

Institutionalism Theories and Hegemonic Practices in Global Polity Formation

Reassessing Premises of Liberal Democratic Nation State Orders

Dissertation

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List of abbreviations

CAP – Common Agriculture Policy

DC – Developing Country

DSB – Dispute Settlement Body

DSU – Dispute Settlement Understanding

EC – European Community

EU – European Union

GATS – General Agreement on Tariffs in Services

GATT – General Agreement on Tariffs in Trade

GPE – Global Political Economy

HST – Hegemonic Stability Theory

IC – Industrial Country

IPE – International Political Economy

IR – International Relations

NAMA – Non-Agricultural Market Access

NGO – Non-Governmental Organization

THM – Transnational Historical Materialism

TRIMS – Trade Related Investment Measures

TRIPS – Trade Related Aspects in Intellectual Property Rights

UNCTAD – United Nations Conference on Trade and Development

US – United States

USTR – United States Trade Representative

WTO – World Trade Organization

Introduction

“A critique is not a matter of saying that things are not right as they are. It is a matter of pointing out on what kinds of assumptions, what kinds of familiar, unchallenged, unconsidered modes of thought the practices that we accept rest. Criticism is (...) to show that things are not as self-evident as one believed, to see what is accepted as self-evident will no longer be accepted as such. Practicing criticism is a matter of making facile gestures difficult.”

(Michel Foucault, quoted by Campbell 1998, p.191)

Welcome to an intellectual journey driven by the question “why?” Why does the current path of globalization seem to steer in a direction detrimentally opposed to what global declarations on sustainable futures describe as the “right path”? This question has become more pressing ever since I first started political work on sustainability and justice issues: the need for significant systemic changes seemed very clear, and yet year after year passed during which the wheels of the exploitation of nature, wealth inequality, the extinction of species, wasteful consumerism and cultural homogenization have continually increased their speed. During my studies in Media- and Communications with a major in constructivism theories it became clearer why deep and wide-ranging changes take so long to come about: the likeability of successful communication is rather low and in addition our media system today is driven by quota and advertising, challenging the ethos of enlightened journalism. Thus, after studying the *transmission* of information and all of the contortion this entails with regard to the message, my next quest was to deepen my expertise on the *origins and impacts* of information: why do some messages achieve much more presence in the public discourse and how are they defended against criticism? Since I worked on globalization and sustainable justice, my firsthand experience then showed that even when public criticism mounts, political decisions often do not significantly change. Justifications then often refer to the unbeatable “laws of the market” that could only be harnessed if agreements were installed on the global level, because otherwise one single country or even region would lose out in international competition. Thus, the development, function and effectiveness of international organizations became my research focus. Theoretically, this took me to the sub-strand institutional theories and empirically my particular interest fell on the World Trade Organization (WTO). It is the most powerful among the international organizations: its agreements are binding and their scope is expanding, and it is the only international

organization with an own sanctioning mechanism, the Dispute Settlement Understanding (DSU). Some claim the WTO to be a great success, with its democratic one-member-one-vote formula that allows everyone to object and has previously even stuck to consensual decision-making. Others draw a quite different picture of an intransparent “club” character, undemocratic negotiation processes and biased outcomes in favor of rich countries and big corporations. The latter criticism has noticeably increased over the years and yet we also hear vigorous defenses of the success claims.

In theoretical analysis – when one assesses the issue without immediate political interests – the empirical puzzle finds its repetition: one and the same issue or event is interpreted completely differently. This fuelled my quest to answer why these contradictions prevail or where their origins lay. After reviews of the multifarious institutionalism approaches in journals, monographs and state-of-the-art compendia I started tracking the contradictions down to basic premises of the individual approaches. I found it very helpful to consider institutionalisms in reference to the meta-theoretical strands that had marked debates in International Relations (IR) and since trade is officially categorized as an economic subject, I also studied the history of economic thought. Sure enough, I found the same competing assumptions about human nature, social reality and its organization as found in IR and institutionalisms, with the only difference that these mostly disappear behind equations. Thus, even though this thesis provides a comparison of institutionalisms, I have pinpointed central assumptions of the differences between three central paradigms that underpin “big debates” of modern scientific theory. These can be identified in institutionalism debates, as well.

The original division into three paradigms dates back to the 19th century; its manifestation in philosophy, politics, economics and methodology is discussed in part I. Parts II and III will show that the contradictions between and within theories of global polity formation are often rooted in the opposing premises laid out in part I. The grouping of institutionalisms presented here differs from the ones proposed in recent state-of-the-art compendia – for a reason. Walking in the shoes of each paradigm led me to my *first main thesis*: dominant institutionalism approaches in IR carry *teleological biases* in their abstracted, universal concepts. These are rooted in ontological and methodological premises that are hardly ever made explicit while noticeably limiting what appear to be *rational*¹ or *appropriate* explanations. Such limitations result in blind spots and inconsistencies in interpretations of cooperation and institutionalization processes. My *respective hypothesis* is that an *open-*

¹ I use the term “rational” in its etymological meaning of “logical or understandable from a certain point of view”.

ended paradigm sensitive to selective effects of theoretical conceptualization can accommodate apparently irrational or unexpected developments in its framework of analysis. Further, it systematically includes the scrutiny of content and social effectiveness of *worldviews* – the German *Weltanschauung* - to explain socio-political outcomes.

At this point, a clarification of terms appears necessary: I understand a paradigm to be directly connected with scientific work and worldviews as guiding humans in any situation. A paradigm encompasses a set of standards to which scientists and practitioners refer and around which schools of research are developed. Thomas Kuhn, as one of the most influential philosophers of science, defines it as “what members of a scientific community share, *and*, conversely, a scientific community consists of men [sic] who share a paradigm” (Kuhn 1996, p.176, here Oakley 2000, p.27). This also entails habits, puzzle-solving devices and particular ways of seeing “the world”. Paradigms become covert reference points that bind researchers together in a shared commitment to their particular discipline, field or approach. Thus, they do not *only* result from scientific work. I use the term “worldviews” with a mostly synonymous definition to that of “paradigms”: a set of core assumptions that guide individuals in the process of “making sense” of what they observe and experience. However, worldviews are not only “a collection of beliefs about life and the universe held by an individual or group” that these actors actively think about. This term simultaneously means a less conscious “overall perspective from which one sees and interprets the world” (both definitions www.dictionary.com). This latter understanding will be discussed as an analytical concept that also involves the non-scientific convictions guiding individuals in their behavior and decision-making. In practice, no researcher is free of his or her personal experiences and worldviews and these will in turn impact which paradigm appears most convincing.

This distinction is important for scientific debate and my *second main thesis* draws attention to the social effectiveness of worldviews. When explaining cooperation and institutionalization, the Gramscian concept of *hegemony* provides consistent theoretical grounds for explaining how democratic negotiations today lead to the consensual acceptance of heavily biased outcomes. My *second hypothesis* therefore holds that *within* the open-ended paradigm, an institutionalism that conceptualizes worldviews as an analytical element mediating agent-structure relations can deliver fruitful new insights into the explanation of institutionalization processes and their effect on social reproduction processes. Specifically, I will combine a *scale concept* of organizations as *state spaces* with Antonio Gramsci’s concept of *hegemony* as *leadership quality*. The former divides state spaces into three dimensions, of which the *representative dimension* is of most interest here. I investigate how

hegemonic *institutional images* and *procedures* frame negotiation and institutionalization processes. The scrutiny of the official mandate of organizations sheds light on the agential constitution of these bodies and the framing effect they have on cooperation processes. This research design will be introduced in more detail below.

With these claims and hypotheses I position my approach in the open-ended paradigm: every description is already a position. This does not mean that some positions are superior to others *per se*. It simply means that many descriptions co-exist and that each one bases its reasoning on certain premises. The three parts of this thesis therefore build on each other: part I illustrates the differences between IR paradigms, while part II shows how these translate into different interpretations of the same phenomenon by referencing case studies on the WTO. Part III then develops a Gramscian approach couched in the open-ended paradigm and uses interpretations of the case studies to support my two hypotheses: first, the currently hegemonic views on the image of international organizations impact cooperation processes and are reproduced by mainstream theory. Second, when worldviews are given separate analytical attention, new insight is gained concerning institutionalization processes and the role organizations play in societies. Part III shows that theory is not a castle in the air: it guides practice. It was re-visiting the premises of currently hegemonic paradigms and worldviews that made me *understand* why certain proposals are more likely to find support than others and how agreements to cooperate are manufactured.

1 Historical and theoretical contextualization of this research

Historically, scientific debates have tended to correlate with times of change and insecurity in “real life.” Friction and contradictions in the status quo translate into space for debate and reorientation. In these times, a normative defense of proposals and approaches is more important and even demanded. The contradictions and therefore the discussion of fundamental ontological premises recede into the background during the consolidation of a new compromise. Once relative order and the widely accepted canons of interpretation are re-established, more schematic or routine explanations often suffice (Teusch 2003, p.19).

Current debates address the process of economic and political globalization and have reached the point where contradictions between explanations and recommendations become obvious. We find a great variety of definitions of relevant drivers, predicted outcomes and possible political intervention in the globalization process. The institutionalist “camp” in this discourse is particularly interested in the emergence and role of *inter-* and *supranational* institutions and organizations. These scholars look at the characteristics of the particular new

entity and its mandate and consider how new authorities of socio-economic control may also conflict with existent regulatory bodies and their agendas. Political groupings and their interests may change due to additional or modified programs or altered paths of decision-making. All scholars agree that the number of global gatherings is increasing significantly, leading to an increasingly transnational discourse and transnational “polityness” (Higgott/Ougaard 2002, pp.2-3). Taken together, these factors of globalization contribute to a consciousness of the world being one single place, although interpretations of what this means for particular social entities and individuals vary considerably. It seems difficult to find a widely acceptable definition that captures the essence of current global polity (trans)formation. Terms such as “emerging global polity” (Higgott/Ougaard 2002), “global governance” (Rosenau 1992; Commission on Global Governance 1995), “post-national constellation” (Habermas 1998), “world political system” (Luard 1990), and “transnational state” (Robinson 2004) all refer to polity characteristics on the global level. Of the many definitions I prefer the one put forward by James Rosenau, one of the pioneering researchers of global governance: Political decision-making takes place in “a highly disaggregate system of many ‘overlapping spheres of authority (SOAs)’ distinguished by actors, activities, and exercise of authority” (Rosenau 1999, p.295, here Fuchs 2002, p.11).

Globalization research is therefore marked by the search for theoretical approaches that comprehensively explain our political ordering beyond the nation state (Teusch 2003, p.16; Palan 2000, p.3). This thesis focuses on the work done by scholars in International or Global Political Economy (IPE or GPE) (see for example the compilations of Law/Gill 1988, Crane/Amawi 1997, Palan 2000, O’Brien/Williams 2004). The terms are often used synonymously, but the switch to “global” has been a conscious turn away from depicting the world order as a mosaic of states that *internationally* organize globalization. Instead, research zooms in on the transnational and supranational organization of relations and includes private-public-partnerships, networking between local governments and regional cooperation. For this thesis I use the term GPE, even though “IPE” does not exclude such relations and not everyone finds it necessary to make this distinction.

Generally, scholars working in this discipline are concerned with the two organizing spheres of the modern world and the relationship between them: the state and the market. Both spheres show a certain logic concerning social development that correlate and influence each other. Thus, politics is influenced by economic developments. GPE scholars do *not* claim that economics and/or materialist interests lie at the heart of each and every event, trend or process in the international or global arena, nor do the interpretive or social constructivist

approaches that I apply structurally privilege economics over politics, as some orthodox neoliberals and Marxists do. Ronen Palan, an influential scholar in Europe, sees GPE as applying a “political-economic mode of analysis or, analysis that denies the separation between politics, economics and society” (Palan 2000, p.7). Thus, GPE is a “framework of analysis, a method of diagnosis of the human condition as it is, or as it was, affected by economic, political and social circumstances” (Strange 1988, p.16; here Palan 2000, p.18, fn 7).

