

Two issues dominate the globalization discussion. First, does it really exist or does it simply mean more interdependence? Second, what does it mean for the nation-state? The former question has produced a lively, and necessary, debate on how to measure globalization (Ruigrok and Van Tulder 1995). The debaters, however, often overlook the notion of power shifts that underlies both globalization and interdependence. If interdependence means that one obtains leverage because of the costly effects one can incur on others (Keohane and Nye 1977), then globalization implies that such leverage may no longer be related to geographical possessions. This brings us to the second question of what globalization means for the nation-state. The issue is part of the general question of which power shifts result from globalization.

It is frequently claimed that nation-states have lost power to other actors, especially producers and financiers (e.g. Strange 1996). For the production of national welfare, nation-states have become more dependent on producers. The latter's profits, however,

have become dependent on exports to a market, which is global in character rather than national. Governments thus face a principal dilemma: they need producers in order to provide jobs, goods, and services to their citizens; the producers, however, face international competition and thus seek cost-reductions; because they are less dependent on specific locations, producers will ask governments to condone cost-reductions by threatening to leave the country. Governments may thus end up with a negative choice: a reduction in jobs and services, because the producer seeks cost efficiency at home, or an even larger reduction, because the producer shifts the production site. An increasing number of governments face this dilemma, since the spread of democratic politics around the world has made many more governments dependent on economic performance for electoral survival.

Two consequences of globalization have major implications for international organizations. First, because of the threat globalization poses to their policy freedom, nation-states have an increased interest in international policy coordination. Second, globalization gives many domestic actors (like trade unions, consumers, producers, and environmental organizations) an incentive to affect international policy making, either directly (through NGOs) or indirectly (through their governments). The enormous increase in the number of private international organizations over the last ten years testifies to that consequence (Weiss and Gordenker 1996; Waters 1995:111–13). Neo-realism, of course, can hardly deal with this increased importance of domestic politics. Both effects provide windows of opportunity for international organizations to increase their own policy-making role.

### *Regional integration*

International policy coordination is a possible response to globalization. Regional economic integration has become a popular institutional form of policy coordination. Governments seek to preserve or regain leverage over their socio-economic policy by ‘pooling’ their sovereignty with other states (Keohane and Hoffmann 1991). Nation-states consider that it is better to give up some sovereign rights and have some influence on the economy rather than to remain sovereign and critically dependent on people outside their territory. The European Union is usually cited as an exemplary form of regional cooperation with an institutional framework that comes closest to transnational governance. Other organizations, like NAFTA, Mercosur, or ASEAN, are less institutionalized forms of regional integration. Global competition between trade blocs may result in the strengthening of their institutions, as their member states may feel the need to coordinate their policies, both inward and outward.

European economic and political integration intensified in response to perceived competition from the USA, Japan, and the so-called Asian tigers in the early 1980s. The Single European Act (1985), and the Treaties of Maastricht (1991) and Amsterdam (1996), embody the EU’s quasi-constitutional framework. It stipulates decision rules and delineates competencies in various policy areas to various institutions, some purely intergovernmental, others more supranational. The development of the EU since 1985 has shown that, on the whole, member states have accepted that their first policy preference

may be outvoted by a qualified majority, because they expect more benefits from long-term cooperation with the integration scheme than from short-term cheating. This basically cooperative attitude towards the EU has given leeway to its typically supranational element, the European Commission. The Commission has succeeded in carving out an important role in defining the nature of policy issues and their solutions and, in doing so, has often succeeded in expanding its competencies to areas where it was supposed not to act at all, especially in the field of social policy (Leibfried and Pierson 1995). The European Commission has proven to be an effective coalition builder by making use of the increased interest in European policies that many domestic actors in the various member states have developed. Moreover, in having its competencies obeyed, the Commission found a strong ally in the European Court of Justice. Domestic actors often turn to the Court (through their national courts) in order to effectuate the implementation of European policies by their national governments.<sup>6</sup>

The experience with European integration suggests that international organizations can gain leverage over nation-states once the latter have calculated that, generally, long-term gains from cooperation exceed the short-term benefits of cheating. This foundation is reinforced if legal arrangements exist that provide domestic, interested parties with the opportunity to protect their individual interests in the cooperation scheme without the risk that they will be frustrated by some kind of overriding state interest. The experience with the legal system that was connected to NAFTA's predecessor, the American-Canadian Free Trade Arrangement (FTA), suggests that this legal web is now slowly affecting states that are guided by narrow calculations of national interests. The binational dispute-settlement panels in FTA became the focus of Canadian producers who sought a greater relief from American laws on unfair trading than they would obtain from the national American trade courts. The interpretation of American trade law those FTA panels formulated, resulted in a policy change in the American trade bureaucracy and in a strengthened position of the panels themselves (Goldstein 1996). Similar panels have been incorporated in the NAFTA treaty. If they continue the success of the FTA panels, NAFTA may slowly acquire a juridical supranational dimension that is comparable to EU institutions in its effects on national economic policies. This underlines how important legal processes can be in explaining autonomous policy making by international organizations. Similarly, the trade court of the WTO may also develop into an authoritative body over the next years (cf. chapter 14 in this book).

### *International change and the autonomy of international organizations*

Three changes in the international environment all point to a similar development: an increase in the number of actors having a stake in international policy making. The end of the Cold War is a development that can still be reconciled with neo-realist premises: the reduced grip of nation-states on international organizations testifies to the present lack of clashing vital national interests. But, neo-realism maintains it can be only a temporary phenomenon at best. Globalization and regional integration, however, cannot be reconciled with the neo-realist premise that the international distribution of power clearly confines the role of international organizations. Globalization implies that governments,

which, for their survival, depend on the producers of welfare for their constituents, principally govern the policies of nation-states. As a consequence, the attitude of a nation-state towards international policy making is no longer exclusively determined by its consequences for a state's position in the international system, as a neo-realist will maintain. Its attitude is confined by calculations related to the mustering of sufficient domestic support (cf. Bueno de Mesquita and Lalman 1992; Putnam 1988). However, because an increasing number of domestic actors now have an interest in participating in international policy making, they may not wait on their interest being defended by states. Instead, they may decide to surpass national governments and try to affect international institutions directly, especially when legal arrangements facilitate this avenue. What is the major implication for international organizations? New opportunities have arisen to build coalitions with a variety of actors, and to adopt a variety of strategies to force nation-states to comply with certain policies, for instance, by making use of the mass media and the increased vulnerability of nation-states to domestic groups and public opinion.

### **The possible value of public choice**

It is not sufficient to halt at the observation that international organizations now operate in an environment that offers new opportunities to obtain autonomous influence on international policy making. The same objective would apply as to 'complex interdependence': lack of a theory explaining such autonomy. Public choice (the application of the methodology of economics to the study of politics) offers one possibility to fill this lacuna in part. Its major premise is the postulate of methodological individualism: collective outcomes are explained by the rational behaviour of utility maximizing individual agents who interact in particular institutional settings that constrain their behaviour (Mueller 1997). Public choice has been successfully applied to many subdisciplines in the social sciences, but only rarely to the study of international organizations (exceptions include Vaubel 1986; Frey 1997).

A public choice analysis of international organizations should be approached first from a simple perspective and then developed step by step. Let us therefore first take a simple world in which international organizations have been invented to implement the international policies decided upon by their bosses, the member states. Member states have an interest in ensuring that the international organization secures perfect implementation. In studies of domestic politics this situation is often depicted as a principal-agent problem (Chan and Rosenbloom 1994). In such a perspective, implementation is not a question of obeying orders, but dependent on how well the interests of principal (member state) and agent (international organization) coincide. Of course, member states have the power, in principle, to direct the organization. They have the power of the purse (Strange 1996:167–8), and occasionally withdraw from the organization. In the 1980s international organizations like UNESCO and ILO have felt the financial grip of the USA, the UK, and Malaysia. Nevertheless, member states will always weigh their financial power against the costs of obstructing or leaving the



organization. Reinalda shows in chapter 4 how the USA misjudged the costs of ending their ILO membership in 1979. This situation makes it possible for international organizations to tailor the implementation of international policies to their own interests.

What then are the interests of international organizations? The traditional public choice literature on bureaucratic organizations assumes that their objectives are defined in terms of keeping or expanding budgets, tasks, and number of personnel. In this perspective, the substance of policies is considered irrelevant, and only judged according to its implications in terms of personnel, budget, or tasks. Only recently has it been argued that bureaucratic agencies may have their own substantial policy preferences and will try to implement these if the controlling principal gives them leeway. The bureaucratic organizations will be more successful in promoting their preferred policies to the extent that they possess more relevant information on the issue than their principals and manage to exploit differences of opinion between politicians (Torenvlied 1996).

Two inferences follow that are relevant to the autonomy of international organizations. First, if an organization's substantive policy preferences are relevant to explain its behaviour, it becomes possible to link up with the existing literature on epistemic communities that deals with the specific policy preferences of international organizations in certain policy areas. Second, if asymmetry of information constitutes an important source of influence for an international organization, it becomes understandable why the technical expertise of certain international organizations, such as UNEP, has promoted their autonomous influence on international policies (Young 1994:167–71). Of course, some would argue that many international civil servants will defend first of all the interests of their home countries. An international organization pursuing its own objectives may therefore not exist in the real world. In chapter 6 in this book Nicholson argues that, under certain conditions, international civil servants will pursue organizational goals rather than defend their home countries' interests.

In order to discover the sources of influence that international organizations can use to further their autonomy, we need to know the preferences of national governments. Assuming that national governments want to continue governing, politicians will judge international policies according to the extent to which they will help them win votes or reduce the electoral costs of implementing domestic policies. These domestic costs and benefits are then weighed against the international costs and benefits: do international politics promote the nation-state's position in world politics? An asymmetrical distribution is supposed to exist between politicians and voters. Politicians can thus manipulate the perception that voters hold of international policies. International policies offer interesting strategies to politicians (Vaubel 1986). Politicians can increase their domestic support if international agreements make it possible to hand out benefits to domestic interest groups that could never have happened as part of a strictly national bargain; on the other hand politicians can put a halt to the erosion of domestic support if they manage to shift the blame for unpopular politics to an international institution. Voters can overcome the disadvantages that follow from this asymmetry by adopting strategies that provide them with relevant information on international policies. Participation in NGOs, or the creation of new ones, is an important example of such strategies.

Three major tools of influence for international organizations can be deduced from this simple model of international policy making. First, the building of transnational coalitions: international organizations can forge coalitions with a large number of interested parties within the various member states in order to influence the latter's policy preference. They can make use of national or transnational pressure groups. Given the growth of domestic parties that are affected by international policies (because of globalization) and the increase in the number of NGOs it seems likely that international organizations today are in a better position to try this coalition-building strategy. Second, monopolize expertise knowledge. Certain international organizations enjoy autonomous influence on international policies, because they have acquired expert status in a certain policy field. An international organization should thus try to develop an expert capacity in the areas in which it operates. Third, an international organization should aim at the juridification of implementation policies. The discipline of international relations seldom considers the politics of implementation as interesting stuff. Yet, implementation offers an opportunity to colour the policies more to individual preferences. As the institutions in the European Union and the American-Canadian Free Trade Arrangement demonstrate, autonomous influence can be acquired during the implementation of international policies. If firm legal procedures have been established to protect and oversee international policy implementation, international organizations may expand their autonomy incrementally.

Public choice thus offers an interesting point of departure to theorize about an international organization's autonomy. The simple picture of an international organization and domestic and transnational interested parties needs to be developed in two ways. First, it should be assessed whether all relevant actors have thus been identified. An international organization may have to be decomposed into several agencies and departments. The same may apply to governments and interested parties. Second, it needs to be argued whether their behaviour is best explained in terms of their rational pursuit of maximal utility or in terms of embedded rationality.

## Conclusion

International organizations should no longer be considered to be the discipline's ugly duckling. Historical reasons may account for the lack of attention that the discipline pays to them. Yet, neo-realism's kidnapping of regime theory should not blind us to the possibility that international organizations may be relevant international actors in their own right. The end of the Cold War, globalization, and regional integration have changed the perimeters of world politics to the extent that international organizations may now have more tools of influence at their disposal, promoting their autonomous influence on international policy making. At the same time, they imply that the game that international organizations and nation-states play is no longer an exclusively international game. Nowadays national governments increasingly depend on international policies to accomplish domestic objectives. International organizations can be expected to exploit that new situation.

### Notes

- 1 Sundelius and Wiklund (1979) used this metaphor to describe the treatment of the Nordic Council in integration theory.
- 2 This overview is, to a large extent, based on Kratochwil and Ruggie 1986; Rochester 1986; Ness and Brechin 1988; and Gallarotti 1991.
- 3 Multilateralism is thus referring to much more than simultaneous, international bargaining by many actors.
- 4 In order to avoid conceptual hairsplitting at this point, I consider most alternatives to realism, such as pluralism, to be embedded in complex interdependence.
- 5 An exception is Mansbach and Vazquez's (1981) attempt to construct an agenda-building theory that could be applied to different issue areas.
- 6 The EU, however, is not necessarily heading for a federalist state. The European Council has developed into an effective intergovernmental counterweight against the Commission.

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### 3

## The decision-making approach to international organizations

### Cox and Jacobson's anatomic lesson revisited

*Hadewych Hazelzet*

If we cut an international organization open today, will we find the same anatomy that Cox and Jacobson found twenty-five years ago? What does their anatomic lesson teach us in determining the current autonomy of international organizations? In their seminal study *The anatomy of influence. Decision making in international organization* (1973) Cox and Jacobson and their collaborators were able to unravel decision-making processes in international organizations and come up with reasoned predictions of the future that today turn out to have been remarkably insightful.

#### **Back to the future**

One of the purposes of the Cox and Jacobson book was 'to explain changes over time in order to arrive at reasoned speculations about the future'. They expect world politics 'not to be resting exclusively upon the nation-state, as in the past, but resting instead upon three different types of political systems', continually adjusting the functional boundaries between them: '(1) large concentrations of territorially organized economic and political power, with world peace depending upon their consensus; (2) crosscutting lines of universal functional organization, some private...and some public or state-based agencies for the performance of some tasks on behalf of the international system as a whole; (3) a flowering of local autonomies, sovereign in certain primarily cultural issue-areas'. They allege that some of these forces may combine 'to bring about a resurgence of the nation-state in a new nationalism' guided by strong 'more inward-looking' national leadership. Were this tendency to predominate, 'the nature and problems of international organizations would be affected. The demands of such regimes would be for services to support nation building and for aid in controlling and limiting transnational economic influences' (Cox and Jacobson 1973:57-8).

These predictions of future world politics turn out to be remarkably prophetic. Some of the envisioned forces are gaining momentum in world politics and economics mainly as a result of globalization. The changed nature and problems of international organizations have brought about an increased autonomy of these organizations in certain countries and areas, as can be seen in Central and Eastern Europe in the 1990s (see chapter 12 in this

book). However, the nation-state has clearly remained the key unit in the international system, while the more powerful states still dictate the extent to which international organizations can perform tasks on behalf of the international system as a whole. Due to the increased membership of international organizations after decolonization and, accordingly, the changed pattern of voting, the willingness of powerful states to support organizations diminished (Cox and Jacobson 1973:420). This was shown in UNESCO with the withdrawal of the United States in the 1980s. The proposed New International Economic Order caused similar tensions elsewhere which, however, did not lead to withdrawal.

### **The anatomic lesson**

Cox and Jacobson aim to reveal what general characteristics make for influence in international organizations. These characteristics are measured in terms of environment, actors, patterns of influence, and structure. The central question of the book is how important processes within the political system of each organization are in explaining the generation and structure of influence. Eight organizations are scrutinized in the study, all being members of the UN family covering universal or quasi-universal membership: the International Telecommunications Union (ITU), International Labour Organization (ILO), United Nations Educational Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), International Atomic Energy Agency (IAEA), International Monetary Fund (IMF), General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD). The chapters dealing with particular organizations were written by several authors, the introductory and final chapters by Cox and Jacobson.

Turning the eye to the autonomy issue, the main conclusion following from the eight specialized studies is, according to Cox and Jacobson, that the more salient the decisions and area under concern of an organization, the less autonomy it receives from the major powers. Representatives of these powers in effect take those decisions themselves. Apart from the type and impact of a decision, autonomy is also enlarged depending on the technicality of the issues that organizations deal with. That is to say: the less salient and the higher its degree of technicality, the more autonomy will be granted to the organization by the powerful states. As a general remark Cox and Jacobson state that 'what international organizations can do is sharply restricted because of the limited resources at their disposal' (Cox and Jacobson 1973:87). Hence, organizations that dispose of their own revenues, such as the IMF, are more autonomous. The anatomic lesson teaches us that organizations are the marionettes of their creators and hence more dead than living organisms. In the final chapter realism triumphs over functionalism.

In order to reveal how decisions are taken within international organizations and to determine who mostly influences them, Cox and Jacobson developed a framework of analysis unravelling the anatomy of decision-making processes. The authors discern several types of decisions, some having an impact on strictly internal organizational matters, others on their external relations. Two types of decisions turn out to be of

particular importance for the degree of authority and autonomy of an organization, but are granted to only a few: rule-creating and rule-supervisory decisions. The first deal with the way the organization exerts influence over its 'constituents', states. It defines rules and norms laid down in agreements, conventions or resolutions. Rule-supervisory decisions apply approved rules in a variety of ways. During the study it becomes apparent that 'the issue of salience relates to the consequences of the rule-creating and the rule-supervisory decisions taken by the organization. Of all the actions taken through international organizations, those that make and apply rules have the greatest implications for the behavior of the major states' (Cox and Jacobson 1973:427).

International organizations are seen as political systems with linkages to member states. Hence, the organizations are not treated as independent islands of activity. On the contrary: 'the activity of international organizations frequently depends upon actions by member states, and a narrower conception would indicate greater autonomy for international organizations than they actually possess' (Cox and Jacobson 1973:16). Although not explicitly stated, the reader can see the realist premise looming. Influence is then measured first through the actors in international organizations and their sources of influence, second through the environment. Outcomes that cannot be explained by the environment are attributed to actors participating in the decision-making processes.

The political system of an international organization consists of several subsystems. Potentially influential actors are either part of the so-called 'representative' or the 'participant' subsystem. The first consists of states ('country subsystems') and actors such as the Catholic Church or transnational corporations. These subsystems can be said to be *oligarchic*. Segments of the representative subsystem can ally with segments of the participant subsystem. The latter consists of direct participants in a particular decision-making process. The most important of the actors involved appear to be representatives of national governments, members of the bureaucracy, the executive heads and in some cases representatives of national and international private organizations. Organizational ideology can affect actors' behaviour. Two ideal type models can be discerned within this subsystem: a *monarchic* model administered by the executive head and his or her confidants, and the *pluralistic-bargaining* model in which many actors fight for the microphone (e.g. in UNESCO or UNCTAD). Persistent groupings of actors, configurations of influence within organizations and the elite are seen as structuring the political process.

At the actor level it is found that influential actors are overwhelmingly representatives originating from Western, rich and powerful states, sharing the same kind of values. Their position is the key explanatory variable for their influence, with status, wealth and control of vital resources for the organization forming cumulative factors of influence. Decision making belongs increasingly to a specialized group usually consisting of people with long-standing careers within the UN system. The executive head must have effective relationships with some key member states that control the resources of the organization in order to be influential.

As well as actors, Cox and Jacobson also take environmental impacts into account. They separate the specific environment from the general environment. Environmental forces are seen as potential constraints upon and determinants of decisions. Forces of



influence stemming from the general environment are threefold: the position of a state in the stratification of power in the world political system, the economic and political characters of a state, and patterns of alignment and conflict among states. At the environmental level, organizations dominated by a set of states (the representative subsystems) turn out, by definition, to lack autonomy since their work has great salience. Organizations subject to participant subsystem dominance have little salience for states, especially for powerful states and are thus granted more autonomy. These organizations 'do not take rule-creating and rule-supervisory decisions or take only such decisions that have minor immediate consequences' (Cox and Jacobson 1973:427). The finding that technically or service-oriented participant subsystems have little saliency, is marked as another 'sobering reflection on conventional functionalist theory'. The influence of states in international organizations does not always correspond to their power in the environment, as countries such as Japan and Germany show.

The above is summarized in Table 3.1. The major conclusions of the book confirm the hypotheses. Autonomy is only granted to organizations that do not deal with matters of great saliency to the most powerful states in world politics. Within the limits set by the major powers, different categories of actors tend to be influential in different types of decisions, depending on the importance of the issue at hand. International organizations are more a convenience than a necessity for powerful member states. These organizations do not change the structure of power but serve as a medium between rich and poor states. The predominance of the oligarchic model is expected to be challenged by increased nationalism in poor countries.

### The anatomy of *The anatomy*

Reading *The anatomy of influence* today causes one to wonder for an instant what scholars at the crossroads of international relations and decision-making

Table 3.1 Key variables and conclusions of *The anatomy of influence*

<i>period 1950–68</i>	<i>little or no autonomy</i>	<i>considerable autonomy</i>
<i>international organization</i>	GATT, IAEA, IMF, ITU	ILO, UNESCO, UNCTAD, WHO
<i>dominant actors</i>	representatives of powerful states	executive heads, international bureaucrats, individual representatives
<i>dominant type of decisions</i> <sup>1</sup>	rule-creating and rule-supervisory	symbolic, boundary, programmatic, operational
<i>dominant type of subsystem</i>	representative subsystems (oligarchic)	participant subsystems (monarchic: ILO, WHO), (pluralistic-bargaining: UNCTAD, UNESCO)

<i>environment (specific/general)</i>	Cold War major impact (IAEA), regional integration (GATT)	decolonization major impact (increasing voting power of developing countries)
<i>actors' sources of influence</i>	position, nationality (white, Western), control over vital resources	personal attributes, long lasting career path within UN system
<i>degree of saliency</i>	<i>salient (high politics)</i>	<i>not salient (low politics)</i>

*Note:*

1 Operational decisions concern the provision of services and resources. Programmatic decisions involve the strategic allocation of resources such as budget or personnel. Boundary decisions deal with external relations of the organizations and bear upon their very essence: what makes their organization different from others, what grants its right to perform its tasks? Symbolic decisions concern opinions or intentions expressed by the members without bearing any consequences. Issues dealing with membership are called representational decisions. Rule-creating and rule-supervisory decisions are explained above.

theory have been doing over the past decades. Cox and Jacobson appear to have covered the whole spectrum of variables involved in international decision-making processes. In terms of delineating certain patterns of decision making and the structure of power in the world system, the study is of great value. The elements in the diagram above still seem valid even though some underlying dynamics may have changed. However, a closer look leads to various questions and remarks concerning the theoretic outlook and approach. In theoretic outlook, as well as in terms of scientific approach, Cox and Jacobson sometimes remain unclear. Their answer to the question 'Does it seem to be true that international organizations that conform with functionalist precepts are less likely to be affected by world political alignments...?' is negative (Cox and Jacobson 1973:33). First, they find that the organizations under consideration are vulnerable to world political cleavages, in contrast with the functionalist claim that they should not be since they meet the criteria of being technical, functionally specific and essential (Cox and Jacobson 1973:420). Second, they see no proof of evading national boundaries with the emergence of international organizations. Monarchic organizations are not 'the wave of the future', oligarchic organizations remain dominant. They believe that the autonomy apparent in some of the organizations of this model in the 1960s was based on 'an illusion' since 'the ultimate control of the powerful states was always there' (Cox and Jacobson 1973:432-3). In the final chapter Cox and Jacobson thus arrive at a straightforward and well-known realist conclusion. Considering the way the study was set up and the absence of further reference to realist theory, the realist conclusion following the eight case studies containing evidence of autonomy comes as rather a surprise. In a sense this conclusion puts the more detailed insights from the case studies in the shade. Functionalism is portrayed in a restricted way: as an organization theory rather than a theory of international relations. This restricted form of functionalism is the only theory discussed in some depth. In other words, the study is not explicitly grounded in international

relations theory.

*The anatomy of influence* deals with three issues that still are in the centre of international relations: the actor debate (are actors behaving rationally or is their rationality bounded?), the locus debate (military or economic relations?), and, once more, the level of analysis debate (Verbeek 1993:90–7). Concerning the actor debate, the study treats actors as behaving rationally. Diplomats are treated as a service hatch of the states they represent. Subsystems are considered within the category of ‘actors’ in the framework of analysis. Yet, it is confusing that during the study these subsystems do not act as one actor but as a collection of many actors possessing different power resources and pursuing their own interests. Attention to cognitive variables is important to the understanding and explanation of the outcomes of decision-making processes (George 1979). In the case studies it is mentioned repeatedly that international bureaucrats working for the UN have followed typical career paths within the UN system which have left their marks on their thinking and acting. Regardless of their nationality or location, these bureaucrats share, to a large extent, the same beliefs and values. Within the black box of the administration this could be seen as a rather constant variable when discussing the impact of international organizations on states. The culture of the organization as a whole, or of its sub-divisions, then becomes apparent. Regarding organizational sub-divisions: throughout the case studies examples of bureaucratic politics are mentioned without being defined as such. Today, the authors might have climbed inside the black box and looked at the role of bureaucratic politics in making up for the outcome of decision-making processes. One could for instance question whether the role of government officials in decision making is somewhat overestimated in this study compared to the role of international bureaucrats. If this is the case, this has implications for the realist conclusions of the book and for the assumed degree of autonomy that organizations possess. Granted, this would have rendered the study even more eclectic and complicated.

The locus debate is present in the study but not overtly. In their general framework Cox and Jacobson do not distinguish the issue areas or domains of the international organizations as a determining variable in the ‘salience’ of the organization for states. What matters to them is that these issues are salient, not what they are *per se*. It is not revealed what makes an issue ‘salient’ or not. Surprisingly enough, they do not even label particular issue areas as ‘high’ or ‘low’ politics, the traditional—however inappropriate and evolving—distinction in the field of international relations. Yet, the fact that the ITU, IAEA, GATT and IMF rank among the more salient organizations has everything to do with their link to military and economic affairs. UNESCO, ILO and WHO clearly operate in the field of ‘low’ politics: culture, labour and health. UNCTAD in a way is an exception in this simple categorization since it does indeed deal with economic matters, but foremost with the economic interests of less-developed countries which the great powers generally do not consider as ‘high’ politics. The taxonomy of decisions reveals a similar hidden distinction between what might be called ‘high’ and ‘low’ decisions. Rule-creating decisions fall into the first category, closely followed by rule-supervisory decisions. All the others turn out to fit into the last category. Representative and participant subsystems follow the same line of reasoning. In his later work Cox takes up

this issue of distinguishing high and low politics, meaning political-security and economic-welfare politics (Cox and Tinclast 1996).

The study does pay attention to different levels of analysis. Key analytical units of measurement turn out to be simultaneously structures, processes, actors and environment (general and specific). This jump to several levels of analysis was quite new for a time in which systems and structures were considered as the main levels of analysis in international relations. Nevertheless, reviewing their diagram presenting the structure of the decision-making process (environment; actors; patterns of influence in decision types; the structure of influence) leaves one wondering whether it is possible to measure variables at that many levels at the same time (Cox and Jacobson 1973:35). Besides, in the end it is (representatives of) powerful states that are granted most influence on decision making in organizations. Hence the focus of the study remains quite system-centric. International organizations are considered political systems, states being country subsystems. Even though Cox and Jacobson underline the realist premise, they state that 'states are not monolithic' (Cox and Jacobson 1973:18). This issue with regard to states is not really taken up in the rest of the book even though they do treat organizations as non-monolithic political systems. In their later work Cox and Jacobson take up the 'level of analysis debate' and propose a transnational approach, taking into account relations between non-state actors (Cox and Tinclast 1996; Jacobson 1979:387). They introduce the concept of 'social power' in transnational relations and draw attention to peripheral areas and their relation to the 'core'. The power of states is now determined according to their place in the international system of production (Cox and Tinclast 1996). Cox recently proclaimed a so-called 'new realism' that—while not denying the remains of a state system—takes 'civilisations' as their unit of analysis (Cox 1997). Jacobson has recently been engaged in a research project untangling the interaction of domestic and international politics, called 'double-edged diplomacy' (Evans et al. 1993).

Cox and Jacobson regard international organizations as political systems, which is in accordance with Easton's seminal study that appeared some years earlier (Easton 1965). Whether they actually had his model in mind remains to be seen, since the process of input, black box, throughput and output does not follow a logical sequence. Why, for example, are states not seen as the providers of input? Now, only the environment as a whole (however broadly defined) makes up for the input. If influence is the dependent variable, why are the actual decisions (regardless of type) not positioned as the output of the system? Was that not stated as the first purpose of the book: 'to furnish ground for some judgements about the likely *outcomes* of decision making in international organizations' (italics added)? It is not clear why the seven types of decision making are considered to be 'patterns of influence', nor why persistent groupings and levels of conflict and consensus are identified as the 'structure of influence'. Finally, there is no room in the framework for the process of implementation: the feedback loop is taken directly after the patterns and structure of influence. This element renders the framework inadequate for present day analysis. Bridging international relations theory with decision-making analysis, one can argue that the decisional types 'rule-creating' and 'rule-supervisory' decisions themselves stand far outside the realist approach which is embraced in the book's conclusion. Portrayed as slaves of the powerful states within the

anarchic international system, international organizations would never be capable of creating any supranational rule or supervise states in obeying them.<sup>1</sup>

Cox and Jacobson pre-empt criticism by admitting that this 'model of decision making...is too complex to allow for measurement of some of its more important variables'. Hence, 'the value of the study should rest on other grounds than the sophistication of its measurements' (Cox and Jacobson 1973:24–5). One can conclude that it was a new idea at the time to look at variables on different levels, but the levels as well as the variables add to the confusion of the eclectic approach. The authors' attention to several issues occurred at the expense of clear theoretical choices. Yet, some issues were overlooked that seemed relevant to the purpose of the study, such as the specific issue area under the mandate of a particular international organization and the impact of bureaucratic politics on outcomes of decision-making processes.

### **The anatomy of autonomy**

What is the current theoretical and empirical importance of *The anatomy of influence* in determining the autonomy of international organizations? The analytical framework offered by Cox and Jacobson is still valid although new concepts came up, and applying the framework to decision-making processes today would most likely lead to different conclusions. In his later work Cox grants that the 1973 study reflected the rigidities of the Cold War and that it analyzed influence within 'relatively fixed parameters' (Cox and Tinstall 1996:349). Developments like globalization, democratization, and the end of the Cold War have brought changes in what Cox and Jacobson called the general environment: the stratification of power and patterns of conflict and alignment. Later Cox replaced these variables with the concept of hegemony (Cox and Tinstall 1996:364). The political and economic characteristics of many states have altered as well, particularly some newly industrializing and some former communist states. These rapid changes have brought rising nationalism to some, and attempts at intensified regional integration to others. How did these changes in international and domestic power relations influence the autonomy of international organizations today? Does the realist explanation still hold nowadays in reviewing the autonomy of international organizations? A fast glimpse at world politics today confirms the simple realist conclusion that the interests of the main powers still determine the autonomy of international organizations, and that the organizations perceived as dealing with salient issues are granted less autonomy than those dealing with less important issues. A recent example is provided by the successful boycott by the US concerning the re-election of Boutros Boutros Ghali. Despite its tremendous outstanding debts to the UN the US still has major influence and basically controls the 'vital resources' of the organization (to use Cox and Jacobson's terms). By not paying its dues the US contributes to downgrading the worldwide status of the UN. An earlier instance was the withdrawal of the US and the United Kingdom from UNESCO in the early 1980s. However, despite considerable cuts in finances and personnel UNESCO was able to survive without their support.

Even though the autonomy of international organizations seems always to be

constrained by power politics, the picture is slightly more complicated. Their autonomy can be enhanced in various ways, depending on how the organization manages to bridge international and domestic politics on the one hand, and regional disparities on the other. Besides, depending on the saliency of the issue area under its mandate, the organization will have more leeway to enforce its policies, especially to the 'weaker' member states. Autonomy stemming from its bridge function between international and domestic politics can be explained as follows. The main powers not only face constraints imposed on them by the organizations they created themselves but also opportunities (Cox and Jacobson only pointed out constraints). Politicians can actually use the outcomes of international negotiations or international policy at home to defend their own preferences (Huelshoff 1992; Evans *et al.* 1993). In a way politicians are the keepers of the gate(s) between domestic and international concerns and they are keen enough to exploit this information leeway. Were international organizations to be seen as rational actors by themselves, a smart organization would use this space and seize the opportunity to increase its own autonomy. If it stays keenly in touch with the domestic realities of its (most powerful) member states, the organization can fine-tune its policies with the domestic constituencies. Non-governmental actors, of course, can be seen as keepers of the gate(s) between segments of the society and its international counterpart. One can easily envision alliances between these subsystems to be more salient nowadays than they were in the early 1970s. The intention of Cox and Jacobson to study such alliances got somewhat overlooked, perhaps because they simply did not occur that often or that clearly at the time (Cox and Jacobson 1973:18).

International organizations also possess autonomy in their intermediary role between regions of different economic development. Increased autonomy is especially observable in international economic institutions like the IMF, the World Bank and the World Trade Organization. This autonomy is remarkable since they represent salient issue areas in Cox and Jacobson's terms. It is a partial autonomy, however, since it mostly draws back to developing or dependent countries. Countries that in their specific phase of development are in need of financial means may be denied access to the IMF and World Bank funds if they do not apply the type of economic policy that these international institutions predict.<sup>2</sup> In this way, international bureaucrats—backed up by powerful states with no democratic accountability—determine policies which have an impact on foreign populations. The more so, since an approved 'IMF-mark' seriously affects their credibility as a profitable place for investors (*The Economist* 1997a). The intergovernmental institutions are competing more and more with international private capital that in turn diminishes their newly gained autonomy. Some claim that the structural adjustment, stabilization and shock therapy programmes of the IMF even profoundly shape 'the structure of political, social, economic, and cultural life in many states' possibly leading to political destabilization and even civil war (Orford 1997). The degree of autonomy of international organizations thus being determined regionally, the issue area in which their authority is established also has an impact on their autonomy. The Organization for Security and Cooperation in Europe is establishing a firm position as a referee in elections within fragile democracies. Organizations can also teach states to value certain goals, e.g. through UNESCO the structures of national science

bureaucracies are claimed to be similarly created in many developed and developing countries (Finnemore 1996). Matters that are not considered salient to the most powerful states in the world system can still be highly relevant, essential even, for other states, populations, non-governmental organizations and the like. Although Cox and Jacobson grant in their introduction that states perceive the importance of organizations differently, it does not bring them to investigate whether actors within these organizations actually have greater influence within regions or issue areas (even if they do look at distinct influence in the specific and the general environment of an organization). In his later work Jacobson notes that powerful states increasingly decide upon the more salient matters in 'limited membership' organizations (Jacobson 1979:386).

Today international organizations operate in a world with new power realities and actors. Since 1973 the position of some states in the world system has changed. This has an impact on organizational matters within the UN system. France and the United Kingdom are no longer the colonial powers they used to be. The Soviet Union disintegrated. The European Union has pulled itself together while taking away some degree of sovereignty from its member states especially with regard to certain fields that are the subject of international negotiations. Several newly industrializing countries like Brazil and India are claiming more say in UN affairs. Large developing countries like Egypt and Nigeria want something similar. In addition to their financial benevolence Japan and Germany have come more to the foreground politically. The current members of the Security Council—still reflecting post-Second World War power realities—have thus far effectively blocked these assaults on their position. Despite urgent calls over the past decade changes within the UN system are only just beginning. Some international organizations, like the World Bank, have undergone recent changes under its new president and under great pressure from private actors.

Does the taxonomy of decisions as presented by Cox and Jacobson still hold or does it need revision in response to the developments described above? If so, what types of decisions should be altered? The discussion of the book revealed that only two types of decisions stood out: rule-creating and rule-supervisory decisions. They still do. Organizations in the domain of rule-supervisory decisions seem to have gained considerable leeway these days, like international courts of justice, regardless of whether they are dealing with salient or non-salient issues. Within the EU states agree to give up their supremacy in certain fields, and in the field of human rights states do respect the Council of Europe's specific institutions (see chapter 11 in this book). Several developments point towards a new type of decision making in international organizations. The EU succeeded in taking away some national sovereignty from its member states. Another development that could alter the taxonomy is erosion of national governments' autonomy in certain issue areas as a consequence of globalization. Again, international organizations may try to jump into this vacuum, enhancing their own autonomy with the lost sovereignty of governments. The distinction between participant and representative subsystems still seems valid and useful. Changes occurring in organizational ideology, types of polity and power resources could alter outcomes of the decision-making processes but these do not seem to alter the framework itself. Nowadays, the distinction between forum and service organization, however, is blurred.

Actors considered hardly relevant in 1973 have grown considerably in influence, especially non-governmental organizations and members from the business community. NGO's were rarely mentioned in the 1970s. The huge UN conferences on the environment (Rio de Janeiro 1992), population (Cairo 1993), social development (Copenhagen 1994), and women (Beijing 1995) witnessed so-called shadow conferences of NGO's who have been, to a considerable degree, actively involved in the official negotiating, decision-making and implementation processes, principally in an advisory role. These shadow conferences have proved to be quite influential and received massive media coverage in many countries. The human rights enterprise of the UN would not be where it is right now without the efforts of such active NGO's as Amnesty International (Steiner and Alston 1996:456). The increased public attention means that the accountability of international organizations is placed more to the fore. Transnational corporations and even private individuals have grown more influential on international policy matters as well. During the above-mentioned conferences representatives of the business community were present and involved in the processes. Cox and Jacobson looked for alliances between members of the participant subsystems but did not really find any of substance. This may have changed somewhat in the 1990s. Delegations from certain countries are more apt to ally with representatives of NGO's and/or business communities than others. Is the donation of one billion dollars to the UN in 1997 by one of the richest Americans, accompanied by a call to other multimillionaires in the world to follow him, just a one-off? UN Secretary-General Kofi Anan was quick to express his gratitude yet immediately announced that this donation did not waiver any of the US contribution debt to the UN. The donation, however, provokes the thought of private capital determining a large part of the autonomy of international organizations in the future. The UN is already heavily dependent on voluntary contributions by member states. Will core activities remain structurally financed while other equally important humanitarian and developmental projects will depend on political and economic waves? Today economic power is demonstrated in other aspects of decision making as well. Any initiative within international organizations is balanced against its expected effect on trade relations, investment conditions and entrance of markets. By threatening to close their consumer markets some states can effectively block international initiatives, for example in the field of human rights. China is particularly skilful in this respect. Measuring influence in international organizations today will have to take the power of consumer markets and private investors into consideration.

In his later, more critical work Cox's main concern became the way in which decision-making processes tend to sustain or change structural transformation of existing power relations (Cox 1986; 1997). In the medium term, he foresees the UN system as remaining to be a servant of the present state system and power configuration. Yet in the long term, he envisions counteracting forces stemming from a recomposition of the civil society that will change the nature of the state system. In between, we will see a bifurcated multilateralism in which the UN serves as an interlocutor between old and new forces (Cox 1997:255). The question remains whether Cox's jump from a realist premise to an idealistic one can be empirically founded. Although extremely visionary and a courageous attempt to challenge realism, this view totally ignores the handful of big



powers determining world politics emphasized throughout *The anatomy of influence*. To him the end of the Cold War is not a 'decisive rupture in historical process' but rather a continuity, showing the 'disintegration of a global structure of power which failed in its attempt to produce a homogeneous world order' (Cox 1997:256). He sees a future looming with remaining old structures—such as uncontrolled over-supplies of arms and intelligence networks—seeking alternative outlets. It remains to be seen to what extent international organizations will be capable and given leeway to channel these counteracting forces. One can expect that they will only obtain more autonomy to deal with these matters as they show their capability to do so at low costs. Ironically, they can only demonstrate this capability if they have more autonomy.

### **Conclusion: double-edged and negotiable autonomy**

The above points out that scholars cutting open an international organization today would find partly the same as Cox and Jacobson found two-and-a-half decades ago, and partly not. The framework of analysis holds. They could use basically the same instruments although preferably slightly more sophisticated ones. Yet new power constellations, actors and issues alter the outcomes of analysis. The organisms have become more dynamic and differently shaped and aligned. We can conclude that Cox and Jacobson have done a remarkable job in developing a framework which is still fairly valid to describe and analyze decision-making processes in international organizations as well as outlining prospective views of the future. Their hypotheses were confirmed and most of the purposes of the book achieved. However, they did not make a clear choice in their theoretic or scientific approach. They wrote in reaction to functionalism without posing a clear alternative and arrived at a realist conclusion. Arguing against a positivist approach (which they regarded closely connected to realism) they used instead a historicist approach which made their work more descriptive than explanatory.

International organizations seem still to be more a convenience than a necessity. Cox and Jacobson's major conclusion seems to maintain that the more salient the decisions and areas of an organization under concern, the less autonomy it receives from major powers and vice versa. International organizations can be used as a toy by some states, capable of diminishing their autonomy if they were to become a constraint upon these states. Hence in general, the most powerful states determine the most important decisions within international organizations. Nevertheless, this realist conclusion only holds to a certain extent. Today the concept of autonomy has become double-edged. Politicians in their turn can use international organizations to increase their individual power at home. This leeway grants organizations the opportunity to negotiate and augment their own autonomy. Depending on region (developing and transitional states), issue area (what can they offer or withhold to states) and type of decision (rule-creating or supervisory only), international organizations can become fairly successful in acting autonomously. They can try to jump into the vacuum where national governments have lost sovereignty. In this struggle for autonomy they have to compete or cooperate with transnational corporations and other private actors. A current analysis of the autonomy of decision

making by international organizations will have to take into account new actors and sources of power such as private capital or the very existence of a large consumer market. This leads us to the ironic conclusion that the straightforward realist premise still holds, yet in order to understand and explain autonomous decision making by international organizations today the analytic exercise becomes even more complex than it was a quarter of a century ago.

### Notes

- 1 Later Jacobson stated that these types of decisions are ‘properly called “supervisory” rather than “enforcement” activities; they rely on persuasion and publicity much more than on coercion...International organizations hardly ever issue commands; instead they facilitate voluntary cooperation’ (Jacobson 1979:389).
- 2 The grip of the IMF on these countries was recently enforced with the adoption of its guidelines on ‘governance’ (*IMF Survey* 1997). *The Economist* (1997b): ‘We won’t interfere in domestic politics, says the IMF, but we may suspend or delay loans to a government unless it makes “changes in management of public institutions and... the removal of individuals.”’

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## 4

# Organization theory and the autonomy of the International Labour Organization

## Two classic studies still going strong

*Bob Reinalda*

Is an 'old' approach to international organizations like Ernst Haas' vision 'beyond the nation-state' (1964) still relevant in determining the extent of an international organization's autonomy? Haas developed an analytical framework that combines organization theory with dynamic functionalism, leaving plenty of room for realist factors. As he himself emphasized: a rather 'eclectic' analysis (Haas 1968:vii, ix). In the case of the International Labour Organization (ILO) this analytical framework reveals some interesting elements of autonomy resulting from an interaction of organizational dynamics and environmental inputs. His framework helps to map the ways in which an international organization may play a role of its own and make nation-states comply with its rules. Cox's thorough case study on 'limited monarchy' (1973) also provides ample evidence of ILO autonomy, notwithstanding his generally realist opinion on the autonomy of international organizations. In this chapter Haas' analytical framework is used to explain the fluctuation of ILO autonomy from 1919 to the present day.

### **Autonomy as a matter of degree**

In international relations theory nation-states are assumed to be autonomous. Concepts like independence and sovereignty refer to the idea that states are not subject to external authority: what happens within a state is independent of what is going on outside of it. This presupposes that the state as such is strong enough to rely on itself. However, since most states display some dependence, their absolute autonomy can be questioned. State autonomy is limited by the interdependence of states as a result of transnational links and problems. Keohane and Nye define the problem in a situation of interdependence as: 'how to generate and maintain a mutually beneficial pattern of cooperation in the face of competing efforts by governments (and nongovernmental actors) to manipulate the system for their own benefit'. From a foreign policy standpoint the problem facing individual governments is 'how to benefit from international exchange while maintaining as much autonomy as possible' (Keohane and Nye 1989:249). Here, state autonomy obviously is a matter of degree.

Unlike nation-states, international organizations are assumed not to be autonomous at

all. Given the anarchic nature of the international system of states organizations depend on their (most important) member states. This means that one or a few states use international organizations as convenient tools for their national interests and wholly control the organizations and their outcomes. 'So long as major states are the major actors, the structure of international politics is defined in terms of them', according to Waltz. States 'set the scene' in which they stage their dramas and carry on their humdrum affairs, along with non-state actors. States 'set the terms of the intercourse', even if they choose to interfere little in the affairs of non-state actors for long periods of time. If they do not interfere, this is because they are 'passively permitting informal rules to develop' or because they are 'actively intervening to change rules that no longer suit them'. In other words, states are in full control, even if they permit small margins without their interference. Waltz: when 'the crunch comes, states remake the rules by which other actors operate' (Waltz 1979:94). However, just as we may question the full autonomy of states, we may also question the full lack of autonomy for international organizations.

### **Compliance in a two-level international system**

Instead of juxtaposing autonomous states and non-autonomous organizations we may think of the world as a two-level international system in which international organizations can play a role of their own. Lacking a world government, state and non-state actors have to manage their conflicts and to control the ways in which they cooperate, or fail to manage and cooperate (Spero 1990:9–10). Intergovernmental arrangements (international organizations and regimes) can be regarded as mechanisms of sovereign states and private actors to reach cooperation and policy coordination on specific issue areas by agreeing on principles, decision making and implementation procedures. Such forms of cooperation do not mean that states give up their use of power and conflict, or their own strategies in favour of national interests, yet they reflect common perceptions and also the principle of reciprocity.

In this two-level system intergovernmental arrangements present 'political agendas', arenas of accommodation and decision making, and to a certain extent effective ways to implement the decisions and policies agreed upon. The heart of this process is what Valticos in the context of the ILO calls 'international standard setting'. This refers to the formulation of common standards to be incorporated in the national regulations and practices, notwithstanding the fact that national conditions may be quite diverse and that further practical implementation is a mainly national matter (Valticos 1985:93). The need for common rules for transnational behaviour in an interdependent world furthers the adaptation at international and national levels despite the fact that they differ from existing national rules, particularly in the sense of their being bolder. In the simultaneous interplay between national and international decision making, governments are forced to make compromises at two levels. One is that of the *national political system* with its own methods of decision making and accommodation between national fractions. Compromises reached here can be seen as 'inputs' for the second level, that of the *intergovernmental arrangement*. Debates and accommodation mechanisms between

inter- and transnational actors at this level lead to other, possibly different compromises for the same issue. In their turn these international compromises can be seen as 'inputs' for national political systems, since the intention of international standard setting is that participating states ratify these agreements and adapt their national laws and practices to the standards agreed upon.

Implementation of international compromises at the national level is presumed to be hindered by a lack of authority to enforce these decisions. However, intergovernmental arrangements have developed several ways to make their policies function. Various supervising tools and subtle yet compelling mechanisms have been developed for monitoring and discussing the progress that is being made or needs to be made (cf. Reinalda 1997:210–12). In general and in the long run, governments tend to respect these mechanisms to a large extent (which is not the same as immediate or full obedience). Compliance is a reasonable option when non-compliance may have serious disadvantages or lead even to exclusion. Even if this vision is overly optimistic it may help us to discover the relative autonomy of international organizations, in particular when they start to play a role of their own by (contributing to) the proposition and implementation of bolder international regulations.

This chapter highlights three dimensions of international organizations playing a role of their own and making nation-states comply with their rules. One is an *endogenous dynamic* that may result in an organization's wish to play a role of its own. Under certain conditions it may produce both leadership and instruments which enable the organization to act more or less independently from the participating states and take measures which effectively intrude into the national domains. The second dimension is the exogenous *actor capacity* of the organization in its relations with states and other actors. It may test the organization's environment to gain support and use its room for manoeuvre in a given power configuration. Permissive or non-permissive *state behaviour* is the third dimension of this interplay.