Within this framework, schools differ in how they depict and explain the logic of the state, the market and their interplay. All are influenced by what I refer to above as “paradigms”; traditions of thought that entail certain methodological practices and views on the world. The three distinctive paradigms in IR are discussed using the terms Realism, Liberalism and Marxism (Law/Gill 1988, Crane/Amawi 1997, O’Brien/Williams 2004). They have all undergone - interrelated - changes that have even entailed the branding of the divisions - for example “pluralism” or “idealism” for “liberalism”, but the core assumptions have remained the same. Some scholars, however, have proposed a more profound change to the paradigms that I find problematic. In particular in Germany, a strong research community pushes Social Constructivism towards the point of declaring it a separate strand of meta-theory. Paradigm descriptions then distinguish a *power-based* strand tracing relationships of domination (realism) from an *interest-based* strand tracing interest negotiation (neoliberalism) from a *knowledge-based* strand tracing communicative dynamics and identities (cognitivism) (Hasenclever et.al. 1997, pp.1-2). Other German scholars like Thomas Risse question this reallocation by pointing out that constructivism is not a new theory, but instead an ontological premise with methodological implications. It can be found to different degrees in all three paradigms (ibid 2003, p.102; also Harnisch 2003, p.315). I agree with this criticism, in particular as these scholars simply exclude Marxism - the only *system-critical* paradigm from the scope of scientific consideration. The remaining two paradigms are *system-maintaining*, meaning they start their analyses with the status-quo and apply universal, trans-contextual analytical concepts. The realist and liberal paradigms hardly reflect the historical particularity of the observed situation or the genealogy of core theoretical assumptions and concepts that they apply in their research. This thesis will show why system-maintaining research attributes to the maintenance of the status quo and will argue that scientific theory can therefore not be split from politico-economic practice. Keeping system-critical Marxism as the third paradigm provides richness to the agenda of scientific reflection.

There are of course scholars that define Marxism as the third paradigm but reduce it to

economic structuralism, mostly in reference to Immanuel Wallerstein's *World System Theory* (Palan 2000). However, this reduces Marx's far more all-encompassing and clearly philosophical work to yet another form of economic automatism and ignores that Marx himself had developed his approach as a *critique* of the discipline political economy. He searched for the *social forms* behind economic or social "facts" - the quality of the actual social relations that these summarize. The Marxist paradigm here therefore subsumes those theories that fall into system-critical Transnational Historical Materialism (THM), whose particularities will be elaborated in part I. My engagement with this paradigm concentrates on socially constructed valuation processes, their legitimation and stabilization through institutionalization. More structurally oriented THM scholars like the Regulation theorists may criticize this as being too ignorant towards material and economic-structural constraints. However, my explicit goal here is to understand international cooperation and the genealogy of agreement in multilateral organizations. The organization of production processes – the interaction between workers and employers and the securing of production factors — form part of the historical context whose tendencies and trends will be discussed in part I and III. This will not, however, be the analytical focus of this thesis.

When searching for names that would express the broader worldviews that the paradigms as they are defined here carry, I have distinguished the *perpetual* maintenance of competition between naturally utility-maximizing individuals from the *adaptive* alleviation of competition between enlightenment-maximizing communities from the *processual* development of a certain mode of socio-economic reproduction and its cultural-political organization. The first two terms imply teleological predictions, while the third one avoids this. It restricts itself to the exposition of the historically and contextually specific drivers of economics and socio-political change. The core assumptions of each of these three paradigms are summarized in Table 1 (p.24) for easy comparison and can be traced in all fields of IR, not only institutionalism.

2 Dividing the field of institutionalisms

The term "institutionalism" is an umbrella term for a pluralist body of theoretical approaches in IR. We are currently witnessing the increasing influence of concepts and approaches from other social sciences (for an overview on the discipline's development see Hellmann/Wolf/Zürn 2003). Recently, institutionalism compendia have promoted a similarly questionable mainstreaming as discussed with the constructivists above. Some of the German

scholars referred to already propagate the importance of their own research² by elevating institutionalism onto the level of an IR paradigm. Since they also stick to a tri-partition of thought and retain Realism and Liberalism, this once again results in the annihilation of the Marx-inspired system-criticism (see Rittberger 2003; Zangl 2003, Zürn 2003). These scholars simply terminate an entire philosophical paradigm that has influenced theory development ever since PE and IR became subjects of academic study in the 19th century. They leave unanswered the question of how this move can be scientifically defended: a sub-theory such as institutionalism does not deliver its own epistemological, ontological or methodological reasoning but must instead draw on meta-theoretical paradigms. Robert Keohane (2002), a well-known institutionalist, also states that he does “not claim that institutional theory is a comprehensive theory of world politics“, but “only a partial approach to world politics, which needs to be combined with other perspectives” (ibid, p.6 & pp.9-10). Part II shows that mainstream institutionalism scholars have done so continuously, albeit not always consistently, when it comes to epistemological and ontological premises.

Therefore I explicitly dismiss the distinction made by Rittberger/Zangl (2004), who group research on international organizations into *neo-realism* (a research program neglecting any real impact of institutions), *neo-institutionalism* and *social constructivism*. Instead I side with Clive Archer (2001), whose book *International Organizations* distinguishes “realism,” “reformism” and “radicalism” as the three paradigms in which institutionalisms are couched. It is consistent with the division I presented above. I argue that realist and liberal economist (neo-institutionalist) explanations in GPE are so similar in their paradigmatic assumptions that they should not be viewed as different institutionalism schools. The deconstruction of concepts such as relative and absolute gains, power and interest seeking and zero- and positive-sum games highlight that the claimed differences form minor variations within the premises of a *logic of consequences*. This term was coined by March and Olsen (1999) and subsumes approaches in which rationally calculating actors permanently compare the cost-benefit ratio of cooperation with that of non-cooperation. It will be discussed in detail in part II that the respective Neo-Institutionalism integrates neoclassical market economics with realist egoistic utility and weak constructivism. The latter acknowledges that humans can have differing perceptions of the same situation, but excludes any changes to the fundamental preference of utility maximization. This is why I have dubbed this school *rivalry institutionalism*: the premises that competition is the “natural” state of the world and that the

² See Hellmann/Wolf/Zürn (2003), also Rittberger/Zangl (2004).

ubiquitous motivation for behavior in all humans living in this world is calculated self-interest are never questioned. .

While the names of the paradigms (meta-theories) express general assumptions about social development in the described world, the brands of their respective institutionalism schools (mesotheories) refer to the predominant view on cooperation and its effects.

The frequent challenges of rivalry institutionalism (Neo-Institutionalism) mostly originate in Sociology and Psychology and within institutionalism this school has been dubbed New Institutionalism. It is equal to the social constructivist approach as described by Rittberger/Zangl or the “reformist” strand of Archer. Variations exist within this school, of course, but the most important assumptions are constituted instead of natural identities and social structures, which include malleable preferences and the cultivation of trust. Prevailing ideas, norms and values in social relations provide the framework for a *logic of appropriateness* (also March/Olsen 1999) by which actors reflect on the effects of cooperation. In contrast to the rival school, New Institutionalism stresses the potential of human development through joint learning and progress. If designed properly, institutionalized interaction and communication help to overcome conflicts in a consensual manner and to the benefit of all (Risse 2003, Haas 1994). This is what the chosen term *convergence* institutionalism indicates: if done right, social relations will homogenize until the best possible governance model is in place.

Most of institutionalism literature concentrates on these two schools and the “debates” between their proponents. I use the term “schools” for the three institutionalisms, as they are sub-theories of each paradigm. From the literature I have identified seven central topics that research on international cooperation and institutionalization concentrate on and compared the different schools in focusing on their respective assumptions in the topics of *actor motivation, goals of behavior, gains from cooperation, modes of negotiation, logic of institutionalization, reason for legalization and images of international organizations* (see Table 1, p.24). They served as structuring criteria in Parts II and III in order to ensure comparability and a clear exposure of the differences. Within each school, individual scholars’ “approaches” show different particularities that will only be touched on if they become relevant to making an argument.

Empirically, the WTO provides some difficult puzzles for the two dominant schools researchers. These are succinctly summarized by Richard Steinberg, a rational realist scholar: “Why would powerful entities, like the EC and the United States, support a consensus decision-making rule in an organization like the GATT/WTO, which generates hard law?”

(...) And if such powerful states dominate GATT/WTO decision making, why have they bothered to maintain rules based on the sovereign equality of states, such as the consensus decision-making rule?" (2002, pp.340-1). For the constructivist-normative school one might ask: Why does this multilateral democratic institution generate such biased outcomes? And why do the norms established by the most developed role models have so little impact on their entrepreneurs?

Part II shows and discusses the blind spots and inconsistencies of the answers delivered by Neo-Institutionalism and New-Institutionalism before part III seeks to provide an analytical framework within which these observations can be anticipated. The other goal of part III is to prove that important scholars of the institutionalism debates fall short in their judgments: "there are two broad strands of theorizing about organizations. One is economic and rooted in assumptions of instrumental rationality and efficiency concerns; the other is sociological and focuses on issues of legitimacy and power" (Michael Barnett, Martha Finnemore 1999, p.702). I disagree with this statement and will show that a third institutionalism school clearly exists that is rooted in interpretive THM or in what Archer classified as "radical" approaches. Even though the detailed discussion of what I refer to as *procedural* institutionalism only does justice to my personal Gramscian approach, the definition of the seven central topics in Table 2 (p.129) shows the fundamental differences between an open-ended procedural institutionalism and teleological institutionalisms.

The name of this approach was chosen because "procedures" are defined as "an established or official way of doing something; a series of actions done in a certain way" (Oxford Dictionary 2001) or "a particular way of accomplishing something or of acting; a series of instructions for a computer that has a name by which it can be called into action; a traditional or established way of doing things" (Webster's New Encyclopedic Dictionary). Thus, procedural institutionalism explores how established and official or traditional ways of doing something affect the emergence and acceptance of current solutions. It also helps to explain how one particular political, economic or scientific concept carries "a series of instructions" that are no longer explicitly considered. As a consequence, the inscribed social effectiveness of these concepts is often not reflected but at the same time highly effective concerning the reproduction of established orders and their interpretation.

This *framing effect* of the status quo is central to the concept of hegemony developed by Antonio Gramsci. It theorizes how coercive and consensual elements are intertwined in leadership by consensus and shows how liberal democratic policy-making provides the best institutional setting for this type of leadership. This means that Gramscian

hegemony consistently integrates the apparently juxtaposed foci of realism – power plays – and reformism – joint learning – when explaining multilateral cooperation. Since the hegemony concept has been used in very different contexts and with very diverse interpretations, I dedicate an entire chapter to developing my own understanding of this concept mostly in reference to Gramsci's *Selections of the Prison Notebooks* (1971). I define hegemony as a *certain quality of leadership processes* whose structural-ideational manifestation varies from case to case and whose strengths change with the continuous calibration of the socio-economic compromise on which it rests. The leading political program needs to persuade enough supporters by appearing to reflect the general interest of the community (be this interest amelioration of conditions or avoidance of damage). Under these conditions criticism can be silenced and non-compliance legitimately sanctioned. This definition of hegemony works for all scales of political decision-making and makes institutionalization an integral element of leadership struggles: once certain political programs become officially established rules, they gain general importance.