### **The endogenous dynamic dimension: leadership and subunit autonomy**

Autonomy can be defined as a dimension of institutionalization, i.e. the extent to which an organization 'can alter its own rules rather than relying entirely on outside agents to do so' (Keohane 1989:5). In the absence of institutions Keohane describes international regimes as non-autonomous or 'entirely the expressions of the interests of constituent states'. International organizations, however, evolve partly in response to the ideas and interests of their leaders and partly in response to their interests as organizations. While regimes cannot adapt or transform themselves, international organizations can: 'in this evolution they may also change the nature of the regimes in which they are embedded' (Keohane 1989:5). This dimension is better expressed by what Keohane calls 'reflective approaches' to international organizations than by the 'rationalistic' study of these institutions. Reflective approaches emphasize that organizations 'are often not created consciously by human beings but rather emerge slowly through a less deliberative process'. Although they are the products of human calculation and bargaining, they also

emerge 'from prior institutionalized contexts, the most fundamental of which cannot be explained as if they were contracts among rational individuals maximizing some utility function'. There also are 'historically distinctive combinations of material circumstances, social patterns of thought, and individual initiative—combinations which reflect "conjunctures" rather than deterministic outcomes, and which are themselves shaped over time by path-dependent processes'. Except for 'historicity' the rationalistic approach contains no endogenous dynamic. It ignores what Haas discusses under the rubric of 'learning', i.e. factors like individual and social reflection leading to changes in preferences or in view of causality (Keohane 1989:170–1). In short, within the organization a combination of intended and unintended consequences produced by persons, ideas, circumstances, processes, etc. may bring up a new quality, which adds to the organization's character from within rather than via outside agents.

Such an internal evolution, including the element of (intended) autonomy, can be derived from Haas' book *Beyond the nation-state* (1968). Haas' dynamic functionalism considers integration a process of increasing interaction between states. Because states also participate in international organizations, the boundaries between the system of international organizations and the environment provided by their nation-state members get blurred. Haas takes change as 'loosely deterministic' in the sense that 'the functional commitments of one generation, one epoch, one set of environmental conditions, set the limits and indicated the direction for the integrative choices leading to the next system'. International organizations thus are a species of 'institutionalized interest polities' based on typical actor motives and always defined by the 'concerns of the epoch's actors' (Haas 1968:29–30).

Applying Selznick's theories of bureaucracy and organizational growth Haas explains how an international organization acquires independence from its environment. After the definition of an organization's mission, a process of choosing external clients and supporters, and of identifying competitors and enemies begins. Then the institutional core has to be built up, involving the choice of personnel motivated by and indoctrinated with the organization's ideology and mission. It also involves fostering an elite, inside and outside the organization, capable of giving continuity to the programme and of adjusting it where necessary. As the organization grows in size and complexity, internal and external administrative procedure must be formalized into legal and constitutional channels. Decentralization of staff and programme implementation are part of the process. Finally, the organization's viability depends on the elite's exclusive leadership. The elite has two ways to acquire its independence. One consists of fostering a strong belief in its standards and task: 'The organization's specific values must therefore be given an opportunity to mature'. The second is to permit subunits of the organization some autonomy to develop certain values such as the articulation of principles and procedures to be used in the interplay between the organization and the participating states or other international institutions (Haas 1968:100–1). These two endogenous facilities make a contrast with the incredible capacity of Baron Munchhausen to haul himself out of the morass.

### **The actor capacity dimension: testing the environment and room for manoeuvre**

Standards and values as such are not sufficient. The leadership has to reclaim them from the participating states. Once the leadership has built up a stable and coherent machinery within its boundaries and does not want to remain in the realm of the routine, then it is the Secretary-General's job, according to Haas in Selznick's wordings, to '*test* the environment to find out which demands can become truly effective threats, to *change* the environment by finding allies and other sources of external support, and to *gird* his organization by creating the means and the will to withstand attacks'. This may be a tall order for him because his bosses 'happen to be also the forces that constitute the environment'. Yet, the leadership must use the tensions between organizational imperatives and environmental realities as an opportunity for 'self-assessment and self-redefinition', to 'profit from critical experience, to undergo growth in character and understanding'. If it is successful, its decision 'engenders a new affirmation of organizational objectives' and strengthens the sense of purpose of the organization's staff 'at the expense of environmental ties' (Haas 1968:101).

The administration of an international organization thus ceases to be an internally directed, management-dominated concern. Instead, it becomes a 'politically adaptive pursuit in which leadership is crucial'. In this political process most of the impulses come from the environment in which the organization is active. The majority of these impulses stems from 'the reasoned demands of governments rather than the subjective needs of bureaucrats' (Haas 1968:88). The leadership has to define aims '*specifically* enough to act as a guide to policy, but *generally* enough to achieve rapport with an articulated body of values' (Haas 1968:101). If an international bureaucracy's leader has true insight, he may use the opportunity to make the organizational influence as extensive as possible. 'The very fact that he can rely on no homogenous and stable body of supporters gives him the chance to move and maneuver as the logic of functionalism suggests' (Haas 1968:118). In other words, just as we may presume states to have motives of behaviour and action, international organizations with well-developed leadership may also have such motives, notwithstanding the fact that these motives are a compromise between the organization's and the member states' wishes.

Haas traced the possible outcomes of this compromise. Applying organization theory to international organizations in order to reveal the possibilities of conflict resolution implicit in their structure he observed four actor-related patterns, each with a specific method to resolve the conflict:

- 1 *Bureaucracies* with a hierarchical/specialist structure (staffed with specialists who are linked to national groups having parallel interests), and 'computation' as resolving method;
- 2 *Independent expert groups*, who are called upon to make recommendations for programming or examining organizational performance, with a collegial structure (with occasional voting), and 'judgement' as resolving method;



- 3 *Official expert groups*, subject to instructions by the appointing governments, with a collegial structure (with occasional voting), and ‘judgement, shading into compromise’, as resolving method;
- 4 *A conference of delegates* of governments or large organizations representing the interests of these environmental structures, with bargaining in a representative structure, and ‘compromise’ as resolving method (Haas 1968:109–10).

Since organizations are ruled by coalitions of interests depending on mutual accommodation, Haas believes that internal consensus can come about only as a result of a ‘judicious mixture of judgmental with compromise decisions’. This implies a continuous bargaining between government delegates and the bureaucracy or the independent experts. The mixture of judgement and compromise may result in three different patterns of outcomes. The least demanding one, the *minimum common denominator*, is typical of classic diplomatic negotiations and leaves no room for an autonomous role by organizations. The second outcome, *splitting the difference*, leads to a result ‘somewhere between the final bargaining positions’. It exists in international economic organizations where parties may have admitted the mediatory services of a Secretary-General or an *ad hoc* international expert study group to reduce demands and to exchange concessions of roughly equal value. The third outcome, *deliberately or inadvertently upgrading the common interests of the parties*, leaves even more room for an organization’s leadership to play a role of its own, because in terms of method this mode of accommodation explicitly relies on the services of an institutionalized mediator. The parties thus are trying to ‘redefine their conflict so as to work out a solution at a higher level, which almost invariably implies the expansion of the initial mandate or task’ (Haas 1968:111).

The third outcome resembles most what Deutsch calls the unpredictability of the organizations’ responses to their environment (Deutsch 1966:7) or Wolfers’ recognition in the early 1960s that non-state entities affect the course of world events as well. Wolfers emphasized that an organization’s actor capacity may compel some or all member governments ‘to act differently from the way in which they would otherwise act’ (Wolfers 1962:22). Haas himself remains cautious in this respect: ‘few heads of international bureaucracies succeed in doing so’ (Haas 1968:118).

In sum, nation-states may not be as autonomous as they seem ( $\leq 1$ ), international organizations—given their potential endogenous dynamic (leadership and subunit autonomy) and actor capacity (testing the environment and room for manoeuvre)—may not be as dependent as they seem ( $\geq 0$ ).

### **The evolution of the ILO’s institutional autonomy since 1919**

The ILO is an interesting case study, first, because Haas applied his organization theory to this organization; second, because the ILO is a prominent case study in *The anatomy of influence*. Given the changes in the ILO’s environment in the 1990s (cf. chapters 1 and 2), it is interesting to see what has happened to the ILO since the 1970s. An analysis of the

ILO reveals an alternation of autonomy trends in the ILO history, both up and downward: from semi-autonomy, through survival to increased autonomy, continued autonomy, weakened autonomy, and finally threatened autonomy. These fluctuations, discussed below in more detail, are summarized in Table 4.1.

Haas regards the ILO's institutional autonomy as a gradual trend. 'Neither the constitutional provisions implying supervision of national policies nor the organs designed to provide it arose full-grown and pure.' Instead, 'they gradually insinuated themselves into the fabric of international discussion until they became autonomous agents of integration, asserting opinions and demands different from the initial preferences of governments' (Haas 1968:252). The trend toward greater institutional autonomy and authority correlates with the evolution of an 'organizational task that corresponds to patterns of environmental inputs'. 'New tasks have resulted from new inputs, which in turn resulted from interaction with earlier organizational outputs. The environmental forces, which earlier had evinced little interest in such tasks, acquiesced in them as a consequence of lessons learned and incorporated into their demands and expectations.' Since the environment moves simultaneously toward and away from integration, the reverse also occurs, 'thus giving rise to disintegration' (Haas 1968:431). Referring to a system that 'attained substantial autonomy from its environment, or more specifically from states' (Cox 1973:137), Cox explains the ILO's evolution by changes in the environment: 'World politics set the framework for action'. Yet, its political system and processes explain 'more fully the remarkably stable structure of influence on decisions'. Instead of being 'a passive creature of world politics' the ILO developed a political system 'capable at best of taking advantage of the opportunities presented by the condition of world politics and at worst of assuring its own survival' (Cox 1973:136).

### **The years 1919–1944: semi-autonomy**

During the interwar period ILO labour standards were implemented primarily in democratic, industrial states of Western Europe, Northern America and Australasia with specific interest groups (labour, employers, women). The ILO's *de facto* dependence on the goodwill and interest of that bloc of states imposed 'as mandatory restrictions the aims and motives entertained by that bloc'. For the first two Directors-General this implied that their room for manoeuvre (and hence the creation of autonomy by its actor capacity) was 'sharply limited' (Haas 1968:435), yet, within the context of the League of Nations Albert Thomas contributed to an independent ILO functioning. He defended its freedom of action towards member states, arranged that constitutional links with the League did not block ILO action, found a *modus vivendi* on budgetary matters, and ended shared membership of both organizations. Thomas' candidacy as Director-General had taken the governments by surprise. They had not agreed among themselves concerning any candidate and had not given much thought to the requirements of the office. Thomas, however, supported by the trade union movement, proceeded to use it as 'a base for initiative in international social policy'. This power of initiative and his political basis represented 'important early modifications of the intentions of the

founders' (Cox 1973:103). Haas mentions two unintended consequences following from the fact that the industrial states were willing to continue the examination of industrial issues at an international level: an increase in its programmatic scope to additional categories of workers as a result of judicial decisions, and the emergence of an annual review and discussion procedure as a result of the dissatisfaction of key client groups with the implementation of ratified ILO conventions. Although several member states objected to this development they were unwilling to block it (Haas 1968:435).

The institutional autonomy of the standard setting procedure resulted from an endogenous dynamic. Soon after its establishment issues on the ILO agenda were debated from a technical rather than a national point of view. Even when not required by the rules formulated at Versailles workers and employers joined together as blocs. Because their international organizations remained relatively independent from their national affiliates, Schaper qualifies the ILO mechanism as 'functional representation' including some supranationalism (Schaper 1953:342–3, 201). The monitoring procedure followed a 1925 decision to create a standing committee to consider the many annual reports on ratified conventions that member states were obliged

Table 4.1 ILO autonomy subdivided into time periods

<i>time period</i>	<i>endogenous dynamic</i> a. leadership b. subunit autonomy	<i>actor capacity</i> a. testing the environment b. room for manoeuvre	<i>state behaviour</i> (non) permissive	<i>ILO autonomy</i>
1919–1944	a. unexpected initiatives Director-General b. evolution of Committee of Experts into semi-autonomous organ	a. support of trade unions b. limited room for manoeuvre, yet modification of the founders' intentions	member state objections exist but states are unwilling to block the subunit evolution	yes, genesis of <i>semi-autonomy</i> of a monitoring subunit with improved legitimacy of its procedure; independent position within League
1944–1946	a. expansive programmatic redefinition	b. partly successful manoeuvre within the UN context	major decisions by US, British and Soviet governments	no, but <i>survival</i> assured in the shelter of Western power bloc
1946–1950	a. Director-General adds technical assistance as a tool b. more formal powers for the Committee of	a. bid for increased autonomy failed b. room for manoeuvre present but no advantage could be taken of it	no great interest of major powers in new programme	no, <i>survival</i> in the context of the Cold War; independent position within UN

## Experts

<i>time period</i>	<i>endogenous dynamic</i> a. leadership b. subunit autonomy	<i>actor capacity</i> a. testing the environment b. room for manoeuvre	<i>state behaviour</i> (non) permissive	<i>ILO autonomy</i>
<i>the 1950s</i>	a. creative programmatic reintegration b. ILS as a new subunit to penetrate states indirectly; enhanced independent experts' monitoring procedure	a. support of trade unions, Pope, Third World; financial success within UN b. controlling the crises posed by membership of communist states and US hostility	legitimation of new programme because major powers acquiesce in it and comply with ILO measures; US constraints limit US influence as well	yes, <i>increased autonomy</i> resulting from programmatic adaptation and greater subunit autonomy, and a successful actor capacity
<i>the 1960s</i>	a. creative programmatic adjustments b. continued subunit autonomy in spite of breakdown of consensus	a. balancing between Western, Eastern, and Southern support b. broker's role between West and East, plus satisfying some Southern demands	demands from communist and Third World states; creation of intergovernmental parallel structures; US constraints to prevent greater Soviet influence	yes, <i>continued autonomy</i> thanks to its actor capacity but with rising countervailing trends
<i>the 1970s</i>	a. poor internal leadership b. weakened (ILS) subunit autonomy	a. offending the US b. poorer grip on continued politicization	US suspends payments and withdraws; diminished US influence	yes, but <i>weakened autonomy</i> thanks to its poor leadership and weak actor capacity
<i>the 1980s/1990s</i>	a. nondescript leadership b. weakened subunit autonomy resulting from the stagnation of ratification	a. a less-favourable multipolar world and weaker private actors in the ILO b. limited room for manoeuvre	states favouring removal of free trade barriers; WTO and G7 competition	yes, but <i>threatened autonomy</i> thanks to its weak internal leadership, weakened subunit autonomy, and a reduced actor capacity;

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to submit. Since this committee found itself unable to cope with the volume of material a Committee of Experts began to function in 1927. This Committee had a restrictive mandate: comparing texts of national legislation and ratified conventions. It had no power to evaluate performance or interpret conventions. However, it 'soon enlarged its cocoon' with the constant support of the workers (Haas 1968:253). In 1929 it demanded the power to raise questions regarding the ratified conventions' effectiveness of application. This was consented to as long as no actual investigations were undertaken. Soon after, however, the experts' demands that states be asked to make observations on difficulties encountered in applying conventions, and that voluntary associations be invited to add their observations to the official reports were admitted. It was also agreed that governments are invited to appear before the Committee to explain special difficulties. Other demands were refused, such as a blacklist for persistent violators, the explanation of non-compliance by non-ratifying states or colonial powers, and the creation of specialized bodies. In its reports the Committee was not allowed to use the word 'criticism'. It was changed to 'observation'. Nevertheless, it slowly stripped itself of its original, purely consultative capacity and took the form of a semi-autonomous organ with its own authority (Zarras cited in Haas 1968:253).

### **The years 1944–1946: attentive leadership**

Survival as an institution during the 1940s was the result of environmental factors, albeit in combination with attentive leadership during the war. Towards the end of the war when the US, British and Soviet governments were taking the major decisions about international organizations the ILO's organizational autonomy was barely sufficient to assure its survival. The British supported the ILO but were 'unwilling to press its claims against Soviet opposition and American indifference' (Cox 1973:104). In 1944 the ILO's leadership succeeded in legitimating its existing organizational ideology 'as a generally expansive doctrine of welfare under international auspices'. It cited the first two decades' lack of success as justification for a new, enlarged programme, and provided a programmatic redefinition at a more comprehensive level. 'The field of standard-setting came to include technical assistance for labor efficiency, the protection of human rights, and the modernization of pre-industrial societies'. Internally, the leadership expanded and diluted the older programme thanks to the existence of disparate subgoals among trade unions and governments. Externally, the ILO survived because it 'vegetated in the shelter of one power bloc, and eventually upgraded its program by maximizing the environmental features and national inputs' of its members (Haas 1968:435–6).

Governments, workers and employers accepted the proposed constitutional changes.

Incorporated in a new text in Philadelphia in 1946 the changes comprise the ILO's 'absolute divorce' from the League, with its consequent autonomy as to budget and membership, a reaffirmed independence of its international civil service, and a liberalized amendment procedure. Haas: 'the leadership succeeded in equipping itself with the freedom it felt it required' in order to realize its new programme, yet the ILO overestimated its position within the 1945 established United Nations. Just like other agencies it had to accept a position subordinate to the Economic and Social Council instead of casting itself on an equal plane (Haas 1968:162–3). Cox agrees: 'Survival was thus assured, but the ILO's future role had yet to be defined' (Cox 1973:104).

### **The years 1946–1950: survival thanks to the Cold War**

After the breakdown of the consensus that until 1946 characterized the UN system, ILO's leadership made 'a supreme bid for increased organizational autonomy in conjunction with a global economic and social task that was to go far beyond the mere standardization of labor norms'. Technical assistance, the ILO's programmatic mainstay after the appointment of the American David Morse as Director-General in 1948, became an accepted tool in international politics in the effort to prevent the spread of communism to the underdeveloped world. Because of the political tensions the clients were divided. The nature of that division—itself a favourable condition for manoeuvre—was such that the leadership could not take advantage of it. However, the combination of technical assistance and standard setting helped the ILO (unlike the International Trade Organization) to survive once more: 'the older standard-setting activities joined the new technical assistance operations in catering to very specific groups of clients' (Haas 1968:438). Securing from the UN 'practical as well as formal recognition of its competency in the labor field and a guarantee of nonintervention in its internal affairs' (Cox 1973:110), its bid for increased organizational autonomy nonetheless failed. Notwithstanding its functioning in the shadow of the Western bloc, these actors 'took no great interest in the Philadelphia program, except when it suited their general policy aims—as in the case of the texts and machinery dealing with freedom of association'. In this period autonomy and expansion of jurisdiction 'could be achieved only in the context of international ideological confrontations' (Haas 1968:439).

### **The 1950s (1): increased autonomy**

The 1950s reveal an increase of institutional autonomy, resulting from the ILO's endogenous dynamic (programmatic adaptation and greater subunit autonomy) and its successful actor capacity (gaining sufficient support and controlling its crises). Once more, the major powers acquiesced in the activities presented by the leadership and accepted a further growth of the monitoring machinery.

In the mid-1950s survival crises occurred posed by the return of the Soviet Union to the ILO, US hostility and the advent of new Afro-Asian member states. Taking advantage

of the multipolar and diffuse environment the ILO's leadership advanced a creative adaptation of the organization. After a phase of 'mutually antagonistic and simultaneous policies of advancing standards *and* rendering ad hoc technical assistance' it found a formula for programmatic reintegration (Haas 1968:442). This formula emphasized general human rights texts 'that could not be effectively opposed even by regimes likely to be embarrassed by them' and advanced educational measures in the standardization programme as part of a promotional approach. The environment was to be penetrated by way of 'persuading key elites in the direction of progressive social policies, rather than by way of legal uniformity' (Haas 1968:440). Since UN funds were the material base for this new programme the Director-General had a considerable stake in maintaining cooperative relations with the UN. The main boundary concern of the ILO and other agencies was to secure 'a satisfactory share' of the funds (Cox 1973:110). The appeal of the new programme was addressed primarily to a consensus among the new members, 'made politically possible by the enmeshment of Western and Soviet objectives in the underdeveloped and non-aligned world'. The major powers' attitude meant an increase in ILO authority and autonomy. They did not share or show any great enthusiasm for the new programme but had 'acquiesced in it and legitimated it in their national demands and general compliance with ILO measures' (Haas 1968:441).

The 1954 Soviet decision to enter the ILO accompanied by other communist states precipitated a crisis, which took the form of a confrontation between the principles of tripartism and universality. Workers regarded tripartism as more important than universality. They demanded that workers' and employers' organizations from communist states should be free from government influence as a prerequisite for membership of the ILO. Employers supported this position and actually tried to prevent communist employers' representatives from participation in the committees (Cox 1973:119). Others urged the widest possible membership (universality), 'even at the cost of heterogeneity in ideologies and systems' (Cox 1973:105). The communist states and most Western governments, with the exception of the US, supported universality. The resolution of the crisis was achieved through the mediation of a group of Western governments with the Director-General playing a broker's role. The ILO posed the issue in terms of constitutional interpretation and legal fact-finding, and used analytical techniques instead of political bargaining. The basis for settlement became the Director-General's position that he considered it 'a matter of high policy that the solution be consistent with the objective of universality of membership' (Cox 1973:107). He continued to gain support and build consensus. Even though the Catholic church has no formal relation to the ILO, Morse mobilized the Pope in favour of his position, and in the mid-1960s he precipitated a new universalist consensus within the organization (Cox 1973:105, 117, 119–20).

Although finance can be a source of influence for major contributors to international organizations, the US experienced that in this crisis such influence was limited and counterbalanced by other pressures. When the Congress imposed a ceiling on the US contribution to the ILO, this was an effective constraint upon the ILO's expansion of the budget. However, the ceiling also limited US influence on 'the composition of ILO programs until it was lifted in 1957'. Cox: 'financial imperatives that were expressed in

firm instructions from the finance ministry, leaving no flexibility to the ILO delegate, would prove impervious to such negotiating pressures' (Cox 1973:115).

### **The 1950s (2): increased subunit autonomy**

During the 1950s the ILO increased its subunit autonomy by introducing a new subunit and by enhancing its independent experts' monitoring procedure.

The shift in emphasis to human rights protection and the promotion of attitudes favouring a progressive social policy implied an 'unintended growth of the ILO machinery'. Its monitoring mechanisms proved to be of major importance. The constitutional complaint procedure 'finally seems to have come into its own; the machinery for protecting freedom of association is swamped with cases, the perennial violators of the [ILO's Labour] Code are publicly blacklisted each year, and the swamp of the annual reporting machinery seems to expand year by year'. National loyalty to these techniques improved as governments came to believe that 'their security and "image" somehow depend on the views of the non-aligned'. Technical assistance was used as a 'covert technique for introducing ILO-sanctioned norms'. It emphasized human rights and the superiority of social objectives over brute economic development. It resulted in an ever-increasing flow of new demands for new programmes for the most part by the African and communist member states. The ILO's leadership was increasingly receptive to these demands, 'thus implying an unintended politicization of the ILO's work' (Haas 1968:441). The capstone of Morse's promotional approach was a new institution 'associated with the ILO but free from government control' meant 'to penetrate indirectly the international environment'. Haas considers this an instructive case study in ILO decision making since Morse first assured himself of worker support and then took up the matter privately with governments before presenting his plan to the ILO officially. The International Institute for Labour Studies (IILS; set up in 1960) and its director were made autonomous, notwithstanding a heavy ILO share in the control over (partly private) finances and the curriculum (Haas 1968:187-8).

In the 1950s the Committee of Experts' independent functioning added to the ILO's autonomy. The 1946 constitutional revisions meant a 'dramatic increase in powers' in the sense of increased obligations of member states and more sources of information for the experts (Haas 1968:253-5). Soon, the ILO recognized its independent position. It was 'almost free from direction' by the ILO Governing Body and, instead of approaching this body for an enlarged mandate, it proceeded 'on its own in making ever more searching inquiries and addressing ever more comments to governments' (Haas 1968:256, 258). In terms of membership the Committee has enjoyed remarkable stability. There has been an internal standing division of labour since members have habitually deferred to each other's special competence. The Committee resembles a 'collegial body' that until 1960 never voted on its report. Decisions were made unanimously, linked to informed discussion, and without any written rules of procedure. The Committee saw to it that the ILO secretariat has always been intimately associated with its deliberations. The decision-making procedures represent 'a hybrid between the judgmental and the



computational-bureaucratic modes, a position that strongly supports the movement toward autonomy' (Haas 1968:256). In the case of recurring delinquencies the experts continued to exert pressure demanding full implementation of ratified conventions. It maintained a 'public quasi-judicial stance' and considered its conclusions as 'proposals based on law, to be submitted to the Conference and to be acted upon by that body'. Ordinarily the Committee will not publish evidence regarding a non-implementation for two years after discovery, thus giving itself and the secretariat time to persuade the delinquent government to make appropriate changes in law or practice (Haas 1968:257). The evolution of this supervisory machine profited from the trade unions' support. Haas: governments do not go out of their way in international organizations to criticize and embarrass one another, unless the setting be that of a sharp ideological battle. 'Trade union delegates suffer from no such inhibitions.' They 'habitually seek to compel their own governments to explain why certain Conventions are not applied completely'. By reappointing the same delegates to the Committee over long periods the ILO created a cadre of employer and worker members 'intimately familiar with the Conventions and recurrent cases of non-compliance'. Haas: 'Governments, for their part, present no common front'. Their positions have varied with the party in power at home and they have usually been 'exceedingly sensitive to criticism and have missed few opportunities to use the forum of the Conference to explain and justify their politics, and even to promise reforms' (Haas 1968:258-9).

### **The 1960s: continued autonomy**

The 1960s reveal a continued ILO autonomy (thanks to its actor capacity) but with rising countervailing trends from parallel intergovernmental structures and a US rebellion against greater Soviet influence.

The appointments of a Polish and a Soviet member to the Committee of Experts in 1960 and 1962 changed the method of decision making into a mixture of the judgmental with the compromise mode of making decisions because these new members introduced a less compliant attitude. They declined to associate themselves with critical observations concerning the limitations on freedom of association or the abolition of forced labour in communist countries. Although this complicated the Committee's customary procedure it would not destroy the supervisory mechanism. Haas: majority voting might even strengthen the Committee's 'institutional autonomy with regard to the surrounding international environment' (Haas 1968:256). The breakdown of consensus in the Committee was reflected in a much sharper controversy in the Conference. Communist trade unions had given up their attitude of distant hostility and began to seek more effective influence. A turning point was reached in 1966 when a Polish and a Soviet delegate were elected to some ILO functions.

This bipolarity was complicated by the growing demands of Third World states that priority be given to their problems. The ILO's leadership, however, controlled the situation and used the state of power configuration in order 'to expand the ILO's work in the two major directions of human rights and manpower'. During this period the ILO was

never 'merely a passive instrument of Western countries'. Nor did the Director-General make his political base among the non-aligned (unlike heads of other international agencies). He understood that this would have brought about a crisis of confidence. Instead, he kept 'close contact with Western countries while reshaping programs so as more nearly to satisfy the demands of less-developed countries' (Cox 1973:135). Using the room for manoeuvre, the Director-General proved to be the principal architect of adjustments in policy goals and programmes. In 1965 Morse carried out a management reorganization and in 1969 he launched a World Employment Programme which he had prepared well by speaking with top political leaders and elite audiences (Cox 1973:113–4). Within the ILO he derived his resources primarily from his central position in the network of political communications. His initiatives were closely related to his efforts 'to build consensus'. The new programme goals would appeal to the less-developed world but would 'not exacerbate East-West-tensions' and his changes in the bureaucracy designed to support the new goals were accompanied by a fuller representation of Third World states and a promise to decentralize to regional centres (Cox 1973:120).

Notwithstanding this actor capacity, and hence ILO's continued autonomy, two countervailing trends became visible. First, the creation by the UN of its development organization UNIDO 'implicitly challenged the ILO's competency in industrial training, which had become its major activity' (Cox 1973:124, 110) and, because the ILO gave less attention to the preoccupations of the advanced industrial states, the Organization for Economic Cooperation and Development (OECD) filled the gap. It became 'a forum for exchanging and evaluating such matters as active labor market policy and incomes policy'. Cox speaks about 'parallel structures' for developing and industrialized states emerging alongside the ILO. Although this trend questioned the ILO's relevancy and utility for these groups of states, he holds that Morse's diplomatic skills successfully obscured these challenges (Cox 1973:111).

Second, the US did not appreciate the ILO's willingness to recognize Soviet influence in its directorate of four persons (all from Western states). The Soviets demanded a post of assistant Director-General that should be filled by a Soviet national. Morse judged that he could no longer deny this claim and in 1960 proposed creating the new post. Although this was favoured by a majority of governments, the US government, strongly influenced by AFL-CIO President George Meany, successfully blocked it during the 1960s. It was rather annoyed to see an American Director-General playing such a moderate role on a Cold War issue. Morse, however, continued to act as a broker in bringing US and Soviet delegates together, e.g. following the 1963 Moscow test-ban treaty. The highest echelons of American decision makers now followed ILO matters. In 1966 President Johnson, Secretary of State Rusk and UN Ambassador Goldberg gave personal attention to the election of the President of the ILO Conference (a Polish delegate), in fact only a symbolic issue (Cox 1973:108–10). When in 1970 Morse's British successor Wilfred Jenks decided to appoint a Soviet assistant Director-General, Meany's hostile reaction to this decision led the Congress to suspend the payment of US contributions to the ILO, a 'major crisis between the participant subsystem and some powerful force in its environment' (Cox 1973:137).

### **The 1970s: weakened autonomy**

The 1970s were a period of weakened autonomy (thanks to poor internal leadership and a weak actor capacity) and diminishing US influence.

In a later publication Cox explained the 1970 decision to suspend US payment of contributions as the result of a conflict between the new Director-General and the AFL-CIO President. The Americans supported Jenks' candidacy to succeed Morse. Thinking that they had a sympathetic understanding of him they were caught completely off guard when he informed them that he was going to appoint a Russian to become assistant Director-General. Meany was outraged and influential enough in Washington to get the support needed to suspend ILO payments for two years. Unlike Morse, who had spent ten years 'nursing the issue to avoid a confrontation', Jenks' executive style was different. He presented his decision as 'a result of administrative actions' taken before he assumed his office (Cox 1977:402–3) and used more 'formal' than 'substantive' rationality. As a political institution the ILO became more a 'divine right' than a 'limited' monarchy. The result was that Jenks 'may often have been misled as to the extent of real support he had' (Cox 1977:407). Unlike Morse, who was 'critical of settled institutional routines and ready to encourage innovation', Jenks was too much a conventional insider to let the ILS perform a ginger group role 'to challenge policy orthodoxy, to redefine issues, and to propose alternative methods of dealing with them'. In 1972 he discontinued a critical ILS study. It demonstrated how 'the intellectual independence of the Institute had rested upon the fragile basis of an understanding between one Director-General and the director of the Institute' (Cox 1977:410–11). The ILO's 1969 employment programme illustrates another failure of Jenks' leadership. Instead of a 'dynamic and distinctive nucleus within the staid bureaucracy of the ILO' its scale was eventually reduced and brought into line with ILO orthodoxy (Cox 1977:418–20).

In 1975 the US announced their withdrawal because of a fundamental concern with the erosion of tripartite representation by communist and Third World states. The 1977 actual withdrawal (strongly lobbied for by the AFL-CIO) did affect the ILO but also damaged American interests. The loss of American membership dues caused a sharp reduction in ILO staff. The US now lost many senior positions within the ILO, and since they had left they could hardly influence the negotiations on structural reform. In 1980 the US returned to the ILO claiming that the best way to counter politicization is through an active presence rather than an empty chair policy. Meany's retirement facilitated Carter's decision to return (Ghebali 1989:115). In comparison to the 1950s and 1960s, ILO's overall autonomy in the 1970s obviously was weaker. Just as in the 1950s, US constraints actually limited US influence.

### **The 1980s and 1990s: threatened autonomy**

The latest period, only touched upon in this chapter, is one of threatened autonomy,

following from a weak internal leadership, weakened subunit autonomy with regard to ratification, and a sharply reduced actor capacity.

Apart from human rights in Eastern Europe and Poland's withdrawal in 1984 the ILO agenda of the 1980s was relatively non-political. Gorbachev's new Soviet foreign policy prevented further East-West tensions, and since the end of the bipolar world the ILO itself has emphasized a 'new atmosphere' in which differences between 'capitalist' and 'socialist realities' have evaporated. Although this allows the ILO better to supervise the application of its standards in the former Second World, the crucial alliance of Western governments, employers and workers to stand more or less united in a fierce fight for fundamental rights against totalitarianism has disappeared in the 1990s. This trend is paralleled by a Third World questioning of the universal character of human rights and social standards. Although the subunit autonomy of the Committee of Experts continued evolving during the 1980s (cf. Gheballi 1989:220–42), the rate of ratifications of ILO conventions has stagnated for a good number of years and even showed a drop-off in the early 1990s. In this respect, the ILO has noticed a growing discrepancy between the attitude of certain governments at the time a convention is adopted and the stance they take when the same convention comes up for national ratification (ILO 1994:43–4). In other words, the crux of the ILO's autonomy (standard setting with an effective subunit monitoring procedure) is at stake. A further restraint is the decline of the trade union movement and the ILO's weak basis in civil society. The ILO knows that if it wishes to continue being the social conscience of the world, it has to seek 'the active collaboration of the many and very different circles that are currently engaged in promoting social justice' (ILO 1994:34–5).

The most serious external threat to ILO effectiveness is posed by parallel intergovernmental structures, in particular the World Trade Organization with its free trade and anti-social clauses policies, that reduce ILO's margins for dealing with social issues. Other restraints are G7 economic policies and the 1995 Summit for Social Development, organized by the UN without consultation with the ILO. The ILO believes that new initiatives should be taken to ensure that it is recognized as 'an essential agent in the new international economic regulatory framework' that is evolving at global level and in which 'a truly effective forum for addressing the social aspects of international economic trends and policies' are absent (ILO 1994:17, 94). Under such conditions interdependence can exert pressures that threaten existing social standards, according to Sengenberger. 'If a country fails to live up to international labour standards, the effect is to force other trading nations to follow suit and reduce their own workers' rights.' This could incite a race 'to the bottom' and is one of the challenges posed to labour standards by globalization (in: Sengenberger and Campbell 1994:7). Compared to the earlier post-war period ILO autonomy in the 1990s seems seriously threatened by the combination of internal weaknesses (an endogenous dynamic under pressure, and a reduced actor capacity) and external competition from newly evolving intergovernmental structures.

## Conclusion

Is an 'old' approach like the one developed by Haas still relevant? Yes, as the ILO case shows, it allows for autonomy, and its relevance is confirmed by application to recent times. A crucial characteristic for an international organization playing a role of its own seems to be its leadership, both internally and externally. Internal leadership results from an endogenous dynamic by producing initiatives to favour or alter the organization's specific values, in combination with subunit autonomy as a way to penetrate national domains indirectly. External leadership results from an actor's capacity to gain sufficient support from other actors and to control the situation within given power configurations. If an organization creates implementation procedures, to be developed and executed by an independent subunit of experts, that takes a quasi-judicial stance, uses subnational sources of information and support, and presents its conclusion in a judicial language, member states that have agreed to the establishment of such a subunit may accept stronger implementation procedures, even if they hold objections or if the new procedures involve more obligations for themselves. By complying with them they add to their legitimacy, and hence the organization's autonomy. As Cox remarks, law in this context is regarded as a kind of 'immanent force progressively realized through history' (Cox 1973:121). As the ILO case also shows, a weak leadership reduces the margin for an international organization to play a role of its own. The margin then depends on the permissiveness of states again. However, major powers trying to restrict the organization's autonomy know that such actions can have drawbacks for themselves, too. Their autonomy is also a matter of degree. If an organization's leadership is weak and environmental conditions are unfavourable (because of lessened support by states and private actors, and competing parallel structures) the organization's autonomy, in the sense of playing a role of its own and compliance to its bolder regulations, may be threatened.

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## 5

# Two-level interaction as source of influence

## The European Union and equal treatment policies<sup>1</sup>

*Anna M. van der Vleuten*

An international organization may be said to have exercised autonomous influence if a policy outcome cannot be explained simply as a compromise between its major member states. The European Union<sup>2</sup> seems to produce such outcomes. National politicians accuse 'Brussels' of obliging them to 'sell' unpopular policies to the electorate and complain about the constraints European institutions and policies impose on their freedom of manoeuvre. Realist theory, however, argues that international organizations will be halted as soon as their actions no longer correspond to narrow calculations of national interest. To what extent can the (neo) realist perspective explain EU policies? How to account for autonomous policy making by the EU? Its equal treatment policies are a major example of common policies, that are more than a compromise between its member states but have nevertheless been approved and implemented. This outcome can only be explained by an analysis including the interests of the international organization and the interactions between actors at the national and the supranational level.

### Two-level interaction as source of influence

The European Union does not figure among the organizations analyzed by Cox and Jacobson in *The anatomy of influence* (1973). The institutional framework of the EU is a mix of what they have coined representative and participant subsystem dominance. Government representatives (the Council of Ministers, the Committee of Permanent Representatives, and the European Council) dominate the decision-making process, but they are constrained by the participant subsystem (the Commission, the European Court of Justice, and, increasingly, the European Parliament). According to Cox and Jacobson, in the case of common policy making, 'the greater the immediate practical consequences are in material terms, the more the predominant influence is likely to be exercised by the governments...Conversely, the slighter the immediate consequences, the greater the scope for influence by international officials' (Cox and Jacobson 1973:389). Put differently, when its decisions affect national policy making, EU autonomy is strictly checked by the member states. In the next section, some hypotheses will be developed in order to understand under which conditions EU policy making reflects a pattern where autonomy and influence are *not* mutually exclusive.

Neo-realists like Waltz (1979) argue that due to the anarchical structure of the international system, and the ensuing conflict of interests between states, cooperation will remain confined to alliance cooperation. Neo-liberal institutionalists like Keohane (1984), however, argue that states institutionalize cooperation despite the anarchical structure of the international system. Interdependence and globalization further mutual interests which states cannot realize in a self-help system. Institutions provide the conditions for mutually beneficial cooperation, since they establish patterns of legal liability that increase transaction costs for illegitimate bargains (by offering the possibility of retaliation and linkages), and reduce transactions costs for legitimate bargains (by providing relatively symmetrical information, reducing uncertainty, and facilitating issue-linkage and side-payments).

As globalization enlarges the degree of uncertainty in the international system, the interest in cooperation increases. Institutions allow participants to collect better information, to receive more reliable feedback and thus to adapt to changes more smoothly. Economic interdependence creates an interest in cooperation because it undermines the effectiveness of unilateral national policies and limits the policy autonomy of national governments. Policy externalities occur, which means that policies of one state impose costs on domestic groups in another state, undermining the goals of the second state's national policies, and vice versa. 'Actors do not bear the full costs, or receive the full benefits, of their own actions' (Keohane 1984:85). Policy coordination by reciprocal market liberalization or by policy harmonization eliminates externalities and increases control over domestic policy outcomes. In sum, the institutionalization of cooperation is explained by the argument that it allows member states to strike mutually beneficial bargains.

According to the neo-liberal explanation, international organizations are a passive negotiating forum for member states, facilitating agreements in areas where interests overlap. However, it is not specified what determines governments' interests, as states tend to be treated as 'black boxes' with fixed preferences for wealth and power. The liberal intergovernmentalist approach (Moravcsik 1994) views governments' interests as emerging through domestic political conflict as societal groups compete for influence. This implies that international decision making may be described as a repeated interaction process between two levels, where policy outcomes are the result of intergovernmental bargaining over domestically constrained preferences.

The national and the international levels are linked by complex interactions. This interplay creates room for influence by the international actor. In the next section, the policy-making process is divided in three stages, that is, national preference formation, intergovernmental bargaining, and implementation, in order to analyze the interactions between national and international level, and the implications for the international organization.



One dimension of an international organization's autonomy is the extent to which it can affect national preference formation through domestic actors. A government aggregates preferences articulated by important societal groups (who these are varies across time, place, and issue area). The expected magnitude of domestic costs and benefits and the certainty of these effects influence societal mobilization and the flexibility a government can afford in intergovernmental bargaining. When net costs and benefits are diffuse or insignificant, mobilization will be limited and governments have room to compromise. On the other hand, when net costs and benefits are certain and significant, societal pressure will be strong, imposing strict constraints on a government at the negotiating table. Domestic fragility constitutes a bargaining advantage for a government, especially when the status quo is unattractive for other member states, as it puts time pressure on the bargaining process.

Domestic groups have leverage over governments not only during the first stage but also during the whole bargaining process because in the end international agreements have to be ratified and implemented at the national level. On the other hand, intergovernmental cooperation insulates the policy process by its 'democratic deficit': privileged access to information, negotiations and voting in secrecy offer governments the possibility to present an agreement as a *fait accompli* to the national parliament, which often may only accept or reject the agreement without the possibility to propose amendments. This strengthens the government *vis-à-vis* domestic groups and affects the influence of domestic mobilization. Governments even use international obligations to compel changes in domestic political processes they would be unable to achieve otherwise. This strategy is only viable, however, when the value citizens place on international cooperation is high enough.

The international institution will influence the preference formation when it creates new options for societal groups, offering access to new arenas and information, and supporting transnational coalition building. It influences intragovernmental dynamics, as well as the interplay between government and society when its proposals strengthen specific government agencies or specific non-governmental actors. The international actor, having an interest in the expansion of its tasks, promotes functional issue linkages. It will try to show that, in order to obtain the full benefits of cooperation in one area, cooperation in a second, linked sector is necessary. This argument may extend the agenda beyond its original scope in the interest of groups that favour supranational policy making.

### **Intergovernmental bargaining**

The configuration of different national preferences and different intensities across preferences, reflecting the relative costs and benefits of an agreement, defines an

intergovernmental bargaining space of potentially viable agreements. Haas (1968) identifies three patterns of bargaining outcomes. First, accommodation on the basis of a 'minimum common denominator' produces an outcome which does not go beyond what the least cooperative bargaining partner wishes to concede. Second, 'splitting the difference' implies that the outcome will be situated somewhere between the final bargaining positions, often thanks to the interventions of a mediator. The third pattern, accommodation on the basis of 'deliberately or inadvertently upgrading the common interests of the parties' (Haas 1968:111), takes place when the parties succeed in redefining the conflict so as to work out a solution at a higher level, which almost invariably implies the expansion of the initial mandate ('spill-over effect') and the services of an institutionalized mediator with an autonomous range of powers. Governments prefer lowest common denominator outcomes, which have an optimal cost-benefit ratio because they eliminate policy externalities without imposing costs (e.g. the obligation to adopt more advanced standards).

However, common decision making also results in outcomes above the lowest common denominator level. Governments accept such outcomes depending on their relative power and the role played by the mediator. Although international institutions create a relatively benign environment because they reduce classical problems for intergovernmental bargaining like uncertainty and asymmetrical information, the outcome of the bargaining process still depends on relative power. The bargaining power of a government is deduced from three sets of calculations (Moravcsik 1994:55-6). First, benefits of cooperation have to be compared with benefits of unilateral policy alternatives. Large, relatively self-sufficient countries have a bargaining advantage over smaller, poorer or more open countries whose policies are undermined by the policies of its neighbours. Especially under time pressure, governments with large potential gains will disproportionately make concessions. A second determinant is the potential to join an alternative coalition with non-member states or with some of the member states while excluding the others. The potential for package deals and side-payments constitutes the third set of calculations. As governments have different preference intensities across issues, it may be to the advantage of all to exchange concessions. A package deal helps overcome the handicap that a government tends to have the least bargaining power on precisely those issues which are most important to it. The room for such deals is constrained, though, by the risk of strong domestic opposition, obliging a government to compensate the 'losers' at the national level.

It follows that a government may accept an agreement above the lowest common denominator, even when the expected distribution of costs and benefits diverges from its original preferences, if 1) given its vulnerability, it has no attractive unilateral alternative, or if 2) it fears to be excluded from the dominant coalition and it does not have the power to constitute an alternative coalition, or if 3) the policy is part of a package deal and it has too much interest in the mass of bargains as a whole. The longer the membership, the more information-rich and stable the environment, the more important such long-term calculations will be.

Haas points out that the 'mediator' influences the bargaining outcome as well. The EU is not only a passive negotiating forum which provides rules for decision making and the

adjudication of disputes and which assures that technical information is available. The European Commission has an interest in the promotion of supranational cooperation, which engenders the expansion of its tasks, personnel and budget. It will aim at 'upgrading the common interests'. First, it plays an active role as agenda-setter. More specifically, the Commission has the formal right of initiative and the crucial power to draft and amend texts. Moreover, any EU policy making for which the Treaty establishes no legal competence is only possible on the basis of a Commission proposal. Second, it is a 'neutral' mediator, deciding which proposals prevail. 'Neutrality' means that it is non-partisan towards member states. However, it has its own preferences which influence its policy proposals, favouring further integration for ideological reasons (federalist conviction, defence of the 'European interest') or self-interest (expansion of mandate, personnel and budget). Especially when it has specific expertise and information at its disposal, an international actor is well placed to construct package deals and make agreements feasible that otherwise would not be so. In order to defend its interests, the Commission builds coalitions with national interest groups which in turn lobby their governments or which pursue their objectives directly in the international arena, and with 'outside' experts constituting a transnational network of expertise. A supranational actor will have a strong influence on the bargaining process when the status quo is unattractive for governments but they disagree about the kind of joint action to take, when rapid decision making is important, and when it has strong allies at the domestic level.

### **Ratification, implementation and enforcement**

International organizations alter the perception of self-interest of governments, thereby making compliance rational because governments will fear retaliation (a violation provokes other violations) and loss of reputation. Retaliation is feasible in an international organization because issues are linked and interactions repeated over time. Governments participating in an organization which they consider beneficial will therefore 'comply with the rules even in particular cases when the costs of so doing outweigh the benefits' (Keohane 1984:104). International organizations enhance the weight of reputation for governments, because they expect to continue to deal with each other. Fear of loss of reputation is even more important than fear of retaliation, as the violator bears the costs directly. A government with a good reputation based on past compliance may be able to conclude beneficial arrangements more easily. Violation may go unnoticed when the number of participants is large or the international system is unstable, whereas it is very hard to escape punishment when the number of participants is small, the system is stable or when the supranational actor is entitled and able to check implementation and sanction non-enforcement.

'An International Organization with autonomous powers of enforcement can shape the interpretation and application of the rules, which is to say it makes rules' (Sandholtz 1996:408). The most outstanding illustration of this statement is the EU, with the European Court of Justice and the Commission as enforcement agencies. According to the realist approach (Garrett 1995), governments will create strong enforcement agencies

in their own interest, in order to make multilateral bargaining more efficient and to remedy problems of imperfect contracting. Realists seem to overlook that a supranational actor has its own interests, too. Once supranational actors have independent powers, governments cannot always control the way they will exercise those powers, and this may produce unintended consequences. 'After all, states grant autonomous powers to International Organizations precisely so that supranational enforcement will be shielded from state manipulation and interference' by governments with a short lifetime (Sandholtz 1996:410).

The Treaty of Rome which established the EC was a normal, non-enforceable multilateral treaty. Yet, rulings of the Court have resulted in a constitutionalization which was unforeseen by the member states. The Treaty did not contain a clear statement on the supremacy of Community law *vis-à-vis* prior and subsequent member state law. In 1964, the Court, with a clear integrationist view, ruled that 'by creating a Community of unlimited duration...the Member States have limited their sovereign rights...and have thus created a body of law which binds both their nationals and themselves'.<sup>3</sup> 'The now undisputed existence of a supremacy clause in the Community framework is therefore a product of judicial creativity' (Mancini 1991:180).

The Court cannot directly impose a penalty on a government, but it has developed strategies to hold member states to their obligations through their citizens. The direct effect rulings of the Court<sup>4</sup> enable citizens to force their governments to live up to their commitments and create a two-level judicial structure which strengthens the supranational actor through domestic actors. The Article 177 procedure, inviting national courts to request the Court to give an interpretation of Community law (preliminary ruling), constitutes a similar instrument, as governments 'find it harder to disobey their own courts than international tribunals' (Weiler 1993:422). The involvement of national courts has helped to establish Community law not as a counter-system to national law, but as part of the national legal order. Moreover, it has created a specialized transnational legal community with a common interest in the respect for and the effectiveness of Community norms. Governments accept the rulings of the Court because of its non-partisanship and because the benefits derived from having an effective legal system in the EU usually outweigh the costs of accepting the Court's decisions.

However, the Court's decisions do not automatically serve a government's interests. As Chancellor Kohl exclaimed in 1992, 'If one takes the Court of Justice...it does not only exert its competencies in legal matters, but goes far further. We have an example of something that was not wanted in the beginning' (cited in Weiler 1993:442). This can be explained by a combination of factors. First, the Court has its own preferences, favouring expansion of its mandate and a faster and deeper integration than results from intergovernmental bargains. The own view of the Court influences its interpretation of rules that result from political compromises leaving much room for interpretation. The Court finds often legal foundations for such 'integrationist' interpretations in the Preamble to the Treaty. Second, the separation between the legal and the political domain forces governments to fight conflicts with the Court in legal terms. When they violate the rules, they have to justify their behaviour in rule-based reasons. Third, the strategies employed by the Court enable domestic actors (citizens, firms, and national courts) to

enforce implementation by governments.

In several rulings, the Court has indicated possibilities to advance the Community agenda, thus strengthening the position of the Commission as agenda-setter. It has confirmed the role of the Commission as enforcement agency as well. Moreover, the enforcement powers of the Commission have been enlarged with each Treaty revision. Even before the first major revision in 1986, however, its reports concerning the implementation of Community measures and its infringement actions against defaulting governments have obliged governments to admit and to justify non-compliance, as well as to implement for fear of their reputation.

Enforcement mechanisms are particularly important when the implementation of a common policy is more costly than expected. Governments then face a dilemma between implementation despite the political, social or economic costs at home and abandoning implementation despite the expected loss of reputation, especially under conditions of strict monitoring by the international organization. In any case, we may expect a boomerang effect, because governments will be more reluctant with regard to further common policy making in this specific issue area.

### **Autonomous influence**

The preceding analysis of policy making by international organizations allows us to formulate some hypotheses about the conditions under which an international institution exercises an autonomous influence on common policy making.

- 1 An international institution influences the dynamics of preference formation when strong domestic groups favour supranational policy making or when it can exploit diverging preferences between government agencies or when it can promote cooperation in a sector linked to an area where governments have a strong interest in common policy.
- 2 An international institution, when it is supported by (a transnational coalition of) domestic interest groups or national experts, influences the interstate bargaining process enlarging the scope of common policy making (upgrading the common interest), when the status quo is unattractive and governments differ about the kind of joint action to be initiated.
- 3 An international institution influences the implementation by using 'two-level' strategies. Its influence will be consolidated when domestic mobilization is strong.

In the next section, the development of equal treatment policies by the EU is examined as a 'plausibility probe' of these hypotheses.

### **The European Union and equal treatment policies**

In the area of equal rights and opportunities for women and men, the EU has developed

policies which have led to ‘major revisions of national practice’ in all member states (Ostner and Lewis 1995:159). This is a surprising accomplishment, as EU social policy in general has remained very limited in comparison to the national level where citizens are covered ‘from the cradle to the grave’. The development of social policies in a common market is problematic, as decentralized policy making leads to policy externalities and ‘social dumping’, whereas harmonization is inappropriate due to the deeply rooted differences between national systems and traditions. The present section comprises an account of the policy-making process in the field of equal treatment, split up in three periods according to the character of the outcomes, namely ‘lowest common denominator’ (1957–1968 and 1979–1991) or ‘upgrading the common interest’ (1969–1978).

### **Regulation without implementation (1957–1968)**

The Treaty of Rome contains a short section on social policy. Article 119 states the principle that women and men should receive equal pay for equal work. Its inclusion in the Treaty was demanded by the French government, which stated that France did not want to suffer competitive disadvantage because of its more stringent social regulation. France aimed at the harmonization of regulation concerning equal pay, overtime and holiday pay at the French level. The Dutch government strongly opposed the French demand, as the Dutch textile industry employed many low-paid female workers and both trade unions and political parties preferred higher wages for bread-winners instead of equal pay. The German delegation opposed harmonization because ‘the equivalence of wages and social charges was not a pre-condition of the market but a function of the productivity differences which create a market’ (Collins 1975:5). Chancellor Adenauer, however, was ready to compromise, as he valued the EC as a *political* project. The Dutch government compromised, because Dutch business in general would benefit enormously from a customs union, but it succeeded in replacing the concept of ‘equal pay for work of equal value’, which was the standard of the ILO Convention of 1951, with the far more restrictive notion of ‘equal pay for equal work’.

Article 119 was not implemented despite its specificity compared with other social provisions, and despite the deadline (‘during the first stage’ of the completion of the common market), which expired on 31 December 1961. The Commission asked the governments to report actions taken in the field of equal pay by June 1961. The reports were unsatisfactory as ‘no country can point to a practical initiative taken by it prior to 30 June 1961’ (Parliament 1961–62 Doc. 68, cited in Collins 1975:86). Because moving into the second stage without at least a serious step towards equal pay would be a violation of the Treaty, the Council adopted on 30 December 1961 a resolution proposing a timetable for the progressive reduction of discriminatory wage rates, to be abolished entirely by 31 December 1964. By the 1964-deadline, equal pay was still far from being achieved, apart from a general decline in wage differentials thanks to economic development. Governments had no incentive to implement EC equal pay provisions: social policy was seen as a by-product of steadily increasing economic growth; diverging social norms did

not produce trade distortions, and governments were weary of the costs involved in implementation. In addition, domestic pressure was lacking. Trade unions feared that equal pay regulation would limit their autonomy in wage bargaining while women workers did not mobilize until 1966. The Commission held progressive views on social policy in general (Collins 1975:204), but in 1966 its room for initiative was curtailed by the Council and it was not particularly motivated nor competent in the area of equal treatment. The European Parliament urged the Commission in vain to start infringement actions. In 1967, the Commission issued guidelines for the insertion of social objectives in other policy areas and proposed to involve as many groups as possible in the decision-making process. The Council, however, decided that the Commission did not have the right to consult independent experts except in special cases after permission by the Council, nor to consult employers and trade unions, nor to publish studies without prior permission.

In conclusion, a lowest common denominator policy and non-implementation characterize the first period. Treaty Article 119 stated a more limited norm than the ILO norm agreed upon six years earlier and went not beyond what the most reluctant partner, the Netherlands, wished to concede.

### **Bold regulation (1969–1978)**

The summits of The Hague in 1969 and Paris in 1972 constituted turning points for EC social policy making. Changes at the domestic level had made the status quo unattractive. Both in France and in Germany, 'May '68' had produced fear of more social upheavals. France had been weakened politically, financially and economically. In Germany, a socialist-liberal coalition had come to power. Brandt, the first SPD-Chancellor, held the view that social justice should no longer be considered as an appendix to competition. Governments felt pressured by a public opinion increasingly critical of the EC. The rejection of entry by the Norwegian population in September 1972 and the reluctance of the British electorate to join the EC were clear signals.

At The Hague, the heads of government decided to move towards economic and monetary integration. Social policy was no longer considered a by-product but a *necessary component* of further integration, requiring regulation at Community level. At the summit in Paris in October 1972, the heads of government<sup>5</sup> called for 'vigorous action in the social field' including concrete measures and corresponding resources. In January 1974, the Council of Ministers adopted an ambitious Social Action Programme, which extended EC responsibility beyond the narrow limits set by the Treaty of Rome. It contained a strong section on equal treatment.<sup>6</sup> The political and economic conditions favourable to social policy making quickly eroded when inflation soared, unemployment rose, trade deficits increased and on top of all an oil crisis developed. In April 1974, three leaders of the Paris summit had left office, as the Tories lost the British elections, Pompidou died and Brandt had to resign because of a spy affair. The Action Programme soon ran out of steam, but equal treatment was one of the few sections to be fully implemented.

Between 1975 and 1978 the Council adopted three bold, binding directives on equal pay (75/117/EEC), equal treatment as regards access to employment, vocational training, promotion, and working conditions (76/207/EEC), and equal treatment in matters of social security (79/7/EEC). This may be explained by several factors. First, both internationally and nationally, 'the issue was in the public domain' (Hoskyns 1994:232). At the national level, 'second wave' feminism gained momentum and influenced the political agenda. Women workers organized within trade unions, and they set up a Working Party on Women's Work in the European Trade Union Confederation, created in 1973. Moreover, the issue was on the agenda in other international organizations (International Labour Organization, United Nations) as well. Second, the European Commission changed composition after the enlargement of the EC in 1973. At Directorate General V, conservative bureaucrats were replaced with competent and committed officials. They were supported by a small group of well-informed women (Reinalda 1997).

In 1973, DG V produced a combative report on equal pay, stating that infringement actions should be initiated and that a new Community instrument was to be developed to improve the application of Article 119. At the time, DG V was still convinced that Article 119 could not apply directly and that legislation at the national level was required. A directive would be the appropriate instrument to force governments to adopt such legislation, although it had not been used yet for social policies. In the 1974 Action Programme, the Equal Pay Directive was announced. The UN Women's Year 'seems to have created a certain sense of urgency' (Hoskyns 1996:86), as the EC wanted to make a significant contribution. France and the United Kingdom supported the idea of a directive. They had already adopted equal pay legislation and wanted all member states to be subject to binding regulation but rejected any new commitment. The Council finally agreed to widen the scope of Article 119 using the formula 'equal pay for the same work or for work to which equal value is attributed', enabling the enforcement of equality in segregated fields of employment. The directive compelled member states to establish a legal procedure enabling workers who feel discriminated against to lodge a complaint, and to elaborate job classification schemes. The directive was adopted in December 1974. The UK agreed because it thought that its Equal Pay Act satisfied the requirements, but in 1982 an infringement action obliged it to adapt its legislation.

The 1974 Action Programme stated that women need to be given equal opportunity in the labour market. Nonon was asked to draw up a directive on equal treatment. Within the Commission, the question of how far EC regulation could be stretched beyond 'equality in the workplace' caused much controversy. The draft directive was much amended, but the Commission stood firmly and it contained less derogation from equal treatment than national regulation. Social security provisions were removed because they would be too costly, but the Commission obtained the promise that they would be included in subsequent regulation. On the other hand, the British delegation widened the scope of the directive with a ban on indirect discrimination, in line with the British Sex Discrimination Act. The directive was adopted in December 1975.

Meanwhile the case of the Belgian airhostess Gabrielle Defrenne was referred to the Court in order to obtain an interpretation of Article 119.<sup>7</sup> In the first Defrenne case, the



Advocate-General wondered whether Article 119 was directly applicable. This question became the focus of 'Defrenne 2', and the Court confirmed in 1976 that, in cases of direct discrimination, individuals can invoke Article 119 before national courts. The Court urged the Commission to bring infringement actions against states that still had not implemented the equal pay principle. During the preliminary hearings, the British and Irish governments argued that 'any attempt to make direct rights under Article 119 retrospective would have disastrous economic consequences' (Hoskyns 1996:91),<sup>8</sup> revealing the extent of wage discrimination.

Inspired by the promise of the Council and the first Defrenne ruling,<sup>9</sup> the Commission subsequently took action in the sensitive field of social security. The draft directive, issued in January 1977, proposed the extension of equal treatment to all employment related social security. Vredeling, the new Commissioner of Social Affairs, gave the directive substantial support. Governments tried to extend the list of derogations, and as 'the negotiations came nearer to a conclusion, a certain amount of panic set in, with government representatives beginning to realize what they might be signing up to' (Hoskyns 1996:111). The Council eliminated the occupational schemes and fixed the deadline for implementation on six years, the longest delay ever set for a directive, because of expected implementation problems and the expenses involved. The directive was approved in December 1978, although according to a Commission official 'none of the three major countries really wanted it' (Hoskyns 1996:111).

In conclusion, under joint domestic and supranational pressure bold norms and strong instruments were agreed between 1969 and 1978.

### **Weak directives and 'soft law' (1979–1991)**

The boomerang effect became apparent. 'The 1980s were characterized by the Member States attempting to jump off the "social policy bandwagon" they had started rolling' (Cunningham 1992:178). Due to the recession, expensive equal treatment policies lost their attractiveness as an instrument to legitimize the Community and strengthen social cohesion. The 'growing recognition of the complex and extensive implications of previous initiatives' (Ostner and Lewis 1995:164) made governments reluctant. No significant progress was made in the domain of equal treatment. In 1986, directives on occupational social security schemes and on self-employed women were adopted (86/378; 86/613). They only contained lowest common denominator standards, were not completely binding and accordingly hardly had an impact on legislation in the member states. The Council vetoed draft directives on part-time work (1983), parental leave (1984), social security, widow (er)'s pensions, additional benefits for families, age of retirement, reversal of burden of proof (all proposed in 1989), organization of working time and atypical employment (both 1991). Other draft directives in the field of equality were transformed in 'soft law':<sup>10</sup> action programmes, recommendations, resolutions, a code of conduct and declarations. The interplay between the Commission on Women's Rights of the European Parliament, the Equal Opportunities Unit of DG V and the rulings of the Court kept equal treatment on the agenda, but progress was prevented as domestic

pressure on governments was lacking. The Treaty revision in 1991 resulted even in regression, as the Netherlands and Germany managed to insert a Protocol in the Treaty limiting the retrospective effect of Article 119 in order to reduce the financial consequences of the Barber Arrest.<sup>11</sup> The trade unions were weak and divided at the European level and did not give priority to women's issues, and the women's movement was chiefly organized at grass-roots level and divided regarding its orientation on EC equality policies. The Commission promoted transnational coalition building through the establishment of a Women's Information Service and a European Women's Lobby (1990), but only recently have these activities started to yield some results.

### Implementation

The Commission and the Court have been successful in making member states implement equal rights legislation. Compliance was obtained by means of monitoring, threats, infringement actions and preliminary rulings. By 1984, notwithstanding high financial and political costs (opposition by certain groups of workers, employers, conservative societal groups and political parties), all governments had reluctantly introduced legislation on equal pay and equal treatment, legal remedies and institutions to monitor application (Landau 1985:161–4). New member states had to comply with the directives as well. In Ireland and Greece, 'this has meant virtually revolutionizing the legal status of women' (Warner 1984:153). The Commission established equality expert networks in order to obtain reliable, non-biased information. Written notice of the Commission's objections and threats of further action have often been sufficient to enforce compliance. In sixteen cases, however, the Commission initiated infringement procedures. It won most of them. Some cases were dropped as governments hastily complied. The German government showed strong resistance when it argued that German law was already in line with the Equal Pay Directive. Nevertheless, because the Commission disagreed, it passed an 'EG-Anpassungsgesetz' in 1980. This did not satisfy the Commission, which started an infringement procedure and won it. At long last, in 1987, the German government complied with the Court's ruling.

Monitoring by the Commission also prevented backslides due to economic recession. In 1976, Ireland requested temporary dispensation from EC equal pay legislation because certain industries would 'face a serious crisis' without cheap female labour. The Commission refused, arguing that Irish women should not be penalized for their country's economic problems.

National courts have increasingly referred equal treatment cases to the Court, which has given preliminary rulings in over fifty cases. The Court has refined and extended concepts like 'pay', 'worker', and 'indirect discrimination'. Combined with the direct effect and the supremacy of EC law, the rulings have enabled citizens to defend their rights more effectively. The Court stated in 'Defrenne 2' that Article 119 grants rights to an individual if remedies do not exist under national law. As Germany lacks such a remedy, judges of lower German courts tend to refer cases directly to the Court, thus bypassing German judiciary in order to save time and to promote optimal outcomes

(Ostner and Lewis 1995:169).

## Conclusion

The research question guiding this chapter was to what extent the EU exerts autonomous influence on common policy making, resulting in outcomes that can be characterized by 'upgrading the common interest'. Three hypotheses specified under which conditions this might be the case. Does the policymaking process in the field of equal treatment live up to the expectations?

*Hypothesis 1.* During the first period, no domestic mobilization took place. In the second period, social unrest, the trade unions, the women's movement and a Euro-sceptical public opinion all put pressure on the governments, who could not afford to neglect them (SPD-electorate, British entry, French domestic weakness) and wanted progress in the field of economic and monetary integration. During the third period, domestic pressure was weak and divided, and governments were less sensitive, as equality policies are not electorally profitable in a period of economic recession.

*Hypothesis 2.* In the first period economic growth could offset negative effects of the elimination of trade barriers. Governments had no incentives to develop common policies, and the Commission was not committed to equal treatment policies. In the second period, the status quo was unattractive. Therefore, there was a *cosus* among the governments on the importance of social policy making. As the EG needed a 'social face' and as otherwise negative policy externalities would occur, they agreed that it had to be Community policies. The new Commission (1973), committed to integration in the social field, seized the opportunity to extend the social agenda in general and equal treatment in particular beyond the provisions in the Treaty of Rome, upgrading the common interest. It is illustrative that the equal treatment directives had to be based on Article 235 for 'unforeseen needs'. Domestic groups, a small transnational expert pressure group and Court rulings which indicated gaps in existing European law supported the Commission. In spite of Council interdictions in 1966 and 1968, the Commission invested actively though with limited success in transnational coalition building, and with more success in the establishment of expert networks. In the third period, governments had no strong incentives to develop further common equal treatment policies. They preferred to keep control on social policy making at the national level, though unilateral progress in equality policies was slowed down because of policy externalities and because economic recession and monetary integration imposed budgetary restraints. The Commission managed to keep the issue on the agenda, but its proposals were weakened or vetoed.

*Hypothesis 3.* During the first period, no implementation took place, although the Commission issued reports. It did not, however, start infringement procedures, thus undermining its own credibility. In the second period, the two-level mechanism functioned from the moment national courts started to refer equal treatment cases to the Court for interpretation, enabling the Court to promote the construction of European law and its enforcement. Domestic actors have applauded preliminary rulings and decisions in infringement cases because they strengthened their demands *vis-à-vis* the government.

National courts have increasingly referred directly to European law. In 1976, the Court accused the Commission in 'Defrenne 2' that in its reports it announced infringement procedures, but that it had failed to execute this warning. The Court used this failure to justify a limitation on the retrospective effect of Article 119.

In the third period, a boomerang effect developed. Several member states faced an implementation dilemma concerning the equality directives. They were not motivated to implement the directives because of the social and financial consequences, but the costs of non-compliance had increased as well, as infringement actions were brought before the Court and as the direct effect of Article 119 guided rulings by national courts. In all member states the directives were implemented. The success of the directives made the adoption of new binding regulation more difficult because of the implementation dilemma and increased awareness among governments of the far-reaching implications of equal treatment. Governments have learned from their miscalculations (e.g. UK, Germany) concerning the implications of EC law for national legislation. The boomerang effect is only partially offset by Court rulings extending concepts and making clear that the objectives formulated cannot be realized with the existing regulation. This functional-legal 'spillover' has inspired the Commission to develop new initiatives which, however, fail to be adopted as domestic mobilization is lacking.

The conclusion by Cox and Jacobson that for an international organization autonomy and influence are out of reach has not been confirmed by the analysis of EU policy making. The interaction between the Court and the Commission, defending their own interests, supporting and supported by coalitions of domestic actors (including national courts), has influenced the outcomes of common policy making and enforced compliance by member states. EU policy making in the field of equal treatment cannot fully be explained by the realist perspective, as governments have adopted and implemented policies which 'upgrade the common interest'. The own interests of the international organization, in this case the Commission and the Court, have to be taken into account, as well as interactions between the subnational and the supranational level. The boomerang effect resulting from upgrading the common interest may be offset by the combination of bold agenda setting by the supranational actor with domestic and transnational mobilization.

### Notes

1 I thank R.H.Lieshout for his help and comments.

2 In general, I use the term 'EU', but I employ 'EC' when referring to 'before 1993'.

3 *Costa v. ENEL* 6/64.

4 *Van Gend en Loos*, 26/62; *Van Duyn*, 41/74; *Defrenne*, 43/75.

5 Including the UK, Ireland and Denmark, due to join in 1973.

6 The section was written by Jacqueline Nonon, a committed female official of the Directorate General of Employment, Industrial Relations and Social Affairs (DGIV).

7 *Case 80/70*, *Case 43/75* and *Case 149/77*, all started by two Belgian lawyers, Eliane Vogel-Polsky and Thérèse Cuvelliez, against the advice of trade unions and

Commission officials.

- 8 In the UK, women would be entitled to £1 billion compensation for the period between January 1973 (British accession) and December 1975 (Sex Discrimination Act) (*Financial Times*, 11 March 1976, cited in Warner 1984:149).
- 9 The Court ruled in 'Defrenne 1' in 1971 that social security benefits 'are not alien to the concept of equal pay'.
- 10 'Soft law': instruments that are not binding although national courts have to use them as aids to interpretation where appropriate.
- 11 Case 262/88. The Court ruled that pension entitlements should be considered as pay as defined in Article 119.

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## 6

# A rational choice analysis of international organizations

## How UNEP helped to bring about the Mediterranean Action Plan

*Michael Nicholson*

The common association of rational choice theory in international relations with realism, neo-realism and related analyses of international behaviour based on the state as the central actor is unfortunate. It leads people away from the notion that it might be helpful in the analysis of other actors in the international scene, including international organizations. Rational choice theory can be applied to any sort of choice situation whether it is individuals or organizations that are doing the choosing. There are times when it offers powerful analyses. Some of its more enthusiastic proponents seem to think that practically all of human behaviour (and quite a bit of animal behaviour as well) can be fitted under its rubric (e.g. Becker 1971; 1991). The author is a more modest advocate, believing the procedures to be often useful but also have their limitations. One of the problems with rational choice theory is that, with ingenuity, it is possible to incorporate any form of behaviour under its wing, making it effectively a tautological system. Ideally, we want to avoid tautology while devising a theory rich enough to account for the behaviour we are interested in.

Given its successes elsewhere, it is worth seeing whether there is a role for rational choice theory in analyzing the problem of the autonomy of international organizations. There are three ways in which we can go about it. First, we can ask whether the rational choice analysis enriches our understanding of international organizations and gives some lever in determining the degree of their autonomy. Second, we can ask whether we can provide rational choice analysis accounts for behaviour within international organizations. Finally, we can ask how other actors such as states themselves or multinational corporations act with respect to such international organizations and whether this is appropriately considered within the rational choice framework. I shall do something of all three in considering the Mediterranean Action Plan which was set up by the United Nations Environmental Programme (UNEP) as an instance of this. Superficially, it seemed that the success of this plan violated the notions of the rational actor state. I shall show that it can be subsumed under a broader version of rational choice analysis. By *autonomy*, I shall mean that an international organization can not only devise plans on its own which would not have been thought of otherwise, but also it can carry them out. I shall be concerned particularly with autonomy with respect to the

governments of states. However, the concept applies to relations to other actors such as religious organizations (in particular over such issues as population control), or multinational corporations (over practically any economic issue).

### **The rational state**

First, let us briefly give an account of the 'rational state' of realist international relations theory, to act as a reference point in the later argument. It is easy to see why this is readily associated with rational choice theory. The state is viewed as a power maximizer in the same way as its opposite number in economics, the firm, is a profit maximizer. Like the firm, it is a unitary decision maker and pursues its goals uncompromisingly. In both cases, if the organization fails to pursue power or profits, it will be forced out of the system or compelled to take a less important role. Some conventional wisdom asserts that the system of profit-maximizing firms produces the best of all possible worlds, or at least one of the best of all possible worlds. In the jargon of the trade it will produce a *pareto optimum*, namely a point where an improvement of one person's position can come about only through some other person losing something. There is more doubt about whether the system of power-maximizing states produces a similarly desirable situation of perfection even in theory. Even such staunch supporters as Hedley Bull (1977) and Kenneth Waltz (1979), approaching the problems from very different perspectives, appear to have their doubts. However, the inevitability of an international system based on states and power is no less profoundly believed. Rational choice theory was developed in economics, where it was assumed that profit was maximized. Its extensions to other areas have also assumed that there is some concept of self-interest which organizations or people would want to maximize manifested in some variable such as power or influence. What it happens to be in any particular context is normally deemed to be self-evident. Thus, in the extension of the approach to international relations and within the realist tradition, power becomes the obvious thing to maximize even if this is a more amorphous variable than profit.

In the case of both profits and power, the argument concerns the continued existence of the organization. If the organization does not behave as it 'should' as far as its behaviour in the system is concerned, then it will cease to exist or exist only in a reduced form. The firm may go bankrupt or be taken over; the state may be invaded or forced into an unfavourable alliance and lose some of its sovereignty. The actors have no real choice. In the case of the state, this has particular significance. Power in this context is physical and military power. If the state fails on this front then it fails on all other fronts. Thus, the state's defence of its own interests must take priority over all other interests. There is some ambiguity about the trade-off between security and economic interests. In principle there should be none in that security should always dominate. When no security interests are involved, then wealth might become another variable to be maximized as, indeed, is often assumed. However, in the case of the state the maximizing of wealth does not have the same imperative as the maximization of security or the maximization of wealth for the firm. Providing it does not over-do it, it can trade off wealth for other factors and still



maintain its position in the system. We have moved out of the structural determinism of some of the classical realist systems.

### **International organizations' autonomy**

If this analysis is accepted (and some people do accept it) then a number of other things follow which are of particular relevance to this debate. First, states will *free ride* whenever they can on a wide range of issues from alliance contributions to environmental agreements. Second, international organizations will have *autonomy* only inasmuch as they do not interfere with the security (and possibly general wealth) interests of dominant powers. It may be convenient to hand over various sorts of activities to international organizations but more in the form of delegation than to give them any serious autonomy. Thus, the International Monetary Fund (IMF) can have autonomy to a certain degree in that it suits the dominant powers to delegate various activities to them. Sophisticated delegation means that the delegate can even act from time to time against the interests of the delegator. However, this can be so only within limits. There may even be advantages in doing so in that responsibility for unpopular actions can be blamed on the international organization instead of the government itself (Vaubel 1986). The overall pattern must still be one where the interests of the dominant powers are met. Thus, local autonomy of international organizations might be allowed, but no major actions harmful to dominant powers can be expected.

The classical realists took a gloomy Hobbesian view and seemed to think that everything would be a general battle of all against all, frequently resulting in violence. Many economists believed that the bloodless battle of all against all in the economic jungle would produce benefits for the consumer, though they traditionally neglected the bloodier forms of economic conflict such as those practised by the Mafia. The work of people such as Axelrod (1984) and Taylor (1987) suggests that agreement between self-interested but rational actors might be more widespread than initially might be thought. Realism need not imply behaviour which is red in tooth and claw but can involve reasonably civilized behaviour in the pursuit of enlightened self-interest. This is consoling, but still avoids some of the issues I deal with below.

### **Rational choice theory: individuals versus organizations**

In general, it is assumed that rational choice theory applies in much the same way to the decisions of individuals and of organizations. I have great reservations about this as will be developed in the following argument. However, I shall initially assume the similarity and bring in the modifications as we go along. As far as *individuals* are concerned, the issue is apparently straightforward. Individuals want to maximize some variable such as income bearing in mind the costs and the benefits. The restrictions on what it is that the actors want to maximize are minimal. They can want anything providing they are consistent in their choices. In particular, their choices should be transitive, meaning if

they prefer apples to oranges and oranges to bananas they should also prefer apples to bananas. On the face of it, this seems an innocuous condition. In conditions of uncertainty and risk, actors should obey the rules of the probability calculus, and such things as a consistent behaviour towards the future in terms of consistent discounting are taken for granted. Anyone who has taken even a first course in microeconomic theory will regard such things as merely common sense and suppose that, even if people do deviate from it a little in practice, this will produce minor discrepancies between theory and fact rather than any serious divergences. While it may not yet have penetrated into international relations, even as far as the individual is concerned, there have been some serious criticisms of these points. Ainslie (1992), Elster (1979; 1986), Frank (1988), Hargreaves Heap (1989), Nicholson (1992) and Sen (1976) have all argued that the concept of *preference* as used in the classical rational choice models, including the game theory models, is over-simplistic and needs significant modification. The whole issue of preference is a much more complex concept than is classically supposed. One particular line of criticism is the assumption that people's attitude to discounting follows the orthodox economic model. There is a significant amount of empirical material suggesting this is not so. These criticisms throw doubt, though as yet not conclusive doubt, on the strict version of the individual as rational decision maker as presented in its narrow form. It does not preclude a broader form of decision-based analysis. Thus, even if the presuppositions of the rational choice model are incorrect, a model based on actors who pursue a richer set of goals might still be a fruitful direction of analysis and, indeed, it looks to be a flourishing research programme in the Lakatosian sense (Lakatos 1970).

The critique of the individual model of the rational decision maker is secondary to my main purpose in this chapter. I merely note its existence. Organizations are the centre of the analysis of this book and it is to them we turn now. In the conventional interpretation of rational choice theory, *organizations* are interpreted as having goals in much the same way as individuals and no distinction is made. It is admitted that voting might sometimes produce intransitivities but this is largely disregarded (Black 1958), probably correctly in that the decisions of organizations can rarely be seen primarily as an issue in voting. In the stricter versions of structural decision theory, the goal must be to maximize profits or power or else cease to exist, or suffer some other clearly serious rebuff. Hence, choice becomes, at best, a matter of tactics. The issue of goals and how they are interpreted in terms of organizations is more or less circumvented, as there is very little choice available. However elegant these models of structural determination may be, they describe only small parts of reality. It seems much more plausible to assume that there are alternative courses of action which organizations can take without being seriously damaged. A state may have a whole variety of significantly different policies, which it can follow, which are consistent with continuing to exist and flourish. The world is not so narrowly defined as the structuralists might maintain. If this is the case we have to look at the issue of organizational goals and see where they come from.

Let us look at this problem in the context of the government of a state. The issue applies to any decision-making organization including international organizations but it is simpler to start with the state. The government is a group of people who take decisions where constraints on the decisions are imposed by various interests and to some degree

by public opinion and the media. The range of constraining actors is normally broader in a democracy than in an autocracy but the principle is the same. I assume, even though this is not always the case, that if a decision is taken in the recognition of the constraints, then it can be implemented. Constraints then are of the sort that a government faces in pursuing an 'ethical' foreign policy. It may wish to restrict arms exports to an unpleasant regime but there are serious employment implications. Both arms firms and representatives of the workers will therefore protest against this. There are also problems with the arms trade and security issues. Selling arms may strengthen some regime, which will become hostile to them in the future. The military forces of major arms-exporting countries such as the UK are used to facing in combat weapons produced in their own country. The trade-off between certain immediate profits and employment against speculative future military disadvantages usually is resolved in favour of the present profits.

However, we still have to examine where the goals and preferences of the government come from, once we abandon the hard-line structuralist assumption that they are effectively determined by the system. There are two approaches. First, we can still regard the organization as a unitary actor, or alternatively see the preferences built up from the preferences of the individuals who are members of the organization. The *unitary actor assumption* is a difficult one to hold on to once we abandon a very simple set of goals such as those found in a structuralist system. It could be that the actor's behaviour can be interpreted as following certain sorts of goals on the *as if* type of analysis expounded by Milton Friedman (1966). This is only practicable if an organization has a limited range of goals which, particularly in the case of a state, is hard to suppose. A much more plausible model of an organization is to assume it is a coalition of various often-conflicting interests (March and Simon 1958). Apart from anything else, governments have interests in wealth, in employment, in security, in the environment, in monetary stability and a whole host of other things. Such complexity would tax an individual in a struggle to be consistent, much less a group of people.

If we abandon the unitary actor assumption, then the goals of the organization must be determined by *the individuals involved in the organization*. Some of their goals may be personal and concern things such as money, career advancement, power and so on. Others may be directed towards the sorts of goals the organization is intended to pursue. One clear tradition in the public choice literature (e.g. Vaubel 1986) holds that the goals of all the actors are self-interested in the sense of pursuing either personal wealth or personal power. However, I suggest that peoples' motives are much more complex and involve an internalization of the goals of the organization, and even of an ideology, as well as purely personal goals. Indeed, it is hard to make sense of any sort of theory of choice which brings it down to the individuals involved unless an assumption of this sort is made.<sup>1</sup> Thus, a governmental decision maker with the interests of the state at heart imputes some appropriate goals for the state and then acts to achieve them whether these are security, wealth or whatever. There are then serious sets of problems about how to relate the goals of the many individuals involved to the overall goals of the organization and how to describe the state's behaviour in these terms. The resulting decisions are likely to be the resultant, in some sense, of a whole myriad of conflicting views about

how the state should be run. However, I shall not elaborate this point, as it is not central for the chapter.

It is taken for granted that state decision makers have the interests of the state at heart even though there may be significant differences amongst them about what is the appropriate policy. Their different concerns will indicate different priorities even if there is general agreement on the broad thrust of their policies. This is true of any other organization. A member of the decision-making group in a multinational corporation is expected to have the interests of the corporation at heart (indeed this is not thought to be problematic). The question then becomes, if there is a conflict between a person's membership of a state and membership of some other organization, which is dominant? It is too often assumed that citizenship of the state has priority. This is because it is tacitly posed in terms of the classical realist picture where the issue is supposed to be a fundamental one of the existence of the state, as might be the case when a war threatens. An abandonment of the state might even be construed as treason. However, most problems are neither as stark nor as extreme as this. Conflicts between the goals of a multinational corporation and the goals of a state are often of a much more modest order and by no stretch of the imagination would be regarded as harbouring potential treason. Further, such conflicts are usually ambiguous. Whether human beings are rational or not is partly definitional and partly empirical. However, they are undoubtedly superb rationalizing beings and can persuade themselves that almost any set of conflicting objectives are in fact mutually consistent when it is in their interests to do so.

### **International organizations**

If this is true of multinational firms, where there seems not to be much concern, why should it not be true of any non-state organization including the sort of intergovernmental organizations which are the central concern of this book? Even if it is the case that, in extreme circumstances such as war and violent conflict, the contradictions between decision makers as members of international organizations and as citizens of states become acute such that they have to choose between them and, even if we assume that they always choose the state, it does not follow that this is also true in less extreme situations. Few situations are extreme. Hence, there is no reason in principle why members of international organizations should not feel a primary loyalty to their organization's goals rather than those of the state.

The international organization is different from a multinational corporation in two main respects as far as the goals of the individuals who are the members are concerned. First, in many cases the governments of states may appoint the members of the organization. Governments will appoint people who have internalized the goals of the states rather than the organizations even when they are not officially there as representatives. Second, the budget of many international organizations comes from the states. Thus, even if the members of the organization take on the organization's values and goals they are constrained by the states' behaviour (as I suggested organizations such as the IMF would be). Neither of these factors applies to the multinational corporation,

the decision makers of which are normally appointed internally and not by governments and, of course, whose whole *raison d'être* is to produce income. There is also the added reason that the incomes of the individual decision makers relate directly to the profit performance of the multinational corporation meaning that there is a coincidence of individual and organizational goals. These are qualifications to the argument but do not invalidate my basic point that there is no reason why the members of an international organization should necessarily regard the goals of their state as dominating those of the organization for most practical purposes.

### **The Mediterranean Action Plan's autonomy**

The Mediterranean Action Plan, so admirably and ably analysed by Peter Haas (Haas 1990), was initially adopted in 1975 and was sponsored by the UNEP. During the 1970s much concern had been expressed about the pollution in the Mediterranean which seemed to be offering itself as a classic black spot both from the point of view of its physical characteristics and its political characteristics, which superficially would seem to inhibit any form of collective decision. Geographically the problem was that it is almost an inland sea with only a small connection with the rest of the world's oceans. Thus, broadly speaking, any pollution, which went into it, stayed in it. Second, there were seventeen states around it, which displayed an extremely wide range of political and economic systems. These ranged from Syria to Israel, Albania (in its communist version) to Spain and, of course, the wealthy and powerful France to the poorer countries of the Maghreb, giving the possibilities of a classic North/South conflict. With regard to environmental issues there was a marked lack of enthusiasm amongst many of the governments. Broadly, the poorer countries argued that the richer had got rich by polluting the world even if it was inadvertent. Environmentalism could be seen as a tool which was either deliberately intended to impede the development of the poorer countries or would at least incidentally have that effect. Environmentalism might seem to be the luxury of those who were already rich. France, though rich, has never been conspicuously noticeable for its environmental policies when they conflicted with French wealth creation. Free riding on many issues seemed to be a good French tradition. Thus, even if agreements could be reached, they would collapse under the weight of free riding. The classical rational choice theorist, particularly if wedded to the view that the states were the dominant actors, would give a weary sigh and conclude that it was all absolutely hopeless and scarcely worth the effort. This, of course, would be the standard realist position except that they might see that France, as the regional hegemon, might think it worthwhile taking action even if there were a number of free riders. It would depend on its own cost/benefit analysis.

In spite of the poor prognosis, the Mediterranean Action Plan was devised. It exemplified the first stage of autonomy in that it introduced an agenda that would not have been devised otherwise. This is not too surprising in that it was set up to do this. Nevertheless, it was some achievement even to get accepted that there was a problem for which collective action was appropriate. To get it accepted and gain commitments to

what became a regime was a more formidable achievement. The rational choice realists appeared to be confounded.

The Mediterranean Action Plan seems to have worked for a whole variety of reasons. However, the main reason given by Haas is that the UNEP group got into the hands of what he calls the *epistemic community* of environmentalists. Though the members of the group or organization were appointed by the states they were all committed to the notion of environmentalism and believed that there was a serious problem involved. Thus, their immediate loyalties were to the cleaning up of the Mediterranean. If a broader range of goals other than narrow self-interest is allowed, this is not so surprising. There is no particular reason why the interests of one's state as interpreted by the government should always coincide with one's own interests, particularly when these are formed by a set of ideas rather than narrowly in the sense of direct benefits. Given that the governments were going to appoint people with some expertise in environmental issues they were probably bound to appoint people who were at least peripheral members of the epistemic community. This then means that the members of the organization would seek a measure of autonomy because of the identification of its members with the goal of the organization. This broadens the set of goals of the individuals within the organization beyond any plausible description of self-interest. However, rational choice theory does not preclude this in principle and indeed is conspicuously liberal in allowing any sort of goal subject to the broad requirements of consistency. Some of its practitioners, though, find it hard to believe that people are not narrowly self-interested (Backer 1971), but this seems to defy observed reality.

This need not necessarily conflict with a sophisticated version of realism. The epistemic community of environmentalists deals with problems, which by their nature extend far into the future. Any solutions must likewise consider long-time periods. One of the clear results of rational choice theory is that the more the future is taken into account and the smaller are discount rates as far as the future is concerned, the greater are the incentives to cooperation (Axelrod 1984; Nicholson 1972; Taylor 1987). Even if the individual members of UNEP did keep their own states' interests in mind along with the goals of the epistemic community, their long-term perspective would mean that they were readier to make cooperative agreements than would be common in traditional diplomacy where preferences are more likely to be determined by short-term considerations such as, in the case of democracies, elections. Some of the people were in effect both members of UNEP and members of the government. Haas interprets their influence on their governments as meaning that the preferences of the governments altered, notably in the cases of Algeria and Egypt. This makes the potential disagreements between the advocates of the Mediterranean Action Plan and the governments at least in some cases disagreements within governments rather than an assertion of autonomy by UNEP.

One does not need to be a deterministic believer in the structural properties of systems to recognize that autonomy is never total. There are constraints on any actor even in flexible systems. The question is how much constraint, and to what degree this is hierarchic in the sense that states can impose constraints on UNEP in a way that UNEP cannot on states. Clearly there is a hierarchy here. Again on the principle of delegation, one can reconcile the activities of the Mediterranean Action Plan with ultimate state

dominance. It is much easier to delegate various decisions to another organization than to involve oneself in every detail even if, from time to time, a decision may be taken which is not the decision one might have hoped. One is going to involve oneself in intervening only if the decision hurts one's interests badly. In the case of some of the already overworked bureaucracies of the poorer countries, they were only relieved that they could let the epistemic community take over and relieve them of yet another burden (Haas 1990).

### **States' interests and epistemic communities**

However, again we come to the question of states' interests. What are they? In fact, opposition to environmental issues comes from commercial interests who are likely to be damaged. They might work through the state and indeed often do. But this is not really the interest of the government of a state as such. The commercial interests might be inciting the state to oppose on grounds that taking environmental measures will reduce wealth but this is a rather different thing. It again raises the question of the ambiguity of the concept of 'states' interests'. In this sort of case, governments may be as much *mediators and manipulators of contending groups* as they are *actors with preferences of their own*.

This argument may leave us with the supposition that epistemic communities are in some sense a 'good thing' and benign features of the modern world. They are one aspect of the autonomy of international organizations which dilutes the power of states and creates a cross-state consciousness for many important problems. There are severe qualifications to this. Thus, there is an epistemic community of bankers whose views on the appropriateness of severe fiscal regimes to remedy various forms of financial difficulty are not always regarded as beneficial by the people who are most influenced by their measures. Disagreements between bankers tend to be minor and the general notions of what are prudent policies are generally accepted amongst them. The desirability of free currency markets and the undesirability of any constraints on trade are widely accepted by the epistemic community who make decisions on such matters even if a broader community might have some reservations, at least about the absolutist versions of these views. Epistemic communities can be ways of constraining thought and policies as well as broadening them.

Other epistemic communities are by their nature conflictually directed. Thus the military security epistemic community in many states probably agrees on the broad principles of security. However, this often leads to measures which exacerbate the problems and lead to the security dilemma. It is possible that the security epistemic community is more open than most these days. The collapse of the Cold War has required innovative thought, while the growth of peacekeeping, despite in general its limited success, has provided new problems and a broadening of thinking in the community.

### Conclusion

Two arguments come out of this analysis, which relate to the issue of the autonomy of international organizations. First, the actors within it determine the goals of an organization even though they are surrounded by a host of constraints. When other actors, such as the governments of states, provide these constraints, it means that other individuals within these organizations have different goals. Sometimes there may be an overlap. Second, if we go beyond a very narrow concept of self-interest such as gaining money or power and suppose that individuals who are members of some organizations are motivated by ideological principles such as environmentalism, a concern for poverty, political liberty and so on, then these actors will go towards the organizations which seem to give them the most leverage for those views. In international organizations, which are paid for by governments, clearly the range of autonomy will be limited. However, those which are externally financed such as private organizations like Oxfam and Amnesty will have greater scope for autonomous activity. Thus, there will be a move by appropriately motivated people to seek such autonomous organizations and expand their autonomy. If it is the case that there is a growing group of people who are interested in values which do not readily fit under nationalist or state values, then support for autonomous organizations might be in a period of long-term growth. Autonomy, in this view, is not just an abstract feature of the situation but in fact is something, which can be worked for and achieved. Within a narrow view of self-interest it is inexplicable. Within a broader view of goal-directed behaviour it is very easily explicable.

The danger is that of tautology, which I warned of at the beginning of the chapter. After the fact it is possible to devise individual motives which make sense of almost any behaviour and it does not tax the imagination (except that of a very hard-nosed classical rational choicer) to devise plausible motives for people working for the autonomy of international organizations. The next step is to pose motivations more explicitly in advance (that is, devise a theory) and see to what extent this makes appropriate predictions about autonomous behaviour and its growth. At the moment, though not tautological, my analysis is perilously close to it.<sup>2</sup> Clearly, we can make non-tautological statements about multinational profit-making organizations. Likewise, we should be able to make non-tautological statements about non-profit organizations, although at the moment it is far less clear what they are. This is a formidable research project, which is just glimmering on the horizon.

### Notes

1 Stephanie Hoopes and I devise a set of three categories of issue over which



people have preferences to explain decision-making behaviour in the British Department of Energy. We call them *personal preferences*, which are for such things as money and prestige, *professional preferences*, which are those about the organizational goals and the ostensible purpose of the organization, and *group preferences*, which relate to working relations in the group (Hoopes and Nicholson 1997; see also Nicholson 1995).

2 I argue elsewhere that tautology has greater uses in the development of theory than philosophers of science such as Popper would have us believe (Nicholson 1996).

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**Part II**  
**Security and human rights**



## 7

# Non-proliferation

## Reinforcing the IAEA nuclear safeguards regime in the 1990s

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‘In the most dramatic strengthening of nuclear inspections in the last quartercentury, the International Atomic Energy Agency (IAEA) and its Member States have agreed in Vienna to develop strong new tools to assist in tracking the use and location of nuclear materials around the world.’<sup>2</sup> Was US President Clinton, when referring to the IAEA’s recent achievement of new safeguards arrangements, indeed applauding efforts by states *and* the agency itself, or was his praise confined only to its member states? This ushers in the central question of this chapter: to what extent do international security regimes function as independent entities in international politics, and what autonomy results from it for its principal actor, the IAEA? Assuming that the May 1997 results of the safeguards revision negotiations (together with the so-called Part I Agreement already adopted by the IAEA Board in June 1995) will formally become effective after ratification procedures in its member states, the conclusion will be that the IAEA indeed appears to have shown a small, although not negligible degree of autonomy in finalizing the so-called 93+2 process.

### **Past performance of the IAEA safeguards regime**

What does the IAEA safeguards regime look like? From its inception in the 1950s the IAEA has carried out inspections of nuclear materials for peaceful purposes. Agency inspectors visit nuclear facilities in order to verify that governments live up to their commitments to peaceful applications of nuclear material. Verification can take place only on the basis of voluntary agreements with the state in which the inspection is to occur. Thus, the IAEA is not a supranational organization able to impose inspections on any state. International agreements can relate to all or part of the nuclear material in a state. The goal of applying IAEA safeguards is to ensure that the material is not used for military and/or nuclear explosive purposes. Important safeguards measures are nuclear material accountancy, and containment and surveillance (seals; cameras).<sup>3</sup> With

the 1970 Non-Proliferation Treaty (NPT), the system of safeguards underwent expansion. The NPT obliged states without nuclear arms not to manufacture or receive such weapons. They were also bound to allow inspection of their civil nuclear activities by the IAEA. In exchange for their commitment to share nuclear technology with the Non-Nuclear Weapon States (NNWS) for peaceful purposes, the 'nuclear haves' were permitted to keep their arsenals, and were exempted from inspections. Similar obligations binding the NNWS followed from the Tlatelolco and Rarotonga Treaties, and from bilateral agreements. The five official nuclear states have voluntary safeguard agreements, which cover part of the nuclear installations on their territory. After China's and France's accession to the NPT in 1992, only four major states have refused NPT-safeguards. Three of them (India; Pakistan; Israel) are just-beyond threshold.

During its decades of operation the Agency inspections have expanded in scope and practice. Challenging developments in the past ten years, however, have led to a rethink on the adequacy of what came to be recognized as a regime. Most important was the fact that after the 1991 Gulf War the IAEA learned that Iraq had set up a completely clandestine nuclear fuel cycle, it had performed experiments with plutonium, and it had started designing nuclear weapons. Several clandestine activities had taken place in the nuclear research centre, Tuwaitha, in buildings to which IAEA inspectors had no access. Of a different order, but nevertheless contributing to the legitimation of more severe adjustments, were developments in other parts of the world. The break-up of the Soviet Union could have led to an increase in the number of nuclear states and potentially new sources of proliferation. North Korea was another example. Although a signatory to the NPT in 1985, inspections were not carried out until 1992. After fruitless comings and goings over reporting on the country's 'initial inventory', a crisis broke out in 1993 over the turning down of 'special inspection' requests. US satellite images and environmental sampling provided evidence that it was not complying with its obligations. Pyongyang responded by threatening to withdraw from the NPT. South Africa in a way positively contributed to the legitimacy of the regime. In 1993 it admitted having had a military nuclear capacity during the period that it had refused to become an NPT-signatory, but invited the IAEA to verify that it was now observing the treaty. This is not to say that only the 'weaknesses' of the 1990s created momentum for rethinking. They added to the already periodically debated belief that the existing safeguards system could not fully cope with the obligations to which states were bound under the Non-Proliferation Treaty. Conclusion: latent weaknesses in the regime came to light during the early 1990s and became a high priority item on the international agenda.

### **Upgrading the non-proliferation safeguards system**

The developments became a stimulus of adjustment highlighting two major

weaknesses in the regime. First, the regime covered only the monitoring of nuclear materials; it did not cover the actual development of nuclear weapons or parts thereof. As the NPT does not forbid the safeguarded stockpiling of weapons-grade uranium or plutonium, one can never be certain which states retain the capacity to build atomic bombs at short notice. These facilities may exist, at least theoretically, in South Africa, Argentina, Brazil, North Korea and Kazakhstan. Second, new members of the NPT disbanding old capacities, such as Belarus, Kazakhstan, Ukraine, as well as South Africa, will have to disclose to IAEA inspectors their (probably disputable) records of former nuclear transfers. The task of establishing the actual 'initial' inventory of the stockpiles will be considerable, if not impossible (Spector 1992:21–37). Foremost, the weaknesses of the NPT safeguards regime were most painfully demonstrated by the case of Iraq; the practical dependency of the IAEA on a state's own declarations and inspections based thereupon, and the IAEA's supposed 'blindness' to signs of weaponization of safeguarded material. In June 1991 Director-General Hans Blix summed up three requirements which future IAEA inspections would have to meet in order to prevent a second 'Iraq'. First, the IAEA should be granted unlimited access to any suspect facility in a state; second, it should be supplied with all relevant national intelligence data available; third, it should be given the full support of the Security Council of the United Nations (IAEA 1991). About two years later these measures were proposed under the 93+2 programme.

In January 1992 the Security Council reaffirmed its commitment to the non-proliferation of mass destruction weapons, as they constituted a threat to international peace and security. This wording provided a basis for ultimate economic sanctioning of the use of military force against violators. The IAEA Board of Governors' reaction to the Iraqi and/or North Korean cases was fourfold. First, reactivation of the Agency's never used authority to conduct 'special inspections' of suspected undeclared nuclear sites in the search for possible clandestine facilities (laid down in the 1970 INFCIRC/153 document); second, the introduction of obligatory advance notification of any information on new or modified nuclear facilities (a period of 180 days fixed for notification had proved too short); third, the proposal of a nuclear trade register, more or less analogous to the conventional arms trade register; this met with resistance and at the time (December 1992) merely resulted in a group of states voluntarily reporting imports and exports to the Agency; fourth, in line with Blix one year before, the proposal of measures directed at intensifying and extending its inspection activities. In May 1993 a special task force was created for the Programme to Strengthen the Effectiveness and Improve the Efficiency of Safeguards, referred to as '93+2' after its goal to have the safeguards upgraded by 1995.