System-maintaining schools focus on the official content of the final outcome or the formal design of the negotiation processes. In doing so they miss highly important changes in the *actual meaning* of how an issue is viewed, in the composition of coalitions behind a certain program and what has *not* been agreed upon and why. The system-critic school therefore analyzes cooperation and institutionalization from the perspective of a *logic of transformation*: even if no official agreement is established, the future framework of action and the constellation of social forces is changed. The current framework for action is analyzed in its framing effect on developments *without* any prediction as to the quality and desirability of the outcome.

3 Development of arguments and research aims

The traditional way of comparing theories applies a separation of *epistemology* (what humans can know), *ontology* (how the nature of subjects, objects and their relations is perceived to be) and *methodology* (the adequate design of reasoning steering the analysis). The latter is key for the selection of the most promising research *method* (quantitative or qualitative analysis, laboratory observations or field interviews etc.). However, my journey seeks to detect why the image of the WTO is depicted so differently by each institutionalism and seeks to highlight the impacts this has on cooperation within this institution. While this thesis touches on epistemology and methodology, the aim of the comparison here is to express how the dominant paradigms perceive and depict the nature of agreement. Robert

Cox, one of the most influential authors in Gramscian THM, writes that, “[O]ntology lies at the beginning of an enquiry. We cannot define a problem in global politics without presupposing a certain basic structure consisting of the significant entities involved and the form of significant relationships among them” (ibid, 1992/1996, p.144).

The ontological premises of the three paradigms are summarized in Table 1 (p.24) and discussed in part I. These, in addition to the mentioned central topics in international cooperation (summarized in Table 2, p.129), were developed after a broad review of institutionalism literature, IR compendia and political economy literature. For more precise and extensive work on institutionalisms I focused particularly on the contradictions drawing attention in the “big debates” that took place in the journals. After defining the most important contradictions, I needed to develop a consistent short terminology for the third paradigm. With this “matching” of central topics and concepts I hope to encourage inter-paradigm discussion. Once the goals that the different concepts should explain are similar, contradictions can more easily be traced to their underlying premises. As system-critical approaches were barely represented in any of the publications I came across, most of the institutionalist concepts here are presented for the first time. This does not mean that some have not been discussed before, but to my knowledge, no other author has proposed *a system-critical set of analytical tools to systematically decipher cooperation processes towards international institutionalization*.

Part III therefore targets a research gap that Christoph Scherrer, a prominent German THM scholar, pointed out in 2003: logics and modes of cooperation, measures and forms of regulation that influence the outcome and stability of governance projects have been more intensively and extensively researched by the system-maintaining schools, while remaining blind spots of the system-critical approaches (ibid, p.487). Frequent references to other scholars I would group in the processual paradigm show that I am not alone in this quest. Proposing a *logic of transformation* and *reproductive dualities* of liberal democratic institutions in capitalist societies, however, are my unique contributions to this paradigm. The first concept focuses more on the agents and social effectiveness of direct co-optive modes of negotiation, while the second reflects on the indirect institutional characteristics that foster leadership by consensus.

In defense of my first hypothesis I will argue that a deciphering of certain typical procedures observed in the constitution processes of liberal capitalist democratic nation states sheds new light into the puzzles summarized for rivalry or convergence institutionalisms. I argue with other processual scholars that the similarities between governments and global polity

characteristics are big enough to “take a new look at some of the fundamental concepts in social theory, and to analyse them closely with a view to their applicability at the global level” (Ougaard 2004, pp.9-10). Other THM scholars working with Gramsci or Poulantzas have started to apply theoretical insight developed for national *statehood* to several institutionalization processes on the global level (Brand 2006, Higgott/Ougaard 2002, Ougaard 2004, Jessop 2005a/b). Finally, and most importantly, conceptualizing statehood does not necessarily imply a connection with a nation-state. What I will discuss as reproductive dualities, for example, highlight certain *functions, procedures* and *images* of liberal democratic nation states that can be found in other paramount regulatory institutions as well. In support of my second hypothesis, I draw on the *state space* concept developed by Marxist geographers that allows for the analysis of statehood on any institutional level. . From this processual perspective, states are

“dynamically evolving spatial entities that continually mold and reshape the geographies of the very social relations they aspire to regulate, control, and/or restructure. This continual production and transformation of state space occurs not only through material-institutional practices of state spatial regulation but also through a range of representational and discursive strategies through which the terrain of sociopolitical struggle is mapped and remapped by actors who are directly involved in those struggles” (Brenner et al. 2003, p.11).

Concretely, these authors combine a narrow or spatial dimension, an integral or mobilized dimension and a representational or imaginary dimension to grasp the social effectiveness of institutionalization. Especially the second and third dimensions are relevant to show that canonized knowledge impacts the course of political institutionalization and the persuasiveness of political strategies or demands. Representational images³ of certain procedures impact how “legitimate” certain negotiation formats or application of coercive means appear. This point will be taken up in the discussion of a structure-worldview-agent methodology that I propose.

The resulting perspective on the emergence of our global order is one of *node-oriented political struggles* and resembles Rosenau’s definition of our current world order as “overlapping spheres of authority” (see p. 2).

³ This understanding of images is different from that of institutionalism scholars Michael Barnett and Martha Finnemore who depict international organizations (IO) as actors that strategically position themselves in the political market in order to generate returns or support: “The power of IOs, and bureaucracies generally, is that they present themselves as impersonal, technocratic, and neutral – as not exercising power but instead as serving others; the presentation and acceptance of these claims is critical to their legitimacy and authority” (Barnett/Finnemore 1999, p.708). The way I use the concept of image rests on assumptions of a theory of practice, in which not pretense or false consciousness are central, but rather popular understanding and interpretation. This interpretation meets the representational or imaginary dimension of state spaces.

Since this thesis focuses on theory, the empirical evidence is restricted to exemplifications of how the respective schools depict our experienced reality. For this purpose I review and reinterpret a selection of twenty-seven case studies analyzing the WTO. These focus on the genealogy of the content of trade agreements in the Uruguay Round (UR) as well as on the institutional particularities of the new organization to which it gave birth.

The WTO exhibits unprecedented organizational similarities with nation states: binding supranational legislative authority grants it a relative autonomy from its members and formally democratic processes lead to effectual injustice in its outcomes and the distribution of benefits. It has (almost) universal membership of states and agreements are adopted in a “single-undertaking,” meaning a state can only withdraw from one of the contracts if leaving the regulated community as such – with all the consequences of retaliation.

Part II reviews the interpretations of these developments from rivalry and convergence perspectives and I will point to unresolved puzzles in these analyses. In part III, I use case studies from the processual paradigm and refer to my own experiences during the two Ministerial conferences in 2003 and 2005 in order to develop my Gramscian approach of procedural institutionalism.

In the presentation of each paradigm and the institutionalism school I maintain the same order of the sub-chapters. The system-critical chapters are longer because theory development necessitates a more detailed elaboration and discussion, in particular when it challenges dominant assumptions within its research community. Concerning the argumentative structure, the chronology was developed in reference to the debates between the mainstream schools and has proven slightly restrictive for my own argumentation. In order to keep with the goal of inter-paradigm comparability, I stick to the order even though crucial theoretical developments now are discussed in the final chapters of part III. The analytical tools proposed here can be useful in all analyses of cooperation and liberal democratic institutionalization. This would of course have to be tested with more extensive and intensive empirical work, in particular with field studies and comparisons with other institutionalization processes. The scope of this study is limited to theory comparison and development in order to test the value of system-critical institutionalist thinking – which includes a reflection on the theory of practice in current global polity formation.

It is not my goal in this thesis to reproduce fixed clusterings but to instead discuss main positions and differences in reasoning. In my opinion, fruitful and enriching debate cannot flourish if system-critical thinking is abolished. Engaging in recursive scrutiny of the premises on which explications of our experienced reality are based should be an integral part

of scientific development. I agree with the conclusion of John Cruickshank in his excellent essay (2004) on the potentials and limits of deconstructivist or processual thought: “criticism should be used constructively to continue an on-going dialogue, rather than destructively to just destroy opposition to a particular world view” (ibid, p.569). Thus, I do hope that the dialogue shared here will inspire other scholars and practitioners to embark on similar journeys

Part I: Visiting transdisciplinary paradigms

1 Introduction

“Initially, IPE [International Political Economy] was defined by the topics that it investigated, such as trade, finance, raw materials politics, and multinational corporations. Scholars associated with the field drew on economics and on a variety of existing theoretical orientations, notably realism, liberalism, and Marxism at the systemic level, and Marxism, statism and pluralism at the domestic level. Over time the boundaries of this subfield, as we define it, have been less by subject matter than by theoretical perspectives.”

(Peter Katzenstein, Robert Keohane, Stephen Krasner 1998, p.645)

Part I serves as a foundation and discusses “*general theoretical orientations*” within which institutionalist approaches are couched. These “suggest relevant variables and causal patterns that provide guidelines for developing specific research programs” (Katzenstein, Keohane, Krasner 1998, p.645, emphasis in original). As mentioned in the introduction and summarized in the quote above, socio-political and economic research have developed along three general strands beginning in the 19th century.

This century was marked by the transition from feudal societies to capitalist market societies in the Western hemisphere or the now industrialized countries. Karl Polanyi’s well-known *Great Transformation* (1947) describes how this transition was characterized by the continuous institutionalization of market patterns as the guiding principles of societal organization. While markets have always existed became both more numerous and more expansive since the 16th century, they have still been *means to other ends*. It was not until the 19th century that the notion of self-regulating markets was developed and that these institutions became ends instead of means, making them the central steering mechanism of societal reproduction. A constitutional separation of “the market” from “the government” was a crucial step in this direction and was mirrored in science: the integrated Political Economy that developed by Adam Smith and David Ricardo was split into “pure” Economics and pure “Political Science” as distinct disciplines. Both developed with the influence of general philosophical perspectives and debates concerning humanity, societies and potential developments. IR became an independent research field in the early 20th century, once again in reflection of the prevailing political-economic development. By the 1980s, economic globalization and its impact on IR was paralleled by a new focus on *International Political Economy* that celebrated the reintegration of the market and political governance structures in

research designs. Institutionalism as a separate research strand was developed around the same time, reflecting on the rapid multiplication of international organizations. Yet, critical historical scholars in IR such as Ole Weaver point out that concepts addressing fundamental questions of human coexistence have not changed much since the 19th century: “equipped with Ranke’s essay on the great powers, Clausewitz, Bentham’s works, maybe Cobden and finally Kant, it is difficult to be surprised by much in twentieth-century IR” (ibid, 1997, p.8). This first part recapitulates the main differences that have been present since the birth of the three paradigms. This clustering has proven very helpful in understanding the typical clashes and mergers between approaches in sub-theories like institutionalism. The following discussion *serves the explicit purpose of distinction* and may therefore appear too rigid to some - especially to those working on borderlines. Nevertheless, I would like to invite the reader to step into the three “competing” paradigms and assess how effectively each frames interpretations of current international relations and informs political recommendations.

1.1 Tri-partition of politico-economic thought and science

While exploring GPE and IR literature, one often finds the pattern of comparative triangles: categorizations of approaches, concepts, or assumptions usually show three schools or corners in figures. Ole Weaver (1997) provides a good review of the “big” IR debates to exhibit the pattern of triangular juxtaposition- , so I will spare this historical comparison and start right away with my contemporary paradigm triangle. Weaver in fact criticizes what he perceives to be a schematic paradigm perception of the field and instead focuses on the central “figures” or “masters” who shape IR as a discipline. He reviews their work in order to trace influence patterns between scholars and to show that they often cannot be consistently “boxed” into to match the triangle corners (ibid, p.2). While I agree that “boxing” restricts diversified discussion, I work from a system-critical perspective, or what Gramsci called a *philosophy of praxis*, that seeks to understand the effectiveness of worldviews on social relations. A more detailed discussion of this perspective will follow in chapter 4.4. At this point it suffices to note that Weaver himself admits that knowledge and ideologies have organizing effects beyond the individual “master”: “images of the internal battlelines do exist and they have effects. We should take seriously the question of how they function, what they are, and what could be achieved by trying to reshape them” (ibid, p.7). Thus, once paradigms are defined as above, the differentiation between sets of standards to which scientists and practitioners adhere makes these boxes have permeable borders.

When searching for “brands” for the pillars of my own triangular research design, I hoped to find terms that would express the main assumption concerning social development in each one. Thus, while some might call paradigm 1 “preservative” or “conservative”, paradigm 2 “progressive” or “reformist” and paradigm 3 “system critical” or “radical”, I sought to avoid terms that are already frequently used in order to avoid semantic confusion. The results are *perpetual*, *adaptive* and *processual* paradigms describing the general outlook on “reality” and social development. *Rivalry*, *convergence* and *procedural* institutionalisms explain cooperation and its effects in more detail. In both cases, the first two terms imply teleological predictions, while the third explicitly avoids any prognosis on developments and cooperation outcomes. Why this is important will become clear at the end of this part and part II will show how the predictions translate into biasing interpretations of international cooperation and institutionalization. I do acknowledge that some readers may find this branding endeavor pedantic, but I search for the origins of differing interpretations of the same event through reviews of other scholars’ work. Since the same term tends to have different meanings in different paradigms, I thought to express as precisely as possible what I mean. .

1.2 Branding three paradigms

To *perpetuate* means “cause to continue for a long time” and the adjective “perpetual” refers to something “never ending or changing; so frequent as to seem continual” (Oxford Dictionary 2001). This research paradigm deduces interpretations of the observed reality from natural behavioral laws and prototypical structures. Social development can be explained as an evolutionary story of individuals that select strategies for personal utility in reaction to current external parameters.

To *adapt* means to “make suitable for a new use or purpose” or to “become adjusted to new conditions”, while the adjective “adaptive” refers to something “relating to or exhibiting adaptation” (Oxford Dictionary 2001). This research paradigm induces analytical ideal types of social structures best enabling the unfolding of human potentials. Social development can then be understood as the linear learning of communities that optimize strategies for collective progress in reflection of current constructed conditions.

To *process* means to “perform a series of operations to change or preserve (something)”, to “operate on (data) by means of a program” or to “deal with, using an established procedure” (Oxford Dictionary 2001). I did not find the adjective “processual” in the dictionary, but it has been used before by archeological scholars who claimed that cultural artifacts provide

information about the way people lived at the time at which these items were produced.⁴ This research paradigm applies retroductive reasoning to established practices, ideologies and social structures to identify their framing effect and to verify their adequacy. Social development can then be analyzed as an open-ended history of collectives who develop strategies for enhanced coexistence with reference to current tendencies and trends.

The following brief summaries illustrate what I see to be the central standards and ideals of each paradigm. I intentionally use expressions that are not yet “terms of the discipline”, even though this may sound rather colloquial and be criticized by some as unnecessary. I did this to provide a more concrete illustration of the worldview that these scientific paradigms support, an illustration that is often lost once scientific terms reach a certain level of abstraction.

1.2.1 Predicting causal-evolutionist competition

Perpetuators seek to work with social facts and objective laws. Their research goal could be described as the proof of a *universal* formula and *causalities* similar to those in natural science. Aimed at lean theorization (parsimony), the formulated concepts are kept simple but definitive and independent of time and context. These concepts serve as universal starting points (independent variables) from which explanations and *predictions* of outcomes are derived using hypothetical-deductive reasoning. As long as contradictions found in studies are explicable as *exceptions to the rule*, they do not falsify the general law. One will frequently find *abstract* codifications that allow for quantifications and numerical calculations leading to concrete predictions. As analytical tools are developed with reference to a “representative

⁴ The goal of processual archaeology is to combine historical research with anthropological questions about humans and human society. Instead of simply cataloguing, describing and creating timelines for artifacts, these scholars create scenarios of how the people who used the artifacts actually lived. The theoretical framework is that of cultural evolutionism, stating that culture can be defined as the extra-somatic means of humans for environmental adaptation. Processual archaeologists therefore believe that cultural change happens in a predictable framework that can be understood through the analysis of its components. Since that framework is predictable, science is the key to unlocking how these components interacted with the cultural whole. Methodologically, these New Archaeologists developed new ways of analyzing the archaeological remains in a more scientific fashion. As usual, different researchers had different approaches to this problem. Processualism's rise revolutionized American archaeology, with most universities now classifying it as a discipline of anthropology and therefore as a social science. In Europe it still remains a historical subject, however, rendering it a humanities discipline (http://www.reference.com/browse/wiki/Processual_archaeology, 26.04.06). This led to the emergence of post-processualism in Europe, paralleling the broader development of postmodernism during the 1980s. Neo-Marxist, feminist, cognitive and contextual strands criticize the deterministic construction of a scientific and comparative archaeology as positivist and bound to the scientific method in its outlook on culture. Critics insist that cultural change cannot be experimentally remodeled and that interpretations are biased by current developments. Post-processualism is not popular in America, but has spread in less conservative universities (http://www.reference.com/browse/wiki/Post-processual_archaeology, 26.04.06).

If my paradigm division were to match the discourse in archaeology, this strand would fall into the *post-processual* camp. However, in political science it is mostly constructivists who use the term “processes” in the etymological meaning cited above. This does not allow for deterministic forecasts (or, as in the case of archeology: backcasts).

agent,” they are applied indiscriminately. Concepts are proposed as *value-free* tools, presumably stripped of any normative bias or cultural background. In terms of policy advice, the identified causalities steer socio-economic development and cannot be halted or changed, but only catered to or channeled. One will typically find recommendations of how to prepare a system for *evolutionary* changes in the environment to which individuals react according to their *natural* habits. A typical sentence used to push a particular policy proposal would be “there is no alternative”.

Cooperation can then be summarized as a calculated outcome by all players following a logic of consequences. International organizations are the extended arms of powerful players and serve as instruments in competitive struggles for domination. From this viewpoint, the premise of permanent rivalry between nation states will not change. Institutional theory supporting this viewpoint is usually dubbed “Neo Institutionalism.”

1.2.2 Designing constructivist-progressive enlightenment

Adaptors see social science as inherently different from natural science because of the absence of natural facts and objective laws. The existing phenomena or social facts are – at least in their origin - outcomes of intentional action. Their research goal could be summarized as a continual refinement of concepts towards the most adequate representation of societal characteristics and correlations. These *ideal types* are considered to be undergoing *progressive* dialectical change with the increase of experience and knowledge. Research typically involves many case studies, allowing for a representative picture. Pluralism of perspectives is explicitly acknowledged, but contradictions are ideally overcome by way of a *synthetic-inductive* mode of argumentation towards consensus.

The notion of progress is not limited to theorization. We often find that researchers express their motivation to alter our present social structures so that negative outcomes can be alleviated and problems solved. Successful solutions (best practice) serve as role models for other contexts or similar issues and those “in the know” carry a responsibility to train those less experienced.

Policy recommendations often propose reforms of organizational patterns and also entail support programs and trainings for the currently disadvantaged. These should initiate *learning processes* and the future *integration* of those not yet capable of participating fully in the most developed systems.

Cooperation can then be summarized as an argued agreement between players that follow a logic of appropriateness. International organizations are constitutive parts of the development

towards more harmonious global relations. From this viewpoint, democratic global governance is the goal of convergence and the normative ideal type guiding evaluations of the status quo. Institutional theory supporting this viewpoint is often dubbed “New Institutionalism.”⁵

1.2.3 Deciphering tendentious-contingent reproduction

Processual scholars also view social facts as intersubjectively constituted, but do not share the view that conscious, rational and normative reflection in cooperation processes necessarily delivers the best possible outcome. Instead, they see institutionalization as a temporary compromise whose development depends on the specific struggles caused or affected by the compromises. Unevenly spread *power potentials* and socio-political influence privilege some interpretations and solutions over others. As the established solutions typically benefit their defendants – even if not necessarily their enactors - the goal of critical research is to deconstruct biases in customary interpretations and justifications. Theoretical as well as practical concepts are seen as contingent and subject to a continuous shaping and reshaping through struggles between differing perspectives. *Historical-retroductive* analysis traces the genealogy of social facts and scientific concepts to identify typical economic tendencies or political trends, though historical development is considered to be *open-ended*. Every observed contradiction and outcome is contextually unique, with its own specific origins and influencing forces needing to be evaluated.

Policy recommendations typically promote the point of view of less privileged actors and problematize areas where status quo solutions inhibit sustainable and inclusive development. Proposals include rather drastic changes towards auto-centric empowerment of system “losers” and unconditional compensation for former oppression and domination.

Cooperation then can be summarized as a cooptive outcome where all players follow and are subject to a logic of transformation. International organizations are functional⁶ elements in transnational leadership processes. Constitutional fixation of certain procedures is seen to protect particular interests and forms an integral part of socio-political development. . Institutional theory supporting this view is usually dubbed “New Constitutionalism.”

⁵ In institutional economics, however, the “old” institutionalism integrates sociological and psychological elements in its reasoning while “new” institutionalism is based on neoclassical economics and rational choice game theory (see Hodgson 2001, 2002, 2006).

⁶ This use of the term “functional” is not to be confused with that of a tool in instrumentalist perspectives. Here it means that this solution incorporates a compromise that allows for socio-economic reproduction – as will be discussed in more detail in part III.

1.3 Structure and content of the comparison

The following paragraphs briefly explain which aspects of the paradigms will be discussed in the next chapters. The first subchapter sketches general ontological and epistemological assumptions, followed by the relevant political and economic history of thought. Although IR as a discipline first focused on the issues of peace and war and security and power, the paradigms have been repeated in later IR discussions: *realist* competitive power politics in an abstract state system is comparable to utility maximizing market egoists; *liberal* possibilities of systemic integration, enlightenment and progress also drive distributive economics; Marxists have never separated the political from the economic but rather discuss international or intra-national conflicts with reference to capitalist valuation logics and identity-based class struggle.

The respective methodologies of these perspectives - deduction, induction and retrodution - are discussed as a third point of division. They were central to the second “big” debate in IR between empiricist behavioralism and hermeneutic traditionalism in the 1960s. The issue, however, was never fully resolved. Methodology is still - and is increasingly - part of the arguments between the paradigms, since the chosen path of reasoning has an immense impact on what will be observed. . The last subchapter delivers a prototyped GPE perspective on our current world order from each perspective.

It is very important to keep in mind that some terms have meanings quite distinct from those in other disciplines or are used with diverse interpretations: liberalism in *Economics* usually refers to a laissez-faire market system with as little governmental intervention as possible. In Political Science, however, it describes those views that anticipate peaceful co-operation and stand in opposition to assumptions of eternal competition in the world order. *Methodological* realists, on the other hand, have nothing to do with “pessimistic” ontological predictions but rather assume that there is a “real” world that exceeds human experience (empiricism) or discourse (constructivism). This intransitive realm may lead to unexpected developments. *Marxism* here refers to interpretive (Halliday) or poststructuralist versions that fall into Transational Historical Materialism (THM). These approaches distance themselves from orthodox structural Marxists and widen the reproduction processes to include *all* factors that are *valued as important* for social development. These entail knowledge, skills and access to institutions and stress agency in the process. Since this thesis traces the effectiveness of worldviews and institutional images, the processual paradigm in general and the procedural institutionalism in particular may not reflect structural-economic and material constraints as much as Regulation theorists would, for example.