In March 1995 the 93+2 programme was split into two parts, as the IAEA Board decided that some of the proposed measures required additional authority beyond that of the existing safeguards mandate. Hence, *Part I Measures* (for

which legal authority was already deemed to exist) had to be distinguished from *Part II Measures* (for which new authority was to be sought). The IAEA Conference actually endorsed the general statement that the Agency's capability to detect undeclared nuclear activities should be increased. In June 1995 the Board 'took note of' the so-called Part I Measures, and in early 1996 the IAEA started their implementation. They included measures such as additional access to information on past nuclear activities (production; facilities), on reactor design and modifications, and on the ways that different (groups of) states organize accounting and control (called SSAC); additional physical access to sensitive sites and facilities; 'no-notice' inspections at strategic points in certain facilities; taking environmental samples at prenotified locations; the use of advanced sensing, data transmission and information handling technologies; and cooperation with states in order to enhance their 'hospitality' towards IAEA inspectors. By and large the upgraded capability served two main purposes. First, it put further constraints on such states as Iran, Libya, Syria and others which had sometimes been suspected of engaging in manufacturing, or of possessing elements of nuclear weapons. It thus strengthened the NPT provision that barred all NNWS from manufacturing nuclear arms. Second, it isolated states such as India, Israel and Pakistan in order to bring about a reversal of their policies.

In June 1996 the IAEA Board agreed to establish a Board Committee to work out Part II Measures. This so-called Committee 24 was open to all IAEA member states and other states under IAEA safeguards control. It considered measures like: access to information on all buildings on relevant nuclear activity sites, domestic manufacturers, and trade in major items of nuclear equipment; physical access, if necessary on a no-notice basis, to any relevant location (including decommissioned facilities); environmental sampling anywhere; and additional cooperative measures facilitating inspections. The additional authority sought by the IAEA rested on three principles that are different from conventional verification: qualitative rather than quantitative treatment of additional information and access; assessment of additional information in IAEA offices rather than on site; and inspectors at additional sites should be able to walk around, use their eyes and, where appropriate, gather environmental samples (Pellaud 1996:2). After half a year of near deadlock (see the next section) Committee 24 reached a break-through in January 1997. On 15 May 1997 the IAEA Board of Governors finally approved the Additional Protocol containing Part II Measures. They include a considerable number of the elements at which the IAEA had initially aimed. However, it deviates from the Secretariat's initial wishes in at least two respects. First, the concept of inspections 'anytime, anywhere' had to be diluted. As it reads now, they will be limited to locations on which the state has to provide information to the IAEA, but the net result is a significant extension (the categories are listed in the Additional Protocol and include mines, main suppliers and research facilities). Second, the IAEA has to motivate any request to inspect 'new' suspicious



locations. These two amendments reflect the desire by nation-states to curb the IAEA's intent to acquire unlimited inspection rights. The IAEA 'shall not mechanistically or systematically seek to verify the information' that states are obliged to provide to this international agency. In practice, however, IAEA insiders expect a net 'gain' since the new formulation regarding inspections is still sufficiently general and the motivation can be formulated in fairly vague terms.

As of now, the nuclear weapon states are expected to adopt all or substantial parts of the new measures. Nevertheless, the basic division (or discrimination) between 'haves' and 'have-nots' did not change. It remains to be seen whether, in practice, the former states will be prepared to give up national security priorities, for instance, by providing sensitive information and allowing IAEA inspectors to go anywhere they wish. The nuclear *capable* states would not support the 93+2 result, taking the view that it was not relevant to them since it implied an extension to the controversial concept of a comprehensive safeguards system. Conclusion so far: the IAEA initiated a reformulation of the regime; it sought authority expansion by changing existing rules; and although the nation-states were not willing to give in completely, the international agency succeeded in expanding its authority, even if full implementation is still insecure.

### **Controversies surrounding the safeguards revision**

Although never disputed after the Iraqi and North Korean lessons, the upgrading of the IAEA safeguards regime was by no means a matter of routine negotiation. As the main thrust of the upgrading consisted of more intrusive inspections in general and of *undeclared* locations in particular, no state or company in the nuclear field could be indifferent to the 93+2 proposals. The sensitivities revolved around the additional 'burden sharing' of safeguards, which involved 'haves' as well as 'have-nots', industries and, leaving distributional conflicts aside, actually *all* parties concerned, including the IAEA bureaucracy itself. The 93+2 programme threatened to widen the discriminatory gap between the declared nuclear weapon states who continue to be privileged under the NPT and, formally, do not have to meet safeguards obligations. Consequently, their nuclear industries continue to be privileged. This gave rise to serious differences of opinion over commercially sensitive inspections, for example, within the otherwise homogeneous European Union bloc between 'have-nots' (Germany, Belgium and Spain) and 'haves' (United Kingdom and France). The former states' industries, as well as the Japanese, warned that in future they would be reluctant to release information on research and development, manufacturing technology and trade. They demanded comparable concessions from industries in nuclear weapon states. The latter could conveniently refer to the operational costs of any extension of the safeguards regime.<sup>4</sup>

Constitutional barriers to the inspection of private property raised problems in

some states (both 'haves' and 'have-nots'). The resistance of some major NNWS to the discriminatory character could only be overcome after a final round of negotiations early in 1997. These produced a set of unilateral declaratory commitments by official nuclear weapon states, which turned the safeguards regime in the eyes of some IAEA officials from a *discriminatory* into a more *universal* regime. The IAEA Secretariat was ill at ease with instructions to enter into additional protocols with each nuclear weapon state on closing the 'discriminatory gap'. Much of this discomfort was inspired not by the IAEA's resistance to the universality norm as such but by the fact that there would be no additional funding for the IAEA's inspections of facilities in nuclear weapon states. Another form of opposition came from mainly Western states that feared more inspections on their soil in return for their having to pay the bill. They were concerned with the growth of the IAEA inspection and safeguards budget. Their support of reforms was partly motivated by a desire to make the IAEA operate more efficiently.

The IAEA succeeded in overcoming most of the objections during the last phase of the Committee 24 negotiations, although sometimes at a considerable price. States who feared the expansion of the IAEA and its financial consequences were told that much of the upgrading actually involved cost-saving measures. Technology would give a helping hand. While safeguarding a bomb quantity of plutonium or highly enriched uranium cost \$3,000 in 1980, the cost today is only \$1,000. The proposed means of remote monitoring promised to be even more cost-efficient. Since the number of routine inspections correlates with the volume of nuclear material handled by a particular state the IAEA, in a move to appease countries fearing ever more visits (like Germany, Canada and Japan) suggested benefits for states 'climbing up the safeguards spectrum'. Therefore, the more transparent a state becomes, the fewer inspections will be necessary. States fearing too much exposure were reminded by the IAEA of its impeccable reputation for discretion in handling occasionally even incriminating information. The IAEA also capitalized on a public attitude that had become more critical of the atomic business in general. Industrial associations should maintain 'a broad vision of the political dimension [of strengthening the safeguards regime] and recognize that credible safeguards are vital to preserve public confidence in nuclear power' (Pellaud 1996:3-6). When eventually the Committee's near deadlock regarding the safeguards revision was broken, the IAEA proved to be in a stronger position than before thanks to its convincing arguments, capacity for negotiation and willingness to compromise.

### **An independent role for non-proliferation regimes?**

Given the information on this actual regime change we now return to the question of whether non-proliferation regimes (a category to which we consider the IAEA safeguards regime belongs) must be characterized as mere façades

behind which intergovernmental negotiations determine the outcome of agreements; or whether there is any room, however little, for the international organization to play a role of its own. Strict neo-realist thinking leaves few illusions about the viability of the independent, autonomous functioning of such actors in regimes, let alone in security regimes. According to Jervis, the security arena, due to its 'competitive modes of behavior' and its 'unforgiving nature', dictates against the establishing of cooperative regimes (Jervis 1983:175-6). Hardly less optimistic are scholars who do embrace the concept of a regime but reject any notion of its effectiveness outside the scope of strong political leadership by states having an interest in the continuance of the regime. Furthermore, regimes like the IAEA must become part of 'a broader regime that includes incentives for consumer states to perceive that they have a stake in cooperating' (Nolan 1995:186). The 1990-91 Gulf War is generally considered to have had a galvanizing effect on international concerns with non-proliferation matters. For some, this resulted not so much from an increased normative concern as from practical considerations. The interest in limiting weapons of destruction stems from the perceived threats that these weapons could pose to the forces or territories of the larger powers (Nolan 1995:174). Nuclear weapons are part of a discriminatory regime. Implicitly underlining the hegemonic nature of the non-proliferation regime Nolan emphasizes the 'basic incompatibility' of its contents: the sacrosanct status which the 'haves' accord to nuclear weapons and their 'attempts to declare these weapons illegitimate in the rest of the world' (Nolan 1995:179). In a sense, the IAEA regime has even turned out to be counter-productive in its view, as its intended goal of assisting NNWS in acquiring civil nuclear technology probably stimulated rather than stopped military proliferation, by making nuclear items and expertise become more readily available.

The record of non-proliferation regimes is mixed. According to Nolan regimes all have one thing in common: 'they lack clout, money, authority, and sufficient international support' (Nolan 1995:180). Returning to the IAEA's present status it may be questioned whether the IAEA protects only developed nations' interests, whether it will retain a purely discriminatory character (given the fact that inspections will probably become more universal), and whether it simply demonstrated 'lack of clout' and 'authority' when it openly linked Iraq's and North Korea's violations to the need for enhanced powers of inspection (which indeed it could only request convincingly from a position of weakness and even humiliation). Smith accepts the concept of a non-proliferation regime and points at the limited value of traditional regime theories. He therefore adopts a *cognitive* approach to additional explanatory power in emphasizing the learning capacity of states when developing transnational forms of governance. In his view the non-proliferation regime was not based on existing patterns of behaviour but on convergent expectations prior to any well-developed pattern of interaction (Smith 1987:277). This leads him to quote, among others, Peter Haas, who claims that some kind of 'substantive linkage on the basis of

cognitive developments based on consensual knowledge linked to an agreed social goal' may precede the actual formation of a regime (Smith 1987:278). In plain language: *learning* from similar experiences has led to a tacit agreement on the outcome of the formation of the non-proliferation regime. Thus, the cognitive approach may explain why states do cross barriers of self-help and invest hope and preferences (rather than calculated expectations) in regimes on the basis of similar but non-identical experiences. In other words, cognition explains the change in thought prior to the change of the regime.

Two additional explanations can be mentioned: institutionalism and the epistemic community approach. The purely institutionalist approach holds that regime norms and rules socialize and discipline states because they are simply created to relieve states of repetitive cost-benefit analyses. The complex institutional theory holds that regimes are embedded ('nested') in normative systems of a higher order, reinforcing compliance in specific regimes. In his case study on German non-proliferation policy Müller concludes that proliferation regimes do have a strong impact on state policy (Müller 1995). There are several reasons for this. First, in times of crisis and confusion a tendency exists to 'consult' the intentions of a regime, thereby implicitly ascribing higher exegetic authority to the regime than it had before the crisis. Second, a strong normative framework (the 'necessity' or even 'duty' to avoid nuclear war, the 'suspicious' nature of nuclear trade, the 'need' for security cooperation and mutual arms control rather than self-help) helps to reinforce specific security regimes. Third, in the long run 'learning' from adverse experiences (frivolous exports; reputational damage stemming from environmental impact of nuclear activities; irresponsibility in foreign policies stemming from lax export controls) tends to promote regime compliance. 'Epistemic communities' refer to specific communities of experts sharing a belief in a common set of cause-and-effect relationships as well as in common values to which policies governing these relationships will be applied. Within this approach it is crucial that regimes are seen as learning vehicles that produce convergent national behaviour. Once established regimes may empower a group of experts who in turn contribute to the development of convergent state policies in compliance with the regime (Haas 1994:128). This is slightly different from 'learning' in the previous sense in that regimes themselves and not states are seen as initiators of transformative processes.

### **Regulation theory**

At this point, theory adds to our understanding of how international organizations may acquire a certain degree of autonomy. Even in the international security domain regimes may be of a transformative nature. They *get* transforming potential (since states grant them a 'venture capital' based on hope, expectations and similar experiences, and 'reinvest' in them after

evaluations) and in turn they transform (by mobilizing support groups and transnational expertise groups, by socializing states into disciplined behaviour, and by enhancing normative consciousness).

Assuming that nation-states pursue functionally realistic policies we may add that regimes may even receive part of their original venture capital on the basis of *calculated* state behaviour. Paradoxically, states may indeed transfer power to political bodies as a means of promoting self-interest. There is an obvious parallel with the analysis of independent regulatory bodies in regulation theory and its rules-versus-discretion debate. Although regulation theory is mainly focused on the national level and the concept of independence seems far from attainable in the international context, its line of reasoning may clarify why governments grant autonomy to international institutions (cf. Majone 1996:40–6). Proponents of politically *independent* regulatory commissions entrusted with the overseeing of market behaviour of private actors stress the advantages when enhancing these bodies' credibility. Proponents of politically *dependent* regulatory commissions, on the other hand, stress the advantages of discretionary political intervention in business. Studies on regulation conclude that bodies regulating areas of (re) distributive politics are mostly of a discretionary, dependent nature. Bodies regulating areas of collective growth ('win-win') function best under 'independence' conditions. Independent agencies are most useful in complex or technical matters in which expertise is of crucial importance. Political sovereigns who have delegated their power to independent institutions increase their credibility, while retaining discretionary power would lead to political opportunism and policies inevitably changing with the passing of time. Independent agencies differ from elected governments in that they are able to commit themselves indefinitely. The longer that trust is put in them and the more absolute this faith, the greater their chances of establishing a lasting reputation of impeccability and credibility. The agency will also be in a better position to operate to the benefit of all who entrusted it with authority. In the long term, loss of political autonomy is perceived to be compensated for by the collective gains from objectivity and impartiality inherent in independent organs. The regulatory argument does not specifically run that it is advantageous to the institution itself (although it might actually be) but to the governments who delegate power in the first place. After all, they can commit themselves better to regulatory strategies that would lack credibility in the absence of delegation (Gatsios and Seabright 1989:46). While various dimensions of 'learning' drawn from conventional regime theory explain the potentially transformative nature of regimes themselves, regulation theory suggests that sovereign states may have an interest in the transfer of autonomy to 'win-win' regimes. The IAEA, as a dual institution, could possibly profit from delegation incentives.

### **The new safeguards regime: exploiting a window of opportunity**

Through concentrating on the upgrading of nuclear safeguards under the 93+2 programme, we gain considerable insight into the IAEA's organizational dynamics from its forty-year-long history. As Cox and Jacobson observed (1973:7), organizations like the IAEA may take on a life of their own and gradually change with respect to functioning, scale, authority and essentiality. During its first two decades, the IAEA as a technical agency was focused on the peaceful development of nuclear energy. However, the fact that 'infrastructure and technology of both the peaceful and military atom are closely related and at points even indistinguishable and the fact that the technical and political aspects of the atom in many instances cannot be dissociated from one another, make it seem more appropriate to look upon the agency as an ongoing example of the political handling of technology' (Scheinman 1973:216). Indeed, the 1970 Non-Proliferation Treaty transformed the IAEA into the key organization to inspire the confidence and to provide the transparency needed to effectuate the deal between the nuclear 'haves' and 'have-nots' as embedded in the Treaty. Since then the failure to stop both horizontal and vertical nuclear proliferation in the military field has delegitimized the deal that the IAEA was supposed to implement. The IAEA itself, however, has not been delegitimized, as it has demonstrated its credibility in carrying out the civil part of the deal. The big successes in this respect were the 1990s decisions of South Africa, Argentina and, at the time of writing, most probably Brazil to become full IAEA members. The states (and not the IAEA) have failed in the military part. Environmental factors have further justified the regime's existence. First, the public dislike of nuclear arms and a growing distrust of civil nuclear power gradually reinforced IAEA's place in the ever more 'nested' complex of arms control regimes. Second, notwithstanding the cases of Iraq, India and Pakistan, there has been a growing awareness among both 'haves' and 'have-nots' that the actual discriminatory gap is smaller than it seems. 'Haves' can hardly benefit from using their megatons militarily, whereas 'have-nots' can hardly obtain more security by acquiring them. It seems more likely that both share a common interest in not upsetting the existing distribution of nuclear assets and controlling irresponsible states.

After the Cold War was over greater transparency and the disappearing East-West dimension in regional conflicts only contributed to the relative decline of the nuclear weapon. Though concentrating on the security dimension of safeguards in the first place, it needs to be recalled that *safety* concerns (cf. the Chernobyl accident) no less contributed to the growing demand for the IAEA's expertise

and the agency's revitalization. These developments actually created the window of opportunity that the IAEA was offered in the 1990s. The challenge posed by states like Iraq and North Korea (undeniably putting the essentials of the regime to the test) and the problems of limited budgets and rising demands dating back to the mid-1980s stimulated regime reinforcement rather than collapse. The opportunity was even wider as neither Iraq nor North Korea could hope for client protection after the Cold War had ended. Moreover, Russia had every reason to solve the problem of repentant nuclear states on its Southern frontier. These factors seemed to assign to the IAEA, at least temporarily, an indispensable role in the New World Order with its needs for world-wide peacekeeping instruments, including means to prevent regional conflicts or terrorist violence from becoming nuclear, and more comprehensive, efficient and effective inspection capacities in a globalizing market of nuclear items.

Having a window of opportunity is one thing, exploiting it another. The IAEA managed to do so thanks to its dual nature. Being both a *growth* regime (it offers collective benefits to all members by providing civil technology assistance, transparency and security checks) and a *distributive* regime (it is supposed to divide and even freeze the state system into a nuclear and a non-nuclear part), the first element argues in favour of maximizing its autonomy, the second element makes a state-dependent status all but inevitable. By skilfully striking a balance between the dual interests, the IAEA managed to carry the 93+2 reforms through the negotiations. Both leadership and the role of an epistemic community were crucial in forging the result. By and large, the compromise reflects the aim of the nuclear 'haves' to maintain their status, in exchange for delegating more autonomy to the IAEA in its conduct and implementation of safeguard inspections. Technology in a sense was the incontestable argument, of necessity monopolized by experts. The IAEA successfully utilized the technology argument against national opponents of broader and more intrusive inspections in the future. There would be greater transparency for less money, and a number of traditional inspections in NNWS would be rendered superfluous. It finally enabled the IAEA to mix cost-efficiency motives with arms control ends, and vice versa, in a way which was acceptable to the IAEA Board of Governors.

Within the intergovernmental IAEA the Board of Governors (and to a lesser extent the General Conference) can be regarded as the 'environmental' factor in the sense Cox and Jacobson use it (Scheinman 1973:217; Cox and Jacobson 1973:27). In his 1973 analysis Scheinman had already concluded that IAEA decision making is characterized by a continuously informal consultation among and between member states and the IAEA Secretariat (Scheinman

1973:239–40). The environmental impact is modified by two variables. First, the informal consensus system serves as ‘a limiting factor between the environment and the inner dynamics of the organization’. Second, the heterogeneity of states’ interests limits the explanatory power of the environment (Scheinman 1973:261). One may add to this general pattern the particular finding that in benefiting from permanent consultations within its vast network of repatriated alumni the IAEA is able to act as a specific ‘consensus machine’ in an otherwise divided arena of national governments (Jönsson and Bolin 1988:316).

Two more ‘autonomy’ factors can be added. In its consultations with its member states both individual leadership and mobilized expertise have turned out to be important IAEA resources. Director-General Blix combined diplomatic skills and irreproachable professionalism with articulate and reasonable insistence upon a stronger IAEA role. At the same time he managed to involve the so-called SAGSI (Standing Group on Safeguards Implementation) in the negotiating process as the ideal, reputable exponent of the ‘epistemic community’ surrounding the IAEA. During the mid-1970s it already functioned as a technical advisory group of the Director-General who defined its broad agenda. Its members are formally private persons but in practice the important states all had their representatives. In the mid-1980s SAGSI explored ways to cope with rising demands and limited budgets, though within the framework of declared nuclear activities (Van Moyland 1996, 1997:2). Immediately after Blix’s first plea for additional IAEA safeguards rights before the Board of Governors in 1991, SAGSI started to explore the concept of trading enhanced safeguards rights for reduced routine inspections. When in February 1992 the Board endorsed the principle of intensifying and upgrading the safeguards operations, it was decided to increase SAGSI’s membership and to ask the group to prepare recommendations. By the end of 1992 SAGSI had expanded from fourteen to twenty members. The formulations of its mandate were modest but skilful. Possible enhancements of safeguarding were to be seen in the light of (and in fact preceded by the adage) ‘improving cost-effectiveness through...’. The most daring element was the request to elaborate on a plan ‘improving cost-effectiveness through procedures to detect *undeclared* facilities’. Blix had requested it after Iraq was revealed to be in violation back in 1991. In April 1993 SAGSI produced *SAR-15*, a fairly revolutionary report that provided the basis for shifting the IAEA focus to undeclared nuclear matters. One participant recalls that *SAR-15* reasoned that the existing safeguards were outdated, and that the international community had become increasingly familiar with principles of transparency, given the successful concluding of treaties dealing with conventional forces in Europe and the proliferation of chemical



weapons. Backed by *SAR-15* the IAEA Secretariat proceeded with the pursued reforms. Participants in the negotiations characterized 93+2 as a game of soccer in which players passed the ball to each other and seized their chance to start an attack. SAGSI used to combine with the Secretariat but sometimes communicated directly with other players. In spring 1995 it was requested to answer questions posed by the Board. SAGSI did not achieve all it had set out to accomplish. In 1993 its general feeling was that wide-scope inspections could probably be realized within its 1970 INFCIRC/153 mandate. In March 1995, however, the Secretariat and Board opted for caution and split up the reforms into two parts, the second to be based on 'complementary authority'. This turned out to be wise and helpful, as the adoption of Part I in June 1995 had the effect of laying the ground for the acceptance of the more sensitive Part II issues. The initiatory role of SAGSI and the Secretariat, where key officials of the Concepts and Planning Agency and the Legal Affairs Agency kept up pressure, put the Board of Governors on the defensive. 'Much of the discussion before the Board has been dominated by nitpickers, trying to knock a few rough edges off the Secretariat's proposals', one participant in SAGSI recalls. While the Secretariat's role was pivotal to the negotiations' outcome, SAGSI was influential as an initiator and architect of ideas and tactics, in that it combined efficiency and arms control innovations.

As suggested by 'learning' and regulation theories the conclusion is that in the 1990s the IAEA managed to enlarge its autonomy by skilfully exploiting a window of opportunity. The understanding of a balance between its dual interests (being both a growth and a distributive regime), the informal consensus system, the Director-General's leadership, initiatives by the Secretariat, and mobilized expertise (in particular through SAGSI) were crucial elements.

### **Conclusion**

Having characterized the IAEA safeguards regime and its weakening in the early 1990s, the conclusion is that during the 93+2 process the IAEA succeeded in expanding its authority and autonomy by a reformulation of the regime and by a skilful exploitation of the window of opportunity at that time. The regime certainly seems to enjoy a degree of freedom but, as it is typically 'nested' in a super-regime covering the much wider field of arms control, its individual contribution to the collective good of arms control is almost impossible to establish. It is also dependent on external support (by the Security Council for sanctioning, and by individual nation-states for their

willingness to share intelligence and to exert bilateral pressure on dubious member states, let alone free riders). Nevertheless, even in the arena of security politics, the sum of the parts (states plus international organizations) seems able to attain higher goals than states alone. The surplus is to be contributed to international organizations playing a role of their own, in this case the IAEA. The scope of the Iraqi defection took various national intelligence sources by surprise. The weakness of the IAEA turned out to be its strength: 'Iraq' uncovered the inadequacy of states to detect, or at least to counter dangerous developments. It proved the indispensability of an international regime. Technological development favoured the IAEA's position within the regime in that it steadily refuted a number of long-standing objections to empowering the IAEA to carry out inspections that were considered too intrusive. Environmental sampling, remote monitoring and advanced communications added to the IAEA's influence, albeit not so much in sanctionary power as in its 'power to prove'. The IAEA profited from the aggregate 'nesting' power of arms control regimes, covering the domains of e.g. the Chemical Weapons Convention or the Nuclear Suppliers Group. 'Nesting' may have cross-fertilizing and levelling-up effects in terms of normative evolution and the political acceptance of delegation of autonomy. Even the norm of universality ('proliferation is bad, non-proliferation is good') appears, at least temporarily, to have become stronger after the Iraqi and North Korean disclosures and the South African confessions. If the IAEA could have been reproached for being too negligent, it was certainly the nation-states that had been primarily responsible for dubious transfers of nuclear technology and for having failed to stop proliferation. It proved that non-proliferation was essentially a collective good. Taking the 'nesting' and 'normative' factors together, even a realist observer like Nolan implicitly recognizes the value of the non-proliferation regime itself. The success of the NPT as a consensual regime may be derived from the large number of states abiding voluntarily by the agreement. As a treaty based on strongly felt norms it has more clout and international stature. Nolan: 'it helps to deter or at least complicate cheating, and provides a court of international opinion to publicize and penalize violators' (Nolan 1995:184). Epistemic factors further added to the IAEA's influence. The IAEA leadership was strongly backed up by SAGSI, which 'spearheaded' the much wider network of experts and alumni smoothing the interplay between the IAEA Secretariat and the national governments. Finally, time played into the hands of the IAEA. The North Korean 'solution', something of a buy-off by the United States of a desperado programme, may be considered a makeshift contrivance in awaiting the political collapse of the Pyongyang regime. By its very anomaly, it only demonstrated the need for generic

solutions at the appropriate international level. The May 1997 agreement can be seen as a success for the states *and* the IAEA. Provided IAEA member states ratify or otherwise endorse the agreed additional protocol, the success in part accrues to the skilful operating of the organization itself.

### Notes

- 1 The author is grateful to IAEA experts and diplomats for their indispensable and critical help and kind advice, in particular Mr P.de Klerk and Mr K.Nederlof. The author remains fully responsible for the present chapter.
- 2 President W.J.Clinton, 'Strengthened international safeguards', Statement, 16 May 1997.
- 3 As of 1995, the IAEA had concluded safeguard agreements with 125 states (plus Taiwan). Of these, 66 (plus Taiwan) had nuclear activities and were inspected. In addition, the IAEA had conducted inspections in five NNWS having bi- or multilateral agreements covering relevant activities, as well as in the five nuclear weapon states. The IAEA had carried out 2,285 inspections at 548 different facilities in a 10,167 person-day effort, out of a \$100 million budget, with some 200 field inspectors. During 1995 IAEA inspectors analyzed 2,638 surveillance films and 3,807 videotapes. A total of 23,877 affixed seals were verified. The IAEA concluded that all inspections had been successful and satisfactory, North Korea being the only exception.
- 4 The nuclear weapon states succeeded in blocking requests by NNWS to widen safeguards coverage of their civilian fuel cycles (as a step towards a fissile material cut off) at least until 1991 (SIPRI 1991:563).

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# 8

## The margin beyond intergovernmentalism

### The Organization for Security and Cooperation in Europe<sup>1</sup>

*Kurt P.Tudyka*

The Organization for Security and Cooperation in Europe (OSCE) behaves like a reflector. It bundles and reflects the beams of light from the sources, i.e. the policies of the participating states, and directs that light to certain spots. The states may change the position of the reflector by increasing or decreasing the influence of some of the light beams. The reflector was constructed and is paid for by the collective of the states who appoint the personnel for its maintenance. They control the reflector in the same way that the national states control the OSCE. The autonomy of OSCE officers corresponds to that of those in charge of the reflector: they have to place it correctly, clean it and repair it. Their activities have a marginal impact, yet with some autonomy.

#### **On autonomy**

In general, autonomy means freedom from external restraints. According to Deutsch three distinctions are important. From the outside, any system may be defined as autonomous 'if its responses are not predictable, even from the most thorough knowledge of the environment' (Deutsch 1966:7). From the inside, a system can be called autonomous 'if it is characterized by a combination of intake and memory (that is, intake of information and recall of recorded items from memory) and if this memory itself is dissociative and combinatorial and thus providing opportunities for initiative and novelty' (Deutsch 1966:7). In international law, autonomy is defined as the self-government of a part of the population in a territory within a sovereign state. Sovereignty can be regarded as an 'intensive type of autonomy' (Deutsch 1963:200–29). Taking all this into consideration

the question is whether the concept of autonomy is applicable to international organizations at all. None of the aforementioned elements (unpredictability; intake and memory; population and territory) seem to be available to an international governmental organization as the basis of its autonomy.

If nation-states, which form an international organization, are regarded as autonomous entities then this international organization can only exercise an indirect, secondary or borrowed autonomy. Such a margin, however, exceeds pure intergovernmentalism and thus is the surplus value of an international organization. It can be formally derived from a treaty and/or a statute which is agreed on and given by the founders and members respectively—governments on behalf of their states—of that organization. If there is any autonomous policy making by international organizations at all then it takes place only within the manifold conditioned limits of a special field defined and transferred by the member states to the organization. Furthermore, the operations of this policy making are usually closely observed. Finally, the representatives of these member states carefully scrutinize the outcome. International organizations may also serve (and have served) as a comfortable source for legitimizing certain policies of nation-states which hide their interests and actions behind the label of these organizations. Altogether, international organizations are principally instruments of their founders and members. In general, they legitimize and guide the operations of their organization but they may also leave their officers a certain margin for autonomous policy making, particularly in cases that Cox and Jacobson typified as ‘service-organization’ as opposed to ‘forum-organization’: ‘the more an organization leans toward service, the larger its international bureaucracy and the greater the bureaucracy’s potential role in certain types of decision making’ (Cox and Jacobson 1973:5–6).

The treaty and/or the statute of the organizations define the limits of this policy making. The continuous decisions made by the member states provide other constraints contained first within the formal mandate for exercising actions on behalf of the organization, and consisting second in the granted resources, financial means, equipment, and personnel. Under these circumstances, autonomous policy making by international organizations is conducted by one or more officers of the international organizations who operate on their behalf. Office holders of international organizations may even be national officers. For instance, the presidency of the European Union (EU) is executed by one of its national governments. Another, almost contrary aspect of participation by a government that can be regarded as autonomous policy making by an international organization is the deviation from the principle of decision making by consensus. Furthermore, new

challenges regularly occur and demand actions of a kind not foreseen in the firmly described rules of the past. This may deliver the leverage for autonomous policy making by an international organization.

One question is: 'autonomy from what?', another: 'to what end?' If the autonomous policy envisaged is directed towards certain internal affairs of the organization itself, or towards subjects beyond the sphere of its members (e.g. the seabed or outer space), it seems more likely that member states will be inclined to sanction it than in cases where they themselves—and even what they regard as their internal affairs—are the subject of the policy. Hence in general there is no autonomy of an intergovernmental organization as such with regard to the participating states, but at most the concession by each participating state that the other participants can deal with matters that belong principally to its 'internal affairs'. The main question then is: what makes a state concede that an organization, i.e. in fact other states or the lofty 'international community', has the permission to intervene in its internal affairs? This question will be investigated here in the case of the OSCE (see also: Gheballi 1996; Tudyka 1997; *Das OSZE-Jahrbuch; Helsinki-Monitor*). Before doing so two more dimensions need to be clarified, i.e. the asymmetric relations between small and big countries, and the complexity of international institutions.

The OSCE offers smaller member states an opportunity to present their views and to participate closely within the concert of the big powers. In spite of their equal status with the key players (the United States of America, the Russian Federation and the EU-bloc) their domestic structures have to be more adaptive to international structures. The OSCE countries thus cooperate in an asymmetrical relationship. On the other hand, it is evident that an international organization like the OSCE can demonstrate its autonomy *vis-à-vis* states which are small or weak more easily than in the case of powerful states. Is it not symptomatic that all OSCE activities have been directed towards Eastern and South-Eastern European, Caucasian and Central Asian states but never towards a Western European or North American one? The autonomy of an international organization may thus degrade into mere etiquette or a smoke screen, hiding and promoting the big powers' interests. In that case the autonomy of an international organization becomes another expression or variant of the existing hegemony of the big powers.

Another factor may play a role in the relationship between the OSCE (and similar organizations) and smaller, weaker states. In most cases these states are confronted with problems they cannot manage by themselves. In a permanent state of crisis the ruling system is quite often endangered. Hence the ruling classes are interested in an intervention that could help them to survive by stabilizing the situation.

OSCE operations in such a situation have 'push and pull' aspects and are mediated through a give-and-take relationship although there may often be only an approximate relationship between the evolving real needs of the host country and the initial charge contained in OSCE mission mandates. In such a situation policy making may not be as autonomous as it seems.

So-called interlocking institutions define the OSCE's position within the 'European security architecture'. In reality, this involves a competition among different sectors of the international structure (like NATO, the EU and the United Nations). They all can limit (and have limited) autonomous policy making by the OSCE to a certain degree during the last few years in the cases of Bosnia, the Ukraine, Albania and so on. The relationship among various international organizations is not at all stable. In a formally legalistic sense the highest authority is with the UN, particularly with the UN Security Council. In terms of military power the North Atlantic Treaty Organization (NATO) obviously dominates the political scene, less so the Western European Union (WEU). The EU determines the situation in all circumstances where economic considerations play a role. There are still other international organizations, like the Council of Europe or the UN High Commissioner on Refugees. Finally, there are non-governmental organizations like the Red Cross or Amnesty International.

### **The OSCE as an intergovernmental regime**

In spite of its name the OSCE is not yet a formal international organization. It is still a 'process'. It has a structure with a centre located in Vienna. This OSCE structure is neither based on a treaty nor on an organizational statute. Hence the OSCE terminology does not speak of 'members' but of 'participating states'. The OSCE can best be understood as an international regime. Following Krasner's standard definition this means that there are implicit or explicit principles, norms, rules, and decision-making procedures on which all participating states agree (Krasner 1982). The regime concept captures both the present and the pre-1990 situation when the arrangement was still called CSCE and one may wonder whether with the OSCE there can be anything more than pure intergovernmentalism.

The change of its name from CSCE to OSCE at the Budapest summit in 1994 can be regarded as a token of an institutionalization, which has taken place since the 1990 Charter of Paris. This process could only happen with the full consent of all participating states. While some of them were more and others were less supportive of this development the OSCE remained at first merely a venue for the representatives of



the participating states. However, the change of name is symbolic of something that goes beyond semantics. CSCE stood for Conference *on* Security and Cooperation in Europe stating the purpose of the endeavour. OSCE stands for Organization *for* Security and Cooperation in Europe. This can be read as including the goal and a hint at the means of achieving the goal: security and cooperation by policies of cooperative security.

The OSCE claims 'comprehensive security' as its goal, the concept of which was characteristic of the CSCE well before 1989. New elements are its main approach (i.e. preventive diplomacy), its operative functions and its linkage between security (or better stability) and the economic and human dimension. In understanding the OSCE the concept of comprehensive security contains a central quality called stability and confidence in the political system including some so-called dimensions (mainly the human dimension). Before 1992 CSCE terminology contained the concept of 'baskets'. There were three only indirectly related categories of principles, norms and policy declarations: on confidence building, security and disarmament; on economic affairs, science and technology and the environment; and on humanitarian and other matters. Before 1990 these declarations often had an instrumental function in the confrontational policies of the key players, the USA and the Soviet Union. After 1990 the terminology changed and the contents of the former baskets were directly linked to each other. Consequently the basket terminology disappeared. The first basket became the confidence and security complex, the second basket the economic dimension, and the third basket the human dimension.

CSCE/OSCE changes between 1990 and 1992 were a result of changes in the domestic structures of the participating Eastern European states. They consisted of an attempted transformation of the former structure in the sense of exchanging 'Eastern' for 'Western' characteristics of a national state. The changes weakened the domestic structures and permitted a greater permeability to the benefit of the international structures and their proponents. Consequently, former anxiously controlled national domains became open and accessible, and a conference like the CSCE could extend its attention seriously beyond *interstate* questions to *intrastate* ones. This happened particularly with regard to democratic institutions, the rule of law and human rights. In those days the CSCE added a number of 'service functions' to its until then limited 'forum functions' (Cox and Jacobson 1973:5-6). Meanwhile, the new elites in the former Eastern bloc states conceded only reluctantly the endeavour of the 'international community' like the OSCE.

Principally, however, the OSCE was and is not in charge of the preservation of human rights, rule of law, democracy or economic

development as such but only in so far as their malformations endanger stability. If these prerequisites are given the participating states agree to tolerate OSCE operations even with regard to their internal affairs. The status, mandate and performance of the OSCE High Commissioner on National Minorities (HCNM) provide the best example. In 1992 the HCNM office was created because of disputes over minorities as a source of conflict. One could say that within the same constraints the OSCE as a 'mother regime' started to create subregimes (or 'nested' regimes). This process deserves more attention.

### **Three OSCE policy areas with relatively autonomous operations**

What is 'the' OSCE?, or more precisely: where or what is the factor, on the part of the OSCE, that takes the already-mentioned margin beyond the direct control of the participating states? Unlike most international organizations within the OSCE it is not the Secretariat or the Secretary-General but primarily the Chairman-in-Office who plays the crucial role of initiating, preparing and implementing policies. The organs entrusted and directly involved with the implementation in their respective field are the Office for Democratic Institutions and Human Rights (ODIHR), the already-mentioned High Commissioner on National Minorities, and various OSCE missions. As the OSCE chairman-in-office is always the foreign minister of one of the participating states it may seem strange that such a representative can be considered as the source or the implementer of autonomous behaviour. (Perhaps in order to enhance the credibility of this function the participating states during the last few years have always elected a foreign minister of one of the middle-sized states as their chairman-in-office). However, it is precisely this double role that gives the office holder the authority and means of autonomous policy making on behalf of the OSCE.

The OSCE has acquired a certain degree of autonomous policy making in three policy areas and has developed a corresponding set of policy instruments: 1) the human dimension exercised by the Office for Democratic Institutions and Human Rights; 2) the early warning and preventive diplomacy carried out by the High Commissioner on National Minorities; and 3) the conflict prevention activities by various missions. In a more comprehensive understanding of the OSCE sphere one could include other activities with a certain autonomous nature, like the preparation and execution of arms control, disarmament, and confidence and security-building measures negotiated in the Forum for Security Co-operation (especially for Bosnia Hercegovina), the work of

the Joint Consultative Group for the 1990 Conventional Forces in Europe Treaty, or the Open Skies Consultative Commission for the Open Sky Treaty (Möller-Guland 1993). A formally declared autonomy has been granted to the working, of the OSCE Court of Arbitration and Conciliation in Geneva, and the deputies of the OSCE Parliamentary Assembly enjoy a conscious autonomy. Neither, of course, is an intergovernmental body. Nevertheless their effects deserve attention (useful information on each of these institutions in: Spencer 1995–96:26–31; Cafilisch and Cuny 1997:373–92). This chapter focuses on the three mentioned policy areas.

### **1 The human dimension and the ODIHR**

The Office for Democratic Institutions and Human Rights provides an example of OCSE autonomous policy making, as will be seen. The human dimension originates from principle VII of the declaration of the Helsinki Final Act in 1975 dealing with questions of human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief, and ‘Basket III’ of the Helsinki Final Act specifying free movement of people, information and ideas, and finally mentioning the ‘legitimate interests’ of national minorities (Final Act of Helsinki in Bloed 1993:146, 208). The importance of these issues was confirmed repeatedly by the participating states during the Follow-up Meetings in Belgrade (1977), Madrid (1980–84) and especially Vienna (1986–89) (concluding documents in: Bloed 1993:219–24, 257–88, 327–412). Since the Vienna Document the term ‘human dimension’ also covers issues relating to pluralist democracy, democratic institutions, the rule of law and the rights of people belonging to national minorities. With the Vienna Document the participating states decided to convene a conference dealing solely with humanitarian affairs. To this purpose they organized three meetings in Paris (1989), in Copenhagen (1990), and in Moscow (1991) (documents 1990 and 1991 in Bloed 1993:439–66, 605–30). The Copenhagen Document and the Moscow Document are of special significance. The first extends the protection of minority groups, e.g. Roma, the latter emphasizes

that issues relating to human rights, fundamental freedoms, democracy and the rule of law are of international concern, as respect for these rights and freedoms constitute one of the foundations of the international order. They categorically and irrevocably declare that the commitments undertaken in the field of the human dimension of the CSCE are matters of

direct and legitimate concern to all participating States and do not belong exclusively to the internal affairs of the State concerned.

(Moscow Document, 3 October 1991, introduction)

Adopting the Paris Charter for a New Europe in 1990, all CSCE states committed themselves to the previously mentioned human dimension principles (Bloed 1993:542–3). The human dimension was also explicitly embedded in the OSCE concept of comprehensive security. This was formally stated by the heads of states and governments in their Helsinki Summit Declaration 1992: ‘Our approach is based on our concept of comprehensive security... This concept relates the maintenance of peace to the respect for human rights and fundamental freedoms’ (Declaration, item 21: Bloed 1993:706).

These formulations are ambivalent, because they (and similar ones) provoke the question whether the OSCE can only operate along the human dimension if the government of a participating state needs help in order to avoid further destabilization, and thus requests and welcomes OSCE activities. Or, can the OSCE intervene without the agreement or even against the resistance of a government or a state which is transgressing the norms and principles of the human dimension, and if so, under what conditions?

The Office for Democratic Institutions and Human Rights is the main OSCE instrument for providing states with practical help in implementing their human dimension commitments. It was created by the 1990 Charter of Paris as the Office for Free Elections and later renamed and enlarged by the Prague Council Meeting and the Helsinki Document of 1992. ODIHR activities became manifold, caused by a multitude of mandates handed over by the participating states. During recent years priority setting has been left more or less to the ODIHR director who formulated a policy aimed at balancing the need to assist the OSCE Permanent Council in responding to immediate political problems against the need to maintain a consistent policy on long-term issues (see Glover 1997). This indeed can be regarded as autonomous policy making.

The ODIHR developed a particular practice in relation to election tasks, examining the entire electoral process and reaching conclusions based on many of the OSCE commitments. This has included some new precepts such as the fact that the ODIHR cannot be dictated to by states on the numbers of observers permitted to monitor an election. Final reports about the elections are documents, which cannot be negotiated with the participating state concerned. Furthermore, the ODIHR has developed a Roma and Sinti Contact Point with many activities, among them a regional newsletter in Romanes. It has built up a national

training programme for criminal justice and prison officials among other rule of law activities. The office created independent reporting mechanisms for publishing human rights records, and special election reports, early warning reports and issue reports for internal use by the chairman-in-office and the participating states (see Glover 1997).

The limits of this kind of ODIHR autonomous functioning take the form of reduced attention given to the reports and a lack of implementation of human dimension commitments, as complaints by the office reveal. Despite its privileges some participating states are either doubtful or outspokenly negative about the merits of the ODIHR. This became obvious in the 1996 Albanian case when the government began to object to the election findings and its evaluation, questioned its impartiality and restricted further ODIHR activities (see *OSCE/ODIHR-Bulletin*, Fall 1996, 4, 4:31). There are other obstacles like insufficient funding and qualification of the staff, and limited access to the Permanent Council to report and to debate the shortcomings of the human dimension issues. For several states the ODIHR is an inconvenient or even disturbing factor in the fulfilment of their foreign policy objectives. Some observers regard the Warsaw location of the ODIHR as an advantage because of the affinity with the regions where the human dimension problems are greater than elsewhere and because of the distance from questionable influences which could be exercised within the Vienna sphere of the participating states. Others regard this distance rather as an obstacle to the results the ODIHR could achieve if it resided in Vienna as well. This issue of the location demonstrates the dialectics of autonomous policy making of an international organization and its members between relevance and marginalization, centre and periphery.

## **2 Early warning, stimulation of dialogue and the HCNM**

Another example of relative organizational autonomy can be found with the High Commissioner on National Minorities. This function originates within the 1992 Helsinki Document which comprehensively defines the tasks and limits of the HCNM (Helsinki Document 1992, Helsinki decisions, chapter II: Bloed 1993:715–21). In broad terms the HCNM identifies ethnic tensions that might endanger peace, stability or relations between the OSCE participating states, and promotes their early resolution. The proper fulfilment of this task demands a fairly autonomous position. Indeed, the office holder—the first and so far only one is the former Dutch Foreign Minister Max van der Stoep—operates independently from the parties involved in a conflict. He is empowered to conduct on-site missions and thereby to engage in

preventive diplomacy in the earliest stages of potential tensions. He can and did obtain first-hand information from the parties concerned. He may collect and receive information from any source, from the central government and the parties, as well as from the media and non-governmental organizations representing minorities. He has the right to travel freely to areas where the minorities concerned are living. He can promote dialogue, confidence and cooperation between the central government, local authorities, and minority representatives. When tensions threaten to escalate into violent conflict he can issue an 'early warning' to the OSCE, formally calling attention to the seriousness of the situation.

When active in office the HCNM can and has to behave autonomously. This fairly strong position of course has its rigidly formal and hidden factual limitations. It is explicitly stated that the HCNM does not operate as a minority ombudsman. Van der Stoel himself and others have repeatedly said that he is not the commissioner *for* but *on* minorities. He cannot investigate individual human rights violations and is explicitly prohibited from communicating with any person or organization that practises or publicly condones terrorism or violence. Furthermore, the HCNM is not allowed to get involved in conflicts where acts of terrorism are organized. Besides these formal boundaries there are other limitations, like a lack of financial support by the participating states and a rather tacit hurdle built by the unwillingness of the states concerned to cooperate. The mandate of the HCNM has some in-built limitations. These are: responsibility for a large geographic territory and the number of cases the HCNM has to deal with (although it has practically excluded Western Europe and North America). Evaluating the extent of the geographic area and the diversity of cases one may question whether the degree of autonomous policy making should be extended or the number of High Commissioners increased in order to achieve effectively the goals formulated in the mandate of this function.

### **3 Crisis management, conflict prevention and OSCE missions**

Within the OSCE a potential opportunity for autonomous policy making exists for the head of OSCE missions. OSCE missions are the result of practical challenges which confronted the CSCE shortly after 1990. One must distinguish short-term from long-term missions. The first short-term missions were sent out by the CSCE in 1991. Fact-finding, rapporteur or expert missions of a military- or human-dimension nature have been dispatched to investigate specific

situations, in the beginning to the newly admitted states to ascertain how able and willing they were to implement CSCE commitments. Under certain conditions such missions can be and have been used (e.g. to Croatia, Estonia and Moldova) to explore a doubtful situation with the support of only a few states. Following the so-called 'Moscow mechanism' a receiving state cannot refuse such an initiative. Short-term missions are bound by a precisely formulated mandate decided by the Permanent Council. However, once in position they may extend in scope and include activities that were not foreseen or planned. The mission to Serbia led by the former Spanish Prime Minister Felipe Gonzales is a good example.<sup>2</sup> Other missions remaining mainly outside the reach of the participating states depend on the activities of a personal representative of the Chairman-in-Office designated or appointed by him with a 'clear and precise mandate'. This function with special privileges and potential opportunities for autonomous behaviour was created during the 1992 Helsinki Summit. It carries the responsibility to investigate the situation in problem areas on the spot, resulting in concrete recommendations for further action (Helsinki Document 1992, Helsinki decisions, chapter I, item 22: Bloed 1993:714). The Chairman-in-Office has sent such 'personal representatives' to investigate specific problems in order to report and if necessary prepare the start of a long-term mission as in the cases of Moldova, Georgia and Chechenya.

In 1992 the CSCE started to employ long-term missions as a new instrument of conflict prevention in the field. By 1997 eleven missions of long duration had been dispatched to areas of the former Soviet Union and Yugoslavia, and one to Slovakia. Long-term missions are installed by a decision of the High Commissioner or the Permanent Council. Their task is conflict prevention and crisis management. Specific mandates, compositions, and operations of the eleven missions are rather divergent because of the areas of their activities and changing circumstances. Various evaluative reports concluded that the missions are a useful instrument of preventive diplomacy and conflict resolution. The Fraser Study stated that they had a 'significant, if limited, effect on the crises they were sent to deal with' (Fraser 1994:1). The Terman Report concluded that 'their accomplishments appear considerable' (Terman 1994:34). The extent of the missions' influence also depended 'on the willingness to adapt to changing situations and to take initiatives, in some cases beyond the exact wording of the mission's mandate' (Fraser 1994:1). Such an autonomous working of the missions may arise when the head of the mission has to take decisions beyond the margin of his mandate, when the mandate for the mission is too vague, or when he is confronted with situations in the field that demand a quick response. The effects of such autonomy may

be restricted if there is a lack of communication between the field and the Vienna headquarters (Terman 1994:34). 'In most instances in which the parties were brought to modify their policies significantly or negotiate compromises, however, the missions have to work in close co-operation with key participating states, other CSCE-bodies, and international organizations' (Fraser 1994). Yet these contacts leave the room for initiative by the head of the mission undisputed.

Summarizing the three areas of relative OSCE autonomy (in the fields of the human dimension, national minorities, and conflict prevention) one can conclude that the main source and expression of autonomous policy making by the OSCE is the Chairman-in-Office. Within the OSCE sphere he is the independent variable while the operative organs are the dependent variables. He is restricted by a number of constraints for an international organization (finance, personnel, etc.) and he is not the only independent variable (the Permanent Council is another). Furthermore there are all kinds of intermediate variables like the feasibility of the type of policy undertaken. The HCNM is the least dependent officer, the service function of the ODIHR offers particular capabilities, and the missions derive autonomy from the vague mandate and the challenges of the practical work they are confronted with.

### **The state of internationalization as a condition for autonomy**

Notwithstanding these examples of relative autonomy of OSCE operations the findings of these cases confirm the earlier formulated statement, namely that in general there is no autonomy of an intergovernmental organization as such with regard to the participating states, but at most the concession by each participating state that the other participants can deal with matters that belong principally to their 'internal affairs'. The important question is not whether or how much an international organization is 'autonomous', because one can be autonomous but irrelevant like one of the numerous tiny states which are nonetheless members of the UN. The effects of an international organization (using the term in the broadest possible sense) are not the result of its disputable 'autonomy' but of its capabilities or its ability to penetrate the decision-making machinery of its member states. Penetration means the success of people working in an international field in expanding their concerns to the benefit of the issues of nationally limited fields. The strength of an international organization is thus its ability to internationalize national policies, i.e. to link, to as great a degree as possible, the policies of different states. The relevance



of an international structure (institution, organization, secretariat, agency, council, assembly or even court) depends on the degree of the fulfilment of a necessary condition, namely the success of that internationalization. The greater this internationalization the greater the autonomy. 'Autonomy' then is the consequence of that multilateral penetration of a state and a secondary quality of a successful international policy.

### Notes

- 1 I am grateful to the University of Nijmegen which supported the research work necessary for the compilation of this chapter.
- 2 See for the successful short-term mission in the Albanian case: 'Vranitzky brokers agreement in Albania' in: *OSCE Newsletter*, May 1997, 4, 5:1–2.

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## 9

# The role of NATO's bureaucracy in shaping and widening the North Atlantic Treaty Organization

*Ine Megens*

If adherents of realism have dominated the study of international organizations, this applies even more to the study of alliances. In this field the realist approach has been undisputed. National security as one of the core functions of sovereign nations is too sensitive to be left to international organizations. This chapter argues that theories on alliances as well as studies of NATO have failed to take into account the internal elements that contribute to the development of alliance cohesion and hence to a more independent role for NATO. To back up this claim, two periods in NATO history will be analyzed: its formative years and the period following the end of the Cold War. The development of an elaborate structure in the early 1950s is crucial in explaining why NATO was able to play a role of its own in the international security system. The end of the Cold War induced NATO to review and discuss its role in the changed international environment. The alliance proved capable of carrying out adjustments in its policy as well as in its structure. The roles NATO officials have played in this process will be discussed to see whether officials in the later period were as influential as their predecessors in the early 1950s in restyling the alliance and thereby maintaining the organization's independent role.

### **Alliance theories**

An alliance is a formal agreement between two or more states favouring security cooperation usually against a mutually perceived threat. Apart from discussing the precise definition of the term, alliance theories have concentrated heavily on three problem areas: the formation of alliances, the impact of alliances on the international system, and alliance performance.

Alliance formation deals with the question of *why* nation-states form

alliances. Most scholars argue that alliances are formed as a matter of expediency, either as a response to perceived threats to national security, or as an attempt to force a transformation of the international regime. States will align with others against the prevailing threat, an attitude characterized as 'balancing behaviour'. 'Bandwagoning' on the other hand is defined as an alignment with the source of danger (Walt 1987:17). Subsequent work has concentrated on explaining *when* alliances occur, and on the question of the *size* of alliances. Studies about the impact of alliances on the international system have focused mainly on the relationship between alliances and the outbreak of war. Alliance performance theories analyze the distribution of influence within the alliance, the extent of its cohesion and its effectiveness. All three elements have to do with its internal organization and functions. Alliance cohesion as a term has been used in different ways. Some use it to refer to the ability of an alliance to agree upon goals, strategy, and to coordinate activities, others to indicate its effectiveness. In keeping with the basic assumptions of neo-realism most scholars argue that alliance cohesion depends on external threat. If bipolarity declines in international relations, alliance cohesion declines too. An increase in an external threat, on the other hand, facilitates cooperation between the alliance's members. Neo-realists regard the decision-making structure as one of the best ways to measure alliance cohesion. A hierarchically structured organization is considered to be the best mechanism to cope effectively with external threats (e.g. Holsti et al. 1985:16–19).

However, the impact of alliance structure on performance and endurance is never taken into account as an independent variable. To neo-realists an alliance's institutional form hardly matters to its daily operations, nor to its impact on the fundamentals of international politics. Neither the origin of, nor changes in, bureaucratic structures are taken into account. In a formal sense alliances are intergovernmental organizations of sovereign states with no power in their own right. Member states use these organizations as a forum for discussion, or as an instrument to further their own particular national ends and to exercise influence. This interpretation fails to appreciate an international organization's role as an independent actor (Archer 1992:130–44). An analysis of decision making and institutionalization processes of alliances is necessary to reveal the extent to which an international organization is able to exert autonomous influence on policy making.

From the side of neo-liberal institutionalism other authors have pointed to this weakness in neo-realist theory. As Keohane observed: 'none of these otherwise perceptive [neo-realist IM] works takes advantage of the fact that alliances are *institutions*, and that both their durability and strength...may depend in part on their institutional

characteristics. None of them employs theories of institutions to examine the formal and informal rules and conventions on which alliances rely' (Keohane 1989:15). Weber argues that neo-realism neglects the role of alliance principles and institutions that shape the balance of power and affect its evolution over time (Weber 1992:677). Despite their criticisms of neo-realism and the research agenda spelled out by Keohane in 1989, neo-liberals have paid remarkably little attention to formal alliances, including NATO.

The end of the Cold War ushered in a discussion on the future of NATO. The rationale for NATO's existence was debated only marginally. Both within the organization and among policy makers the debate soon concentrated on the prospects for its new future. The alliance's restructuring, its relationship with the former Soviet Union and its enlargement became prominent issues. Only a few scholars of international relations have tried to explain and to develop generalizations from NATO's endurance. Its high level of institutionalization is an explanation frequently heard. A permanent institutional structure helps to foster a common analysis of a given situation, and is a necessary prerequisite to implement common action (Gordon 1996a:43). Others have pointed to vested bureaucratic interests resisting pressures to dismantle the organization. The military, in particular, tend to want to preserve the advantages of a common and well-tryed military structure. After all, why suddenly give up commonly developed strategic concepts, command structures, forward bases, interoperability of material and shared military training? Why are some alliances dissolved, while others endure? A high level of institutionalization strengthens a military alliance even if the conditions under which it originated change substantially. Also, a strong alliance leader can discourage dissolution by offering material inducements or threatening disloyal allies. A third source of alliance durability is a common ideological and political outlook (Walt 1997). Important though they are, Walt's explanations can provide a partial answer only. They account for an alliance's endurance. They do not answer the question as to how NATO's bureaucracy has influenced the organization's adaptation, and in what way the organization as such has played an autonomous role in the process of adjusting NATO policies in the 1990s. Before turning to this period I will now analyse how NATO as an organization came into being after the signing of the North Atlantic Treaty.

### **Putting the O in NATO**

When in April 1949 the North Atlantic Treaty (NAT) came into effect,

the signatory parties had not yet agreed on the machinery to be established. NAT's development into an effective organization took some time.<sup>1</sup> This was a gradual process without a preconceived plan. Article 9 only mentions the establishment of a council and 'such subsidiary bodies as may be necessary; in particular...a defence committee'. Nevertheless, the member states were in agreement about the principles that would underlie the alliance's structure. The North Atlantic Council was to be a consultative body without executive power. Any commitment to be undertaken by one of the member states required the national authorities' consent.

Throughout the first year the allies were preoccupied with the creation of the organization. At the first meeting of the North Atlantic Council on 7 September 1949 two subsidiary bodies were created: the Defence Financial and Economic Committee (DFEC), composed of the ministers of finance of the member states, and the Defence Committee (DC), consisting of the ministers of defence. In turn, the Defence Committee established a Military Committee (MC) comprising military representatives of the member states. Its task would be to provide the ministers with military advice. A Standing Group (SG) would act as its steering committee to facilitate speed and efficiency. The SG consisted of the American, British and French representatives. The inclusion of France in this committee was a political compromise. The French had insisted on parity with the Americans and the British, afraid of a continuation of the wartime special Anglo-American relationship. Soon the SG emerged as the centre of the military structure.

All member states were represented in these bodies, with the exception of the Standing Group, and all decisions were taken under the rule of unanimity. The meetings of these official bodies were forums where member states could exchange information and points of view. Differences of opinion on the priority of defence issues became apparent in tensions between NAT agencies, for example, between the Defence Committee and the DFEC. This often led to a stalemate situation. The committees waited for each other to start actual planning. Consequently, the implementation of their priority projects was slow. Little progress in defence planning was made, because the military and production side of the organization called for financial guidance for their planning, while the financial and economic side called for equipment needs and calculations before determining financial and economic availability. Conflicts of competence and lack of coordination hampered the committees. In the spring of 1950 the member states agreed that NAT needed a strong impulse badly.

In May 1950 a permanent body, the Council Deputies (CD), was established in order to improve the functioning of the NAT committees by a better coordination and guarantee of implementation of adopted

defence plans. It met for the first time in July 1950 under the chairmanship of Charles M. Spofford, the American deputy. A few weeks before the Korean War had started. This produced a sense of urgency within NATO that had been absent during its first year of existence. Until then the organization can best be characterized as a general arena for discussion.

In retrospect, the autumn of 1950 proved crucial for the members of the North Atlantic Treaty and for the alliance as such. The outbreak of the Korean War started a process that would result in a major increase in defence efforts, the deployment of American ground forces in Europe and the rearmament of Germany. In the months following the outbreak of the Korean War, NATO acted primarily as a forum for negotiations between the United States and its European allies. The Truman administration stressed the need for greater Western European cooperation. Moreover, it considered Germany's rearmament a prerequisite of an adequate defence of Western Europe, and it used NATO as a channel to signal its intentions. Compared to diplomatic bilateral channels, NATO provided a kind of public forum that added to the more traditional channels. At the same time, the US was using these bilateral contacts to prepare positions in NATO, and to explore possible compromises between the member states. During these talks the US tried to employ military aid as its main leverage tool. However, NATO's multilateral framework did influence both American bargaining strategies and the outcome of the bilateral negotiations on military assistance (Megens 1994:94–101). American aid and a US offer to deploy ground forces in Europe helped to overcome European hesitations about a vast increase of their defence budgets. The US left its mark on the transformation process, even if the outcome did not always reflect the original American ideas.

In December 1950 the North Atlantic Council approved further organizational changes. The most important decision at this meeting was the establishment of an integrated defence force under a centralized control and command. General Eisenhower was appointed the first Supreme Allied Commander Europe (SACEUR). His task was to ensure that an integrated NATO force would be ready to meet any Soviet attack. In wartime, SACEUR was to assume command over allied forces in Western Europe. In peacetime, only the staff at its headquarters, Supreme Headquarters Allied Powers Europe (SHAPE), came under its authority. The Military Committee supervised the work of SHAPE. Despite its subordinate position within the alliance, SHAPE soon managed to become the organization's pivot.

### **NATO's bureaucracy at work**

At SHAPE, staff began to develop detailed defence plans for subordinate, geographic commands and to draw up operational directives. They devised guidelines on the composition of army units and international standards on the number of reserves. Standardization of procedures and phrases facilitated international collaboration. SHAPE officers advised on training, organized allied manoeuvres and briefed national authorities on NATO strategy and force planning. Allied consultation on war planning in times of peace was a novelty in international relations.

SHAPE's success is primarily attributed to the international status of the supreme commander and his integrated staff. General Eisenhower succeeded in creating a truly international headquarters. Here, the common cause took precedence over the national allegiance of military personnel. The member states also attached great importance to SHAPE's activities. By design, and then by necessity, NATO concentrated its activities on narrowly defined military affairs in the early 1950s. In order to be able to operate as an integrated military force in wartime, the allies had to learn to coordinate national contingency planning. The military material granted by the Americans to their European allies facilitated cooperation in this field. An additional advantage was Eisenhower's dual capacity as allied commander and American commander in Europe. Even if as SACEUR he had no instruments to enforce compliance with his recommendations, his position as American commander lent them a coercive character. The choice of such a well-known and highly respected officer was another point in SHAPE's favour. Although this is true for every other officer that served as SACEUR, Eisenhower's personal authority and ability to handle delicate political matters as well as military ones, assisted in overcoming the nationalist resistance of member states to innovations introduced by the allied headquarters. Thanks to his charisma, Eisenhower was seen as the personal embodiment of US commitment to the defence of Western Europe. In his dual capacity as national commander of the US troops in Europe and supreme commander of NATO he pleaded the allied cause more than once with President Truman.

At the same time the relationship between SHAPE and the Military Committee points to a problem inherent in an alliance of sovereign states: the control over the armed forces rests with national authorities. The solution was to incorporate the national chiefs of defence in NATO's higher military structure. As Bland has stated: 'without the establishment of a supranational organization capable of overriding



national interests there is no alternative to "defence by committee".... No matter what the arguments for "military efficiency", in an alliance of sovereign states the balance between representation and efficiency will always be tilted in favor of representation' (Bland 1991:207; see also Jordan 1987). The nature of military command is one problem, another is the political guidance of the military. From the very beginning political control in NATO rested with the North Atlantic Council. The civilian oversight over the military needed strengthening when, in 1951, the military command in Europe became operational and NATO was about to embark on a major buildup of forces. At the Lisbon Council meeting in February 1952 it was agreed to concentrate political authority and decision-making powers in the North Atlantic Council. The Council would normally meet at official level, all member states being represented by their Permanent Representatives. A few times a year the Council would meet at higher levels, involving foreign or defence ministers.

At the same time a new international secretariat, under a Secretary-General, was created. The main task of the secretariat was the reconciliation of military planning with politico-economic capabilities of the member states. To this end the staff developed a new procedure for planning purposes, the Annual Review, and a new approach to the coordination of military production. Production programmes were aimed at ensuring that defence production undertaken by European states was as economic and effective as possible. Standardization of material was the major objective of the coordination of production. In most cases, however, all that could be achieved was compatibility of important components. Attempts to develop coordinated production programmes failed, mainly because every member state stuck to its own products and was unwilling to procure items from other European countries. The Annual Review process encountered many obstacles too. Its aim was to establish planning goals and to coordinate allied defence efforts. The procedure was a complicated one, involving both military and civil authorities at the national as well as international level. There was no mechanism to monitor the implementation of the recommendations. The impact of the Annual Review on national defence policies is therefore hard to assess, and may have varied from country to country (Taylor 1990:35). Eventually, its lengthy and cumbersome procedures, and its ostensibly meagre effects gave cause for complaints.

Lord Ismay was appointed NATO's first Secretary-General. The Secretary-General was empowered to take initiatives. He could table any subject that he felt deserved the attention of the NATO Council. Whether this competence helps a Secretary-General to become a leader and affect NATO's actual policies depends on his relationship with the

Council, and in particular with the American representative (Jordan 1967). The inequality of power within the alliance imposes limits on the Secretary-General's position. During his five years as Secretary-General Lord Ismay did not succeed to make his position prominent. In internal affairs he served first and foremost as a mediator and coordinator. To the outside world he acted mainly as the spokesman for the organization. His behaviour and understanding of his role set the pace for his successors. In the early 1950s the international secretariat was not as successful as the military branch of NATO in developing into an institution with identity.

With the exception of the official NATO history (Ismay 1954) the picture emerging from the literature on NATO's early years is not very positive (Maier and Wiggershaus 1993). Coordination appeared hard to establish. Burden sharing proved difficult to achieve and has remained a cause of underlying conflict ever since. The planned buildup of forces was 'unrealistic', the strategic concept 'doomed to fail'. Coordination by committees was insufficient while cooperation in other than strictly military fields (e.g. in military production), got bogged down in the planning stage. However, the standard literature on NATO's early period fails to appreciate some of its most important and innovative elements that contributed to its institutionalization. Following SHAPE'S establishment in the spring of 1951 and the subsequent reorganization of NATO's political structure a year later, the alliance gradually evolved from an arena for discussion among its member states into a more or less independent actor. Policy mechanisms and organizational arrangements were created which enabled the organization to act on its own initiative, and led to major adaptations of stated policies by national governments. The development of alliance cohesion in the early 1950s was the result of the emerging Cold War as much as of the balance of power among NATO allies, and the conception of their task of NATO's main officials. In spite of the prominent US position the alliance became more than a plaything of the Americans.

### **The transformation of NATO**

At its fortieth anniversary in 1989 NATO was in good shape despite several severe internal rifts and a permanent US-European dispute about budgets. Over the years, the organization's structure had been slightly adapted, but as such it remained remarkably intact. The end of the Cold War eliminated the original rationale of NATO and induced a process of reorientation and restructuring. This process of transformation is well under way but as yet cannot be surveyed in its

full extent. Three of the most important, interrelated, issues within NATO merit attention. All three draw the attention to the impact of NATO's bureaucracy on decision making.<sup>2</sup> The first issue is strategy. Traditionally NATO has been an organization for collective defence. When the political and ideological contrasts between the Soviet Union and the West ended, the alliance's strategic concept was out of date. At the same time new security risks emerged at NATO's outskirts which forced NATO to reconsider the ban on out-of-area operations. The second issue is the enlargement of the organization. In NATO the debate has mainly centred around the question of what its future relationship with Russia will look like, and what this will mean for cooperation with, or even alliance membership of, Eastern and Central European states. The third issue is NATO's shape. New tasks and (future) new members will also require NATO's structure and organization to be adapted.

### *Strategy*

The fall of the Berlin Wall in November 1989 and subsequent political changes in Central and Eastern Europe radically altered the security situation in Europe. Arms control negotiations on conventional forces in Europe gained momentum and in 1990 resulted in a treaty. NATO began to study the new situation in order to develop a new strategy. German unification offered an opportunity to withdraw troops stationed at the border between former East and West Germany and induced the alliance to revise the concept of 'forward defence'. Within NATO's military bureaucracy the debate on a change of strategy had been going on for a while, even before 1989. It had prepared a new conceptual study as well as analyses of the new strategic situation. The North Atlantic Council accepted those studies as the basis for its decision making on the strategic review. Increasing French involvement complicated discussions at the highest political level. France was taking a great interest in the work on a new NATO strategy, despite the fact that it was not part of the integrated military structure.

The Alliance Strategic Concept, adopted in November 1991, was based on a broad approach to security encompassing political, economic, social, environmental as well as defence dimensions. It emphasized cooperation and dialogue with Central and Eastern Europe, and argued that political means were needed to further well-accepted aims of the alliance. The security situation in Europe still being uncertain, the maintenance of an adequate collective defence capability and the strategic balance in Europe remained the alliance's core security tasks. A reduction in the size of nuclear forces as well as conventional forces was announced, and more importance attached to

the mobility and flexibility of the armed forces. The state of readiness of the main defence forces was reduced and the principle of 'forward defence' was abandoned. The new strategy referred to new security risks and emphasized crisis control and management, but it contained no plans or procedures for out-of-area operations and crisis management.

Fast and unexpected changes in the international situation since then made a further review of the strategic concept inevitable. The dissolution of the Soviet Union in late 1991 and the crisis in former Yugoslavia showed that growing instability elsewhere would continue to create security problems to NATO members. Out-of-area operations would increasingly demand the attention of the alliance's members. In December 1992 the North Atlantic Council declared that NATO was willing to support and contribute to peace-keeping operations under the authority of the UN Security Council on a case-by-case basis. NATO's military bureaucracy subsequently set out to work. They prepared documents and initiated studies on the implementation of this decision. For some years the revision of NATO's strategic concept made little progress, as the allies could not agree on Russian intentions and capabilities (the so-called residual threat). In June 1997 NATO finally decided to re-examine the alliance's strategy, recognizing that the strategic environment had changed since its adoption in 1991.

### *Enlargement*

After 1989 several Central and Eastern European states applied for NATO membership. In 1991 NATO welcomed cooperation with new partners. A consultative body between NATO and the Eastern European states was created, the North Atlantic Cooperation Council (NACC). Although it has been a vehicle of East-West political discussion, many Eastern European states complained that no genuine dialogue developed. Instead, they attached more importance to the military cooperation programme that took shape from 1993 onwards. This programme covered all kinds of military training and advice. A year later the Partnership for Peace (PfP) programme was established to strengthen cooperation. The US was its main initiator as it had actively supported the NACC from the beginning. The PfP programme provided a framework for operational military cooperation with each partner on an individual basis. Increasing interoperability between the armed forces and standardization of equipment were among the principal goals. In addition to military objectives, cooperation in PfP aimed at political goals. In every bilateral agreement democratic control over the national defence organization was an area of special attention. In July 1997 the future enlargement of NATO with the addition of three states

was announced. This took place after controversies with Russia had been solved and ironed out in an agreement between NATO and the Russian Federation. In the near future Poland, Hungary and the Czech Republic will become members of the alliance.

### *Organization*

The internal adaptation of the organization is the third issue in NATO's transformation process. As early as 1991 the Alliance Strategic Concept called for new force structures to enable the alliance to respond to a wide array of security risks. At the NATO summit in Brussels in January 1994 the member states decided to endorse a radical revision of command and force structures. Next to its military effectiveness and transatlantic character, NATO should develop a capacity to react on a wide range of contingencies. In addition, a European pillar was to be developed. The Combined Joint Task Forces (CJTF) concept was accepted as a point of departure. It implied the creation of temporary forces for carrying out specific missions. Joint task forces involve elements of two or more services, while combined task forces include forces from two or more states (Barry 1996:83). Its aims included the adaptation of the force structure to the requirements of the new missions, the possibility for non-NATO states to participate in operations, the permission to carry out tasks outside the treaty area and to use NATO forces and command structures for Western European Union (WEU) operations by offering them a 'separable but not separate' military capability.<sup>3</sup> Implementation of the CJTF concept has proven rather difficult and proceeds at a very slow pace (Cragg 1996).

In June 1996 the alliance issued a statement endorsing the European Security and Defence Identity (ESDI). ESDI has been developed within the framework of the alliance to prepare WEU operations that make use of NATO assets and capabilities. Initial steps were taken to exchange information and to enhance WEU and NATO cooperation. ESDI turned out to be the key to a breakthrough in the military implementation of the CJTF concept. Three headquarters were assigned to build up a permanent CJTF staff. In addition, a mechanism was created for adjustments and additions from staff elements in other headquarters (Cragg 1997).

### **NATO organization and the transformation process**

NATO's adjustment process is a response to fundamental changes in the external security environment of the alliance. Just like the Korean

War, which started off a process of institutionalization and added to NATO's internal cohesion, the end of the Cold War proved a necessary prerequisite for the transformation of the alliance. Many observers expect the alliance's internal cohesion to diminish in due course. They argue that a reduction in American troops stationed in Europe will inevitably lead to a weakening of the American commitment to European security. This line of argument fits the neo-realist claim that alliance cohesion is determined by external threat. So far, discussions and decisions within the alliance do not warrant this claim. Future developments depend on the ability of the Europeans to agree on a common policy as well as on American foreign policy priorities.

NATO's central bureaucracy is one of the interested parties involved in the transformation process. It should be stressed that the transformation of the alliance has not affected the central organization, nor has it reduced the number of officials at NATO's headquarters. New elements that were introduced in the bureaucracy to cope with the new tasks were added simply to existing structures. While armed forces have been reduced and commands will be dissolved in the near future, the central bureaucracy has been left intact. Despite inevitable rivalries between different branches, NATO's central bureaucracy seems to have been very successful in safeguarding its own interests. According to De Wijk, the military bureaucracy worked more energetically and efficiently than the civil bureaucracy, reaching agreement more quickly. The civil bureaucracy was hampered by differences of opinion and, as a consequence, could not provide the military with political guidelines (De Wijk 1997:119–20).

The military bureaucracy exerted noticeable influence on the revision of NATO's military strategy and the enlargement issue. On several occasions the military bureaucracy took the initiative to discuss a revision of the military strategy. They put forward questions, issued advice and made recommendations. The military have also taken a great interest in the enlargement issue, since this raises many questions regarding operational planning. The Partnership Coordination Cell at SHAPE advises NATO military authorities on the implementation of PfP projects and acts as a liaison between NATO and individual partner states. Their primary interest in this issue was also related to the day-to-day cooperation with the defence officials and military personnel of the former Central and Eastern European states. They thus gained a clear insight into the demands of their military bureaucracies and perhaps a greater understanding of their needs. In particular, the military bureaucracy initiated discussions, set the agenda and played an essential role in the implementation of PfP projects.

In the field of policy making, however, the latitude for such an autonomous role for NATO's bureaucracy has been rather limited. The

final responsibility for decision making within the alliance always rests with the member states. NATO remains an intergovernmental organization. The US provided strong leadership on external adaptation of the alliance. From the beginning the US has encouraged cooperation with former Soviet allies and has done its best to develop the NACC into a meaningful framework. The PFP programme was of American origin as well, and the US made it clear that this programme should lead to full membership for partners. As President Clinton stated on 12 January 1994: 'the question is no longer whether NATO will take on new members, but when and how'.<sup>4</sup> As NATO enlargement required careful handling of the relationship with Russia, it seemed only natural that this task fell to the US. As the leader of the alliance, the US played first fiddle in diplomatic relations with Russia.

As far as internal adaptation is concerned, the US role seems to be more ambivalent, in particular with regard to the idea of a European pillar. France tried to 'Europeanize' NATO and argued for a new military structure that would make it possible to carry out operations both with and without American assets. As a result of these differences of opinion, the internal adaptation of the alliance has lagged behind its external reshaping. Until a new French president, Jacques Chirac, came to office in 1995, little progress had been made. When France announced it would work more closely with SHAPE, steps were taken to prepare for the return of France into the integrated military structure it had left in 1966 (Grant 1996:67-70). The French rapprochement with the alliance broke the stalemate over CJTF implementation and brought about a compromise on ESDI. However, several complex issues remain to be worked out, among them the revision of the command structure (Estrella 1996; 1997).

In retrospect, the period between June 1996, when the ministers endorsed the ESDI concept, and the Madrid summit in July 1997, was crucial to NATO's transformation process. It is still too early to draw definite conclusions. One important matter, however, is the extent to which NATO's transformation offers a growing latitude for NATO's bureaucracy. The analysis of the transformation process until mid-1997 has revealed some of the remaining stumbling-blocks. In the military field the issue of peace support operations needs further elaboration. If the alliance succeeds in harmonizing these so-called 'non-article 5 operations' with its traditional task of collective defence, this will strengthen the importance of the organization in its entirety. The use of NATO's integrated command structure for out-of-area operations will establish structures and procedures for conducting military operations. Its worldwide employability and capacity to fight different kinds of conflicts will thus reinforce the role of the military. Moreover, both the implementation of CJTF and the enlargement of NATO with Central

and Eastern European states will require a military capacity to develop feasible and efficient arrangements in various fields. If these new assignments call into being new bodies, create additional functions or new mechanisms to coordinate these activities, NATO's staff will have an opportunity to assert their influence.

In the political arena the further interpretation of ESDI will be the main issue for the near future. If the European defence identity develops into an idle structure, NATO's coordinating role in relation to the WEU will expand (Gordon 1996b:132–3; Ruggie 1996:114–15). In practice 'dualhatting' of military forces will then be the only net result, which means that troops are earmarked to NATO but can operate in a European capacity as well. If European defence cooperation is confined to peace support operations which can use NATO assets with the consent of all member states, ESDI will not harm the role of NATO's bureaucracy. Such a limited form of European cooperation is not likely to lead to a growing military capacity of the European member states either (O'Hanlon 1997:10). In a few years time the elements formulated above can be used as a gauge whether the bureaucracy of the North Atlantic Treaty Organization has been successful in maintaining the independent rule of the organization.

### Notes

- 1 This part of the chapter is based on my study of the American military aid programme to NATO countries in the early 1950s (Megens 1994).
- 2 Apart from official NATO documents this part of the chapter is based on secondary literature. I relied heavily on De Wijk's thoughtful and very informative book (De Wijk 1997).
- 3 The WEU is a military alliance often Western European states meant to become the defence organization of the EU.
- 4 Quotation from a press conference by President Clinton with Visegrad leaders, Prague, Czech Republic, 12 January 1994; [www.pub.whitehouse.gov/uri-res/12...:pdi//oma.eop.gov.us/1994/1/13/3.text.1](http://www.pub.whitehouse.gov/uri-res/12...:pdi//oma.eop.gov.us/1994/1/13/3.text.1)

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## 10

### **An early window of opportunity**

#### The intervention by the Council of Europe in the Saar problem, 1952–1954<sup>1</sup>

*Jan Willem Brouwer*

The foundation of the Council of Europe in May 1949 was a clear example of a situation where the defence of national interests of the participating states triumphed over the wish for greater European unity. In 1948, during its legendary conference in The Hague, the Movement for European Unity had advocated the establishment of a European parliament which would form the basis for the creation of a supranational authority. The result of the subsequent negotiations, however, was the creation of two bodies: a Consultative Assembly, composed of delegates from the national parliaments, without legislative powers, and an intergovernmental Committee of Ministers, which retained all authority. The latter could (and did) veto the Assembly's recommendations. In 1950, the Committee refused to grant the Assembly more authority. A year later, its president, Paul-Henri Spaak, resigned in despair. This chapter discusses a nearly successful attempt at autonomous policy making in the political field by this organization.

#### **A powerless organization?**

Although the Council of Europe did serve as a 'laboratory of ideas' for European cooperation and led to the creation of the European Court of Human Rights (cf. chapter 11 in this book), it never became the driving force behind European unity. Proposals launched by the Assembly, for example in order to establish cooperation in the agricultural field, were subsequently smothered by the diverging national interests dominating the Committee (for a brief outline of the Council's history: Gerbet 1994). In the meantime, a different, more promising approach to European integration was realized *outside* Strasbourg. In April 1951, France, Germany, Italy and the three Benelux countries signed the treaty creating the European Coal and Steel Community (ECSC). A

year later these six states agreed to form a European Defence Community (EDC). The EDC treaty also called for the creation of a European Political Community (EPC) which was to embrace economic and military cooperation between member states. In 1952, the six established an *ad hoc* Assembly, which was to elaborate a constitution for this EPC, including a directly elected assembly and a European cabinet. This initiative was stillborn due to the demise of the EDC in 1954.

While in the early 1950s it seemed that the Council of Europe was being surpassed by more promising initiatives of cooperation, it seized the opportunity to confirm its role by intervening in the Franco-German controversy over the Saar. At the same time, however, it is wrong to overlook the authority the Council still held at that moment. All sorts of plans were being considered to link it with the other initiatives, and it could still mobilize widespread political support. There also was the conviction, generally shared in France and Germany, that European cooperation was necessary as a means to surmount the traditional antagonism between the two states, symbolized in the Saar problem. Therefore nobody refuted the Council's authority to mediate in this controversy which formed an important obstacle on the road to European integration.

### **The Saar problem**

In 1945, the highly industrialized Saarland with its large coal deposits became part of the French military occupation zone in Germany. Immediately the French proceeded, with American and British consent, to mould the region into an independent state, economically tied to France. In 1946, a customs barrier was established around the Saarland. In 1947, a government was installed following elections, which brought victory for the pro-French parties; it appeared that the Saarlanders had nothing to expect from a devastated and divided Germany. At the same time, the French policy in the Saar was widely contested in Germany itself. In 1950, Chancellor Konrad Adenauer renounced the unilateral steps taken by the French government. He rejected the election results because fundamental liberties had not been respected: pro-German parties had been banned. More and more, the Saar problem was poisoning Franco-German relations. Bilateral negotiations were started on several occasions in 1951–52, but did not achieve positive results.

Nevertheless, the talks indicated that an agreement on broad principles was not too far from being attained. First of all, both parties seemed to accept the plan to 'Europeanize' the Saarland under the aegis of a European organization like the ECSC or the Council of Europe.

The only condition on which Adenauer could accept political autonomy for the Saarland was if this was carried out within a European framework. The two parties also agreed that the Saarlanders would be able to express themselves in a referendum on the eventual European status (Freymond 1959:237–40). But opinions differed when it came to establishing the details of a possible statute. Most importantly, the French wanted a definitive solution assuring the permanent separation of the Saarland from Germany. On the other hand the Germans could not accept any permanent settlement, for this would harm their case against the establishment of the Oder-Neisse line as the border of East Germany. Second, both parties had different opinions about the referendum. Paris wanted to uphold the ban on pro-German parties, whereas Bonn demanded total freedom of expression. Third, France wanted to maintain the economic and monetary union with the Saar, allowing only for an adaptation in accordance with the economic integration of Europe, while Bonn demanded equal economic privileges in the Saarland (Poidevin 1986). Meanwhile the two positions hardened. In September 1952, negotiations broke down once again. To keep up the pressure, the French government made the resolution of the Saar problem a condition for its ratification of the EDC treaty (a treaty which was, by the way, highly contested in France). This linked the Saar problem directly with the process of European integration. Simultaneously, a strong current in German public opinion rose against any concessions Adenauer could possibly make (Leuvrey 1992:99–100).

### **Van der Goes van Naters as a mediator**

It was at this stage that the Council of Europe intervened. At its meeting in September 1952, the Consultative Assembly agreed that it could no longer remain aloof. It referred the question of the future position of the Saar to its Commission on General Affairs, which was charged with the study of political questions. In its turn the Commission elected the Dutchman, Marinus van der Goes van Naters, as rapporteur. Van der Goes was to draft a proposal for a European status for the Saarland. In order to prepare himself as well as possible for his task, he was authorized to consult the governments concerned. Van der Goes (born in 1900) was a prominent Labour Party member of parliament, a fervent supporter of European integration and had been a delegate to the Council of Europe since 1949. With an open face, sparkling eyes, very alert, Van der Goes was brimming with ideas. Speaking French and German fluently, he felt very much at home in an international environment. Gilbert Grandval, French ambassador to

Sarrebruck, spoke of an 'ambitious and active' personality.<sup>2</sup> And, indeed, his ambitions as rapporteur in the Saar problem were great. According to Van der Goes, a bilateral solution to the problem was no longer possible. Only a European status within a supranational framework could permanently reconcile French and German interests in the Saar (Van der Goes van Naters 1980:201–10).

The Assembly's decision to study the Saar problem was generally considered as a way of putting the painful affair on ice, in order not to hinder the bilateral negotiations. But Van der Goes was not put off easily. He went to work zealously. His proposal for a European status of the Saarland was eventually worked out in three stages. In July 1953 he presented the first version of his report, a voluminous book touching on the historical, legal, political and economic aspects of the problem. In early 1954, he drafted the final version of the report, incorporating amendments put forward by the French and German delegates. In April, the Commission adopted it unanimously (Council 1954). Finally, during his negotiations with the French and German governments in March, April, and May 1954, Van der Goes worked out what he called a 'concrétisation' of his plan.<sup>3</sup> If these three versions differed from each other on important points, the basic principles remained the same. First, Van der Goes proposed a political Europeanization of the Saarland within the framework of the EPC. Second, he insisted on the re-establishment of political liberties in the region. During the negotiations Van der Goes held on to these principles, while making concessions in other fields.

On the whole, one can say that the initial version of the plan favoured the French point of view. True to his intention to arrive at a balanced arrangement, the rapporteur was prepared to make concessions to the Germans because they had to make the greatest sacrifice: the secession of the Saarland. So the second version accommodated them. In the economic field, he proposed to give equal positions to France and Germany. In the political field, Bonn was hostile to any suggestion of Europeanisation *before* the creation of the EPC. In May 1954 Van der Goes therefore suggested an intermediate stage when, pending the creation of the EPC, the supervision of the region would be exercised by a European 'commissaire', appointed by the Council of Europe.

In practice, Van der Goes' task proved to be complicated. He had to take into account his colleagues in the Assembly, and notably the members of the Commission on General Affairs, where his proposals were first discussed.<sup>4</sup> The situation compelled Van der Goes to take action at the governmental level as well. Indeed, his personal archives show that he was in permanent contact with the responsible cabinet ministers and civil servants in Paris and Bonn, including Adenauer, the

French Prime Minister Georges Bidault and the Secretary of State for Foreign Affairs Maurice Schuman. On the whole, the nomination of Van der Goes as rapporteur was well received in Paris and Bonn. The French considered him as pro-French, while the Germans soon found out he was willing to take their position into account.<sup>5</sup>

Van der Goes' task was all the more complicated because the French and German delegates in Strasbourg worked in close cooperation with their governments. Time and again they withdrew concessions made in the talks after interventions from Paris and Bonn. Van der Goes, however, worked patiently towards a settlement. Using all his diplomatic skills, he formulated compromise upon compromise. Thus he succeeded, for example, in convincing Adenauer that the Commission on General Affairs was qualified to work out a project for a statute. He made the French accept concessions in the economic field and he found a compromise in the delicate question of the political liberties in the Saarland. The attitude of both governments towards Van der Goes, however, was ambivalent. They had accepted the intervention by the Council but feared they would not be able to reject a proposal once it had been accepted in Strasbourg. They also resented having to admit a third party into their complicated negotiations.<sup>6</sup> Lastly, they did not accept all the proposals made by the rapporteur. Bonn still had second thoughts about the idea of Europeanization, while Paris refused to accept equality in the economic field.

### **Crucial months: March-May 1954**

In the spring of 1954, Paris and Bonn nevertheless had to give in. The international situation demanded a settlement to clear the way for French ratification of the EDC treaty and to stem the rising tide of impatience in Germany. At the end of 1953, the American government had decided time was running short: reaching an agreement became a matter of urgency. According to the Secretary of State, John Foster Dulles, the Van der Goes plan represented a 'desirable compromise' on all points.<sup>7</sup> From then on, under the firm pressure of Washington, Paris and Bonn became increasingly disposed to accept the plan. At the same time, however, the internal political difficulties in France increased. The political parties were fundamentally divided over the EDC treaty, and the nation was ever more occupied by the war in Indochina. Decision making in Paris was severely handicapped if not, as we shall see, completely paralyzed.

Meanwhile, the Van der Goes plan seemed to have favourable winds. In March, Adenauer and Bidault decided to accept it as a basis for further negotiations, notwithstanding the fact that their positions on the

modalities were far from identical. Three months of intensive negotiations followed. The talks could hardly be called bilateral any longer, so closely was Van der Goes involved. The rapporteur stepped up his efforts to arrive at a settlement. The French ambassador to Bonn applauded his conciliatory capacities. According to this diplomat, Van der Goes had 'the good fortune to succeed in reconciling opponents who cannot agree amongst themselves'.<sup>8</sup> Indeed, a compromise was at hand. During a meeting between Adenauer and the French Vice Prime Minister Pierre Henry Teitgen, in Strasbourg on 20 May, Van der Goes was present. Spaak and Jean Monnet also participated as representatives of 'the idea of European unity'. The French and Germans agreed on all the points at issue.<sup>9</sup> So the intervention by the Council of Europe had at last proved successful! The next day, however, the Quai d'Orsay disavowed the French concessions. Paris renewed its old positions. French decision making was clearly in total disarray. Note that the important stronghold of Dien Bien Phu had fallen only a few days before, and that at the same time the painful negotiations were taking place in Geneva on the problem of Indochina.

After the failure of the Strasbourg compromise, negotiations were not resumed. The sequel is well known. After the French rejection of the EDC treaty in August, bilateral talks led to the Paris agreement in October. A new European statute for the Saarland was swiftly worked out. Even if it retained much of the Van der Goes plan (for instance in the economic field) the failure of the EDC shut the door on any supranational solution. The intergovernmental Western European Union was now to form the cadre. The statute would come into effect only after a referendum in the Saarland. In the referendum of October 1955, a large majority of the Saarlanders voted totally unexpectedly against the statute and expressed their desire that the Saar be returned to Germany. Six months later, the French accepted the return of the Saarland to Germany, which finally took place in January 1957.

### Conclusion

It would be fallacious to conclude that the Council of Europe was independent from nation-states. Due to its limited constitutional authority the organization has never been able to play a significant role in international policy making (outside the field of human rights). In the debate over the future of the Saarland, decision making took place in Paris and Bonn. Indeed, the plan developed by Van der Goes failed eventually because the French government would not accept it. Nevertheless, the intervention of the Council in the Saar problem was an *exceptional*, but *clear* and *nearly successful* attempt at autonomous



policy making in the political field by this organization. The Council's rapporteur played an increasingly important role in the bilateral negotiations up to a point where, during the spring of 1954, his position was virtually that of an autonomous party in the talks.

Two factors explain how the Council was able on this occasion to play a role independent from the policies of the two states involved. First, a window of opportunity was created by the conviction, generally shared in France and Germany, that European cooperation was necessary as a means to surmount the traditional antagonism between the two states. The Europeanization of the Saarland was expected to be a complicated but not an impossible operation. And the Council of Europe did still have the authority to back up its intervention. Also in the Atlantic alliance, the opinion grew that a solution to the painful controversy had to be found urgently. Notably the pressure exercised by the American government from the end of 1953 contributed in bringing the two parties together on the Van der Goes plan. Second, Van der Goes' individual contribution is important in explaining the Council of Europe's activism and influence. He had to negotiate on two different fronts, but patiently and skilfully he worked his way to a compromise. Deriving his capacity to exercise influence from these personal attributes and the Council's position (Cox and Jacobson 1973:19) Van der Goes had a small autonomous range of powers with which he tried to upgrade the common interests of the two parties. In other words, he used the most ambitious pattern of the three possible outcomes of accommodation by international organizations as discerned by Ernst Haas. Not a 'minimum common denominator', not 'splitting the difference' but deliberately 'redefining their conflict so as to work out a solution at a higher level' (Haas 1968:110–11).

### Notes

- 1 This contribution is based on a more elaborate study of the Van der Goes plan, published in M.T.Bitsch (ed.) (1997) *Jalons pour une histoire du Conseil de l'Europe. Actes du Colloque de Strasbourg (8–10 juin 1995)*, Bern: Peter Lang: 297–313.
- 2 Archives Ministère des Affaires Etrangères (MAE), Paris, EU-Europe 1945–1955 (EU), Sarre, vol. 270; Grandval to Mendès-France, 25/6/1954.
- 3 State Archives The Hague, 2.21.198, papers M. van der Goes van Naters, vol.34; Van der Goes to Blankenhorn, 18/3/1954.
- 4 The Committee of Ministers remained more or less aloof from the whole procedure, only once congratulating the Commission on its work, early May 1954 (Van der Goes van Naters 1956:144).

- 5 MAE, EU, Sarre, vol. 214; Note, 2/2/1953 and Archives Auswärtiges Amt (AA), Bonn, II, B 17 (219) vol. 147; Note Thierfelder, 15/9/1953.
- 6 See e.g. MAE, EU, Sarre, vol. 214; Schuman to Grandval, 3/1/1953, and *Die Kabinettsprotokolle der Bundesregierung. Volume VI. 1953*, Boppard am Rhein: Harald Boldt, 1989:463.
- 7 *Foreign Relations of the United States, 1952–1954*, vol. VII, Germany and Austria, Washington: US Government Printing Office, 1984:1497–1500; Secretary of State to the Embassy in the UK, 17/3/1954.
- 8 MAE, EU, Sarre, vol. 270; François-Poncet to Bidault, 9/4/1954.
- 9 AA, II, B 17 (219) vol. 157; Note Ophuls, 27/5/1954, and Bérard 1978:536–37.

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# 11

## The effectiveness of the Council of Europe's human rights regime

1

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The European human rights regime has been remarkably effective. Above all, its principal judicial organ, the European Court of Human Rights (ECHR), has convinced national governments, individual litigants, and the European public to endorse and participate in frequent and often high-stakes adjudication at a level above the nation-state. The ECHR began its existence as a creature of classic public international law, established by treaty and perched atop national governments and national law with no direct relationship with either. Somehow, however, through a combination of perspicacity, foresight, and tenacity, it has made its judgments respected throughout Europe. How did the ECHR accomplish this trajectory? It was substantially aided by its establishment as a supranational tribunal, with direct access to individual litigants, rather than as a purely international tribunal, hearing only interstate litigation. Beyond this fortunate accident of birth, however, the judges on the Court have made the most of the resources given to them by the Council of Europe's member states. Drawing on the accounts of scholars, practitioners, and the judges themselves, we develop a 'checklist of effective supranational adjudication' that is designed to explicate the various factors that observers argue have contributed to the Court's success. The checklist is only a starting point toward a fully developed theory of effective supranational adjudication, but the ECHR is an important signpost on that road.

### **The history of the ECHR**

Beginning from a relatively modest position, the ECHR has succeeded in transforming a relatively empty docket into a relatively teeming one. It has declared its principal text, the European Convention for the Protection of Human Rights and Fundamental Freedoms, a

'constitutional instrument of European public order',<sup>2</sup> and has successfully established itself as the final interpreter of the convention's provisions. Most importantly, it has witnessed its rulings change the shape of domestic law, both through legislative revision and judicial decision.

The convention, which arose out of a broader effort to promote social and economic progress among European states after the Second World War, codifies a basic catalogue of civil and political liberties and confirms the desire of its signatories to achieve 'a common understanding and observance' of those rights. Although originally ratified principally by the nations of Western Europe, as of 1998 forty nations from Iceland to Russia have ratified the treaty and one or more of its various protocols. In addition to setting forth substantive guarantees, the convention creates an intricate enforcement mechanism to permit individuals and groups to file complaints against their national governments. Commentators have stressed the importance of this access right as crucial to the convention's success in altering the domestic legal landscape (Beddard 1993; Van Dijk and Van Hoof 1990:34–5; Robertson and Merrills 1993:258–9).

Individuals who allege that their human rights have been violated first present their claims to the European Commission of Human Rights, a quasi-judicial tribunal which screens them for possible violations of the convention. The Commission dismisses the majority of claims for failing to satisfy the convention's admissibility criteria or as without merit. For those cases in which a violation of the convention is clearly apparent or that present unresolved questions of interpretation, the Commission declares the complaint admissible and receives additional evidence and arguments from the parties. If no amicable resolution can be negotiated, the Commission issues a decision explaining whether the state party has breached its obligations under the convention. At this point, either the Commission or the defending state (s) may appeal the decision directly to the ECHR. Under the convention itself, individuals have no right of appeal. Once seized of an appeal, the Court reviews the evidence and legal argument *de novo* and renders a final judgment.

Although all of the treaty parties 'undertake to abide by the decision of the ECHR in any case to which they are parties' (Article 53), the legal effect they give to the Court's judgments varies considerably. Approximately half of the signatories to the convention have incorporated the treaty into domestic law, thereby allowing individuals to invoke the treaty and the Court's judgments in national judicial proceedings. The remaining states fulfill their convention obligations by giving effect to specific judgments of the European Court, in nearly all cases agreeing to introduce legislative amendments, reopen judicial

proceedings, grant administrative remedies, and pay monetary damages to individuals whose treaty rights have been violated.

In response to the widespread success of the individual petition mechanism in Europe, the growth in the number of states party to the convention, and an increasing backlog of cases, the Council of Europe sought to improve upon the existing machinery for supranational judicial review. After years of study and months of arduous negotiations, in May 1994, a majority of states parties signed Protocol No. 11 to the convention. The protocol, which will enter into force in October 1998, will revolutionize the treaty's enforcement machinery, abolishing the European Commission on Human Rights and creating a permanent European Court of Human Rights. Under the new regime, all states parties must recognize the compulsory jurisdiction of the permanent Court and permit individuals direct access to it in all cases.

The rate of compliance by states with the ECHR's rulings is extremely high. Indeed, its judgments have been described as being 'as effective as those of any domestic court' (Barton and Carter 1994:287). This record of success has occurred principally in cases brought by individuals against their national governments. By contrast, the effectiveness of the handful of interstate complaints filed with the European Commission and the ECHR is doubtful, again demonstrating the crucial role played by private parties in securing compliance with supranational court rulings.