1.4 Goals of the comparison

The *overarching* goal of part I is *not* to reproduce triangle cornerstones; rather it intends to *clarify* terminology and perspectives. I explicate my understanding of relevant terms and approaches and seek to point out that the differences between the paradigms can be observed across disciplinary divides.

The *argumentative* goal is *not* to participate in the battle over what constitutes “best science”. I instead hope to show that differences in paradigms fuel this battle and are easily reproduced through tautological reasoning. I agree with Weaver that “we should take seriously the question of how they [the images] function, what they are, and *what could be achieved by trying to reshape them*” (Weaver 1997, p.9, my emphasis). The two system-maintaining paradigms both carry teleological premises in their methodological concepts that limit how cooperation and institutionalization are interpreted. This argument will be developed further in parts II and III while building on the insights provided here.

The *theoretical* goal, therefore, is *not* to crown the processual paradigm as generally superior, but to discuss its differences from the other two perspectives in order to justify its perceived strengths and fruitful contributions to the development of IR, GPE and institutionalism. I am aware that the selection of thinkers presented here reflects a “Western” point of view. However, I am working in a Western country and my research focuses on a thoroughly West-dominated domain – in theory as well as in practice. For this work I depict different perspectives on the globalization of capitalism and world markets from within a similarly socialized community. Further research should explore positions developed under completely different social realities.

Train of Thought	Perpetual	Adaptive	Processual
Ontological Predominance	Actor Reacting to Given Environment	Structure Responding to Actors' Intentions	Structure and Actor Internally Related and Reproduced
Social Development	Change of Interests through Perception	Change of Ethical Order through Learning	Change of Social Orders through Struggles
Economic and Political Schools of Influence	Neoclassic and Neorealist	Keynesian and Liberal	Marxist and Historical Materialist
Methodological Approach	Individualism, Deduction from General Hypothesis	Constructivism, Induction to Generalized Ideal Type	Deconstructivism, Retroduction of Tendencies
Representative Current Scholars	Keohane, Gilpin, Krasner, Zangl, Rittberger	Ruggie, Haas, March/Olson Kratochwil, Risse	Cox, Gill, Robinson, Murphy, Ougaard, Jessop
Table 1: Visiting Transdisciplinary Paradigms			

2 Perpetual train of thought

“[R]ationalism (encompassing both liberal arguments grounded in economics that emphasize voluntary agreement and realist arguments that focus on power and coercion) and constructivism now provide the major points of contestation for international relations scholarship.”

(Peter Katzenstein, Robert Keohane, Stephen Krasner 1998, p.646)

“Rationalism” in International Relations is the outcome of “the ascendancy of neorealism and neoliberal institutionalism in the 1980s and their convergence around neo-utilitarian precepts and premises” (Ruggie 1998, p.855). Their compatibility is explained by their similar theoretical roots reaching back to nineteenth century utilitarianism in Political Economy. Both neorealism and neoliberal institutionalism are contemporary branches of an actor-oriented, individualist paradigm in which neo-positivist or quantitative-statistical standards of evidence prevail. Both presuppose a competitive context in which single (collective) actors - usually nation states - pursue an egoistic path of utility maximization – utility comprised of security or economic wealth. Neorealism and neoliberal institutionalism are concerned with state power in the relational sense: possessing the means or resources to defend one’s interests. As Keohane, probably the most popular scholar of neoliberal institutionalism, summarizes: “They are by no means incommensurate paradigms; rather, they are labels for loosely grouped interpretations that differ along a variety of dimensions. These dimensions include the intensity of competition in world politics, the role of rules and norms, the nature of information available to actors, and the linkages and separations between issue-areas” (ibid, 2002, p.6). These dimensions all form parts of the *external conditions* in which international politics take place. Interpretations vary mostly in their assumptions in terms of how much influence these have on actors’ choices. Thus, the underlying ontological and epistemological assumptions are similar, though the names of these schools tend to obscure this proximity: realism and liberalism in *political* theory are juxtaposed in their core premises. Rational IPE, however, extends the logic and analytical techniques of neoclassical *economics* to the study of political questions. The current political path associated with it usually is dubbed “neoliberalism” (Crane/Amawi 1997, p.210). It is very important to note that this tag of “liberalism” is restricted to the economic tradition that may be compatible with several socio-economic views on social development; only some neoliberal scholars try to incorporate the philosophical-political tradition of liberalism. Born merely as a critique of mercantilism, neoliberalism is frequently associated with competitive capitalism and free market conservatism, both rejecting state intervention in the economy (Gill/Law 1988, p.46).

The general ontological perspective of the perpetual strand therefore envisions a world of calculating actors, individuals or collective actors of any size: “Individuals are held to be rational utility maximizers with constant and transitively ordered preferences. The approach focuses on how such individuals strategically interact to secure their interests” (Crane/Amawi 1997, p.210). These interactions are considered to be games within which each individual seeks to pursue his or her most promising strategy. The power resources of each player influence who will eventually maximize his or her personal utility the most. Power in this context is understood in the behavioral sense, meaning the ability of any one actor to make other actors behave in a desired way in cooperating or accepting certain unilateral actions. This entails control over resources and influence on political outcomes. “The power that states wield is derived ultimately not only from population, natural resources and industrial capacity, but also from organizational coherence, the ability to extract resources from society, military preparedness, diplomatic skill, and national will” (Keohane 1990/2002, p.42).

. Within GPE, analysis from this perspective expresses utility gains or losses of any kind in quantifiable cost-benefit calculations, in which the concept of transaction costs becomes the central tool of analysis. Here, the view of international relations is not as explicitly antagonistic as in realist traditions with their focus on relative power and domination: actors focus only on their personal goals and all other actors form part of the external parameters that influence which path for utility and interest maximization appears to be the most or least costly. Common to all approaches is that *the origin for a change in strategy – including intentional institutional change - lies in the environment of the actors* and not within them. A change of strategy does not mean that actors become less fixated on utility maximization in their goals or less egoistic in their preferences but that the path of how to achieve this is modified. The maximization of utility is the constant variable and strategies for behavior change according to the calculations of the most effective way to achieve one’s goals (North 1990, pp.4-5).

In this worldview, norms and rules eventually remain epiphenomena of the underlying structures of material power and pursuance of interests. Ideational factors, when considered to be significant in world politics at all, represent guiding models or precedent cases that are part of the external context acknowledged by agents when developing their utility-strategies. Goldstein and Keohane have distinguished three types of “ideas” to which they ascribe different effects: “*Worldviews* are illustrated by religion, *principled beliefs* by doctrines of human rights, and *causal beliefs* by Keynesian or monetarist theories of macroeconomics” (Keohane 2002, p.3, my emphases). Worldviews function as *roadmaps* and are excluded from

analysis, as they are perceived to be inaccessible to science; principled beliefs serve as *focal points* in cooperative situations where more than one equilibrium (here equilibrium means an efficient solution in light of the given parameters), is possible; causal beliefs are *embedded elements* of institutions and rules and are thereby operational without individual choice (ibid).⁷ These “ideas” guide rational actors in the definition of their preferences in a given situation, but any constitutive effects on general actor orientation as seen in constructivist analyses are excluded. Ideational factors are “rendered in strictly instrumental terms, useful or not to self-regarding individuals (units) in the pursuit of typically material interests, including efficiency concerns” (Ruggie 1998, p.855).

2.1 Social development depicted as a coordination of egoists

According to the perpetual paradigm, the omnipresent state of existence is one of competition. Certain rules and institutions install some order, but do not impact the general orientation of actors who perpetually want to “win”:

“Conceptually, what must be clearly differentiated are the rules from the players. The purpose of the rules is to define the way the game is played. But the objective of the team within that set of rules is to win the game – by a combination of skills, strategy, and coordination; by fair means and sometimes by foul means. Modeling the strategies and the skills of the team as it develops is a separate process from modeling the creation, evolution, and consequences of the rules” (North 1990, p.4-5).

Thus, reasons for change result from changes in environmental conditions or as a reaction to strategies of competing players that impact the ratio of costs and benefits expected to result from the former path.. The urge to optimally use the prevailing conditions drives the continual adaptation of one’s strategy. Changes in institutions are part of a rational reaction to changing environmental conditions. Since actors perpetually seek to reach those solutions most beneficial for themselves, the outcomes of politics are implicitly determined through environmental constraints that define the costliness of each possible choice (March/Olsen 1998, p.954).

One crucial concept explaining social development is that of “path dependence”. The general assumption herein is that “preceding steps in a particular direction induce further movement in the same direction” (Pierson 2000, p.252). All three schools of thought incorporate this assumption, though each one defines it differently. Here, it is seen in light of increasing returns, meaning “the costs of exit – of switching to some previously plausible alternative –

⁷ A differentiation of “ideas” according to their realm of influence and level of contestation seem highly valuable to me and will be conducted for the processual paradigm as well.

rise” (ibid). These calculations of transaction costs include all relevant resources listed above as components of power. Actors calculate the utility gained by establishing new cooperative institutions, withdrawing from contracts or launching a military assault. Establishing new solutions often entails high initiating costs and the compensation or loss of former allies and investments. Therefore, although a different strategy may appear to be the best solution for a task or problem in general, contextual constraints nevertheless prohibit its implementation – at least in the most optimal way (ibid). Hence, even though the most important unit of analysis is the rationally choosing actor, *the locus or origin of change* lies in the external conditions to which agents react. Research therefore seeks to identify interest-changing developments and explain certain decisions and outcomes as reactions to these. Societies are therefore viewed as developing along an evolutionary path of increasing efficiency where actors conduct market analyses before they choose the presumably most utility-maximizing offer.

2.2 Neoclassical market freedom

The neoclassical strand of economic theories carries the prefix “micro” because it follows a bottom-up reasoning: individual actors or factors are the starting point of analysis. Complex systems and processes are explained as an aggregation of characteristics identified for the single unit or actor level. The actors observed are usually private consumers and entrepreneurs – or “the state” as a collective individual. The smallest economic act in this perspective is that of *exchange* between at least two partners, either in competition or in mutually beneficial cooperation (Willke 2003, p.95). This exchange is facilitated by money as an equivalent medium that expresses the value of a single good, service or resource and the aggregated societal wellbeing (Gross National or Gross Domestic Product). The term “capital” is used in this theory for the sum of the previously produced items that are applicable as factors of production and exchange for other goods – once again an exchange-based definition (Hunt 2002, p.455).

The fundamental assumption - the natural law - of neoclassical reasoning is that egoistic and rational actors are motivated by the wish to maximize their personal utility. While many definitions of “utility” exist, most studies do not explicitly explain what comprises utility or where it is rooted, using it in its abstraction only. It had been developed in the 19th century along with the creation of “economics” as a discipline separate from political economy. Philosophers at the time stated that “we cannot doubt that self-interest is the mainspring of human action” (Bastiat 1964, p.27, quoted by Hunt 2002, p.180) and that the immediate

motives for action are human wants or desires promising pleasure. Originally, it was Jeremy Bentham who developed the *principle of utility*: “Nature has placed mankind under the governance of two sovereign masters, *pain* and *pleasure*. (...) They govern us in all we do, in all we say, in all we think” (Bentham 1969, quoted by Hunt 2002, p.131). This principle was aligned with the assumption that pleasure remains a relative sensation, so that wants and desires are *insatiable*. This motivation therefore never fades, irrespective of how wealthy one might become. Still (and also because of this), the means of satisfying material needs and wants are limited, creating the natural state of competition over scarce resources: “*desire* runs ahead, while the *means* limp along behind” (Bastiat 1964, p.46, quoted by Hunt 2002, p.180). Today, the utility principle is often termed ‘preference ordering’ because the possible strategies are listed in an ordinate that shows the calculated cost-benefit ratio of each one.

Confronted with this form of human nature, the question becomes how to organize such individuals in societies. The most suitable solution was taken from 18th century classical thinker Adam Smith and amended by the scholars cited above. His *theory of accumulation* was established to explain that the free market would function as an “*invisible hand*” to guarantee efficient resource usage if self-adjusting market patterns. As resource scarcity translates into limits on individual utility maximization, general competition would lead to an optimized and innovative combination of material and labor in order to provide the least costly and most demanded products. As a result, productivity and stock of capital will increase despite the limited amount of resources. Additionally, the ubiquitous search for best returns (*invisible hand*) encourages cooperation in exchange, allowing for individual selfishness to increase absolute wealth. Especially if an extension of the market allows for an even greater number of complementary divisions of labor, specialization guarantees economies of scale and a growing expertise that results in lower prices and greater variety for all members of the society (Hunt 2002, pp.127-30).

Moreover, *market prices* guarantee that the invisible hand continuously re-establishes the equilibrium between the supply and demand of goods and that every individual receives a return appropriate for his or her contribution to societal wealth. The value of commodities depends on the benefit or pleasure created by their *use* - their utility. Thus, the only determinant of the value of a product is its desirability as judged by other market participants. If offers are not of use, meaning here that they do not promise benefit or pleasure, they are not exchangeable and therefore do not generate return. Due to permanent utility desires, most

rejections of goods are not categorical, but rather a matter of *marginal utility* calculations⁸, meaning the ratio between the utility gained and the utility given up - or in money-based markets: the “price paid.” Thus, as soon as prices go down the goods will be purchased. Trade or purchase is then perceived to be a voluntary act: in order for a transaction to take place, each market participant has to make an offer – the item as well as the price - that at least one other market participant accepts. This unanimity also justifies different levels of profit: a commodity of high utility⁹ generates a high market price - this translates into high returns for the offerer. This guarantees that only equivalents are traded under competitive conditions, that prices are kept rational, that the allocation of resources will be efficient and that only those products are produced that provide high utility for society (Willke 2003, p.40). In a nutshell, the *unintended consequences* of egoistic pleasure maximization are overall beneficial as “all men’s impulses, when motivated by legitimate self-interest, fall into a harmonious social pattern” (Bastiat 1964, p.xxi, quoted by Hunt 2002, p.179).

In stating this, it is important to point out that the microeconomic strand does not reduce its theorization to any particular mode of social reproduction but rather aims to explain economies and markets in general. These markets are perceived to be in the state of equilibrium (supply equals demand) in which all participants are equal representative actors. The general goal of unanimity therefore does not indicate anything about the initial distribution of exchangeable commodities or factors, nor do *absolute* benefit calculations for an entire nation tell anything about the *relative* distribution of it.

2.2.1 Micro-economic neoliberalism in the 21st century

While classical scholars such Smith and Ricardo established the core concepts of liberal economics, it was England’s 19th century economists that developed the neoclassical interpretation of the same. This doctrine claims to be based on analytical concepts of the essence of human nature, thus providing them with transhistorical and omnispatial validity, independent of actual socio-political conditions:

“The market [therefore] harmonizes everyone’s interest and maximizes everyone’s utility. There are no classes or class antagonisms in this theory. Some exchangers have a higher moral character than others (i.e., some practice abstinence and some do not), but each

⁸ This concept was further developed by William Stanley Jevons and Carl Menger and is the basis for mathematical calculations of utility.

⁹ Bentham also developed criteria by which value can numerically quantified: intensity, duration, certainty or uncertainty, propinquity or remoteness, fecundity, purity, extent (ibid, 1969, 97, quoted by Hunt 2002, p.131).

person receives, through exchange, the value equivalent of what his or her factors create”
(Hunt 2002, p.313).

Neoclassical economics, in the 20th century produced derivations of these basic assumptions in form of mathematical functions and equations. More recent debates surround the adequacy of numerical quantifications and the consistency of their calculation. Epistemological and ontological individualism remain uncontested and modifications hardly exceed the inclusion of variables that limit the degree of information that actors base their rational choices on.

The monetary quantification of benefits serves as a universal expression of the perceived value of a certain good or service to the individual; it shows how much a person would be willing to pay for the benefit. *Instrumental* rationality explicitly stresses that utility is compatible with altruism, generosity, religious behavior, etc.: the central return is pleasure from the result of one’s choice (Starbatty 2000, p.137, here Willke 2003, p.104). , Additionally, the choice to purchase may not only be based on a personal judgment of the asking price; *relative* comparisons between options influence the selection and perceived satisfaction as well.

However, selfish calculation, individual equality, voluntary exchange, absolute outcomes and insatiable desires remain the crucial concepts that reality seems to have proven right by:

“The strength of neoclassical theory lies therein that it can explain the functioning of the market – meaning that regulatory system which successfully persisted in the battle for survival (sic) between competing forms of economic coordination. (...) The neoclassical theory of the market can show that decisions and actions of market participants can be coordinated satisfyingly efficient by the price mechanism and competition – for the utility of the ones partaking and to the benefit of the society as a whole. That this form of coordination will also imply costs is not contested. But: *it comes all down to the saldo*”
(Willke 2003, p.35, my emphasis).

This saldo is calculated on the basis of certain implicit assumptions that are no longer visible, as calculations are limited to the realm of exchange and monetary value expression that does not differentiate between the ways in which the numbers were generated. As John Stuart Mill, one of the most influential neoclassical thinkers in the 20th century summarizes, “quantity of pleasure being equal, pushpin is as good as poetry” (Mill, here quoting Hunt 2002, p.197).

2.2.2 *The premise of universal public goods*

The concept of greatest interest for institutionalism research that builds on the described assumptions is that of “global free trade” as an *international public good*. Generally, public goods are “those goods and services which are jointly supplied and are characterised by an

inability to exclude beneficiaries on a selective basis. In this sense, such goods cannot be simply limited to those who are willing and able to pay for them” (Gill/Law 1988, p.44). International public goods in the world community are, for example, security or peace, environmental protection and also an open global market that allows for greater product variety and more economies of scale. In the case of free trade, *positive-sum exchanges* should be made possible through a reduction of tariffs and non-tariff barriers and the establishment of infrastructures to facilitate the transport of commodities, efficient chains of production and an optimized division of labor (ibid, p.45). Gilpin, as one of the prominent political economists among the neoclassical “marketeters”, therefore goes as far as to claim that

“[E]very economist agrees that free trade is superior to all forms of trade protection. In fact, economists consider free trade the best policy for a country even if all other countries were to practice trade protection, arguing that, in such a case, the economy that remained open would still gain more from cheaper imports than it would lose in denied exports” (Gilpin 2000, p.89).

Additionally, it would “increase national efficiency and high-paying jobs by restructuring national economies; competition shuts down industries that are losing comparative advantage and thus releases resources (capital and labor) to be used by more efficient and competitive industries” (Gilpin 2000, p.93). A discussion of this view that includes how and why a significant number of current economists actually do disagree¹⁰ goes beyond the scope of this chapter but can be found in Dunkley (2004). The goal here is to illustrate the central microeconomic concepts that influence macroeconomic policy recommendations.

Given this influence, one often wishes for a more explicit definition of “free trade” in neo-institutionalist studies. The general definition of “the absence of artificial barriers to the free flow of goods and services between countries” (Dunkley 2004, p.9) remains highly abstract. The father of free trade, Adam Smith considered the contextual and humane parameters necessary for the invisible hand to work. *The Theory of Moral Sentiments* (1759), which preceded *The Wealth of Nations* (1776), highlighted that

“[H]e variously condemned the merchant’s ‘contrivance to raise prices’ (1776, 1: 44), hoped that investment and employment would remain local rather than shift overseas (1776, 1: 476-7), warned that machines could make workers ‘stupid and ignorant’ (1776, 2: 303), suggested that people had a predilection for traditional agriculture (1776, 1: 403) and *implied eventual limits to growth once a country had that ‘full complement of riches*

¹⁰ For an extensive discussion of various schools of trade theory, their concepts and disagreements see Dunkley 2004. Starting with Adam Smith’s and David Ricardo’s premises, the book discusses “dirty little secrets”, in which empirics do not reflect theoretical concepts such as comparative advantage, gains from trade, market equilibrium, scale economies, export orientation and terms of trade.

which the nature of its soil and climate, and its situation with respect to other countries, allowed it to acquire' (1776, 1: 106)" (Dunkley 2004, p.19, my emphasis).

2.2.3 Political solutions for neoclassical economies

Neoclassical economists argue that a good society is not a question of good people but of a good constitution conforming to the natural pattern of social interaction (Mises 1940, here Willke 2003, p.30). These schools of thought in Political Economy are often referred to as “neoliberal”, especially in public discourse.¹¹ The term “liberal” does not indicate any deontic reflection on humanist values, moral or ideals as is the case in the philosophical school of liberalism. Rather, most of these scholars conflate political or even general individual freedom with free consumer choice: selective purchase allows for everyone to influence societal development without having to formally engage in politics. “The kind of economic organization that provides economic freedom directly, namely competitive capitalism, also promotes political freedom because it separates economic power from political power and in this way enables the one to offset the other” (Friedman 1962, p.9; see also p.16). As the individual is the only true judge of what is good or bad for herself, a good constitution should protect, to the greatest extent possible, every member of society from unjust or oppressive acts by any other member or from outside of the society (Hunt 2002, p.62).

This premise is one of *negative liberty*, which refers to freedom from external coercion or the interference of others in one’s affairs. An administration should therefore set rules that will prevent the defection of the exchange logic or the violation of free choice. The two basic laws derived from the negative freedom ideal are those of *private property protection* and *equal rights in competition*. Private property protection allows individuals to calculate their returns in the future. The same rules for everyone ensure that returns depend on individual effort – be it in the economic or the democratic political sphere - and not on arbitrary decisions (Willke 2003, p.57). The envisioned outcome is individual freedom and economic choice, political participation and individual growth unleashing human creativity to pursue utility maximization according to the individual’s own desires. “Similarly, in a society freedom has nothing to say about what an individual does with his freedom ... a major aim of the liberal is

¹¹ Peters, for example, distinguishes two big centers of neoliberal thought: 1. The Austrian School of Friedrich von Hayek (who called himself a classic liberal), Carl Menger, Eugen Boehm-Bawerk and Ludwig von Mises with a focus on the subjective theory of value that provides unknown flexibility and spontaneous order (Hayek’s “catallaxy”) instead of the objective theory of value that Smith and Ricardo applied when theorizing optimal governmental ruling. 2. The Mont Pelerin Society of American scholars like Milton Friedman, James Buchanan, Gordon Tullock, Gary Becker that developed into the neoclassical Chicago School in the 1960s and 1970s with a strong free market libertarianism whose logic was expanded into traditionally political and sociological concerns over the public choice theory and human capital theory by Becker (Peters 2001, pp. 14-21).

to leave the ethical problem for the individual to wrestle with” (Friedman 1962, p.12). A just and efficient functioning of the economy can be secured through checks of the market forces, while threats to competition and the private possession of accumulated wealth are punished by the state. Some go as far to argue that it is largely irrelevant “whether the actual owner ... or the person from whom he derived its possession, has obtained it by prior occupancy, by violence, or by fraud, can make no difference whatever in the business of the production and distribution of its product or revenue” (Say 1863, p.293, quoted by Hunt p.138).

Political regulation then imposes a rather dangerous arbitrariness on these just, equilibrating developments. Potential market failure is usually explained by referencing the power-based defection of some nations, groups or individuals that seek to stop the absolute increase of wealth out of personal interest:

“Although capitalism eventually distributes wealth more equally than any other known economic system, as it does tend to reward the most efficient and productive, it tends to concentrate wealth, power, and economic activities. Threatened individuals, groups, or nations constitute an ever-present force that could overthrow or at least significantly disrupt the capitalist system” (Gilpin 2000, p.3).