Although this brief history of the European human rights regime illustrates the ECHR's success in transforming the landscape of European national laws, it does not explain why the ECHR became so effective in its short forty-year existence. It is our contention that the ECHR's effectiveness is linked to its ability to forge relationships with national courts, legislatures, and administrative bodies, both directly and indirectly through relationships with the private parties who appear in cases before it. In the section that follows, we document more precisely the attributes of the ECHR's effectiveness by distilling commentary and analysis by judges, lawyers and political scientists who have closely observed the workings of the ECHR, supplemented by our own analysis.

### **A checklist for effective supranational adjudication based on the experience of the ECHR**

The purpose of generating a 'checklist' for effective supranational adjudication is to develop a tool that can be used to assess the effectiveness of other supranational tribunals and to guide the members of those tribunals in seeking to enhance their own effectiveness. The

checklist thus divides into several categories of factors that plausibly affect the effectiveness of supranational tribunals on the basis of the evidence reviewed. First, are those factors within the power of the states responsible for establishing a supranational tribunal and dictating its relationship to domestic courts. Second, are those factors within the power of the supranational tribunal itself, on the assumption that it seeks to strengthen its effectiveness. Third, is a more general set of factors relating to the types of cases presented to a supranational tribunal and to the domestic political configuration and ideology of the states subject to its jurisdiction. Factors in the third category are not fully within the control of states or judges, but do not vitiate the importance of factors in the first two categories.

**Factors within the control of states parties to an agreement  
establishing a supranational tribunal**

*Composition of the tribunal*

If states parties to a treaty establishing a supranational tribunal hope to enhance its legitimacy and authority, the experience of the ECHR suggests that they should give careful consideration to the background and experience of jurists who serve on it. Bernhardt, a judge on the ECHR since 1981 and Vice-President since 1992, has highlighted the importance of a judge's substantive areas of expertise, noting that the ECHR is staffed by 'judges of high national courts, professors of law and holders of various other positions in their home country (advocates, government officials, etc.)... Only a limited number of the members of the Court has special experience in the area of international law' (Bernhardt 1994:301-2). The implicit point is that where a supranational tribunal depends on acceptance of its judgments by national tribunals, it will wield greater authority if its members are known and respected by national judges.

A further implication, however, may be that special expertise in the field of law to be applied by the supranational tribunal is not necessarily the most important qualification for potential tribunal members, at least at the outset of the tribunal's life. For instance, to the extent that international and domestic law are perceived as quite distinct and mutually insulated fields in a particular country, staffing an international tribunal solely with experts in international law may have the paradoxical effect of ensuring that the tribunal's members are less well known to national judges than appointees of equal distinction who have made a career in domestic law. The point may carry beyond the need to gain acceptance of a particular decision from national judges,

extending also to a greater impact on national administrators and even legislators.

On the other hand, special expertise undoubtedly carries its own authority. There can be little doubt that expertise in human rights law enhances the prestige of international human rights tribunals such as the ECHR. However, often the development of a particular area of law coincides with the growth and strength of a tribunal charged with interpreting and applying it. It is unlikely, for instance, that national judges in the member states of the Council of Europe would have perceived the value of special expertise in European human rights law if the ECHR and the European Commission had not succeeded in making that law a force to be reckoned with. The question remains, then, how best to compose a fledgling supranational tribunal so that it is poised to secure the authority and enhance the scope of the body of law it oversees. The ideal may be a mix of international law experts and distinguished national practitioners—who themselves may be drawn from the judiciary, the government, or the private bar. The particular mix should also take into consideration the range of subject matters likely to arise on a particular court's docket.

### *Caseload and functional capacity of the court*

A second category of factors relevant to the effectiveness of a supranational tribunal that, at least initially, is within the control of member states concerns the caseload and functional capacity of the court. A court that is scarcely used, for whatever reason, cannot hope to make much of a mark. By contrast, a court that attracts a larger number of cases will have increased opportunities to alter the domestic legal landscape. The trick is to build a sufficiently high profile caseload at the outset to attract a steady stream of claimants. The material and financial resources states devote to the tribunal, together with the degree of complexity they impose for its procedures and operations, can assist or hamper this endeavour.

The ECHR has seen its docket swell from a relative trickle of cases in the 1950s and 1960s to a flood in the 1980s and 1990s.<sup>3</sup> Many factors contributed to this increase, including the rapid growth of the members of the Council of Europe and hence the increased number of potential plaintiffs. Nevertheless, the Court's relatively comfortable working conditions, making it easier to attract distinguished judges; its physical location in Strasbourg; its relatively ample budget; and its ability to publicize its decisions have all contributed to its visibility and success.

States responsible for establishing international tribunals can help ensure that they will have a sufficient caseload to be effective by

providing sufficient resources: 1) to ensure that judges on the tribunal can educate potential constituencies of litigants concerning both the existence of the tribunal and the law it is charged to apply; 2) to dispatch the complaints they receive quickly and efficiently; and 3) to publicize the results. At the most basic level, this is a matter of money and staffing. But beyond the commitment of material resources, states should also pay careful attention to the ease and efficiency of the procedures that litigants must follow to bring a case and that judges must follow to hear it. Cumbersome procedures can block the development of a docket in the first instance, and its ready dispatch once cases start coming in. That the states parties to the convention were attuned to these concerns is demonstrated by their willingness to streamline the convention's judicial review machinery to address a growing backlog of cases.

### ***Independent fact-finding capacity***

States contemplating the establishment of a supranational tribunal also have the authority to control the specific powers of the tribunal in carrying out its adjudicative functions. An important dimension of these powers is the ability to elicit credible factual information on which to base their decisions. Several analysts of the ECHR have emphasized the importance of the Commission's, and hence ultimately the Court's, ability to test independently the truth of the allegations of the parties. Once the Commission determines that a case is admissible, it is bound by Article 28 to examine the application 'with a view to ascertaining the facts'. Under established procedure, the state in question is legally bound to cooperate with such an investigation once the Commission has determined, on the basis of an adversary hearing in which both parties are represented, that one is required. On appeal, the ECHR's analysis of the dispute is aided by the Commission's findings of fact, but the court is also empowered to review those findings *de novo*. Thus, the legitimacy of both the ECHR's judgments and the decisions of the Commission depend in large part on their ability to generate an accurate factual record.

### ***Formal authority or status as law of the instrument the tribunal is charged with interpreting and applying***

Also relevant to effectiveness, commentators have noted, is whether the instrument that the tribunal is charged with interpreting, and the tribunal's decisions themselves, are regarded as binding and hence accorded formal status as law.<sup>4</sup> Article 53 of the European Convention provides that the decisions of the ECHR shall be binding on member



states brought before it. It requires the parties to 'undertake to abide by the decision of the Court'. This provision establishes the authority of these bodies as legal tribunals, a factor given considerable weight by commentators assessing their effectiveness.

'Legal' status, however, has several levels. The treaty establishes the status of ECHR decisions as binding pronouncements of international law. Conventional wisdom would place equal or greater weight on the legal status of treaties and supranational court decisions in domestic law. Thus, for instance, states that have 'incorporated' a treaty as part of domestic law, via constitutional or statutory provisions, may be expected to comply more readily with its requirements. After all, the treaty can be enforced directly by domestic courts. This belief animates incorporation campaigns such as the drive to convince the United Kingdom to implement the ECHR through a domestic statute. However, incorporation offers no guarantee that domestic courts and their fellow branches of government will comply more readily with the judgments of the supranational tribunal charged with interpreting and applying the incorporated treaty. It may be, for instance, that incorporation triggers a struggle, whereby domestic courts decide that they should be the ones to decide the extent to which the treaty provisions override or otherwise affect the interpretation and application of domestic law. Similarly, national governmental officials may feel that they can interpret the provisions of the treaty as incorporated into national law as well as a supranational tribunal can.

In fact, the empirical record is mixed. In his study of the legal authority of ECHR decisions in domestic legal proceedings, Drzemczewski observes: a 'basic distinction may have to be made between those states in which the Convention possesses the status of internal law and those in which it does not' (Drzemczewski 1983:268). Polakiewicz and Jacob-Foltzer concur: most important among the factors 'which determine the impact of Strasbourg case-law in domestic law...is certainly the status of the Convention in the hierarchy of internal norms' (Polakiewicz and Jacob-Foltzer 1991:141). But other observers of the ECHR reach divergent conclusions. Delmas-Marty, for instance, claims that the 'correlation that one could have expected to find between the status of the Convention in the national laws and the degree of effectiveness or resistance that may be observed is not clearly established' (Delmas-Marty 1992:103). Bernhardt concluded that 'irrespective of the formal incorporation of the Convention in the domestic law of States, Convention law and domestic law are so closely interconnected that only together can they be adequately addressed' (Bernhardt 1993:40).

Several factors reinforce the potential impact of international treaties even in the absence of incorporation provisions. First, where an

international instrument is not accorded status as domestic law, either through a monist constitutional provision or specific implementation through a domestic statute, it may nevertheless be effective in filling gaps in domestic law. Drzemczewski has attributed the impact of the European Convention on the Austrian legal system to gaps in Austrian domestic law concerning due process safeguards in criminal prosecutions (Drzemczewski 1983:93). Several observers of the British judicial scene have also commented on the relative willingness of English courts to look to the European Convention in light of the absence of a written bill of rights in the British constitution. Second, courts can frequently draw on canons of interpretation requiring them to interpret domestic law consistently with international treaties, even where those treaties have not themselves been made self-executing.

On balance, we conclude that the effectiveness of a supranational tribunal is enhanced where states make its decisions legally binding on the parties to the dispute before it. In contrast, our view of the legal status of an international agreement as domestic law is more tempered. Formal incorporation into domestic law appears to have some positive impact on enhancing a tribunal's effectiveness, suggesting that states should take steps to incorporate or otherwise to endow those provisions with the same force as domestic law. However, the ultimate impact of direct or indirect implementation will depend on a host of other factors, such as the relationship between courts and other branches of government and a state's openness to the international legal system.

### **Factors within the control of the judiciary**

Even assuming that the states party to any international agreement establishing a supranational tribunal are fully cooperative and establish all the above conditions to enhance effective supranational adjudication, much remains to be done by the tribunal itself. The empirical record of compliance discussed above demonstrates that national courts, legislators and administrative bodies have been willing to heed the ECHR's judgments. But the question remains: why did national actors listen and respond? More precisely, how did the ECHR manipulate factors within its control to maximize their impact on the relevant national actors?

#### *Awareness of audience*

The ECHR is keenly aware of constituencies for its decisions other than the monolithic 'states' that are its apparent creators and subjects. The Court has focused in particular on the individual subjects of state

governments, recognizing an audience beyond the parties to the case at hand and crafting its opinions to encourage additional cases by appealing to both the material interests and professional ideals of prospective litigants. The Court has also used its decisions to penetrate the surface of the state, linking up to different domestic political actors with actual or potentially divergent interests.

In targeting this diffuse audience of individual victims of human rights abuses, the ‘doctrine of effectiveness’ has served the Court well. According to this doctrine, the convention’s ‘special character as a treaty for the collective enforcement of human rights’<sup>5</sup> requires that its provisions be interpreted and applied so as to make its safeguards ‘practical and effective’,<sup>6</sup> rather than ‘theoretical or illusory’.<sup>7</sup> ‘Practical and effective’ in this context means a willingness to find for individual litigants against their national governments, a position the Court is quite willing to broadcast. Indeed, in *Cossey v. United Kingdom*, dissenting judge Martens described the Court as the ‘last-resort protector of oppressed individuals’.<sup>8</sup> The Court is particularly active in interpreting the convention ‘effectively’ when reviewing the treatment of especially vulnerable groups. Its receptiveness on these questions signals to disadvantaged individuals throughout member states the Court’s willingness carefully to review alleged violations of procedural and substantive rights by their governments. With the advent of Protocol 11, the Court will find it easier to target individual claimants who, for the first time, will be given direct access to the ECHR in every case.

Individuals and their lawyers, voluntary associations, and nongovernmental organizations are ultimately the consumers of judicial rulings to redress a particular wrong or advance a particular cause or set of interests. Their power still ultimately depends on their influence on state political institutions—courts, legislatures, or executives. But an appreciation of the relationship between these social actors and the institutions of state government opens the door to deploying them as forces for expanding the power and influence of supranational tribunals. Just as a supranational tribunal may align its case-law with the independent incentives facing some national courts, it can also address itself to the individuals and groups who are likely to be the ultimate beneficiaries of the enforcement of international norms and instruments.

### *Neutrality and demonstrated autonomy from political interests*

Commentators have also noted that a supranational tribunal’s authority is linked to its neutral explication of a decision based on generally

applicable legal principles, contrasting this approach with political decision making which seeks only the resolution of a dispute by reconciling or overriding competing government interests. The challenge for a court seeking to present itself as a judicial rather than as a political body is thus to demonstrate its independence from both political authorities and political modes of dispute resolution. The judicial selection and tenure process (discussed in the first set of factors above) are obviously key factors here. In addition, a tribunal can to some extent manage perceptions of its impartiality by refusing to pander to the governments at whose sufferance it exists. As the history of supranational adjudication in Europe makes plain, the ECHR has been willing to decide against governments in big cases.

Such willingness does not, however, imply that the European human rights tribunals are always aggressive in seeking to find treaty violations. To the contrary, they have often used procedural mechanisms to avoid reaching the merits of the dispute. Thus, both the ECHR and the European Commission require claimants to satisfy all of the preconditions for the admissibility of their complaints, and the Commission has regularly dismissed claims where the petitioner failed to proffer evidence in support of his or her case. As a further guarantee of fairness, the Court decided in its earliest cases that it had the competence to reconsider the government's objections to admissibility after the Commission had rejected them, a doctrine that has resulted in cases being dismissed on appeal.

### *Incrementalism*

Forcible demonstrations of judicial autonomy by judgments against state interests and appeals to constituencies of individuals must be tempered by incrementalism. The ECHR has demonstrated an acute awareness of the tension existing between the preferences of national decision makers and the requirements of the European Convention. To address this tension, the Court has developed the concept of a 'margin of appreciation', acknowledging an area of discretion for national governments when applying and interpreting the treaty. On the one hand, the Court has emphasized that some deference is appropriate because it is not always as well equipped as national actors to strike an appropriate balance between competing interests in complex areas of law and policy. However, it has also stressed that any discretion to national decision makers is limited by a 'European supervision' that 'empower[s the Court] to give the final ruling' on whether a challenged practice is compatible with the Convention.

In striking the balance between deference and independent judicial review, the ECHR looks to the degree of consensus or harmony among

the national laws of signatory states in deciding how wide or narrow a margin to afford the respondent state in the case before it. This approach allows the court to narrow the discretion allotted to national governments in an incremental fashion, finding against states according to the underlying treatment of the issue within other European nations. As a result, the Court is able to identify potentially problematic practices for the contracting states before they actually become violations, permitting states to anticipate that their laws may one day be called into question. In the meantime, a state government lagging behind in the protection of a certain right is allowed to maintain its national policy but is forced to bear a heavier burden of proof before the ECHR, whose future opinions will in part turn on its own conception of how far the 'trends' in European domestic law have evolved. The conjunction of the margin of appreciation doctrine and the consensus inquiry thus permits the ECHR to link its decisions to the pace of change of domestic law, acknowledging the political sovereignty of respondent states while legitimizing its own decisions against them.

### *Quality of legal reasoning*

Judges on supranational tribunals tend to attribute their relative success or failure, according to their own measures, to the quality of their legal reasoning. The ECHR has benefited substantially from the quality of its reasoning according to experienced observers. Polakiewicz and Jacob-Foltzer conclude their study by noting that with a few rare exceptions, the ECHR has 'never been openly defied by national courts'. They attribute this 'persuasive authority' in large part to 'the weight of the Court's arguments' (Polakiewicz and Jacob-Foltzer 1991:141). Ost concurs, finding 'the judgments of the Court [to be] exceptionally well reasoned.... Each of the questions it seeks to answer...is scrupulously examined as to the facts, the law and the practice' (Ost 1992:283-4). And for Merrills, looking ahead, the factor that 'will ultimately determine the importance of the European Court's contribution is the quality of the work... [I]n the last analysis its contribution to the development of the law depends on the technique to be found in its decisions' (Merrills 1988:21).

These scholars would be less likely to agree on precisely what elements or attributes make legal reasoning good. They would probably all acknowledge the value of 'systemic and temporal coherence', to borrow Weiler's phrase (Weiler 1994:520-1), or, in Franck's formulation, coherence and adherence (Franck 1990:152). Merrills, for instance, attributes the 'wider significance' of the Court's judgments to its consistent efforts 'to justify its decisions in terms which treat its

existing case-law as authoritative. In other words, it follows judicial precedent' (Merrills 1988:12). Adherence to precedent, even when used only as an authoritative guidepost and not as a binding obligation, ensures a minimum degree of both temporal and systemic consistency.

In a social or, particularly, a legal culture that venerates tradition for its own sake, consistency with earlier decisions may provide an autonomous bulwark of legitimacy. It also provides a crucial monitoring device to facilitate judicial accountability, allowing concerned constituents to track judges' fidelity to self-imposed rules. It is not, however, a guarantee of analytical quality. Later decisions can only be as good or bad as their predecessors. It follows that an additional increment of legitimacy must flow from the quality of the decisions themselves, both past and present.

We thus search for a set of more fundamental attributes of sound legal reasoning, the qualities that Weiler encompasses when he refers to 'reasoned interpretations' and 'logical deduction' (Weiler 1994:521). Yet here assessments of quality diverge, based on the type of legal reasoning and the logical mode a particular author prefers. Merrills stresses clarity of communication, persuasiveness, and completeness (Merrills 1988:30–2). Ost points to 'the injection...of certain indeterminate elements [elastic criteria, methods of balancing conflicting interests, proportionality]' that forsake binary logic in favor of the flexible evolution of a few general principles (Ost 1992:311–2). Glendon highlights the Court's 'searching and tentative style...its open wrestling with the weaknesses as well as the strength of [its] positions' (Glendon 1991:155). In short, and not surprisingly, scholarly evaluation of the ECHR reflects many of the same debates about the distinctive and effective attributes of legal reasoning to be found in any national or international jurisprudential literature. They are likely to be similarly insightful—and similarly inconclusive.

We suggest that the precise nature of the reasoning involved, whether deductive, syllogistic, analogical, or some combination of these styles, is less important than that judicial decisions be reasoned in the first place, in the sense of explaining why and how a particular conclusion was reached. To reason, in this context, means to give reasons for a particular result, regardless of the logic or mode of reasoning underlying those reasons. The giving reasons requirement is the prerequisite for the exercise of persuasive rather than coercive authority, the assurance that 'the authority of a judgment derives from its intrinsic rationality rather than from an argument of authority' (Ost 1992:284).

Reasons can be given in many different ways. What form of reason giving is most likely to be persuasive? We draw here on the school of thought that equates the explication of a judicial decision with the

recognition, albeit not the reconciliation, of competing social, political, and economic values. An opinion that systematically canvasses the arguments for and against a particular position, approving some and answering or rejecting others, is a public acknowledgment of a range of different perspectives on a particular issue, perspectives often informed either by different fundamental values or at least by different priorities in the difficult task of choosing one set of values over another and assessing the costs and benefits of different choices. For Ost, this mode of explanation is ‘the “casuist” method of pro et contra’, whereby ‘the Court progresses to its final choice without failing to confront the objections to its position and without minimizing what hesitations are to be overcome’ (Ost 1992:284).

We thus suggest that a casuist mode of reaching or at least presenting a particular decision may have particular benefits for bolstering judicial authority and legitimacy. A supranational court, in particular, is essentially in the business of constructing its own polity, defining the boundaries of a legal community constituted by adherence to an international instrument. A mode of judicial decision making that acknowledges competing values while emphasizing dignity and democratic participation has a particular value in this context.

### *Judicial cross-fertilization and dialogue*

The increasing practice of the ECHR citing the decisions of the European Court of Justice (ECJ) and other supranational tribunals also has implications for its effectiveness. The ECHR periodically refers to ECJ decisions both to assert its primary authority in a case of potentially conflicting jurisdiction and to bolster its own power over national courts by referring to the similar power of the ECJ. Cases in the first category are relatively straight-forward, essentially involving doctrinal interpretations designed to resolve confusion surrounding conflicting judicial rulings. In *Funke v. France*,<sup>9</sup> for example, the ECHR held that France had violated the applicant’s right to remain silent and avoid self-incrimination by imposing monetary sanctions on him for failing to produce certain documents. The ECHR’s decision was in direct conflict with a ruling of the ECJ four years earlier.<sup>10</sup>

Cases in the second category are more interesting. In *Fischer v. Austria*,<sup>11</sup> Judge Martens commented on the influence of ECJ case law in convincing member states of the European Union that state administrative organs should be accountable to the judiciary, a power being exercised by the ECHR in the case at hand. Similarly, in *Konig v. Federal Republic of Germany*, Judge Matscher justified the ECHR’s interpretation of art. 6(1) of the convention by reference to the principles of treaty interpretation developed by the ECJ in a case

decided two years earlier.<sup>12</sup> Both of these cases depict the two supranational tribunals as pursuing parallel trajectories, establishing the principle of supranational review and developing a common body of rules or doctrines to guide their exercise of their newfound powers.

The tribunals' willingness to refer to each other's rulings has interesting implications for enhancing their influence and effectiveness generally. Judge Koopmans of the ECJ speculates that the court 'has become one of the major sources of legal innovation in Europe not only because of its position as the Community's judicial institution, but also because of the intellectual strength of its comparative methods'. It is the ECJ's ability to canvass different national and supranational approaches to a particular legal problem, he argues, that convinces national courts to pay attention to its rulings (Koopmans 1991:505). The ECHR engages in a similar process when it seeks to determine the existence and state of development of a 'European consensus' on particular human rights questions.

Koopmans' justification for using a comparative method focuses on enhanced quality of outcomes likely to occur as cross-national research turns up problems with a particular legal solution or opens the door to innovation based on a wider range of potential models. Of course, the comparative canvassing of precedents from national courts serves these same ends. But the citation of a co-equal supranational court as part of this process fulfills a distinct and equally important function, that of mutual legitimation of the very act of adjudication above the level of the nation-state. By citing to other supranational decisions as authoritative and worthy of consideration, the citing court acknowledges its engagement in a common enterprise with the cited court, an acknowledgment that implies the possibility of an objectively 'better' legal solution to common legal problems and of some degree of cultural cross-communication. Such recognition does not deny the necessity of tailoring solutions to the specific cultural and political requirements of a particular legal system. Nevertheless, it does acknowledge engagement in a common enterprise at least partially independent of particular jurisdictional and substantive instruments, cultures and states.

### *Form of opinions*

The final point that observers of the ECHR raise in assessing the tribunal's effectiveness is the form of its opinions. Commentary on the ECHR is fairly uniform on the value of multiple opinions. Merrills emphasizes that the court depends on the support of governments, 'who must be satisfied that in accepting its obligations...they are subscribing to a system whose object and effect are the protection of rights, and not



national humiliation'. In this context, he argues, separate opinions are 'especially important' in marshalling government support. Those that review issues omitted from the judgment or that reassert a particular government's position 'can do much to maintain the correct perspective' (Merrills 1988:40). Ost concurs, noting the particular value of separate opinions as part of his more general theory that the persuasive value of a judgment 'derives from its intrinsic rationality' (Ost 1992:284).

## **Factors often beyond the control of states or judges**

### *Nature of violations*

A principal factor that has contributed to the success of the European human rights system is the limited nature of complaints brought before the ECHR. Kamminga directly attributes the success of the ECHR to the minor and unintentional nature of most violations found under the convention, requiring few concessions from the offending state (Kamminga 1994:153–4). Practically every case brought to the European Commission concerns either maladministration or the types of conflicts of interests prevalent in any complex society. Indeed, Opsahl draws a contrast between the kinds of cases typically heard by the ECHR and those submitted to the UN Human Rights Committee (UNHRC) by noting the difference in the percentage of cases declared admissible—'almost 50 percent [in the UN system] as against less than 3 percent' in the European system. He attributes most of this difference to the 'serious facts of many cases' going to the UNHRC (Opsahl 1992:423).

A sad paradox results: at least in the human rights arena, international human rights regimes and the supranational tribunals that enforce them have been most effective in the states that arguably need them least: those whose officials commit relatively few, minor, and discrete human rights violations (Moravcsik 1995:178–80). As Sieghart points out, the administrative and legislative organs of the states parties in Europe have often made changes in direct response to the 'substantial and extensive jurisprudence' of the European Human Rights Commission and the ECHR (Sieghart 1983:26–7). Even within Europe, however, the states most likely to respond to the ECHR are the states with the least to hide. Both the Commission and the Court were relatively powerless in the face of systematic human rights violations in Greece during the military dictatorship; Greece ultimately withdrew from the convention in 1970 (and rejoined in 1974).

*Autonomous domestic institutions committed to the rule of law and responsive to citizen interests*

The experience of the ECHR is the experience of a supranational tribunal operating generally within a community of liberal democracies with strong domestic commitments to the rule of law. This dimension of the European experience provides the subtext for much of the analysis of the other factors discussed in this section of the checklist. More recently, however, a number of scholars have begun to tackle the relationship between liberal democracy and international dispute resolution directly. The burgeoning literature on democratic peace, seeking to explain why liberal democracies rarely if ever go to war with one another, has spurred scholars to explore other ways in which attributes of a domestic regime-type affect international behavior. Of particular interest here are hypotheses, as yet unproved, concerning the positive impact of liberal democracy on compliance with international commitments, including the judgments of international and supranational tribunals. As defined in this literature, 'liberal democracy' combines representative government with a commitment to the rule of law, itself defined to include both an independent judiciary and protection of basic civil and political rights. However, the specific hypotheses positing a causal connection between liberal democracy and compliance with international obligations generally focus either on a rule of law mechanism or a democratic politics mechanism (we borrow this typology from Simmons 1997; see also Russett 1993).

The rule of law approaches generally rest on the basic intuition that states committed to the rule of law domestically will be more law-abiding in the international realm, through the projection or transferal of their domestic habits. Accustomed to self-imposed constitutional constraints at home, constraints enforced by an independent judiciary, they are more likely to accept the constraints of international law as enforced by an international or supranational tribunal. This simple equation is too simple. On the one hand, states without a domestic tradition of respect for the rule of law and the concomitant recognition of the importance of an independent judiciary, for instance, are unlikely to respect the judgments of an international tribunal. In many former communist states law was regarded primarily as a tool of the bourgeoisie; in many former colonies law has been primarily an instrument of state oppression. On the other hand, states with the strongest traditions of domestic rule of law and independent judiciaries may also conclude that they have no need of international supervision; that on the contrary, receptivity to international law, including the judgments of a supranational tribunal, might even weaken the domestic system. The frequent hostility of US courts to enforcement of

international law over domestic law can be explained on this basis, as can variation in the mode and timing of acceptance of EU law by European national courts.

The democracy-based hypotheses, by contrast, focus on the power of international legal obligations to mobilize domestic interest groups, who in turn pressure democratic governments to comply. The underlying assumption is that individuals and interest groups will either invoke the rulings of an international tribunal as support for a position they independently espouse or will simply hold their governments to account for failure to comply with international law. We make similar arguments about the role of private parties in pressuring government institutions to comply with the rulings of a supranational tribunal. However, these accounts assume interest group pressure on a unitary state, omitting both the complex interactions of distinct domestic government institutions and the motives of those institutions either to respond to private pressure or independently to push for compliance. Further, they do not distinguish between compliance with international law generally and compliance with international or supranational judgments; thus they cannot take account of the specific dynamics between a supranational tribunal and domestic government institutions.

Drawing on this literature and on our analysis of the experience of the ECHR, we conclude that the existence (in states subject to the jurisdiction of a supranational tribunal) of domestic government institutions committed to the rule of law, responsive to the claims of individual citizens, and able to formulate and pursue their interests independently from other government institutions is a strongly favorable precondition for effective supranational adjudication. It may even be a necessary, although not sufficient, condition for maximally effective supranational adjudication. This precondition is inherent in our definition of effective supranational adjudication as the ability of a supranational tribunal to compel compliance with its judgments by convincing domestic government institutions, either directly or through pressure from private parties, to use their power on the tribunal's behalf. A supranational tribunal can invoke the power of law and the interests of ordinary citizens, but these appeals will be far less persuasive if they do not resonate with domestic political values. Domestic governments that recognize little obligation to protect or represent their citizens will be less subject to popular pressure mobilized or at least reinforced by a supranational judgment. Political regimes in which the rule of law is a paper promise will be less likely to produce institutions or individuals willing to privilege supranational legal rules over claims of national interest. And monolithic governments, in which power is effectively exercised only by the executive, simply offer no opportunities for a supranational tribunal to

penetrate the state in the first place. Conversely, however, government institutions committed to both the rule of law and separation of powers not only as ends in themselves, but also as bulwarks of individual rights and liberties in systems where the individuals themselves are ultimately sovereign, are primed to be the most receptive to the tools that a supranational tribunal has at its disposal. The presence of those institutions has been an important dimension of the European experience.

Notwithstanding the European experience, however, the link between liberal democracy and effective supranational adjudication is complex and contingent, particularly at the margins. Two further caveats are thus in order. First, as noted above, even if the presence of autonomous domestic institutions committed to the rule of law and responsive to individual citizens is a necessary condition for maximally effective supranational adjudication, it is not sufficient. The story still lacks a motive: a specific incentive for a specific domestic government institution to make common cause with a supranational tribunal against its fellow government institutions. Identifying such incentives requires a detailed understanding of institutional interests and patterns of competition in specific countries. Variation regarding the presence or absence, strength or weakness of these incentives also ensures that the narrative of effective supranational adjudication is not a teleology; to the contrary, finding and recruiting domestic institutions as partners is likely to be a slow and sticky process.

Second, even in a political system that is otherwise corrupt or oppressive, it is possible that a particular government institution—a court or administrative agency or even a legislative body—will choose to forge a relationship with a supranational tribunal as an ally in a domestic political battle against corruption or oppression. Whether such an alliance would be efficacious depends on the nuances and sensitivities of local politics, but the larger point is that participation in the ‘community of law’ constructed by a supranational tribunal is open not to states but to individual political and legal institutions, regardless how the state of which they are a part is categorized or labeled. The disaggregation of the state that underlies our distinction between supranational and international adjudication also disaggregates a state’s unitary political identity as ‘democratic’ or ‘undemocratic’, ‘liberal’ or ‘illiberal’. Non-democracies may have democratic impulses, embodied in specific institutions; illiberal states may have strong liberal leanings. The same ability to penetrate the surface of the state that gives supranational tribunals their potential power also creates opportunities for them to operate beyond the club of Western liberal democracies.

***Relative cultural and political homogeneity of states subject to a supranational tribunal***

Many observers of the ECHR have noted the relative homogeneity of the states participating in the European system with the diversity of universal regimes such as the International Covenant on Civil and Political Rights. Merrills contrasts the ECHR, with members drawn from only one geographic region with common although not identical, legal traditions, with the ICJ, 'where the absence of common cultural reference points and the diverse issues for adjudication often makes accommodation extremely difficult' (Merrills 1988:27-8). Ando ties the competence of the European and Inter-American Court of Human Rights to issue binding decisions to the shared strong convictions of all the states parties to their founding conventions, convictions 'nurtured by a long tradition of common history, religion, culture and human values'. He hypothesizes that it is premature to expect states not sharing such a common conviction and tradition to authorize an international tribunal to render binding decisions (Ando 1991:171-2).

In some cases 'cultural and political homogeneity' may be code for liberal democracy, in the sense that the commentator does not actually believe that any group of culturally and politically homogeneous states would support a supranational tribunal. However, in other cases commentators appear to be pointing to an additional attribute of the states that are subject to the jurisdiction of a supranational tribunal that may help or hamper its ability to communicate effectively with the subjects of its judgments and build trust in reaching out to specific government institutions. Cultural and political homogeneity is to some extent within the control of the states choosing to establish a supranational tribunal. Yet homogeneity is not a constant. As the experience of the Council of Europe's expanding membership into Eastern Europe and former Soviet states demonstrates, even nations with very different social and political histories may seek to join a treaty regime with a dynamic and powerful supranational court. Moreover, states seeking to draft 'universal' agreements such as the International Covenant and other UN-based human rights treaties are themselves looking for a common glue to bind many diverse cultures and political systems together.

### **Conclusion**

Although the ECHR is a remarkable success story, it is facing new and unprecedented challenges, challenges that the Council of Europe may play a critical role in meeting. First, the expected final ratification of

Protocol 11 by all of the Convention's signatories will establish a new architecture for supranational judicial review of human rights issues, with every individual litigant having direct access to a permanent European Court of Human Rights for the first time in the Convention's history. Although this will streamline the Convention's review procedures and help to reduce the backlog of pending cases, it also raises the prospect of an even greater number of individuals seeking access to the Court to review national legislation and the rulings of national courts and administrative agencies. Second, the ratification of the European Convention by the nations of Central and Eastern Europe and the former Soviet Union is likely to raise particular difficulties for the new Court, particularly as the number of complaints from those states rises. The governments that until recently controlled these states had not been exposed to the constraints imposed by an active and prolific supranational court, and they shared very different legal and political traditions from the Western European states that were the Convention's founders and early signatories. This is particularly true for the role of individuals in enforcing international commitments. Given these differences, the penetration of the ECHR jurisprudence into the national laws of Eastern European nations is likely to be met with more resistance than in those states that have become habituated to frequent supranational review.

The Council of Europe, whose members have committed themselves to 'accept the principles of the rule of law and of the enjoyment of all persons within [their] jurisdiction of human rights and fundamental freedoms' (Article 3 of the Statute), should encourage the Convention's signatories to provide the material and financial resources necessary for the ECHR to meet its enhanced responsibilities under Protocol 11. Increased staffing, the ability to function in many national languages, and monitoring the mechanics of the judicial review process with an eye towards fine-tuning and further streamlining the process where necessary will all be important in ensuring the Court's continued effectiveness.

For newly admitted Eastern European states, the Council should seek to enhance the awareness of the European Convention and the Court's case law among individuals, lawyers, and non-governmental advocacy groups who are likely to be the primary interlocutors of the ECHR. Armed with an awareness of their right to challenge national laws and practices according to the European Convention's common human rights baseline, these private entities can play a pivotal role in pushing the fledgling democracies of Eastern Europe to adhere to their treaty obligations and to comply with the judgments of the ECHR in specific cases. The Council can also seek to spread knowledge of the Court's activities by funding translations of its judgments into a wider array of

national languages and sponsoring conferences between ECHR judges and national judges. These interactions may well encourage national courts to rely on the ECHR jurisprudence either to interpret the Convention as incorporated into the domestic legal system or as a supplementary means of resolving unsettled issues in national law. And with the increasing penetration of human rights norms into national legal systems will come new opportunities for the ECHR to interact with the component parts of national governments and their citizens, a strategy that has enabled it to achieve its remarkable record of effectiveness over the last forty years.

### Notes

- 1 This chapter is adapted from a much longer and fully documented work by the same authors entitled 'Toward a theory of effective supranational adjudication', *Yale Law Journal* (November 1997), copyright 1997, *Yale Law Journal*, reprinted with permission. The chapter compares the experience of the European Court of Human Rights and the European Court of Justice and proceeds to analyze the effectiveness of the United Nations Human Rights Committee.
- 2 *Loizidou v. Turkey*, 310 ECHR at 27 (ser. A) (1995).
- 3 In 1985 the number of applications rose to 600, to 863 in 1987, to over 1,300 in 1989, and to 1,862 in 1992. More than 2,500 cases were pending before the Commission as of December 1995 (Schermers 1993:497).
- 4 We do not use 'binding' here in the Anglo-Saxon sense of binding precedent, to be followed by all subsequent courts in subsequent cases, but rather in the more general sense as requiring compliance by virtue of a formal treaty provision or tribunal ruling.
- 5 *Soering v. United Kingdom*, 161 ECHR at 34 (ser. A) (1989).
- 6 *McCann v. United Kingdom*, 324 ECHR at 45 (ser. A) (1995).
- 7 *Artico v. Italy*, 37 ECHR at 16 (ser. A) (1980).
- 8 *Cossey v. United Kingdom*, 184 ECHR at 29 (ser. A) (1990) (Martens, J., dissenting).
- 9 256-A EHCR (ser. A) (1993).
- 10 *Case 374/87. Orkem A.S. v. Commission*, 1989 ECR 3283.
- 11 312 ECHR (ser. A) (1995).
- 12 *Konig v. Federal Republic of Germany*, 27 ECHR (1978) (Separate opinion of Matscher, J.) (citing the judgment of the ECJ in *Case 29/76, Lufttransportunternehmen GmbH & Co KG v Eurocontrol*, 1976 ECR 1541 (1977)).

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# **Part III**

## **Economics**



## 12

### **Filling the transitional void**

#### **The crucial role of International Financial Institutions in assisting Eastern European reforms**

*Andreas Nölke and Gerrit Stratmann*

The events of 1989 mark a juncture in European history with lasting repercussions on all spheres of international politics, including the role of international organizations and, in particular, of International Financial Institutions (IFIs), such as the International Monetary Fund and the World Bank. By way of analyzing the decision-making process regarding the provision of external assistance to transition in Eastern Europe,<sup>1</sup> this chapter argues that the IFIs were able to assume an unprecedented autonomy during the first half of the 1990s.<sup>2</sup> Given the inability of Western donors to implement a coherent assistance regime and the limited capacity of recipient administrations to manage foreign support, the IFIs readily filled the ‘transitional void’, by assuming a role similar to the one which they carry out within a Third World context.

#### **Transformation**

The implosion of the Soviet model left behind a political and economic policy vacuum in Eastern Europe. Almost from the outset, two dominant issues emerged on the agenda of the transition countries: democratization and transition to a market economy. While democratization was to a certain extent propelled by the spontaneous emergence of new political parties affiliated to the opposition movements within the respective countries, economic transformation turned out to be a difficult, drawn-out process, sensitive to the response of the international environment in terms of support. Transformation created a certain interdependence between East and West. Political instability as a consequence of economic malaise in the transition countries could have paved the way for a return to power of the

communists or other authoritarian regimes, jeopardized all efforts to contain nuclear and other environmental hazards, and spurred migration to Western Europe.

Thus, immediate and lasting action on the part of the West was needed. At an early stage of transformation the emphasis of assistance<sup>3</sup> was put on more urgent and exceptional needs, such as relief aid, macro-financial assistance, private and official export credits and debt reorganization. In a subsequent stage, assistance in support of structural reform, technical assistance and, increasingly, investment financing gained importance. From 1990 to 1994 the G24 and the IFIs committed ECU 74.7 billion to the twelve recipient countries of Central and Eastern Europe.<sup>4</sup> The major donor countries were Germany (ECU 11.3 billion), the United States (ECU 9.6 billion) and France (ECU 5.5 billion). The European Union and its member states accounted for 4 percent of total commitments (ECU 33.8 billion), while the IFIs had a share of 26 percent in total external support (ECU 19.3 billion). Regarding disbursements to the Central and Eastern European Countries (CEECs) in 1992 and 1993, the IFIs' share was 18.5 percent.<sup>5</sup> In terms of total net disbursements of official and private sources to all CEECs and the Newly Independent States (NIS) from 1990 to 1993, bilateral flows reached \$74.3 billion (Germany alone contributed \$46.3 billion) and multilateral (IFIs) \$12 billion. The International Monetary Fund (IMF) has been by far the major source of multilateral assistance, disbursing \$7.8 billion in non-concessional finance.

Though the IFIs accounted for a relatively small part of the total assistance, it has been argued that they have become the most important external actors involved in the reform process throughout the region, based on their functions as providers of economic expertise, catalysts of financial support and supervisors of economic conditionality (Zecchini 1995:116 ff.). Traditional (realist) international relations scholars, however, have argued that international organizations are minor actors in world affairs and hardly affect the prospects of international cooperation (Grieco 1995:153–4). Correspondingly, international organizations are perceived as being barely capable of acting autonomously, and serve, rather, as instruments of the most powerful member states (Rittberger 1991:364).

The purpose of this chapter is to establish whether the IFIs actually played an important role as autonomous actors during the early years of systemic transition in Eastern Europe. The focus will be limited to the relevant IFIs, i.e. the IMF, the World Bank (IBRD) and the European Bank for Reconstruction and Development (EBRD).<sup>6</sup> This chapter addresses two principal questions. First, have the IFIs had a significant impact on policy making or have decisions on economic assistance

been the domain of the nation-states involved? Second, were the IFIs autonomous in making their decisions, or did these decisions closely mirror the interests of the most powerful member states? Since the conflicting positions and interests of Western donors and Eastern European recipients of assistance act as potential constraints on the IFIs' scope of action and autonomy, we will answer each question in two steps, addressing the IFIs' position both *vis-à-vis* donor and *vis-à-vis* recipient member states.

### **The role of the IFIs within the Western decision-making process on economic assistance to Eastern Europe**

The main point of departure of Western decision making regarding assistance to economic transformation in Eastern Europe was the 1989 G7 summit in Paris. On this occasion, Western leaders decided to coordinate bilateral assistance to Poland and Hungary, named the European Commission as the respective coordinating agency, and created an *ad hoc* group, the G24. The G24 originally consisted of the representatives of the 24 member states of the Organization for Economic Cooperation and Development (OECD); at present, its membership has increased to more than forty countries. The mandate of the European Commission was later extended to other CEECs as well. The issue of economic assistance to transformation remained on the agenda of a number of G7 summits in Houston (1990), London (1991), Munich (1992) and, less prominently, Tokyo (1993) and Naples (1994). At all G7 summits the announcement of assistance pledges by bilateral donors—mainly in the form of already agreed-upon financial programmes—figured most prominently on the agenda. The degree of coordination of assistance, however, remained limited.<sup>7</sup>

The G24 met for the first time in August 1989 and set immediate priorities for assistance to Poland and Hungary. A G24 coordination unit was set up at the European Commission's headquarters in Brussels to serve as the core co-ordinator of the G24 process. This unit provided a database on assistance commitments and carried out supporting functions for a number of horizontal and sectoral working groups, whose purpose was to establish common and coherent assistance guidelines. Given the time constraints, the large number of participants and the formality of meetings, its efforts met limited success. As a result, the frequency of meetings was reduced and most of the working groups were dissolved. The G24 coordination was further scaled down and shifted to a more operational level in the form of informal in-country coordination meetings of various local representatives, supplemented by 'on-the-spot' sectoral meetings.<sup>8</sup>

In fact, the EU not only witnessed a steady functional downgrading of the G24 coordination unit, but also lost competencies when the NIS aspect of this lead role was delegated to the World Bank. During the first half of the 1990s, the influence of the EU in the CEECs could not even match that of the IMF. The main reasons for the limited coordination role of the EU stem from the lack of a coherent economic strategy and the limited experience of the (Directorate General I of the) EU in the provision of assistance, not to mention the design of comprehensive assistance strategies. Similarly, EU staff charged with the issue of assistance to transition were just able to manage their own voluminous assistance programmes to the CEECs (PHARE) and NIS (TACIS) in an effective manner, and hardly had sufficient resources to coordinate the activities of other donors.<sup>9</sup> Moreover, Commission coordination was further hampered by the EU member states channelling the bulk of their bilateral funding according to pre-determined national priorities, while merely informing the G24 of their activities.

Coordination of assistance for the countries of the Former Soviet Union (FSU) started later and in a slightly different manner. In the beginning, coordination was organized through a series of three ministerial conferences held in Washington (January 1992), Lisbon (May 1992) and Tokyo (October 1992). These meetings were not limited to the G24, IFIs and recipients, but also included some developing countries and UN agencies. In contrast to coordination for the CEECs, however, these global horizontal meetings of senior officials were not continued and were also not complemented by global sectoral meetings. Instead, it was decided at the Tokyo conference to set up World Bank-led consultative groups, later complemented by *ad hoc* in-country meetings. Consultative groups—the most common form of aid coordination to Third World countries—focus on the review of the economic situation of the recipient country, the determination of the quantitative need of external support and on the pledging of donor assistance.

A common feature of Western decision making on and coordination of assistance to the CEECs and the NIS has been the importance of informal contacts between donor representatives, both at executive and local levels. These informal contacts serve numerous purposes, *inter alia*, the exchange of information on operations, the identification of co-financing opportunities or the harmonization of policy dialogue. Our discussions with a number of donor agency representatives<sup>10</sup> led to the conclusion that these contacts, forming a dense network of interactions, are the most effective form of coordination. While this ‘network’ apparently still has a number of ‘holes’ which may cause coordination problems, some agencies—e.g. the IFIs (World Bank, EBRD and

IMF)—form clusters with an exceptional density of interactions.

The strong position of the IFIs in the *informal coordination network* is reflected largely by the key role of these institutions within the Western decision-making process on economic assistance to transition which they had assumed from the outset. The first two ‘action plans’ on assistance to Eastern Europe, submitted by the European Commission in 1989 and 1990, were drafted in close consultation with the World Bank and IMF (Haggard and Moravcsik 1993:259). One of the prime features of the assistance offer to the Soviet Union, which was made at the London summit in 1991, consisted in the Soviet Union’s membership in the World Bank and the IMF (Höhmann and Meier 1991:18–19). Not only did the IFIs remain at the centre stage of assistance deliberations at the following G7 summits; their position was strengthened by a more ‘traditional’ (less politicized, more operational) approach to assistance. This coincided with the devolution of decision making on assistance towards the sector and project level. This trend was conducive to enhancing the IFIs’ general autonomy since activities on these levels are much less easily monitored and influenced by donors than the centralized decision making on macro-economic stabilization. This new approach, with its emphasis on operationality, has dominated Western assistance since the 1994 Naples summit (cf. Höhmann and Meier 1994:17–18) and resulted in a firm allocation of competencies to the IMF (macro-economic policy), the World Bank (structural adjustment) and the EBRD (private sector) (cf. Haggard and Moravcsik 1993:261).

Donor interests converged rather inadvertently on a crucial role for the IFIs in supporting economic transformation, as they themselves were lacking the proper technical skills and an appropriate national infrastructure geared towards the monitoring and implementation of assistance (Zecchini 1995:117). Taking recourse to the IFIs and, in particular, to the IMF offered a standard basis for decision making on scarce financial resources. It contained four major elements (see for comparable arguments Zecchini 1995:116–17; Haggard and Moravcsik 1993; Gomulka 1995:318). First, the access to IMF facilities and most other assistance, such as loans from the World Bank and bilateral creditors, macro-financial assistance from the EU, debt forgiveness and debt rescheduling agreements with the Paris Club of official creditors and the London Club of private creditors, have all been made conditional upon the adoption of an economic reform programme with the IMF’s seal of approval. Thus, signature of an IMF standby agreement became a pre-requisite to all other official funding and a *common denominator* of the G24 process. Moreover, an IMF agreement reassuring capital markets and, thus, making the political will to economic reform highly visible, was expected to catalyze large-



scale private financing. Second, in imposing and monitoring *economic conditionality*, the IMF was well positioned to exercise tacit political leverage while not impinging overtly upon the recipient countries' national sovereignty (cf. the next section). Third, the IFIs were well prepared for the task of economic transformation in terms of their own financial and analytical *resources*, both ready at hand. The unique expertise of the Bretton Woods institutions in the field of economic policy analysis and advice gave them a decisive edge over all other national or multinational 'think tanks' in helping transition countries design and implement market-oriented economic policies. In some of the core areas of their institutional competencies, such as in the case of IMF advice on central banking reform in the NIS, IFIs were given the explicit mandate to assume programme leadership and tightly coordinate all bilateral action in the field (Zulu et al. 1994). Fourth, the most pressing, immediate issue in economic transformation in many countries was not institutional change or structural adjustment but *macro-economic stabilization*. Thus, the IMF was predestined to assume a leadership role from the outset, since its institutional specialization in redressing internal macro-economic equilibrium and external balances met the demands of the situation at hand. With the importance of macro-economic stabilization diminishing during the current stages of assistance, the emphasis of assistance has shifted to structural/sectoral adjustment and investment projects, which are the most prominent domains of the other IFIs, especially the World Bank and the EBRD.

None of the three IFIs hesitated to take up the leadership role offered. For the EBRD, the role represented an opportunity to prove its somewhat contested organizational legitimacy. Decreasing amounts of assistance for the traditional clients of World Bank and IMF were, likewise, an incentive for the latter two to take on a leading role. Furthermore, at least in the case of the Bretton Woods institutions, the staffs of the IFIs have a strong sense of mission regarding the development model outlined above, which they readily sought to apply to the transition context.

The allocation of this range of functions to the IFIs has been the most important collective decision by Western donors, given the rather limited degree of overall coordination which has been attained. At no point in time have Western governments been able to devise and implement a consistent, well-coordinated strategy to support the CEECs and the NIS, mainly due to limited financial resources, diverging national interests, different positions regarding the strategy for reform, and organization/coordination problems (Höhmman and Meier 1992:7; 1993:27–30). Furthermore, commercial rivalries between Western donors (e.g. regarding the awarding of tenders for

investment projects) have blocked a more far-reaching coordination. Moreover, the results of G7 summits (such as the 'Munich Initiative') relating to project assistance did not amount to more than well-meant declarations of intent (Höhmann and Meier 1992:30–1). In effect, bilateral donors were hardly constrained in their decision making on bilateral aid programmes by the G7 initiatives (Höhmann and Meier 1991:17).

As a consequence, considerable doubts remain whether the decision making on Western support for transformation has constituted an effective *assistance regime*. Though an assistance regime might be based on a common consensus among bilateral donors and multilateral agencies on fostering pluralist democracy and installing a private-sector led market economy in the recipient countries, it is doubtful whether donors have always acted in accordance with this set of principles in order to surmount coordination problems in providing the public good of successful transformation, or if these principles have served bilateral donors as legitimization to pursue 'specific privatisable benefits from economic relations with eastern Europe' (Haggard and Moravcsik 1993:253). The interpretation emphasizing independent, self-interested decision making is supported by the fact that almost 60 per cent of all funding committed to the CEECs from 1990 to 1994 was strictly bilateral and another 15 per cent was provided through regional sources, i.e. the EU programmes (European Commission 1995). Large variations in the disbursements of individual donor countries point in the same direction.<sup>11</sup> Bilateral links between G24 donors and specific Eastern recipients<sup>12</sup> underline the conclusion that individual differences can be largely explained by geographical proximity to and traditional links with Eastern European countries. Thus, the donors' economic and political interests in the region have prevailed over regime regulation.

### **The role of IFIs in Eastern European national decision making on economic reform**

The issue in question here is whether the IFIs and, in particular, the IMF as the central actors in the early assistance regime, have had a strong impact on national policy making in the recipient states. We argue that the IMF actually was in a powerful position to influence national economic policy making because recipients were dependent on the IMF for financial means and/or analytical expertise. Two elements deserve close attention.

First, after the collapse of communist rule in Eastern Europe many new governments were suffering from a dearth of financial resources. With only limited access to the international capital markets and direct

foreign investment stagnating at low levels, only official external funding was available to cover the financial gap. Being either in need of external funds for debt service (such as in the case of Poland, Bulgaria and Russia) or for the financing of energy or other essential imports (as in the case of the Ukraine and Romania) these countries were, thus, pushed into negotiations with the IMF against a background of short-term balance-of-payments deficits. Apart from providing its own means, the IMF's assessments of macro-economic policies and the balance-of-payments support needed by recipients also served to mobilize other funding—mainly within the framework of the G24 process—by catalyzing other donors into action.

Thus, to a certain extent, the transition countries were dependent on the IMF, which, by applying *economic conditionality*, could exercise leverage over the specific content of the economic reform programmes of the respective countries.<sup>13</sup> The relationship between IFIs and Eastern European recipients was partly based on an exchange of financial support for policy change, with the IFIs rewarding compliance and punishing slippage with the suspension of programmes. This conditionality-based mechanism was particularly important with respect to those countries which lacked sufficient internal consensus and political commitment to sustain reform on the part of the new political elite.

The IMF's rigorous stance on macro-economic equilibrium was supplemented by the World Bank's emphasis on rapid and comprehensive privatization of the state enterprise sector, widely perceived as the key to institutional reform. In the case of Romania and the Ukraine—which, for a long time, remained indecisive on far-reaching reform—the World Bank was at the point of designing a full mass privatization programme without the participation of the respective governments. Pressure was increased as the World Bank succeeded in making the grant disbursements of other donors contingent upon the signature of an agreement with the World Bank.

Second, many transition countries, such as Poland, Bulgaria and Russia, had entered economic transformation with soaring inflation levels and rapidly deteriorating macro-economic imbalances. This placed a premium on swift correction measures in a situation where the analytical capability of almost all governments in the region was severely limited. Due to its pre-occupation with balance-of-payments problems of its member countries and the design of stabilization programmes, the IMF was in a privileged position to convey policy advice and know-how concerning these and other related issues such as institutional development. This, coupled with the local reformers' desire to obtain internal and international credibility as well as analytical support for their programmes led to the development of a

certain alliance and *intellectual linkage* between market-oriented Eastern reform elite, Western advisers and the IMF (Gomulka 1995:320).<sup>14</sup> The transmission of policy-relevant knowledge and economic ideas was effected through official policy-dialogue mechanisms as well as through more informal networks between IFIs and local reformers. In Poland in 1989 a group of radical reformers around the future finance minister Balcerowicz was able to form an alliance with the Solidarnosc government and occupied the core positions (Ministry of Finance, Central Bank, Planning Office) necessary for the control of economic policy. The reform team was supported and advised by the IMF, the World Bank and Western consultants, and, subsequently, its programme was backed up financially (Slay 1992:40–1). Correspondingly, alliances between the IFIs and local actors with specific reform interests were formed as, e.g. indicated by the close collaboration of the World Bank and the IMF with ministries of finance, central banks and privatization agencies. These alliances had the effect of weakening the influence of the less reform-minded industrial ministries, with their constituencies in the state-owned enterprises dependent on state subsidies. Particularly in the field of privatization, the respective industrial ministries tended to slow down privatization processes by first restructuring public enterprises and then selling them. The reform alliances, on the other hand, have preferred a more radical privatization strategy (Amsden et al. 1994:118–19; Meaney 1995:277).

As a consequence of both financial leverage and the diffusion of neo-classical economic ideas, most reform programmes were biased in favour of rapidly reducing inflation, perceived as the most crucial prerequisite to renewed growth. Rapid privatization, in order to establish a clear incentive structure, and restructuring were to follow suit. The logic behind the design of the economic reform programmes for the transition countries was the transfer of the standard stabilization package, as applied to developing countries, to Eastern European conditions. To deal with the highly distorted price structure and the absence of a clear system of ownership this was done with some modification. Accordingly, the stabilization programmes were based on the theoretical standard model of financial programming with emphasis on the restriction of the money supply (Laski 1992).

The forerunners of reform, Poland and Yugoslavia, had implemented very conventional stabilization packages (Blanchard et al. 1991:16). Between 1989 and 1994 more than two-thirds of all economies in transition embarked on similar stabilization programmes supported by the IMF's intellectual and financial resources (Wolf 1994:114). Even where reform designs were formulated by local reformers without direct involvement of IMF officials (as in the case of Russia's

stabilization programme of January 1992), these nevertheless emulated IMF-acceptable policies. The standard neo-liberal prescription for economic reform, as propagated by the Bretton Woods twins (or the 'Washington Consensus') (Williamson 1990:5–20), had thus become the dominant paradigm. The IMF supported Polish transformation as a blue-print for other economies in transition (Smith 1994:696).

### **The autonomy of the IFIs' decision making *vis-à-vis* Western donor countries**

We have demonstrated that the IFIs have played key roles within the Western support of economic transformation in Eastern Europe. There are, however, indications that IFI autonomy *vis-à-vis* the Western donor countries has been limited, as well as indications of a residual influence of the IFIs' member states within the different international organizations. The extended quarrels over the original distribution of coordination tasks to different international organizations gives evidence of the influence of particular member states on the IFIs. Germany and Italy proposed a strong role for the OECD in aid coordination, for fear of a strong US influence on the Bretton Woods institutions. The USA and Japan, however, succeeded in allocating the central role to the World Bank and IMF, due to the superior expertise of these institutions. A similar German-French initiative in favour of the EBRD was likewise turned down (Höhmann and Meier 1991:19–20). France saw no need to organize the Washington coordination conference in 1992, arguing that the EU had already taken charge of the main burden of coordination, yet it failed to gain support (Höhmann and Meier 1992:12).

The realist argument, postulating a limited autonomy of international (financial) institutions *vis-à-vis* their (Western) member states, certainly held true where issues of *strategic interest* were touched upon, such as in the case of support for Russian reforms. This was demonstrated by the strong pressure which was put on the IMF by the US and German governments to come to an agreement with the Russian government at the Munich G7 summit in 1992 (Höhmann and Meier 1992:20). The IMF insisted on its approach and was partially successful in convincing Western donors that firm conditions towards Russian economic reforms were necessary (Höhmann and Meier 1993:12–13).<sup>15</sup> Nonetheless, under pressure from a coalition of a few large donors (headed by the American administration) the Fund had to abide by relaxed conditions concerning the agreement over a \$6.5 billion stand-by credit to Russia signed in March 1995. Critics remarked that Russian reforms had not made any substantial progress

since the release of the second \$1.5 billion tranche of credit under the System Transformation Facility in 1994, and that agreed-upon targets in terms of the budget deficit and the inflation rate would be unrealistic with a view to Russian economic reality and given the fact that Russia had violated previous agreements. Thus, the IMF was pressurized into pouring money directly into the Russian budget deficit without having any guarantees, while flight capital was still leaving Russia on a grand scale (compare to Höhmann and Meier 1995:1–2; Stone 1997). Hence, international strategic concerns overrode the IMF and its stabilization agenda when Western donors found Russia of too great an importance to the international system (Stone 1997:33).

### **The limits to IFIs' autonomy *vis-à-vis* Eastern European recipients**

Inherent limits to the IFIs' power to influence policy making in recipient countries are clearly evident in the case of the more advanced and less resource-dependent post-communist states. In general, the IMF's ability to push through policy correlated positively with the degree of its financial leverage over the respective debtors. With an increasing resource base or with debt rescheduling achieved, the incentive diminished to abide by agreed-upon conditionality for politically unstable governments. Likewise, acceptable macro-performance and at least partial compliance with the quantitative performance criteria deprived the IFIs of their grip on the substance of other reform policies. This will be demonstrated by an examination of the cases in Hungary and Poland.

In the case of Hungary, the IMF was not able to pressurize the government into the implementation of far-reaching reform measures at the time of systemic change due to the favourable starting conditions of the Hungarian transformation process, i.e. only light macro-economic imbalances, a small budget deficit and sufficient hard-currency reserves.<sup>16</sup> Although Hungary's balance of payments was in a precarious situation (Csaba 1995:212), the leverage of the IFIs over systemic change from 1988 to 1991 remained limited, as Hungary was able to meet the quantitative performance criteria concerning its budget deficit (Csaba 1995:222). Furthermore, after stock-piling hard currency reserves during a period of prolonged fiscal expansion, Hungary managed to cope with the suspension of a three-year stand-by agreement with the IMF in December 1992 (Csaba 1995:229). The Fund never actually tried to impose economic policy upon a hesitant Hungarian government. In return, Hungary shied away from considering a publicly proclaimed debt moratorium.

In the case of minor disagreements between the IMF and the Polish government, limits to the IFIs' autonomy *vis-à-vis* recipients during systemic reform became equally obvious. The government, having subscribed to the general direction of economic reform and a strong disinflationary path, usually got its way on contentious issues such as energy pricing, interest rates, wage policy and mass privatization (Gomulka 1995:320). When Poland breached the criteria of the Extended Fund Facility programme for 1991–1993, only a few months after approval on 18 April 1991, the IMF finally suspended the programme. The approval, meanwhile, had served the purpose for Poland of complying with the conditions for a debt reduction agreement with the Paris Club, which went into effect immediately afterwards (Gomulka 1995:338). Conditionality of the fourth Polish-IMF agreement signed in July 1994 was linked to structural and systemic reform, i.e. the implementation of a mass privatization programme and a change of the pension indexation rule. The IMF settled with the usual quantitative criteria—all of which were met—when Poland was unable to meet the qualitative criteria in 1994. Thus the Fund was not powerful enough to ensure the link between macro-economic management and structural changes.<sup>17</sup>

### Conclusion

Our survey of international and national decision-making processes on economic assistance to and economic reform in Eastern Europe has highlighted the lead role of the International Financial Institutions—most notably the World Bank and the IMF—in an otherwise weak aid regime, hardly able to constrain unilateral action by bilateral donors. Confronted with the challenge of transition to a market economy, the IFIs assumed roles far exceeding their original mandates and, in the case of the IMF, its status as a purely monetary institution. Western governments converged in supporting the key role of the IFIs in controlling access to scarce financial resources, scrutinizing and helping design recipients' economic reform programmes. While a strong and autonomous IFI influence on economic decision making is a familiar sight in other regions such as in Africa and Latin America, it is a novelty in Europe. The emergence of their dominant position in assisting reforms was helped by the rather limited degree of explicit coordination between bilateral Western donors as well as by the unusually restrained policy of Germany.<sup>18</sup> A partly coincidental interaction of other factors, opening a 'window of opportunity', further contributed to this outcome: the temporary dependence of some Eastern European countries on external resources and economic policy advice;

an ideological convergence of Western and Eastern politicians on how to work the transition from plan to market; and, last but not least, the analytical resources of the IFIs themselves and their ability to network with other organizations. The latter two aspects should not be underestimated in a world of increasing transnationalization.

We have shown that the impact of the IFIs on decision-making processes in our field of interest has been substantial, while the autonomy of the IFIs' decision-making *vis-à-vis* donors has occasionally been limited where it touched upon strategic interests or 'high politics'. Likewise, the IFIs' exercise of leverage over recipients' economic policies lessened in line with the degree of financial self-sufficiency of the respective debtor and with the degree of availability of non-conditional finance.

In the mid-1990s economic transformation in the CEECs has entered a second, more advanced stage, against the backdrop of continuing progress towards macro-stabilization, with increasing attention being paid to mid-and long-term oriented structural reforms and the build-up of an adequate infrastructure for economic growth. This is reflected by a changing focus of assistance on sectoral and investment projects (European Commission 1995), which will require more project and sectoral co-financing and coordination, both belonging to the domain of the development banks, especially the World Bank and the EBRD. Correspondingly, disbursements by the World Bank and the EBRD are increasing (OECD 1995:22–3). Against this background it might be expected that the IMF will lose its leading edge among the IFIs in the region, while the position and autonomy of the major development banks will be enhanced by a shift of the bulk of assistance activities to the less visible sectoral and project levels. Furthermore, the EU is now finally able to claim a successful leadership role in decision making on external assistance to the CEECs, based on the formulation of a pre-accession strategy, following internal consensus on the accession of the CEECs reached at the Essen Council in December 1994. Subsequently, all assistance activities—even those of the IFIs—are being increasingly scrutinized with regard to their contribution to the preparation for EU membership. Thus, the second half of the 1990s will most likely see a redefinition of the roles of the central actors in the decision making on assistance to Eastern Europe.

### Notes

- 1 For our purposes, the term 'Eastern Europe' will be used to denote both the Newly Independent States (NIS) and the Central and Eastern European Countries (CEECs) excluding the successor



- states of Yugoslavia. G24 data on assistance flows to CEECs, however, encompasses flows to successor states of Yugoslavia.
- 2 Our discussion is limited to the period between 1989 to 1995, since the issue of assistance to transition has lost much of its salience in the years following.
  - 3 Assistance within the context of supporting the transformation process is usually understood as the 'transfer of resources, whether on a concessional or non-concessional basis, to the region by official bodies (bilateral or multilateral) with the purpose of supporting the transition process, building market economies, and establishing pluralistic democracy' (Barre et al. 1992:14).
  - 4 These figures and the following are taken from European Commission 1995.
  - 5 These figures and the following are taken from OECD 1995.
  - 6 The contribution of other IFIs, such as the Bank for International Settlements or the Asian Development Bank has been rather limited. Very important has been the part of the European Union, which is, however, not an IFI and, acting as an aid agency, frequently resembles more a bilateral donor (e.g. tied finance) than an international organization. The latter also applies to the European Investment Bank (EIB).
  - 7 See Höhmann and Meier 1991, 1992, 1993, 1994 for a more comprehensive discussion of the assistance issue at the G7 summits.
  - 8 All information on G24 coordination is based on internal World Bank documentation.
  - 9 For a more detailed discussion of this issue see Nölke 1996:183–5.
  - 10 These interviews were conducted during a series of visits at the EU, the World Bank, UNDP, EBRD and the German Ministry of Economic Affairs (BMWi) in 1995.
  - 11 Comparing the ratio of donor countries' 1992–1993 quotas of official aid disbursements to CEEC/NIS to donors' GDP, Austria ranks first (0.22%), ahead of Germany (0.15%) and Turkey (0.135%). The USA ranks only 21st (0.02%) slightly ahead of Japan (0.01%) (OECD 1995:18).
  - 12 For instance, Sweden and Finland largely committed support for Estonia 1990 to 1994; Austria counted for 19% of grants received by Slovenia; Italy supplied 21 % of all Albanian grants (European Commission 1995).
  - 13 An argument based on power relationships between Eastern countries and the IMF is made by Baumgartl and Stadler 1993, and Gowan 1992. In the case of Romania, which depended heavily on foreign financing on a concessionary basis at the end of Ceausescu's regime but had slipped on conditionality before, the

- IMF was able to enforce the parliamentary endorsement of a memorandum on economic policy including a summary of an austerity budget for 1994 and other legislation on 8 February 1994. This was the explicit prerequisite later for the Board's final approval of a \$700 billion stand-by credit signed on 9 December 1993 (Ionescu 1994:21–3).
- 14 After the change of regime in the Czech Republic, Prague 'was inundated with IMF and World Bank missions'. The IFIs contributed to resource mobilization and participated actively in the formulation of policies (Drábek 1995:237). There was a broad agreement between the IFIs and the market-oriented Czech government regarding the direction of economic reform (ibid: 240), which reached a point of 'overperformance', the government deciding not to draw the last tranche of the stand-by agreement with the IMF (ibid: 240–1).
- 15 A similar IMF success is reported regarding the write-off of the Polish debt, see Haggard and Moravcsik 1993:263–62.
- 16 Likewise, at the time of systemic change, Hungary had already reached an advanced stage in institutional transformation with a two-tier banking system, trade liberalization, currency convertibility and bankruptcy legislation already in place.
- 17 An alternative approach to investigate the IFIs' autonomy *vis-à-vis* the recipient countries might centre on the influence on CEEC Governors or Executive Directors within the IFIs' internal decision making. While we did not study this matter in detail, our discussions with IFI staff do not support the conclusion that the new CEEC members substantially complicated policy making within these traditionally Western-dominated organizations.
- 18 As the largest single donor to Eastern Europe, and most exposed to the sweeping changes in the East, it might have played a more assertive role in assistance decision making; the country, however, declined to do so for largely historical reasons. For the latter see Haggard and Moravcsik 1993:254–55.

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# 13

## **The increased influence of EU monetary institutions in determining national policies**

A transnational monetary elite at work<sup>1</sup>

*Amy Verdun*

The main question addressed in this chapter is whether the policy autonomy of the European Union<sup>2</sup> in the field of monetary policy making has increased during the past four decades, in particular during the last two decades. It is argued that the European Community monetary institutions have gained considerable influence in determining national monetary policies, and will gain even more importance once the European Economic and Monetary Union (EMU) becomes fully operational.

### **A community of national monetary experts**

Over the last five years European monetary integration has become a popular topic in International Relations (amongst others Campanella 1995; Dyson 1994; Grieco 1995; Sandholtz 1993; Wolf and Zangl 1996). Neo-realists see the outcome of the EMU process as following logically from the process of international bargaining between national member state governments. In this view, national interests of governments, and in particular those of the dominant member states, determine the outcome (e.g. Grieco 1995). They expect 'lowest common denominator' outcomes to occur, i.e. minimal arrangements that barely affect national policy autonomy. The neo-realist argument that (large member state) governments play an important role in the development towards EMU carries a lot of weight, but they clearly are not the only important actors. In addition, neo-realist explanations can explain only with difficulty why member states reached agreement on a policy which can hardly be characterized as a 'lowest common denominator' outcome, given, for example, the transfer of sovereignty over monetary policy to a supranational institution, the European

Central Bank (ECB).

Other theories of European integration focus on different actors than national governments. Neo-functionalism (Haas 1958), historical institutionalism (Pierson 1996), and the multilevel governance approach (Marks et al. 1996; Kohler-Koch 1996) all examine the role of EC/EU institutions, the importance of policy communities, policy learning, the role of history, and spill-over effects from previous decisions and processes. In doing so, they have addressed issues which are not satisfactorily dealt with in neo-realism. These explanations predict 'positive sum' outcomes rather than 'lowest common denominator' outcomes (McNamara 1998; Sandholtz 1993; Dehousse 1997).

The analysis of the integration of monetary policies presented in this chapter is in line with this non-neo-realist tradition. Its aim is to analyze the autonomous role of specific actors in the EC/EU monetary institutional framework. It will not focus on the well-known EC/EU monetary institutions such as the Directorate General II (Economic and Financial Affairs) of the European Commission<sup>3</sup> or the Council of Ministers of Economic and Financial Affairs (Ecofin). Instead, it will concentrate on much less well-known specific 'monetary committees' in which national delegates of monetary experts meet on a regular basis, in particular the so-called Werner and Delors Committees, which drafted blueprints of EMU. Attention will also be paid to the role of the so-called Monetary Committee and the EC Committee of Central Bank Governors. It is argued here that national delegates adjust their perceived interests as a result of their participation in these committees. During the past four decades, a process of policy learning and socialization has produced a sense of belonging to a policy community and helped shape the interests of individual members of these committees. It will be argued that this furthered the formation of so-called epistemic communities. The presence of epistemic communities has subsequently affected European economic and monetary integration. It should be noted, however, that this chapter focuses primarily on the process of opinion formation and only marginally on the final intergovernmental decision-making process.

The epistemic community approach assumes that the members of an expert community adopt policies following their shared set of causal and normative beliefs (Haas 1992). The socialization process of the community members contributes to their mutual understanding of 'appropriate policy making'. Also, because of their knowledge in a particular policy area, they have earned their respect from national governments. These, in turn, seek the advice of epistemic communities when embarking on international cooperation. Epistemic communities thereby affect the outcome of the policy-making process. As will be

argued, in the case of the European economic and monetary integration process, such a community of national monetary experts operating in an EC institutional framework made an important contribution to the first EMU blueprint of the 1970s and again to the design of EMU that was eventually agreed upon at Maastricht in 1991 and incorporated in the Treaty on European Union (1992).

### **The Werner Report**

Economic and monetary cooperation had already been envisaged in the Treaty of Rome that founded the European Economic Community (EEC) in 1957. A first initiative to create an EMU in Europe came only in the late 1960s. The Treaty of Rome included many provisions related to the conduct of economic and monetary policies of its member states,<sup>4</sup> yet these recommendations were not rigidly implemented. Arguably, the member states did not take Rome Treaty provisions very seriously. Nevertheless, policies appeared to converge during the 1960s (Tsoukalis 1977; Gros and Thygesen 1992).

During these first two decades an institutional structure of consultation was set up. Many committees were established that dealt with economic and monetary affairs in the Community.<sup>5</sup> In addition, monetary and financial experts frequently met at meetings of the International Monetary Fund (IMF), the World Bank, the Bank for International Settlements, and the Organization for Economic Cooperation and Development. As a result, by 1970 the monetary representatives of national member states had become quite acquainted with each other. The first proposals suggesting further coordination of macro-economic policy making and central control over monetary policies in the EC were made during the European Council held in The Hague in December 1969. It was here that the member states discussed the need for an economic and monetary union for the first time.

An *ad hoc* group of seven high-ranking monetary officials, representing the six member states with Pierre Werner as its president (Werner Committee), was asked to draft a report envisaging a possible road to EMU. In March 1971, on the basis of the Werner Report (1970), the Council adopted a directive to create an EMU before 1980. The envisaged institutional change was that two new bodies would be established, a European central bank 'Eurofed', modelled on the US Federal Reserve Bank, and another institution, a Centre of Decision for Economic Policy (CDEP). The latter would be a body at the European level that would make recommendations about macro-economic policy making. It would be held accountable to the European Parliament. However, the CDEP failed to attract support in the Council and was not

incorporated in the March 1971 Council decision which formally launched EMU (Tsoukalis 1977; Kruse 1980).

Clearly, the Treaty of Rome had a long-term perspective, the ultimate objective being a united Europe (cf. Haas 1958). However, at the time of its drafting it was not acceptable to put plans forward, which limited national autonomy on exchange rates and other elements of monetary policy. Moreover, this was not really necessary, as a *de facto* regime of fixed exchange rates existed: the Bretton Woods system. Since the end of the war monetary policy making in European countries had been subject to international coordination. When the Bretton Woods system collapsed, in the early 1970s, several European countries responded by introducing 'the Snake', a European system of fixed exchange rates. At this time, however, even though exchange rates were fixed, the member states' distinct national interests still predominantly determined monetary policies. Thus, differences in the conduct of national monetary policies remained.

This situation of a variety of monetary policies in the EC started to change at the beginning of the 1980s. Important countries, such as France and Italy, started to gear their policies towards low inflation. They decided that it was no longer beneficial to pursue policies that differed too much from those in neighbouring countries, such as West Germany (Blanchard and Muet 1993; Hall 1986; Sandholtz 1993). With the European Monetary System (EMS)—including a new European exchange rate mechanism—in place since 1979, the EC countries decided to make another serious attempt to obtain exchange rate stability. The turn of the decade signalled an important change in perceptions towards economic and monetary policy making. The rise in popularity of neo-liberalism in the 1980s proved conducive to monetarist policy making (Verdun 1996). The EC monetary institutions thought it useful to come up with a common strategy for successful monetary policies. In this sense the EC institutions were part of a wider international neo-liberal regime (Gill 1997) centring around the ideas of low inflation and balanced budgets (or reduction in budgetary deficits and public debts). These ideas were also at the heart of the policies not only of the EC (Hall 1986), but also of other international organizations, such as the IMF and the World Bank, and found strong support with the monetary authorities of the individual member states.

During the early 1980s national monetary authorities grew dissatisfied, as they perceived an increasingly limited room for manoeuvre in national policy making. This reduced policy-making capacity had been the result of the intensified integration of financial markets and national economies at large. It became conventional wisdom that individual member states could not pursue monetary policies successfully without coordinating them with neighbouring



countries. Influence over monetary policy making could be regained by acting collectively. In addition, it was thought that Europe as a whole would benefit from creating a currency that could operate as a major reserve and global trade currency. Hence, it was a calculated estimation made by the member states' monetary authorities that it would be better to coordinate monetary policies at the EU level, thus 'pooling their sovereignty' (Keohane and Hoffman 1991:7).

In addition, European member states realized that it was of vital importance to develop a strategy for dealing with the loss of international competitiveness. This situation had started to prevail as a result of the increasing economic growth of the newly industrializing countries, Japan, and the persistent economic dominance of the United States. The creation of an 'internal market' was the basis of the new strategy. Because the exchange rate mechanism (ERM) of the EMS had successfully generated exchange rate stability, the EMS came to be considered as an important vehicle for the completion of the Internal Market Programme by 31 December 1992. Coordination of monetary policy making became accepted as a necessary policy tool. Hence, the liberalization of the financial markets in Europe,<sup>6</sup> the creation of a single market, and ultimately the launching of an economic and monetary union, were perceived as sound strategies for coping with the loss of competitiveness. At the same time these strategies offered a way to deal with the effects of financial market integration on monetary and economic policy making. In the late 1980s EMU thus returned to the agenda.

### **The Delors Report**

In 1988 the heads of states and governments of the EC member states decided that a committee of central bank presidents and several independent experts were to draft a blueprint for EMU under the chairmanship of EC president Jacques Delors (Delors Committee). The resulting Delors Report (1989) served as the basis for the 1991 Intergovernmental Conference on EMU. The report envisaged a three-staged plan for EMU. The first stage would start on 1 July 1990, coinciding with the liberalization of capital flows in the EC. In this stage the internal market would be completed, budgetary and fiscal policies would be coordinated and preferably all Community countries would participate in the ERM. Stage Two was designed as an intermediary phase in which the European System of Central Banks (ESCB) would be prepared.<sup>7</sup> In Stage Three the exchange rates would become irrevocably fixed. National currencies would eventually be replaced by a single currency. The ESCB would become the sole

institution responsible for the formulation and implementation of monetary policy in the EC.

The Delors Report was incorporated in the Maastricht Treaty with very few amendments. The timetable was specified, the commitment to the introduction of a single currency was confirmed, and criteria for entering EMU—the so-called convergence criteria<sup>8</sup>—were specified. Besides these criteria the Treaty hinted at possible sanctions which could be imposed on member state governments not complying with the rules. These sanctions were further elaborated in the Stability and Growth Pact, which was adopted at the European Council in Dublin in December 1996.<sup>9</sup> The Maastricht Treaty effectively altered Articles 103–109 of the Treaty of Rome. These modifications responded to the institutional requirements to incorporate EMU in the EEC Treaty.

Hence, although the idea to coordinate member state economic and monetary policy making has been around since the foundation of the EEC, it was not until the 1980s that member state governments started to agree that it was necessary to pursue this type of coordination more seriously. National governments started to listen more carefully to monetary authorities. Eventually, they even agreed to the creation of EMU, which placed monetary policy and monetary authorities at the forefront. Policy making was no longer purely national. Rather, it was the result of consensus established in EC monetary institutions.

### **Epistemic communities in the EU economic and monetary integration process**

Although the Ecofin Council or the European Council formally decide on EC/EU monetary policy, two important preparatory committees are at the core of EC monetary policy making.<sup>10</sup> These are the Monetary Committee, which was set up in 1958, and the Committee of Governors, set up in 1964.<sup>11</sup> Both committees have been extremely successful over the last decades (Cameron 1995; Kees 1987; Rosenthal 1975; Woolley 1992). Typically members of these committees serve in that position for ten to fifteen years. They constitute a ‘transnational monetary elite’ that determines much policy making in this area.

To what extent does this transnational monetary elite represent an international institution independent from national interests? On the one hand, these committees were introduced so that the member states would have a voice in the policy-making process. Hence, they could well be considered yet another forum for intergovernmental bargaining. On the other hand, policy learning prevailed in these committees, because their members got to know each other well. This process of learning on the basis of mutual respect has been an important driving

force for integration in this field of policy making and has provided an important impetus to policy coordination (Rosenthal 1975). Monetary experts participating in the committees meet to discuss possible roads towards further monetary integration, thereby operating like an epistemic community. An illustration is provided by the case of the Werner Committee.

In 1970 the Werner Committee had to operate in an environment in which there were two ‘camps’ concerning the desirable road to EMU (see e.g. Tsoukalis 1977). At the end of the 1960s and early 1970s, the ‘economists’ (the Germans and the Dutch) wanted convergence of economic indicators before moving towards closer monetary integration. The ‘monetarists’ (the Belgians, the French, and the Luxembourgers) were convinced that the fixing of exchange rates would trigger further economic integration. These differences also occurred in the Werner Committee, yet it was able to draft a report, which was unanimously supported, within a few months. Rosenthal offers four explanations of this phenomenon. First, the committee formed an elite network. Five of the seven members were the chairmen of special EC economic and monetary committees,<sup>12</sup> and the Werner Committee members had already met each other on many occasions. Second, these individuals often had similar educational and professional backgrounds. Third, the group met very frequently (every ten to fourteen days). As a result of these frequent meetings as well as the dynamic within the group, an ‘esprit de corps’ soon developed. Finally, almost no member had clear links with national governments. They operated according to their own principles rather than representing the national position (Rosenthal 1975:101–25). Rosenthal’s explanation comes close to the present day concept of an epistemic community. In the words of Peter Haas (1992) this concept is defined as follows:

An epistemic community is a network of professionals from a variety of disciplines and backgrounds, they have (1) a shared set of normative and principled beliefs, which provide a value-based rationale for the social action of community members; (2) shared causal beliefs, which are derived from their analysis of practices leading or contributing to a central set of problems in their domain and which then serve as the basis for elucidating the multiple linkages between possible policy actions and desired outcomes; (3) shared notions of validity—that is, intersubjective, internally defined criteria for weighing and validating knowledge in the domain of their expertise; and (4) a common policy enterprise—that is, a set of common practices associated with a set of problems to

which their professional competence is directed, presumably out of the conviction that human welfare will be enhanced as a consequence.

(Haas 1992:3)

According to this definition the Werner Committee was indeed an epistemic community. The Committee members represented a network of professionals (chairmen of EC economic and monetary committees), who shared a set of normative and principled beliefs as well as notions of validity (i.e. what economic and monetary policy would be best for the EC) and had a common policy enterprise: EMU.

In particular the second and third components of the definition above enabled the epistemic community to contribute to policy making. Returning to the case of EMU in 1970, member state governments asked the Werner Committee to produce a blueprint for EMU at a time when the member states were highly divided. The committee members managed to put aside the differences and suggested a possible road forward. The core reason why they were capable of doing so was that they shared the same sets of normative and principled beliefs and shared notions of validity in the field of monetary policy making. Nevertheless, changing international circumstances, such as the end of the system of Bretton Woods, prevented further progress in EMU during the 1970s.

Almost two decades later, the Delors Committee faced the difficult task of coming up with a possible blueprint for EMU. The composition of the committee (twelve central bank governors and a number of highly respected monetary experts) made it inevitable that the report would focus primarily on *monetary* aspects of the integration process. The governments in part had this type of EMU in mind when they decided to ask a group of primarily central bank governors to draft a blueprint for EMU.<sup>13</sup> The Delors Committee chose to build on the work done by the Werner Committee. During the first several meetings the Werner Report was carefully studied, and it was decided which parts of the report needed to be kept and which parts not, given the change in conventional wisdom about appropriate macro-economic and monetary policy making.<sup>14</sup> The Delors Committee came to the conclusion that the Werner Report had a number of intrinsic weaknesses, such as insufficient constraints on national policies, and lacked clarity on the question of who would be responsible for decision making (Baer and Padoa-Schioppa 1989:56–7). However, the Delors Committee used the framework originally set up by the Werner Committee, updated it to the standards which had become generally accepted during the late 1980s, allotted clearer responsibilities<sup>15</sup> and more restrictions on national governments' policy making.<sup>16</sup>

Like the Werner Committee, the Delors Committee can be considered an epistemic community. Its members represented a network of professionals (central bankers and other monetary experts), who shared a set of normative and principled beliefs (sound monetary policy) as well as notions of validity (the need for a strong independent central bank to secure price stability) and had a common policy enterprise: EMU.

The importance of the Delors Committee in the economic and monetary integration process was fourfold. First of all, this committee of experts rather than any member state presented the blueprint for EMU. The transfer of monetary sovereignty was politically a very sensitive issue. Moreover, the conventional wisdom of monetary experts was that EMU would have to be modelled on the German system, which has a strong independent central bank with price stability as its mandate. It would have been politically unacceptable to have the German government come up with such an EMU blueprint. Similarly, other member state governments could not design an EMU, which basically copied the German system. Second, due to the composition of the Delors Committee, this body did have the appropriate level of technical expertise to suggest a credible blueprint. In fact, the central bank governors were responsible for monetary policies in their member states. The additional three members of the Delors Committee and the two rapporteurs were respectable monetary experts, some of whom had already played an important role in the earlier European economic and monetary integration process. Hence, these members were highly respected in the member states. Third, the committee members represented all twelve EC member states. Thus, it could be said that all 'national' perspectives had been 'represented' in the committee, but without being the official national government position. Hence the committee could come up with a *workable* blueprint, which could be acceptable to all twelve governments. Finally, the Delors Committee drafted the 'right kind' of EMU. It was clear from the outset that EMU would need to have a number of ingredients. As mentioned above, it needed to be modelled after the German system, but it also needed to be drafted in such a way that it would allow for weaker member states to join in. In addition, the move to EMU required an act of *positive* integration: the creation of common policies at the European level. At the same time, the Delors Committee postponed addressing more difficult issues related to monetary integration, such as fiscal policy, coordination of macro-economic policy making, transfer payments in the event of uneven economic development once EMU is fully operational (also Verdun 1996).

Thus, the Delors Committee, being a transnational monetary elite, contributed importantly to facilitating an outcome that went beyond a

'lowest common denominator' policy. In fact, it managed to come up with an acceptable blueprint which none of the national governments could have put forward. In this sense it operated exactly like the epistemic community literature suggests it would (Haas 1992). When national governments are in search of common policies, they may ask a group of transnational experts to come up with a policy suggestion. These experts then set the agenda and frame the issues, and thereby influence the outcome of the policy-making process. However, as sound monetary policies were the *de facto* policy of a majority of member state monetary authorities, the group of independent experts could frame the issues and suggest the direction of the integration process. In addition, by having built on the Werner Report, they were in fact even incorporating knowledge of the epistemic community of the early 1970s.

The specific circumstances of the 1980s facilitated the increasing dominance of the monetary experts (see also Dyson *et al.* 1995). Financial market integration and its consequences for monetary policy making autonomy assisted the transnational monetary elite in placing monetary policy making on top of the agenda. Instead of focusing primarily on the redistributive effects of government spending or on the role of public expenditure in reducing unemployment or boosting the economy, as in the 1970s, governments started to embrace the idea of price stability as the leading principle of governing economic policy. Governments accepted the arguments put forth by monetary authorities about the importance of low inflation. The effects of financial market disturbances did the rest. Monetary authorities, cooperating with each other in the EC context, reformulated the aims of monetary policy, and adopted price stability as their main credo. Governments followed, initially reluctantly, and accepted the need to refrain from excessive spending. In sum, the transnational monetary elite managed to set the agenda of 'proper' monetary policy-making and governments accepted it.

The reason why the transnational monetary elite was 'successful' in setting this agenda was their uniform insistence on coherent ideas about monetary policy (low inflation and currency stability). Furthermore, a government that opted to deviate from these principles, faced the financial markets which could undermine the stability of the national currency.

### **Explanations of European economic and monetary integration**

As was mentioned in the introduction, two types of explanations of the

European economic and monetary integration process can be distinguished, neo-realist and non-neo-realist explanations.<sup>17</sup> The previous section indicated that expert committees, operating as epistemic communities, played an important part in the process of economic and monetary integration. Of course, national interests may have been at the heart of the desire to cooperate at the EC level. It would be incorrect, however, to state that the outcome of the bargaining at the EU level was merely the sum of the parts.

What were the interests of the individual member states? For Germany it was creating an EMU which resembled the German model but would not include countries that were not economically ready for it. The British government wanted to reduce the scope and depth of the EMU project. The Benelux countries were in favour of securing that the *de facto* monetary regime was to be incorporated in a proper European monetary framework, in which all member states had an equal vote. France's interest was similar to those of the Benelux, but for this country it was even more important to counter-balance the disproportional power of Germany. Even though these 'national interests' confined economic and monetary integration, EC institutions and in particular several expert committees played an important role in outlining the monetary and macroeconomic policies which are presently dominant. Individual member states would not have been so strongly committed to reducing budget deficits, public debt, inflation, etc., without the convergence criteria of the Maastricht Treaty and the subsequent Stability and Growth Pact. It is difficult to believe that the Maastricht agreements were the result of simple bargaining of member state governments trying to safeguard their national interests. Nor is it likely that this outcome was a 'lowest common denominator' outcome.

Neo-realists like Grieco (1995) argue that governments are rational actors, which try to safeguard national interests in an international context of anarchy, or at best against the background of the US-Soviet bipolar threat. International institutions are therefore unimportant to states: states would not transfer sovereignty over monetary policy making to an international institution. A strict neo-realist thus cannot explain the institutionalization of EMU in the Maastricht Treaty. Grieco proposes the 'voice opportunities thesis' to complement the traditional neo-realist approach. Member state governments could use EMU to increase their voice over monetary policy through the new European Central Bank, thus preserving their national interests more effectively.

A different view of EMU states that it cannot be understood unless a combination of factors present during the late 1980s and early 1990s are taken into account (Sandholtz 1993; Smith and Sandholtz 1995). First, domestic support for the conduct of anti-inflationary monetary

policies. Second, the Internal Market Programme and increasing internationalization of financial markets generated the need for a regime of monetary stability. Third, some governments (of France and the Benelux countries) who had been participating in the EMS and had shadowed German monetary policy desired a greater voice in EC monetary policy. Fourth, German reunification implied that Germany needed to show the rest of Europe that it would remain committed to the European integration objective. Fifth, the leadership of German chancellor Helmut Kohl. Finally, the EC member states considered EMU desirable to institutionalize their commitment to low inflation (Sandholtz 1993:37–8). Almost none of these factors fit the neo-realist perspective.

### **Eight considerations against neo-realism**

Neo-realism thus cannot explain fully European economic and monetary integration. The monetary integration process has been affected in part by EC institutions. Member state governments have defined their ‘national’ interests by reflecting on the European integration process and the effects of globalization.<sup>18</sup> Eight considerations demonstrate that the Maastricht Treaty cannot be depicted as a neo-realist bargaining game.

First, all member states realized that the European integration process needed to get a boost, in part to cope with ‘globalization’, i.e. changes in the global political economy. It was understood that not all the ‘important’ interests of any given country could be incorporated into the Treaty. The integration process would include the transfer of sovereignty to European institutions.

Second, the member state governments wanted the European integration objective to move forward. To fulfil this desire a new project was needed. After the completion of the internal market, it was time for a new ambitious goal: the European economic and monetary union. However, not all governments immediately favoured such a far-reaching project. The West German and the UK governments in particular were initially reluctant to accept this ‘more than a minimal package’.

Third, the persons involved in negotiating the Treaty were monetary experts from the various member states. Most of them had been members of the Monetary Committee and Committee of Governors for a long period. Socialization had been taking place and policy learning had occurred. Consequently, to a certain extent the views of the individual committee members were more similar to one another than to parts of their respective governments. In short, an epistemic



community has been at work (cf. Cameron 1995).

Fourth, the member state leaders were pro-European and gradually became more in favour of the EMU process in part because of the functioning of the above-mentioned epistemic community. Commission president Delors had personally made sure that EMU had been put on the agenda in the late 1980s (Delors 1992). The Commission itself played the role of policy entrepreneur. Moreover, the German and French leaders, Chancellor Helmut Kohl and President François Mitterrand, were committed to a fruitful collaboration to safeguard the European integration objective. They held common beliefs that the integration process had to move forward, and that EMU was a logical step forward. The British leader, the 'Eurosceptic' Margaret Thatcher, was losing power and credibility towards the end of the decade, and was eventually succeeded by her moderately pro-European, former Finance Minister, John Major.

Fifth, bureaucratic interests were at stake. The European Commission was promoting and marketing the free market and single currency as the greatest good. The Cecchini Report (Commission of the EC 1988) was an example of such a report. It gave an overly positive view of the effects of the completion of the internal market. With regard to EMU and the single currency the Directorate-General II prepared a report entitled *One market, one money* which calculated the economic 'costs' and 'benefits' of EMU. The report was clearly in favour of EMU, and hence considerable emphasis went into the benefits of EMU.

Sixth, the specific contents of EMU were a result of a gradual process of economic and monetary integration. Only those policy decisions on which general consensus had been reached over the years were on the agenda. All other matters which could possibly have been necessary to create a more balanced EMU, but about which no incremental policy-making consensus had developed, were not on the table. For example, this is why EMU was not flanked by an 'economic government', which the French proposed, or the Centre of Decision for Economic Policy which had been envisaged in the Werner Report. Still, the outcome of the economic and monetary integration process reflects a higher than 'lowest common denominator' arrangement as the provisions include a clear transfer of sovereignty over monetary policy to a European institution. Moreover, it was decided to impose limits on budgetary deficits and public debts. Finally, with the introduction of a single currency (rather than for example a parallel currency, as the British had suggested), a clearly irrevocable step had been made towards further deepened economic and monetary integration. It also implied that the European Union will have to deal with any negative side effects of this process (e.g. country specific shocks) if and when

they occur.

Seventh, even though the EMU initiative preceded the end of the Cold War, there can be no doubt that the whole process towards monetary integration gained momentum following the 'peaceful revolutions' in Central and Eastern European countries in late 1989 and 1990.<sup>19</sup> It provided the member state governments with a greater incentive to bring the intergovernmental conferences to a successful close. In particular, the German attitude towards EMU reflected the desire to be seen as a country devoted to the European ideal. The fact that the Eastern European countries would be knocking on the door of the EC was an incentive to 'deepen' European integration before 'widening' was on the agenda. In other words, the member state governments chose to grasp the integration momentum and make sure that EMU would be safely incorporated in the Treaty on European Union, before having to deal with more difficult issues which would emerge as the consequences of the end of the Cold War would become clear.

Finally, the transnational monetary elite set the agenda for monetary cooperation in Europe. The integration process could only move forward if conducted along the lines of what monetary authorities had decided as the common line. The interests of the various national monetary authorities were not completely dissimilar from their national governments (as monetary authorities also include the finance minister), but they did not purely fight over the 'national' interests. Nor did they come up with a 'lowest common denominator' solution as neo-realists predict. The process of policy learning and socialization had moulded these monetary authorities. Because they were working within the European institutional framework they started to look at their 'interests' slightly differently. They wanted to come up with acceptable European solutions to the problems. Pure interstate bargaining would have led to more minimal packages and less consensus about the final outcome.

## **Conclusion**

National monetary authorities have faced a reduction in their policy autonomy, especially during the last two decades. A number of factors account for this process: globalization of production, financial integration, increasing market integration, the successful operation of the EMS, the Deutsch-mark domination in the EMS, the growing dominance of a neo-liberal mode of thought, an increasing consensus about the direction of monetary policy making, the cooperation of technical experts, the end of the Cold War, and German reunification.

Also, challenged by economic globalization, national monetary authorities have been searching for other strategies than national ones to regain influence over monetary policy. In particular, national monetary authorities tried to safeguard their national interests through international cooperation. They decided to collaborate in monetary institutions in the EC context; national monetary policies were geared towards policy objectives as agreed upon in the EC monetary institutions, in which national monetary authorities were often represented.

The formation of these EC monetary institutions has a long history. These institutions played an important role in European monetary policy making. This, and the fact that the members of expert committees had common backgrounds, a shared set of normative and principled beliefs, shared causal beliefs and a common policy enterprise, caused epistemic communities to come into existence. Without incorporating their role, the economic and monetary integration process cannot be understood fully. For example, the fast drafting and subsequent adoption of the Werner and Delors Report and the incorporation of the Delors Report in the Maastricht Treaty cannot be explained adequately. Hence, it is possible to conclude that the EC monetary institutions gained autonomous influence because they played a formative role in the monetary integration process. Moreover, on the eve of the move towards EMU it is clear that these monetary institutions will have autonomy over the conduct of monetary policy making in the EU. The autonomy of these monetary institutions will reach not only within the framework of the European System of Central Banks, but also beyond it, due to the impact of epistemic communities which shape member states' interests.

### Notes

- 1 The author wants to thank Paul Schure for useful comments on earlier versions of this chapter.
- 2 It is common practice to use the term European Community for the period until 1 November 1993, and European Union for the period following the entering into force on this date of the Treaty on European Union (TEU), more commonly known as the Maastricht Treaty. This chapter will follow this practice, even though in fact the term European Community would still be correct for matters related to the former EEC Treaty as the latter is referred to in the TEU as European Community.
- 3 Until 1 November 1993 the European Commission was called Commission of the European Communities.

- 4 Member states should: regard their cyclical policies as a matter of common concern (Article 103); pursue economic policies needed to ensure equilibrium in their balance of payments (Article 104); coordinate economic policies (Article 105); remove exchange controls in transactions of goods, services and factors liberalized under the common market arrangement (Article 106); treat their exchange rate policy as a matter of common concern (Article 107). Yet, the management of economic affairs would remain at the level of national policy making (Article 145). If a member state had balance of payments difficulties, the Commission would recommend appropriate remedial measures (Article 108). Finally, Article 109 left member states the possibility of protection in the case of a sudden crisis, albeit that the Council could call for the suspension of such an action.
- 5 These included, for example, the Monetary Committee, the Short-term Economic Committee, the Economic Policy Committee, the Committee of Governors of the Central Banks, the Budget Policy Committee, and the Medium-term Economic Policy Committee.
- 6 Capital controls were already lifted in West Germany and in Japan in the early 1980s, whereas in France and Italy this only happened towards the end of that decade (Goodman and Pauly 1993).
- 7 The Maastricht Treaty later stated that a European Monetary Institute was to prepare the set up of the ESCB in the second stage. The ESCB is composed of a new institution, a European Central Bank (ECB) and the national central banks.
- 8 The convergence criteria refer to inflation rates, interest rates, budgetary deficits, public debts and exchange rate performance.
- 9 The reference values laid out in the convergence criteria, as well as the Stability and Growth Pact, were prepared at great length in the Monetary Committee (Italianer 1993).
- 10 The relevant monetary institutions of the EC and EU are: the Directorate-General II (Economic and Financial Affairs) of the European Commission; the Monetary Committee of the EC; the Committee of Governors of the Central Banks of the EC; the European Monetary Institute (EMI) set up in 1994 and successor to the Committee of Governors; and the future European System of Central Banks (ESCB) which will include the European Central Bank (ECB). The ECB will succeed the EMI when Stage Three of EMU, as set out in the TEU, enters into force.
- 11 The Committee of Governors comprises one chief executive from each of the member states national central banks. The Monetary Committee consists of the members of the Committee of Governors plus one representative of the national Ministries of Finance. These committees' specific role is to deal with the

- policies related to the European Monetary System, and to advise the Ecofin Council of Ministers on the direction of policy making.
- 12 Pierre Werner was Prime Minister and Finance Minister of Luxembourg; Baron Ansiaux was Chairman of the Committee of Governors of the Central Banks; Professor Brouwers was Chairman of the Short-term Economic Policy Committee; Mr Clappier was Chairman of the Monetary Committee; Mr Morelli was Secretary of the Monetary Committee; Mr Schöllhorn was Chairman of the Medium-term Economic Policy Committee, as well as Secretary of the German ministry of economic affairs; finally, Mr Stamatii was Chairman of the Budget Policy Committee, and also a member of the Monetary Committee (Rosenthal 1975:120).
- 13 Member of the Delors Committee, interview with the author, October 1996.
- 14 President of the EC Monetary Committee, interview with the author, October 1996.
- 15 For example, the ESCB was to become the sole institution responsible for monetary policy in the EC and it would be made politically independent from the Council and all other political actors.
- 16 For example, it mentioned the need for binding rules on budgetary policy including upper limits on budget deficits and prohibiting monetary financing of national budgets.
- 17 Elsewhere I have given a fuller account of the explanations of the EMU process, see for example Verdun (1995) and Verdun (1996).
- 18 Elsewhere I have examined this in greater detail (Verdun 1995).
- 19 In fact, the Franco-German initiative to launch an Intergovernmental Conference on Political Union parallel to the one on EMU was directly related to these political changes (*Financial Times*, 23 April 1990:1).