Politics should therefore aim to create conditions that allow for natural laws and causalities to unfold (ibid, pp.95-99). More rational choice-oriented scholars do not differentiate between the motivation of actors in markets from those in politics- they depict the automatism of utility-maximization as the driver of organizational development as well. Douglass North, for example, defines (political) organizations as the logical results of actor calculations that identified the solution with least transaction costs involved. Different cultural backgrounds mold the ordering of preference functions, but do not challenge the automatism as such:

“Both the formal and the informal institutional constraints [rules and norms] result in particular exchange organizations that *have come into existence because of the incentives embodied in the framework and therefore depend on it for the profitability of the activities that they undertake*. Incremental change comes from the perceptions of the entrepreneurs in political and economic organizations that they could do better by altering the existing institutional framework at some margin ” (1990, p.8, my emphasis)

In his book *Institutions, Institutional Change and Economic Performance*, North does not once explain the roots of utility beyond the notion of least cost for pleasure, nor does he observe any qualitative difference between the strategies actors are more likely to choose. Compliance and defection are the result of an estimation of the effectiveness of control (likeability of being caught) and the potential costs of violation (ibid, p.4). Whichever school of perpetual thinking one follows, a “representative agent” and quantitative utility or power

functions determine the development in the land of ubiquitous competition. This original theoretical abstraction of human behavior for the sake of numerical modeling is easily forgotten when rational choice economics is applied in other disciplines: “when neo-utilitarian models are imported into other fields, they leave those constitutive frameworks behind” (Ruggie 1998, p.872).

2.3 Neorealist micro-political competition

I now turn to the political strand of perpetualism and Thomas Hobbes, possibly the most influential holder of the realist worldview. He was the first to conceptualize humans as rationally calculating, self-interested and fearful of one another and constructed an entire societal theory based on these beliefs. Human interaction, in his view, is driven by the quest for gain and glory. Without a centralized power to create and defend order, his Leviathan – the natural state of anarchy- renders “the life of man solitary, poor, nasty, brutish and short“ (Hobbes, 1651, book 1, ch.13, here Keohane 1995/2002, p.66). Hobbes focused on domestic politics and individual citizens; bottom-up “micro-IR”, however, conceptualizes nation states as individual egoists that find themselves in the natural state of war of all against all or anarchy. States as unitary actors represent the aggregated general interest of its people. “This general interest is assumed to be the consolidation (or even extension) of the territory of the nation, and maximizing its relative power and wealth” (Gill/Law 1988, p.26). Primary national utilities are thus security and control over resources, which then allow additionally for economic welfare. Some realist strands were dubbed “structural” theories because of the unchanging premises concerning the world order, namely anarchic competition between single units and self-reliance. However, this structural realism was abandoned in the neo-neo-merger between neo-realism and neo-institutionalism. John Grieco offers a perfect summary of the realist assumptions that he upheld in his challenge of liberal institutionalism in 1988 - only several years before liberal regime theorists reincorporated most of them to form the approach of neo-institutionalism:

„Realism encompasses five propositions. First, states are the major actors in world affairs. Second, the international environment severely penalizes states if they fail to protect their vital interests or if they pursue objectives beyond their means; hence, states are ,sensitive to costs’ and behave as unitary-rational agents. Third, international anarchy is the principal force shaping the motives and actions of states. Fourth, states in anarchy are preoccupied with power and security, are predisposed towards conflict and competition, and often fail to cooperate even in the face of common interests. Finally, international institutions affect the prospects for cooperation only marginally” (Grieco 1988, p.487).

Now it is single actors that form the unit of analysis and their reactions to the structure that create new conditions for other similar utility-maximizing actors attempting to optimize their individual strategies determined by unchanged preferences. As Ruggie summarizes: “The actors, in the context of these models, merely enact (or fail to) a prior script” (ibid 1998, p.876).

2.3.1 Stability in anarchic relations

The traditional realist view of international politics as outlined by Grieco found its most pronounced expression in Charles Kindleberger’s Hegemonic Stability Theory (HST). Originating in analyses of the Great Depression, Kindleberger assumed that the stability of the international economic infrastructure – involving secured media of exchange, sufficient liquidity and certain property rights - is an international public (or collective) good. This good needs to be secured by a “stabilizer” that provides this infrastructure or at least provides the means to control compliance with established rules. As with all public goods, exclusion from its benefits is impossible; the incentive to “free ride” is therefore high. Free-riding means avoiding sharing the costs for securing a good (Hasenclever et.al. 1997, p.89). As a consequence, one superpower is needed to regulate and thereby secure the general interests of the world population. Since the enforcement of compliance may become necessary, its relative superiority to the other players should be unchallengeable. This also means, on the other hand, that a wide dispersion of power would fuel free-riding (ibid).

Methodological as well as ontological criticism of such power balance approaches concern the concept of power and “the Hobbesian paradox” (Martin Wight): why do realists allow themselves to hope that the superpower will prove to be an exception to the rule that humans are egoists? Further, the notion of power, even though the central concept remains very imprecise and the adding of different power resources of lumped character – similar to that of utility in economic calculations. This, as Stefano Guzzini points out, ensures that “power” has a universal fungibility: “for making the theoretical model work, powers needs to be an (objectivised) standardised measure of value” (...) “which assumes that all elements of power can be combined into one general indicator” (Guzzini 2000, p.55). Scholars such as Keohane have met this criticism by arguing for issue-specific power structures that distinguish which resources translate into power in which context (Keohane 2002, p.184). However, Guzzini refers to the example of the Vietnam War to argue that control over resources does not automatically mean control over outcomes and that the predictive accuracy of relative power calculations remains questionable in light of empirics (Guzzini 2000, p.57).

Another assumption inherent in the charitable perception of the superpower or hegemon holds that small states are allowed to benefit from the international order as long as they do not challenge the predominance of the larger state and so long as the hegemon's gains from the regulatory regime outweigh the costs of its maintenance. However, a truly Hobbesian scenario is just as possible, in which the coercive hegemon uses its predominance to force small states into paying large portions of the price of the infrastructure or into agreements where the resulting distribution of burdens is not proportional to the actors' gains. Thus, as Andreas Hasenclever, Peter Meyer and Volker Rittberger point out, the "exploited" characteristic of the benevolent leadership model may easily be reversed to an "exploiting" one (Hasenclever et.al. 1997, p.91).

2.3.2 Transaction costs of superpowers

Anarchic "liberal" scholars therefore state that the Hobbesian paradox can be avoided if governmental power is balanced with private property rights. They refer to classical liberalism and the writings of John Locke, for example, who demanded property rights as a general law to protect individuals from arbitrary exploitation by kings or the government. However, Locke did not subscribe to the Hobbesian natural state of war, nor did he limit "property" to material possession, instead including "mutual Preservation of their Lives, Liberties and Estates, which I call by the general Name, Property" (Locke 1689, II, p.123, here Klosko 1995, p.117). Thus, if a government's main function was to protect property, this is equivalent to the claims to protecting citizen rights in the broader normative sense today. Neo-liberals, on the other hand, argue for property rights in the narrow, material sense that would "lure" individuals into socially desirable behaviors through the provision of - now merely material - incentives: "For liberals, constitutional government must be combined with a framework of stable property rights that permit markets to operate" (Keohane 1995/2002, p.69).

On the global level, incentives involve the previously mentioned global public goods of reduced uncertainty and exchange stability. Therefore, states agree to accept international regimes as long as there is a promise of national economic growth or, more generally, lower transaction costs. However, getting back to the realist roots of economic rationalism, most rational scholars maintain that international institutions need the active support of a superpower in order to be functional and properly equipped to achieve its goals. If the superpower no longer perceives an institution as beneficial, it will withdraw its support or even defect its performance. However, if the exit-costs are very high, it may continue working within a given structuration even as benefits decline. The institutionalized exchange of

information may still reduce the “costs” of interest protection if uncertainty is reduced and efforts of transaction limited: “the major role of institutions in a society is to reduce uncertainty by establishing a stable (but not necessarily efficient) structure to human interaction.” As long as transactions have costs, institutions matter (North 1990, p.4).

This rationalist economist camp makes clear that cooperation is not equivalent to harmony and that it does not necessitate identical interests from all sides. International organizations function as instruments for pursuing self-interests and therefore directly depend on the utility calculations of the dominant states. Cooperative solutions do entail a mutual adjustment of policies but do not entail changes in the interests of the enrolled parties. *Preferences in terms of actions* are changed because of the actual circumstances, whereas *preferences in terms of outcomes* remain stable (Hasenclever et.al. 1997, p.32). Game theory explaining cooperation can therefore be said to integrate realist skepticism about cooperation with the general assumption of positive-sum outcomes of voluntary exchanges: *defection* becomes the logical decision once the calculated utility is higher than the costs of non-compliance. The neoclassical realist paradigm therefore “links the existence of *effective* international institutions to a unipolar configuration of power in the issue-area in question” that would make the costs prohibitively high (Hasenclever et.al. 1997, p.84, my emphasis).

This rational-choice marriage was briefly challenged by constructivist criticism in the 1990s based on frequently observed deviances from logically deducted strategies and predicted outcomes. Modifications on the actor side of the models, however, have enabled rationalists to integrate such inconsistencies into the utility maximizing framework: the integration of behavioral aspects such as the differences in the perception of the objective facts, for example, can explain the diverse interpretations of a given situation and apparently irrational exceptions to the rules (Harnisch 2003, p.324).

2.3.3 *The realist catallaxy*

The traditional realist school was preoccupied merely with military power and security concerns between states. The neo-realist turn in the 1980s added additional potential threats to state security such as economic instability and also considered supranational and private-public interaction (Archer 2001, p.149). Thus, many scholars today agree that neorealism and neoliberal rational institutionalism do not differ in their core epistemological or ontological questions, but rather diverge in the types of egoistic preferences that they impute (Risse 2003, p.101).

Even before these debates in the 1990s, Gill and Law pointed to similar thought patterns behind realist assumptions of the balance of power and neoclassical market equilibrium analyses: on the playing field of the world order, everyone's behavior is checked and balanced by the power or competitiveness of other actors and is therefore limited in the strategies they are able to pursue. The crucial difference between the anarchic inter-state system and the catallaxy of the world market lies in the assumption that without a world government, the laws of negative freedom (absence of obstacles to free choice) cannot be secured. Hence, the most stable solution seems to be one in which the most powerful member of the system fulfills the role of a central authority and punishes behavior that deviates from customary practice (Gill/Law 1988, here Gill 2003 p.93ff.). However, one may argue that the preconditions for a global neoliberal catallaxy could also be provided by international institutions. These would only have to be supported by a coalition strong enough to set them up with the measures needed to ensure compliance.

To sum up the theoretical argument, the 1970s and 1980s brought a behavioral revolution and an enthusiasm for measurement to traditional realism approaches. Political scientists adapted economic methods further and further and began to recast the pursuit of power as "utility maximization".. The same "economist turn" is observable in the research of self-proclaimed liberal scholars, for example Robert Keohane. They similarly added the "neo" prefix, as they see economic developments as of decided importance for politics. However, the rational-choice merger meant that both schools sacrificed the notion that norms and values impact decision-making and politics. I very much agree with Martha Finnemore and Katryn Sikkink (1998) that "these 'neos,' both realist and liberal, might more appropriately be called 'econorealists' and 'econoliberals,' since what was new in both cases was an injection of microeconomic insights" (ibid, 1998, p.890). Similar to private markets, this consequentialist perspective depicts politics

"as aggregating individual preferences into collective actions by some procedures of bargaining, negotiation, coalition formation and exchange. Society is constituted by individuals for the fulfillment of individual ends. The only obligations recognized by individuals are those created through consent and contracts grounded in calculated consequential advantage" (March/Olsen 1998, pp.949-50).