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# 14

## **International economic organizations**

### **More policy making, less autonomy<sup>1</sup>**

*Nicholas Bayne*

Most of the international economic organizations considered in this chapter were founded fifty years ago or more, during or just after World War Two. Among global organizations, the International Monetary Fund (IMF) and World Bank were launched at Bretton Woods in 1944. The United Nations (UN) was inaugurated in 1945, with a substantial economic element. The General Agreement on Tariffs and Trade (GATT) emerged from the Havana Conference of 1948, but was only transformed into the World Trade Organization (WTO) in 1995. The Organization for Economic Cooperation and Development (OECD), with limited membership, has its origin, at one remove, in the Marshall Plan which began in 1947.

### **The end of the Cold War**

Half a century ago governments wanted to escape from the economic controls imposed by war, following several decades when protectionism was the conventional wisdom. They were seeking to create an open, competitive world economy governed by international rules. Today the prevalence of globalization is the best measure of their success. But the organizations they founded could not escape the impact of the Cold War, which marked their formative years. Since the Cold War thawed and melted, over the years 1989–91, there has been a gradual transformation of these organizations, which is not yet complete. The end of the Cold War has brought one direct and three indirect changes.

The direct change concerns membership. The UN and its agencies have had worldwide coverage from the outset. But the Soviet Union and its allies refused to join the IMF, World Bank or GATT. That encouraged some other countries to stay out, especially of the GATT, which brought no financial advantage. Since the Cold War ended, the

IMF and World Bank have become truly global organizations, with over 180 members, like the UN itself. Membership in the WTO has also been rising steadily; it now has over 130, with a queue of some thirty more wanting to join, including China, Russia, Taiwan and Saudi Arabia. Even the OECD, which remained stable at twenty-four members for three decades, has added Mexico, the Czech Republic, Hungary, Poland and South Korea.

The three indirect changes are as follows, the first being the most important. First, there are now no alternatives to the open, competitive economic system which encourages globalization. While it lasted, the communist, centrally planned approach offered both a rival economic system and scope for those who favoured a 'third way' between the two, like the New International Economic Order. The Cold War thus masked and distracted from the advance of globalization, which has greatly accelerated since it ended. Second, the Cold War confrontation of hostile super-powers preoccupied governments worldwide. Security issues took priority over economic ones. Since the Cold War ended, security concerns have remained active (for example the Gulf War, Bosnia and NATO expansion) but economic issues have acquired equal weight. Governments are prepared to push their economic disputes further and are not constrained by the need for unity against an external threat. Third, governments recognize and embrace the benefits of globalization, in terms of more growth and investment, more choice and better-quality products for their citizens. But they worry about the consequent loss of their own power. Globalization seems to make them more vulnerable to external upsets; and, while it rewards success, it penalizes mistakes, sometimes long after the event. Governments want to show their electors that they are still in charge: they are choosing economic policies which take advantage of international trends; they are not simply at the mercy of external pressures.

This chapter examines the impact of these changes, direct and indirect, on the international economic organizations. Its focus is on the two most influential institutions for mature Western economies: the IMF and the WTO, successor to the GATT (for the recent history of the IMF and WTO, see Kenen 1994; Croome 1995; James 1996). The analysis sometimes extends to the World Bank and to the economic arms of the UN, though these are of greater importance for developing countries. A separate section looks briefly at institutions of limited membership: the G7/G8 summit, the OECD and the Commonwealth. The principal thesis advanced here is that, since the end of the Cold War, the policy-making activities of these organizations, and the demands laid upon them, have expanded strongly. That is because the member governments are making more active and deliberate use of the organizations to advance their national objectives. This is particularly

true of G7 governments, like the United Kingdom, but it also applies more widely. This accounts for the title of this chapter—more policy making, less autonomy—and its place in the theme of this book.

### **Governments and organizations**

For four decades and more governments traditionally entrusted policy towards international economic organizations to their permanent officials. Elected ministers gave them relatively little attention. Ministers in the GATT met only five times in the thirteen years from 1982 to 1994. In the IMF ministers have met more regularly each year since the 1970s. But often this meant no more for the minister than a speech, a press conference and some arguing over a text prepared by officials. The prevalence of permanent officials has marked the character of the institutions. Instinctively, permanent officials value continuity. They take the long view. They are endlessly ingenious, in adjustment, extension and adaptation; but they are not innovative. This accounts, for example, for the odd reproductive cycle of international economic institutions. New institutions are very rarely born; old institutions never die. Only one new institution—the European Bank for Reconstruction and Development (EBRD)—was created in direct response to the end of the Cold War. Parliaments generally paid little attention to the work of international economic institutions—the US Congress being a conspicuous exception—and the same goes largely for the media and the private sector.

But as the 1990s proceed, elected ministers are becoming less prepared to leave it all to their officials; and this too influences the institutions. In democracies, elected ministers put a premium on change—that is how they get into office. They are thus naturally innovative. They are impatient and want to see quick results. They want to be closer to the media, to business circles and to other elements in their domestic constituencies. Thus the WTO, in operation since 1995, is a new institution, not just an adaptation of the old GATT. WTO ministers meet regularly, at least every second year. Expectations were low before their first such meeting, in Singapore in December 1996. But the ministers gave the WTO a fresh impetus, reflected in new agreements on telecommunications, information technology and financial services concluded in 1997. For the IMF and World Bank, the joint ministerial Development Committee, long neglected, has been made a serious forum for World Bank business. Senior bankers gather in increasing numbers at the annual conference of the IMF and World Bank, to get access to the world's finance ministers. Former ministers are being chosen as the heads of the institutions, such as Renato

Ruggiero at the WTO and Donald Johnstone at the OECD.

The IMF and the WTO are very different institutions. They have an unusual system of voting and representation. Votes and seats are allocated by size of quota. Large countries, like the USA and UK, get seats of their own on the Executive Board and ministerial committees, while smaller ones are grouped in constituencies and must occupy their seat by turns. This system makes it harder for small, poor countries to get their voice heard. But it ensures that the IMF and World Bank only take decisions supported by the members who will pay for them. It makes for caution—and this caution is reinforced by the conviction that sudden changes will unsettle the financial markets for which the IMF is responsible. Representatives to the IMF and World Bank come overwhelmingly from finance ministries.<sup>2</sup> Within national governments, finance ministers and their officials often have a hard time. They have to battle with other ministries, who want to spend more than they think wise, and they promote unpopular policies of restraint and self-denial. But at the IMF they are among friends; and they stoutly protect ‘their’ organization against interference by foreign ministries and other outsiders. Even the European Commission has made no impact so far at the IMF—the member states act for themselves. This detachment of the EU from the IMF cannot persist once the euro is in use. Michel Camdessus, the IMF managing director, has expressed concern at the impact of the euro on the IMF, while Yves de Silguy, the responsible European Commissioner, has recognized that more work needs to be done on this (*Financial Times*, 19 March and 24 April 1997).

The IMF and World Bank are established organizations, with large budgets and plentiful staff. By contrast the WTO, like its predecessor the GATT, looks thin and improvised. The permanent staff is very small and the institution relies heavily on member governments to organize and carry out its activities. But while the IMF is a cautious institution, slow to change, the tradition of the GATT is more dynamic. The GATT has made its impact through a series of negotiating rounds, each one ratcheting up the level of openness in the world trading system. The new, strengthened dispute settlement mechanism of the WTO is making a considerable impact. But this works best by encouraging the parties to negotiate a settlement, rather than by imposing judgments and penalties. This process has bred a race of dedicated trade negotiators, adept at the techniques which enable deals to be struck. The European Commission negotiates on behalf of the member states of the EU, while they sit silent and are often not even in the room.<sup>3</sup> The old saying is that negotiating in the GATT is like riding a bicycle: you have to keep going; if you stop, you fall off. This concept of movement providing stability is a powerful one in today’s

globalized world.

The economic institutions of the UN are in general much less influential than the IMF or the WTO. Unlike its security role, the economic responsibilities of the UN are only defined vaguely in the Charter, so that its activities are dispersed and lack focus. The decision-making process, through non-binding resolutions, is unsatisfactory. It creates a gap between the decisions adopted and the ability to carry them out, which encourages procedural manoeuvring and ambiguity. The UN makes its greatest impact when it goes beyond resolutions to legally binding treaties, as on climate change or the law of the sea. But even in such global issues, where the full participation of all countries is needed, governments seem to take their UN commitments more lightly than those made to IMF or WTO (for a critique of the UN's economic programmes, see Arnold 1995).

### **Global economic organizations: the aims of member governments**

Governments—ministers rather than their officials—increasingly look to the organizations for help with their domestic objectives: to unlock the benefits of globalization and to avert its dangers. They want international economic institutions to do four things for them: to endorse their current policies (this is their most important objective); to share their burdens; to extend their reach; and to give good value.

#### ***Endorsing current policies***

A government wants to be able to say: 'What we are doing has the total endorsement of the IMF (or the WTO). It is therefore clearly right.' This gives governments an instrument to justify their current policies, which they use with their critical media, in parliament, to rally supporters and counter the opposition, and to reassure private business opinion and the financial markets. The key feature is that the government's unchanged policies should be blessed by the institutions. Where the institutions require changes in policy, that is less welcome, since the government appears to be giving in to outside pressures. So at first sight the process looks wholly self-serving. Governments want institutions which serve as echoes or yes-men, to parrot approval of whatever they do. But it is not as simple as that. Why should governments care about the approval of the institutions? It is because the IMF and the WTO embody the standards of good behaviour in macroeconomic policy and in international trade. They are regarded as such not only by governments but also by private investors and the

financial markets. They give governments 'the seal of good housekeeping'. No government, not even the strongest, wants to be seen defying these institutions.

This means governments will take great pains to ensure their policies are such as will earn the institutions' approval. Since the institutions are made up of governments, this might be a wholly circular process, with each scratching the other's back. But this is not the case, because governments are not monolithic.<sup>4</sup> Finance ministries promote budgetary rigour, to keep inflation down and external accounts in balance. They confront other ministries, who have ambitious spending plans, which they often claim will stimulate growth. In this struggle the finance ministry, outnumbered at home, appeals to its own institution, the IMF, to redress the balance. As the guardian of exchange rate stability and the source of help in correcting external imbalances, the IMF is a consistent and powerful advocate of prudent macro-economic policies. The WTO has a similar function in the confrontation between the advocates of competition and open markets and the partisans of protective measures to favour national champions and preserve jobs. The WTO is the ally of the open market camp, helping to counter the voices favouring protection, which are often the loudest because they have most to lose. It is surprising that GATT negotiations ever succeed in overcoming this vocal opposition. When they are limited to a single sector, like textiles, it is hard for them to do so. That is why the GATT has usually proceeded by large negotiating rounds, each one more ambitious than the last. The case is now being made for a 'Millennium Round' in the WTO, to start in 2000. No country wants to bear the responsibility for the failure of such a round, which could endanger the entire system.<sup>5</sup>

Thus the institutions are far from being the *echo* of their member governments. They serve instead as a *conscience* for governments, helping them to take, to implement and to justify difficult and unpopular decisions. Getting international institutions to endorse governments' policies is thus not a soft option. It strongly influences governments in their choice of policies, steering them towards those which have a stronger international content and enable them to take advantage of globalization.

### *Sharing their burdens*

A government sometimes wants to defend unchanged economic policies; and sometimes to justify changing them. It may not be helpful domestically if the change appears to be imposed by an outside institution. But the government can go beyond the institutions themselves, to mobilize the other members to help them with their

domestic problems. It helps any one government to show that the IMF is advising prudent but unpopular macro-economic policies not only for them but for other governments too. No country is suffering alone; all are part of an equality of misery, which makes the strict measures easier to bear. Sometimes, governments are obliged to adopt new and unpopular policies not of choice but of necessity—for example to regain the confidence of the financial markets or to obtain loans from international sources, including the IMF itself. In such cases pressure from the international institution is turned to the government's advantage by using the institution as a *scapegoat*. The government transfers onto the IMF's shoulders the domestic blame it receives for the unwelcome austerity. The IMF—rather than the government—may become the target of hostile demonstrations. But if the IMF medicine works, the government may later take the credit. This may well happen with Korea and Thailand, once they emerge from their financial troubles.

With the GATT and WTO this process works rather differently. There is plenty of evidence to show that countries benefit from unilateral removal of trade barriers. It is therefore in their own interest to remove them, rather than to bargain them away. But governments find it very hard to justify domestically giving up a protective measure without getting something in exchange. The GATT's practice of negotiating the removal of trade barriers on a reciprocal, non-discriminatory basis helps to overcome this problem. Governments can justify the removal of their own barriers because this opens the markets of others. No one gets something for nothing; but trade restrictions are progressively removed.

### *Extending their reach*

The first two headings have considered how the institutions help governments with domestic policy making. But governments also use them, of course, to achieve external economic objectives, such as obtaining access to markets or getting their debts paid. This is the traditional role for the institutions; they provide a means of concentrating pressure and combining influence. But governments are now using the institutions more purposefully in this context. This is illustrated by the heavy agenda of the dispute settlement mechanism of the WTO. Over seventy disputes were referred to it in its first two-and-a-half years, far more than the number handled by the GATT at its most active. In doing this, governments find the institutions have two advantages. They set the standards of good behaviour, which few can ignore. They are also impersonal, so that governments often use the institutions as channels to put across tough and unpalatable messages

and are content to shelter behind them. Some governments, especially the US, are strong enough to pursue their objectives bilaterally if they prefer. But others, even other G7 members, are not. The institutions provide them with a means of keeping a check on the Americans and sometimes on the EU too.

While there are many economic areas where governments welcome the involvement of the institutions, there are some where they keep the institutions out and settle things on their own or bilaterally. Governments seem happier to see international organizations engaged in policy making in subjects where they are not too deeply involved themselves, either as player or regulator. The evolution of the GATT into the WTO reveals this. The GATT has provided multilateral rules from the outset for trade in manufactures and industrial raw materials, where governments intervene little. As sectors like telecommunications and financial services have been deregulated and privatized, trade in services, originally outside GATT, has been brought under the new WTO. The WTO agreement on financial services, concluded in December 1997, completes the first stage of this process. In contrast, agriculture proved intensely difficult in the Uruguay Round because governments were so deeply involved in supporting it. Air services, where governments intervene heavily, still escape the WTO. This trend is less evident in the IMF. But the IMF too is giving more attention to the supervision of banking and financial markets, as these move out of direct government control—and as central banks themselves become more independent.

The general message is clear. Where governments are themselves deeply engaged in support or close regulation they prefer the institutions to keep their distance. But governments are generally withdrawing from many sectors they covered previously and giving more scope to the private sector and the market. It follows that more subjects will be regarded as fit for the institutions. All this gives the institutions more work. But it also creates a serious problem for them.

### *Getting good value*

As the institutions are asked to take on new tasks, they need to take on more staff and their budgets go up. But the opposite is happening in the national budgets of their member governments. Most of these are reducing their public spending, both to correct their budget deficits and because of the shift of their former responsibilities to the private sector. Governments find they cannot justify spending more on the institutions while they are cutting back at home. So they want to cut back on the budgets of international institutions too, even as they ask them to do new things. The IMF, the World Bank and other financial institutions



are protected against this trend to some degree, since they can earn their own income from their loan operations. This enables finance ministries to spare 'their' institutions somewhat from the budgetary squeeze felt elsewhere. But the WTO, the OECD and the UN all depend on the subscriptions of their member governments. The WTO, despite the appeals of its Director-General, has to fulfil its wider mandate with the slender resources allocated to the GATT. These financial limits seriously constrain the organizations from developing more autonomy. The danger is even that the institutions, starved of funds, will see their authority decline, so that they can no longer advance the aims of their member governments.

### **Global economic organizations: how governments get their way**

Now that governments have more precise objectives in these organizations, they are no longer content to feed in their wishes and hope for the right answer. As ministers get more involved, they seek actively to steer the organizations so that they are facing in the direction they want. This steering process is more complex than it used to be. In the early days of the IMF, and in all the GATT rounds that preceded the Uruguay Round, rich Western countries made all the running, with the developing countries being spectators at best. But since the IMF and WTO have become virtually worldwide institutions, there are many more active members who insist on being involved.

Most of the institutions have provision for taking votes—in the IMF and World Bank by weighted voting, in others usually 'one country, one vote'. But there is a strong preference for taking decisions by consensus, so that all are associated with them. This means that, in principle, each member has a veto. But there are two powerful constraints on using it. First, a veto can only be used to prevent something; a veto cannot achieve an active objective. Members who rely on their veto too much can be accused of frustrating the institution's purpose and weakening its ability to act. Second, a member who vetoes the proposals of others will find its partners disinclined to follow its own favoured ideas. So countries with positive objectives in the institutions use the veto sparingly. In these conditions, governments use four broad techniques to achieve their chosen objectives in international economic organizations. They are: singleness of purpose; coalition building; manoeuvring for the middle ground; and exploiting the machinery.

### *Singleness of purpose*

Singleness of purpose simply means a government must decide what it wants from the organization and pursue it consistently. This is obvious enough; but it is not as easy as it sounds. It requires all parts of government to accept a single objective, reconciling, for example, the tensions between growth and inflation, between openness and protection. Some governments habitually weaken their position by playing out their domestic disputes in public at international meetings. Others find internal consensus only at the cost of losing direction or flexibility. This is a particular problem in the EU, when the Commission or Presidency has to act for all member states. A successful government will maintain and defend its own unity of purpose while seeking out and exposing the contradictions within other governments holding opposing views.

### *Coalition building*

Coalition building is a familiar technique, fundamental to success in the organizations. The aim is to build up a group which supports your own position that is sufficiently large and varied to carry the day, with a bandwagon effect sweeping everyone into an eventual consensus. The key to success is to have a broadly based group, reflecting views of all sections of the membership. One such successful coalition was the Cairns Group of agricultural exporters in the Uruguay Round of trade negotiations. Launched by Australia, it contained members from all regions. Throughout the negotiations the Cairns Group obliged the US and the EU to address agriculture seriously and work for a solution.

Building coalitions is hard work, especially for a single country. Most other countries will want to trade their support against something and a single country risks having to compromise too far. It therefore helps to have a circle of natural allies, who will share the work of coalition building without being 'paid' for it. The UK, for example, is well placed with regard to natural allies in the global institutions. It can for example call on the G7 countries collectively, as a small but highly influential group, or on the Commonwealth, a source of allies with a wide geographical spread. (The role of these two bodies is discussed further in the next section of this chapter.) The EU can also provide the UK with natural allies. This works well in UN contexts, where the European Presidency speaks for all. It is less effective in the IMF, where the member states speak for themselves.

In the GATT and WTO handling the EU is highly complex. The northern Europeans—Germany, The Netherlands and the Nordic

countries—are Britain's natural allies; the Mediterranean members, including France, are not. Success for the UK in the Uruguay Round thus meant steering the EU into a liberal position without provoking a veto from France or others. But without this collective pressure on the EU members, it is unlikely that the round would ever have reached a successful conclusion.

### *Manoeuvring for the middle ground*

Most collective decisions in the institutions are compromises, which find the middle ground between extremes. For a government to get what it wants from an international economic institution, the art is to contrive that the middle ground satisfies its national objectives. This is an advanced and risky technique. If pursued without singleness of purpose, governments will just be carried by the tide and will be criticized for this at home. It works best when there are some governments that want to go further than you do, so that those who want to go less far can be brought to a mid-point that meets your needs. If yours is the extreme position, you will need a very strong coalition to carry the day and not have to settle for something less than your objective. One expedient is to bid for something initially well beyond your requirements, in the hope of dragging others to a point acceptable to you. This is a strategy regularly adopted by the US, but it is hard for less powerful countries to carry it off.

Some examples may illustrate this technique. In the IMF the extremes are often occupied by the developing countries, as the most demanding, and by Germany and Japan, as the most cautious. The US may be at one extreme or the other: highly cautious over quota increases and SDR (Special Drawing Rights) allocations, most forward over commercial bank debt relief and the rescue of countries in financial difficulty, like Mexico. The UK is more often inside the extremes and thus better able to get what it wants.

### *Exploiting the machinery*

Exploiting the machinery is a less precise technique. It requires a government to be expert in the workings of each institution and in the mentality of its members, so as to take advantage of them. For example, the institutions do most of their work in English. This gives an advantage to the British and other participants fluent in English, who are often in demand to draft texts or to chair committees. Governments that are committed multilateralists, who pay their subscriptions on time and who take the trouble to cultivate the institution's staff are all more likely to get what they want, because the institution starts by being

well-disposed towards them.

### **Institutions of limited membership**

Policy making in global economic organizations is becoming more important for member governments as a way of achieving national objectives. But it is an erratic and cumbersome business to get good decisions out of these huge organizations, with up to 180 members. To improve the speed and quality of policy making for the whole organization, countries naturally combine in steering or pressure groups—an extension of the technique of coalition building. In particular, institutions of limited membership, originally created for quite other purposes, are being adapted to promote policy making in the global organizations. This section looks at three of these: the G7/G8 summit, the OECD, and the economic side of the British Commonwealth.

#### *The G7/G8 summit*

Since its creation in 1975, the G7 summit has met annually with seven national participants—US, Japan, Germany, France, Italy, UK and Canada—plus the EU. The formal admission of Russia in 1998 raises it to the G8. The summit was founded in response to the collapse of the fixed exchange rate regime, the first oil crisis and the ensuing recession. It was intended to resolve differences among its members, so that together they could provide leadership to the economic system. The summits were also used to give mutual encouragement among their members when taking difficult economic decisions. British Prime Minister Thatcher thought it worth leaving the 1983 election campaign to attend the Williamsburg summit, because it would ‘lend international endorsement to the sort of policies we were pursuing’.<sup>6</sup> The summit was not meant to be linked to wider institutions. Indeed it was invented by President Giscard of France and Chancellor Schmidt of Germany in rebellion against the formality of large international meetings, which had frustrated them as finance ministers. Early summits naturally addressed issues being handled by the wider institutions: the IMF exchange rate regime in 1975 and the Tokyo Round of GATT negotiations up to 1978. But the idea was that anything agreed at the summit would be taken over by the wider institutions without change and without argument.

Something of this, approach persisted right up to the end of the Uruguay Round in 1993. But by that time there were signs of open revolt in the global organizations at being dictated to by the G7, visible

for example at the 1994 annual meeting of the IMF and World Bank in Madrid. From then on the G7 summit introduced a fundamental change in its attitude to global organizations. The G7 members realized that the end of the Cold War was transforming the institutions. They could no longer dictate to the institutions and expect their decisions to be followed blindly. But they were still well placed to take the initiative and to influence the institutions profoundly, provided they acted with tact and openness to the views of others. The Halifax summit of 1995 therefore launched a programme for the reform of international institutions, both their policies and their management. The first move was to recommend new policies for the IMF in the light of the Mexican financial crisis. These were developed in close contact with the IMF itself and were rapidly adopted. The G7 then settled down to longer-term work on improving international supervision of capital markets, which is still in progress. Halifax also started a slower process of reform in the UN and its related bodies. This brought a focus at the Lyon summit of 1996 on development institutions, including the World Bank, and at the Denver summit of 1997 on reshaping the UN's own economic work. The Birmingham summit of 1998 proposed further reform for the IMF, following the financial turmoil in Asia. In all this the G7 members have been careful to operate tactfully and persuasively, building wide coalitions of support within the relevant organizations. Their efforts have generally been well received and had a positive impact on established institutions.<sup>7</sup>

### *The OECD*

The OECD, founded in 1961, is the successor to the Organization for European Economic Cooperation which coordinated the economic policies of the recipients of Marshall Aid and helped to restore the post-war European economy. The OECD has maintained the tradition of close policy exchange and peer review among the industrial democracies. It has a mandate which goes much wider than IMF or WTO, embracing all economic and many social policies. In the 1990s it has exerted itself to encourage market economies in the former communist countries of Europe and has admitted three of them to membership (for a recent OECD account, see Sullivan 1997).

The OECD attracts the support and interest of a greater range of government departments in the member countries, who value the analytical work produced by its expert staff. But without the negotiating pressure generated by the WTO or the strong sponsorship which finance ministries give to the IMF, the OECD's impact is more diffuse than either. Member governments mainly value it as a source of good ideas which they can later claim to have thought of themselves.

The OECD increasingly serves as a source of ideas for its members in wider international organizations also, especially the GATT and now the WTO. With its large staff of economists and analysts, it is better equipped to do this than the WTO itself, which has to concentrate on the negotiating process. Many of the ideas which resolved the difficulties in the Uruguay Round originated in the OECD, especially in the contentious field of agriculture.

In a more controversial way, the OECD is being used as a testing-ground for commitments intended for wider international adoption. At present, OECD members are negotiating a Multilateral Agreement on Investment, which will set non-discriminatory rules in this field and reduce the barriers faced by investors. The intention is that this should also be open to OECD non-members who wish to join; and it should provide a stimulus to a wider agreement on investment in the WTO. It is uncertain, however, whether it will advance this purpose. Some developing countries are critical of the OECD process, regarding it as a way of dictating to the rest of the WTO members and presenting them with a *fait accompli*.

### *The Commonwealth*

The Commonwealth has grown out of the former British empire. It has both political and economic aspects and for many years the former took priority. South Africa was a cause of division in the Commonwealth throughout the 1980s. But the end of the apartheid regime, as well as the end of the Cold War, has liberated the Commonwealth and given it a new lease of life. The economic services the Commonwealth offers to its members are modest in scale, the most important being the Commonwealth Fund for Technical Cooperation. There has not been a tradition for Commonwealth members to adopt agreed positions to promote initiatives in global organizations. But that has changed with the 1990s and the Commonwealth has become a leader in ideas for debt relief offered to the poorer debtors.

Commonwealth finance ministers, meeting in Trinidad in 1990, endorsed a British proposal for debt reduction to help poor countries meeting IMF targets. This scheme, called 'Trinidad Terms', was adopted by the IMF and provided major relief on debt owed to governments. But many poor countries owed most of their debt to the institutions, especially the IMF and World Bank themselves, on which no relief was available. So Commonwealth finance ministers in 1994 recommended a further method of reducing institutional debt for 'highly indebted poor countries' with a long record of IMF compliance. This has again been adopted by the IMF and World Bank, at their annual meeting in 1996, though progress in applying it has been slow.

So the Commonwealth ministers have kept up the pressure for action with the 'Mauritius Mandate' agreed in September 1997. In October 1997 Commonwealth heads of government, meeting in Edinburgh, issued an Economic Declaration which envisages a stronger joint role for the members in global organizations like the IMF and WTO. It did not go so far as to endorse the call for a Millennium Round in the WTO, but it moved in that direction.

The Commonwealth does not have the weight of the G7 or the intellectual apparatus of the OECD. But in promoting objectives in international economic organizations it has the advantage of including countries of all sizes, all regions and all levels of development. In this sense it is a very effective coalition. But the diversity of its fifty-three members can also be a weakness in the search for a common approach and 'singleness of purpose'. At Edinburgh, India's difficulties with the WTO prevented the heads of government from taking a more forward line on the Millennium Round.<sup>8</sup>

### **Conclusion: prospects for autonomy**

This analysis has sought to demonstrate that, since the end of the Cold War, the policy-making role of international economic organizations has expanded. Member governments perceive the value of these organizations in advancing their national objectives and demand more from them. As their direct control over economic activities shrinks, through privatization and deregulation, they are content to see more issues subject to international rules. In trade matters at least, governments are prepared to submit to international dispute settlement through the WTO. Institutions of restricted membership, like the G7/G8 summit, the OECD and the Commonwealth, are being adapted so that they can contribute to better policy making in the global organizations.

But the autonomy of the organizations has not increased as a result of this; on balance, it has decreased. Governments are less passive towards the organizations than they were. They want to steer them in directions which serve their own national objectives. Ministers are exerting closer supervision over what the organizations do. In particular, while asking the organizations to do more, governments are very restrictive in supplying any extra finance and slow in paying their subscriptions. This is not necessarily a stable state. The system has not yet absorbed all the consequences of ending the Cold War and more modifications lie ahead. Governments may in future agree that their interests would be well served by giving the organizations not only more to do, but also more autonomy in doing it. Or they may decide

that their objectives are better achieved by downgrading the organizations and doing more unilaterally or through regional groupings.

This chapter does not offer a forecast. But it suggests two indicators for judging the prevailing trend: the progress of the WTO dispute settlement mechanism, and the level of contributions to the organizations. The WTO dispute settlement mechanism has so far been a great success. A number of important cases have been judged and the rulings accepted by the losing parties. Many more have been settled out of court, the mechanism serving as a stimulus to successful negotiation. But these achievements are fragile. If a controversial case were pushed to judgment and the loser rejected the ruling, the value of the mechanism would be destroyed; the risk of this remains high.<sup>9</sup> The WTO's judgments are also provoking resistance outside trade circles, for example among those concerned about the environment or animal welfare. If the WTO settlement mechanism continues to be used and respected, and if similar mechanisms are successfully introduced elsewhere, that will suggest governments are ready to give greater autonomy to international organizations.

Contribution levels in organizations without their own sources of income continue to cause difficulty. Many of them have been slackly managed in the past and function better now that 'dead wood' has been removed. But this process is reaching its limit in some places; if pressed further, it will destroy the morale and effectiveness of organizations like the WTO. Considerable progress was made earlier in 1997 in resolving the problem of American arrears of payment to the UN, only to have the solution voted down; at the same time the Congress also declined to authorize the US contribution to the IMF's 'New Arrangement to Borrow', created in response to the Mexican financial crisis. The persistence of such difficulties will be the strongest indication that the international economic organizations, however busy, will not increase their autonomy.

### Notes

- 1 This chapter is an edited and adapted version of the article 'What governments want from international economic institutions and how they get it', in *Government and Opposition* 32, 3, 1997:361–79.
- 2 Central Banks are also represented at the IMF, though in a supporting rather than a leading role. Some northern European countries, including the UK, involve members of their development ministries in their World Bank delegations.



- 3 The rule applies strictly for negotiations on trade in goods, where Article 113 of the European Union Treaty applies. It is less clear for trade in services, in practice the member states allow the Commission to remain the chief negotiator, but take more of a part themselves.
- 4 This is an example of the 'two-level games' first analyzed by Putnam (1988).
- 5 Single sector negotiations can succeed, as shown by the conclusion of separate WTO agreements on telecommunications, information technology and financial services during 1997 (*Financial Times*, 17 February: 1, 21; and 27 March: 8; 15 December: 1, 17). But the risk of failure is greater, as shown by the earlier abortive negotiations on telecommunications and financial services.
- 6 Thatcher 1993:290; she did the same in 1987 to go to the Venice summit; *ibid.*: 586–7.
- 7 All summit documents, plus some recent research papers, are available on the web site of the University of Toronto G8 Research Group ([www.g7.utoronto.ca](http://www.g7.utoronto.ca)); also Bayne (1995).
- 8 The Edinburgh Economic Declaration and the Mauritius Mandate are available through the Commonwealth Secretariat's web site ([www.thecommonwealth.org](http://www.thecommonwealth.org)); also Bayne (1997) and Jenkins (1997).
- 9 There have been rumblings during 1997 in Europe over imports of hormone-enriched meat, and in the US, over Kodak's access to the Japanese market, where the WTO panel rulings went against them. The case brought by Canada and the EU against the US over its extra-territorial Helms-Burton legislation has fortunately been set aside.

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# **Part IV**

## **Conclusion**



# 15

## Why do international organizations never die?

*Susan Strange*

Having been distantly involved with this whole project since its launch in Paris in 1995 at the second pan-European conference on international relations the editors have invited me to make some general comments and criticisms. I do so as a benevolent bystander, a long-time teacher on international organization and a contributor to the Cox and Jacobson 1973 volume which the editors rightly cite as a path-breaking attempt to unpick the politics of their decision-making processes. My hope is that these comments may help provoke new research initiatives exploring the how and why of trends, decisions and non-decisions in the broadly defined area of international organization.

### **A European project?**

Americans, Asians and others will no doubt recognize the essentially European nature of these essays and of the whole project. It will be clear to them that Europeans are naturally particularly interested in the underlying question of whether international organizations do, or do not, come to play an autonomous role, to exercise an influence over society and economy independent of the governments of states. From Lisbon to Lubljana, from Tromsö to Thessaloniki, Europeans in the last few years have come to feel their lives touched by decisions taken in Brussels by the institutions of the European Union. As workers or employers, as consumers or producers, as tourists or students, they are bound to wonder who or what lies behind some of these EU policies. But if we Europeans are the first to be struck by the importance of the question, it will not be long before the same question hits others—the Asians under tough new pressure from the International Monetary Fund, the business enterprises worldwide affected by decisions in the World Trade Organization, to mention only the most obvious targets of decision making in international organizations.

But there is another more general reason why this project is both

timely and essentially European in its approach. As the editors point out in the first chapter, time has revealed some serious shortcomings in the two theoretical frameworks—liberal institutionalism and neo-realist rational choice—that have dominated discussion, research and teaching in international studies in the United States (and in other places) over the past twenty years or so. Without going into the reasons for this, it is enough to say that liberalism turns out to be not nearly as embedded in international institutions and state practice as Ruggie (1982) would have had us believe; and that the assumptions of rational choice often prove to be circular tautologies that only observe that what is chosen is—and must be—rational. These shortcomings are less readily perceived by American than by European scholars. There is a high price to be paid in American academic life for non-conformity with the conventional wisdom. Challengers have to be tough and brave enough to risk the penalties. This is probably because the United States is a cultural melting pot. Somehow it has to melt everything down to an accepted common standard; nonconformity—sexual, religious, artistic as well as intellectual—exists, but often pays a high price. By contrast, Europeans every day show their stubborn attachment to cultural diversity, to political dissent and to intellectual argument about fundamental values. Note that I am not saying that one intellectual climate is better than the other, only that they are different. And that the differences perhaps explain why these essays, challenging conventional wisdom, are mostly by Europeans and not Americans.

### **Why the long neglect?**

So much for my comment on the first question—which was why these essays are both timely and European. The second question is why the study of international organization has suffered from such comparative neglect by social scientists. Why has it languished for so long in a sort of intellectual limbo, in the second league of academic work? The result in the past was, first, that the field tended to be largely inhabited by idealists; and second, that the main-stream of international relations theory, dominated as it was by realist assumptions, was indifferent to, even dismissive of, questions raised by the existence and growth of intergovernmental institutions. The prestigious American journal, *International Organization*, in fact only became so in the 1970s under the editorship of Robert Cox. It was then that it broadened its scope to become, in effect, a journal of international political economy instead of one narrowly focused on intergovernmental institutions.

These essays suggest that the long sojourn in an academic limbo may be coming to an end. They hint at a new dawn, a renaissance of serious,

wide-ranging theoretical enquiry and analysis of the role in world society and economy of international organizations, both governmental and non-governmental. But more is needed than hints. We need some critical theory to explain the past neglect and to account for the immanent renaissance. I can only briefly suggest some reasons for the general neglect, some reasons why for so long *The anatomy of influence* stood alone, like a lighthouse on a solitary rock, seeking to illuminate dark uncharted waters far outside the habitual shipping lanes plied by realist and neo-realist scholars in international relations.

One reason must be the domination of international relations discourse by the realists. Their perception of the world system is that it is a world of states (Miller 1981); that states have national interests and behave as unitary actors; that these interests sometimes coincide and sometimes conflict, so that this explains both the tendency to violent conflict (interstate war) in the system, and the opposite tendency to collective agreement and organization to achieve collective purposes. International organizations in such a perspective are thus mere mirrors of the state system. Either they are arenas of conflict—the United Nations for most of the Cold War, for instance—or they are forums for negotiated cooperation. Which of these they are—and they can sometimes be both at once—depends on the actors. In short, international institutions merely reflect the decisions of state governments and their perceptions of what national interest requires. Students therefore have not been slow to look for theories that explain how the puppeteers behave rather than to watch the antics of the puppets. International organizations are a big yawn.

At the other extreme—and there is very little in-between—are the followers of the neo-functionalists, starting with David Mitrany and Ernest Haas and surviving in recent decades in the work of John Ruggie in America, and the integration theorists inspired by Jean Monnet and Robert Schuman in Europe. For them, international institutions have been the bricklayers of a better world or at least a better Europe. Painstakingly, and with setbacks when parts of the walls fell down, they have laid brick upon brick, slowly building recognition of international organizations as sources of authority over factories, farms, shops and social relations. And since the revulsion against violent war is stronger in most of Europe—Britain perhaps excepted, since war is one thing the British are rather good at—than it is elsewhere, optimistic expectations of cumulative progress along a neo-functional path are also more commonly held in the European Union.

Hopes and expectations however are one thing; proof that progress is cumulative and finding a testable explanatory theory to show why it is so is quite another. Without going into the complexities of successive academic debates relevant to the basic issue addressed in these essays,

what seems clear to me is that there is an observable divergence here between most American scholars and most European (and perhaps Asian) ones. Although there are notable sceptics to whom the generalization does not apply, most Americans, both neo-realist and neo-liberals, tend to believe that somewhere, somehow there is a general theory to be discovered and elaborated. Their veneration for economics and their envy of the rigour and certainties that economists claim is theirs leads them to think so.<sup>1</sup>

Europeans—again with some exceptions—are much more sceptical. With the advantage of a longer historical perspective on human affairs, they are more content than many Americans to live with the complexity of reality. They do not hunger and thirst so much for one great general theory, whether of international organization or international political economy. This scepticism makes it easier for them, as this collection of essays shows, to tolerate a diversity of views. There need be no closing of minds to unconventional ideas or methods as happens too often in the United States. Let us therefore not hang around waiting for the general theory of international organizations as millennialists a thousand years ago hung around waiting for the Second Coming. Let us just carry on digging away at the mine of reality, finding new paradoxes, new perspectives. They will help us, in the words of Ibn Khaldun, to ‘understand how and why things are as they are’.

That would be very much in the spirit of *The anatomy of influence*. After twenty-five years, its conclusions wear remarkably well. There are no brash prophecies either of doom or of rapid progress to a brave new world of international cooperation. Its nine or ten concluding observations draw on an eclectic mix of social science disciplines and theories: realist theories of power in the state system, economic theories of trade and development, sociological theories of how ruling elites use institutions to cover their system-preserving purposes with a veil of openness to the under-privileged.<sup>2</sup> Moreover, by identifying three Weberian ideal types of institution—monarchic, oligarchic, and pluralist/bargaining ones—it implicitly rejected a universal theory of international organization. What it did do, however, was to insist on a common question for research. Robert Dahl’s inspirational question ‘Who governs?’, they declared, directly implies the question ‘Who is likely to benefit most and who least from a particular form of government?’ The *Cui bono?* question revealed Cox and Jacobson as proto-political economists at a time when the rediscovered field of study had barely emerged from the chrysalis of international relations.



### Some critical comments

So much for the bouquets. Now for the brickbats. The serious bias of many—not all—contributions to this volume is that the authors are a bit too kind to the secretariats of the institutions they analyze. As journalists, especially political journalists, learn early on there is an inescapable symbiosis between informant and writer. Each needs the other and the writer is consequently—and often unconsciously—tempted into putting as favourable a construction on the facts as possible. S/he may need to use this source another time; best not to leave on bad terms. But academics need not be quite so tender. Why should they not assume that international officials with rare exceptions are like everybody else? Their first concern is with their jobs—comparatively secure, relatively well paid and lightly taxed, comfortably housed and well served by their administrative service staff. As with people in business or universities or schools, the institutional interest comes second to the personal one: self-serving choices get preference over self-sacrificing ones. Michael Nicholson in chapter 6 suggests this, and in 1973 Cox and Jacobson as editors specifically instructed their contributors to note down decisions that seemed more moved by ‘private-regarding motives’ than by the public interests.

If we make this cynical assumption, we have a hypothetical answer to a question that has puzzled me for many years: Why do international organizations never die? Why is it that they enjoy an immortality not given to business enterprises, nor even to states? For despite the dog-doesn’t-eat-dog principle fundamental to international law, it does occasionally happen that states simply vanish from the scene. Their place on the political map is taken by neighbours, by imperial powers with victorious armies of occupation. What is it then that is so special about intergovernmental institutions?

My hypothesis—a pointer for a novel research project—is that bureaucracies that have a symbiotic relationship with well-entrenched national bureaucracies staff them. There are three examples of international institutions that could no longer fulfil their original purpose yet nevertheless survived: the International Monetary Fund (IMF); the International Labour Organization (ILO); and the Western European Union (WEU). Perhaps there are others, but three will be enough to illustrate the hypothesis. The IMF’s purpose was to serve as a backup for the fixed-exchange rate system agreed at Bretton Woods, standing ready with drawing rights on a multicurrency pool to help member states when they had fixed the rate at which their currencies were convertible into others. After the unilateral American decision in

1971 to suspend the convertibility of the dollar into gold, and to allow the markets to usurp state authority over exchange rates, its original purpose was gone along with fixed exchange rates. In due course, it found a new role: to help and to discipline developing countries, first when some were hit hard by the 1973 oil price rise and then, in the 1980s, when others were caught and landed with serious foreign debt problems by the rise in interests rates set off by President Reagan's change of monetary policy. But during and after this hiatus between its old and new roles, the IMF staff had a close symbiotic relationship with the bureaucracies of national finance ministries and central banks. Indeed, many of the staff of these national bureaucracies had been trained by the IMF and shared the same economic ideology. In Britain in the 1970s, the central bank and Treasury were obviously delighted to be able to blame measures of fiscal discipline on the exigent conditions set by the IMF. This gave them added power and influence over domestic policy choices.

The 'national constituencies', so to speak, of the ILO and the WEU were somewhat different. The ILO had been set up after the First World War in response to the 1917 Russian revolution to reassure labour movements in Europe and elsewhere that there were still means other than violent revolution to better conditions of the working class. By the 1950s, with the Cold War in full swing, other more direct means of binding European and Latin American societies into the American alliance had been found—the Marshall Plan, bilateral foreign and especially military aid, the World Bank and other United Nations specialized agencies. Yet the congruent interests of labour unions and the ILO secretariat were assured of future employment.

Similarly, the WEU (or Treaty of Brussels, as it was then called), set up as a forerunner to NATO in the late 1940s, was protected from extinction when NATO took over responsibility for the defence of Western Europe and the Mediterranean, and by the privileged position of the military (and its associated industries) in Britain, France and Germany especially. It would be interesting to look in the national archives for the years after 1949 for the argument this constituency put forward for not winding up the WEU.

The result in all three cases was that the staffs of the international organization were allowed to carry on their jobs and to enjoy a comparatively comfortable lifestyle. The only other explanation than the symbiotic hypothesis outlined above is a more legalistic one. It relates to the agreements binding member states of these organizations to observe certain responsibilities towards the staffs of their respective secretariats. The model, I suggest, in all cases was the Headquarters Agreement signed by the United Nations with the United States and the consequent support given under American law to the agreements

negotiated by United Nations staff representatives with the organization. Remember that the League of Nations had formerly employed many of the United Nations staffers in the 1940s in Geneva. In September 1939, they had suddenly found themselves high and dry, without paycheques or pension rights. Some stayed in Switzerland, others fled to Britain or the United States to find jobs in wartime government agencies. Come 1945 and the San Francisco Conference, these old League of Nations hands were resolved never to be caught so defenceless again. Job security was thus built into the rules governing the hiring and firing of the staff of the United Nations—and the model was faithfully copied thereafter by other international organizations including the European Economic Community.

That hypothesis has some topical relevance to the central argument of this book. For it has been argued that the European Commission has actually reinforced, not undermined, the authority of the national governments concerned (Moravcsik 1994). The state, in short, is not in retreat from international bureaucracies, it is sustained by them. In a sense, this is true. But it is not the whole truth. It is not really the state—that amorphous creature in all its manifold forms defying unequivocal definitions by political theorists—that is sustained. It is the bureaucracies that serve the state—or, some might say, that exploit it. European ministries of agriculture have had their importance in national politics enormously enhanced thanks to the Common Agricultural Policy (CAP), and more recently to the arguments over mad cow disease and the protection of consumers from the risks of eating possibly contaminated beef. Against Moravcsik and his followers, therefore, one might argue that the self-serving actions of both national and EU bureaucracies have not empowered but in the long term have rather discredited both the member states and the European Commission, not enhancing but reducing their legitimacy in popular estimation. Or, at least, their legitimacy in some sections of public opinion.

Once more we come back to the *Cui bono?* question posed by Cox and Jacobson and by many international political economists since. Whose ox is gored? Who gains, and who loses from this national-international coalition of bureaucratic power? In the beef case, it may be the consumers (and probably the abattoir owners) who gain, but at the expense of heavy risks run by beef farmers and butchers—in France and Germany as well as in Great Britain—and of heavy costs for taxpayers in compensatory payments. Similarly, in other policy areas like labour relations, who are the winners and who are the losers? Is it not big business that gains from EMU at the expense of small business? Is it not management that benefits from European standardization in technical matters, while employees lose their jobs when production is

moved offshore to East Asia or, nearer home, to North Africa or Central Europe? It all comes back to the ongoing debate about globalization. Whether it is 'good' or 'bad' is not so important as the question for whom globalization is good and for whom it is bad news.

My three other complaints against most of the authors can be very quickly made and will surprise no one who has read any of my recent work. They are generic complaints that I have made before against political scientists and economists alike (Stopford and Strange 1991; Strange 1996). Both, with notable exceptions, tend to overlook the importance in the dynamics of politics today of 1) changes in market conditions, 2) changes in technology, and 3) the exercise of authority by firms—including banks, manufacturing, retailing, insurance, accounting, consulting and agribusiness firms—over the who-gets-what in the international political economy. A moment's thought will show that these are not negligible omissions.

Think of the oil market and the effect that surplus or shortage has on the relations between producer states and consumers, on the bargaining power of oil companies with host governments like China or Ecuador, or the policy options open to the governments of Norway, Mexico, Great Britain or Algeria. Changes in technology, too, can impose new risks on, or open new opportunities to, social classes as well as states and firms. Think of container ships or ro-ro (roll-on, roll-off) ferries. Think of satellites and the freedom these can give from state regulation to media enterprises or banks. And as for the much-neglected authority of firms, we live in a period of evident economic concentration in which, as in the children's game of musical chairs, the number of players is all the time decreasing. Those that remain in business have more power over workers, over suppliers, over directions of research, over the location of production and the sources of profit in the value-chain. One of the future tasks of international political economists therefore is to study specific firms, as once comparativists studied specific states, focusing on their role as political actors in a globalized economy. In doing so, they will find themselves unable to ignore, as many do now, either the dynamics of markets or the dynamics of technology. An analysis of international organization cannot do without them.

## Notes

- 1 On this see the forthcoming introductory article by Peter Katzenstein, Robert Keohane and Steve Krasner to the special fiftieth anniversary issue of *International Organization*. In relatively few pages, and with admirable economy, it traces the

intellectual history of the American search for general theory as reflected in the journal over the last half century. Europeans will be irritated—but not surprised—at the indifference shown here to work done outside the United States, even by distinguished writers, compared with the careful attention given to even relatively minor contributions from young Americans.

2 This leads to an expectation that nothing much would change where international organization is concerned: 'Having structures of influence in which rich and powerful countries are preponderant, international organizations would continue to be supports for the existing ordering of power and wealth. They would be unlikely to act toward redistribution of world power and wealth' (Cox and Jacobson 1973:434).

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