History can be fully understood from this perspective when it is interpreted as the result of struggles between actors with stable preferences that have pursued their personal strategy of utility-maximization through the application of all their power resources.

2.4 Hypothetical-deductive reasoning

Methodology discussions in institutionalism debates are usually divided into two approaches: positivist, scientific, quantitative explaining versus naturalist, interpretivist, qualitative understanding (Oakley 2000, p.26). The perpetual train of thought refers to the first of the paradigms, which is also the more dominant one in IR.

Positivism describes research methodologies in the Social Sciences that apply similar standards of parsimony, abstract or numerical modeling and the universality and falsifiability of concepts as in natural sciences. Decades of discussion of the differences between studies of environmental and static elements versus the study of human beings has made the term “positivism” almost an insult for social scientists. . General scientific ideals, however, have found their “socialized” equivalents in the quantitative and rational choice tradition in IR. Here, the research goal is to generate objective knowledge in the form of reliably identified and distinguished cause-effect relations in social behavior. Although many versions exist, Peter Mayer (2003, p.56) summarized four core epistemological assumptions that are typical of positivistic research (similar Oakley 2000, p.31):

1. *Objectivism*: we may gain objective knowledge concerning our (social) world.
2. *Naturalism*: humans as part of *the* nature may be researched with the same means that have proven to be insightful in that context (emphasis in original).
3. *Empiricism*: knowledge claims about the (social) world may in the end only be justified by standardized observation and experiments.
4. *Behaviorism*: Consciousness is irrelevant for the explanation of human behavior.

Positivistic answers should therefore be independent of time and space. They aim to *explain* behavior from an external position and seek to provide *predictability* of the same for the future. Core questions concern causal relations between structural parameters and actors’ responses in order to detect trans-individual and trans-contextual patterns or laws of behavior. Indicators for the concepts used in the formulation of hypotheses should be observable and thereby intersubjectively accessible. There is a distinction made between “real facts” and ideational factors: the latter are limited to subjective individual convictions that do not affect general laws of behavior. Such laws are modeled as numeric expressions of human preferences and integrated with statistical elements to predict decisions in particular situations. A large number of observed cases in a study should prove transcontextual validity (Mayer 2003, pp.60-5). Ronen Palan (2000) summarizes the typical patterns of theorizing and research in positivism in three points (ibid, p.218):

1. Discover some universal law that governs human behavior.
2. Theoretically model this reality so that the theory captures an abstract essence, even if

the models do not capture reality.

3. The observer remains detached from the observed in the analyses.

2.4.1 Hypothetical deduction

Current research in perpetual thought is no longer as concerned with the first step – discovering some universal law – as with the verification of the existing general assumptions. “The N-D [nomological-deductive] model establishes causality by subsuming the explanandum under a covering-law or lawlike generalization” (Ruggie 1998, p.880). The analytical process of deduction begins with the general premises before moving towards individual cases: explanations of particular outcomes are derived from elemental assumptions. In perpetual IR, these elemental assumptions are utility maximization and rational calculations under conditions of international anarchy. Within this logic, a valid derivation is given once all causal arguments are congruent with the formal rules of deduction. These rules prescribe to start reasoning from the more general to the more specific or equally general. The resulting syllogisms (Greek for: sum-up) are explanations and predictions in which at least two premises are combined to derive at least one conclusion, whereby each premise shares one concept with the other and one with the conclusion. The possibly best know example is: Humans are mortal. Socrates is a human. Thus, Socrates is mortal (Stangl 2007).

Another aspect of deductive reasoning is that an analytical result is accepted as correct once all premises are proven correct. This procedure supports the claim of objectivity and has led Karl Popper to argue “that theories can be evaluated according to their internal coherence rather than their correspondence to empirical reality” (here Haas 1992, p.25). This research ideal is represented in the abstract numerical calculations of game theory, particularly in economics. However, constructivist scholars have argued that even the Popperian argument “must rest upon some social set of conditions which dictates the value of logic-deductive thought and the impossibility of ‘a’ and ‘not a’ being true simultaneously” (ibid). Moreover, it is increasingly questioned why the general assumptions that the state-centric utility maximizing framework rests on are not reflected at all. These theoretical axioms are necessary premises for the syllogisms of pareto-improving cooperation, but are rarely or never treated as the subject of empirical investigation. Even though one may agree with Michael Barnett and Martha Finnemore that a “little theoretical reason to expect self-defeating behavior” prevails, one may also acknowledge the limitations of this design: “these scholars do not look for it and have as little to say about it” (ibid, 1999, p.715). Here lies the core of the perpetual effects in this line of reasoning.

2.4.3 Methodological individualism

The liberal tradition of perpetual thought is most clearly visible in the methodological focus on the individual unit. Societies are explained as bottom-up accumulations of single decisions. The ideal of generating transcontextual concepts and explanations is best achieved through a “microfoundational” approach. Perpetual scholars deem it superior to holistic concepts such as “a collective consciousness for which there seems to be little scientific evidence” (Keohane 2002, p.5). Moderate analysts do credit historical and cultural contexts with having an influence on actor decisions. However, the goal remains “to explain individual behavior, and aggregate it upward, rather than to theorize about society without considering whether the resulting propositions are consistent with patterns of individual behavior” (ibid). To explain international relations, individualism needs to conceptualize collective actors – mostly nation states – as single entities that decide on the basis of one overarching general interest. Criticism concerning this modeled unity was countered with a differentiation of several levels on which games are played until the national position is finally generated. Another reaction was to limit general interest of national wellbeing to one certain issue area such as a most beneficial trade policy (here Keohane 2002, p.135). The methodological logic, however, remains the same: environmental¹² conditions determine which decision provides the most benefits for the rational actor. .

2.4.4 Structural ideal types to model the environment of cost calculation

Typologies serve a more precise markation and analysis of similarities and differences as well as a conceptualization of regularities of social behavior. Such descriptive formulas allow for comparisons between different degrees of typifying variables and their effect on outcomes. Research questions often test causal connections between certain modeled constellations and their influence on actor decisions (Daase 2003, p.169). These modeled constellations are often referred to as “ideal types”. Although I have not come across any explicit distinction in the institutionalism literature, I find it very important to distinguish this *structural* version of ideal types from the *normative* ideal types found in inductive methodologies. The latter are developed or modified *after* the observation of a situation and its comparison with the existing theoretical depiction of the situation. This includes a reflection on the predicted effect and the actual outcome. This Weberian understanding is summarized by John Ruggie: “It [is] a purely

¹² I prefer the term “environmental” to contextual here because it clearly indicates that the parameters of influence on actor behavior are of exogenous character and are not influenced by endogenous psychological or intersubjective relational considerations.

ideal *limiting* concept with which the real situation or action is *compared* and surveyed for the explication of certain of its significant components” (ibid, 1998, p.860). The normative version needs to be distinguished from the structural “schema under which a real situation or action is to be subsumed as one *instance*” (ibid).

The ideal type of multilateralism is often found in institutionalism analyses and provides a very suitable exemplification of the difference: in sociologist or constructivist research, multilateralism is understood as a normative goal that includes certain principles like equal participation and rational argumentation. The “insitution of multilateralism” was originally defined by Ruggie, but is also referred to by scholars that use it in a structural ideal type of understanding. It embodies three organizing principles: *indivisibility* (an attack on one is considered an attack on all), *nondiscrimination* (all parties are treated equally), and *diffuse reciprocity* (no specific quid-pro-quo exchanges, but longer-term assurances of balance in relations) (here Martin 1992, p.767). The discussion of normative ideal types in the next chapter will show that these organizing principles have been developed to express a given definition of the *meaning* of multilateralism and its perceived desirability. The ideal type is therefore a selective and deliberately one-sided abstraction of social reality (Ruggie 1990, p.880). Rational choice analyses, on the other hand, use this definition as one possible schema or organizational pattern whose costs and benefits are calculated by actors in light of their own interests. “States can choose from a wide array of organizing forms on which to base their interactions; among these is multilateralism”, with analyses understanding multilateralism as “a strict, ideal type and will consider whether multilateral norms will facilitate cooperation” (Martin 1992, pp.765-6). This structural ideal type of multilateralism is purely formal-regulatory in character. It is used as a “metric by which to gauge patterns of interaction, not as a normative standard” and analyses calculate the “comparative utility of multilateralism and alternative organizational forms” (Martin 1992, p.767).

2.4.5 Modeling the universe

To summarize the central methodological assumptions that guide perpetual research, I would like to quote Peter and Ernst Haas:

“Social science positivism proceeds from analogies to the natural sciences. Statistics and formal modelling are the preferred techniques for demonstrating causal inference. Units behave independently of the observer, and can be studied without significantly influencing the subject of study. Meaningful concepts are developed independently of the social context in which research problems emerge, and the core variables are defined and operationalised” (ibid, 2002, pp.583-4).

The potential ideational challenge embodied in the constructivist turn was disarmed and rational utility conserved: the impact of individual worldviews on agential identities was excluded from analysis. Worldviews are “disposed of circumstantially” and are therefore not clearly specifiable in their systematic influence on politics (Ruggie 1998, p.866, referring to Keohane). The core argument about changing identities and motives that constructivist strands foster is thereby excluded: principled and causal beliefs are attached to representative individuals who are, as Ruggie criticizes, “already fully constituted and poised in a problem-solving mode. As a result, neither principled beliefs nor ideas as road maps are intended to tell us much about those individuals, only how they go about their business“ (Ruggie 1998, p.867).

Keohane himself writes that “the emphasis of liberalism on liberty and rights only suggests a general orientation toward the moral evaluation of world politics” that would not lend itself to analyses explaining general development as the accumulation of independently made egoistic choices. Therefore, Keohane continues, it appears analytically “useful” to leave this “emphasis” outside of the research design. This – as Ruggie rightly points out - of course excludes all deontic features of collective social life as well (Keohane 1993, quoted by Ruggie 1998, p.884).

Even though few scholars would claim to use a positivist approach, these assumptions clearly represent the dominant paradigm in IR research. “‘Qualitative’ or ‘interpretive’ approaches usually justify their scientific validity and aptness for the research goal”, whereas “[q]uantitative methodologists much less commonly defend what they do” (Oakley 2000, p.29). One may argue that this proves the latter two approaches superior, since they are more widely established. However, significant scientific developments have usually been ignited by the contestation of established knowledge. I would like to recall briefly a previous example of a very human-centric interpretation of the world that was universal in its claims and officially uncontested for a long time. Susan Oakley’s description of the geocentric worldview before the Copernican revolution fits perpetual reasoning strikingly well:

“The Ptolemaic system was intended to be a ‘model’ of the universe, not a ‘true’ picture.

It was a complex model involving a set of mathematical techniques and geometrical devices which were designed to serve a pre-defined positional map; *the question was not how the theory was derived from the observations, but how any observations could be rendered (mathematically) concordant with the theory* (Oakley 2000, p.77, my emphasis).

2.5 Complex interdependence as structural environment

Realism has long dominated the discipline of IR and some argue that it still, or once again,

dominates Political Economy. However, most political economists subscribing to this line of thinking do not consider economic and political developments to be interlinked. They understand one as the reaction to the other. Realist premises of competitive anarchy are used to explain the need for intergovernmental treaties, institutions and agreements so that global economic relations can be secured (Palan 2000, p.5). Any form of permanent cooperation is an exception to the rule and research aims to find explanations for the “puzzle of why states establish international regimes – rule-oriented institutions that limit their members’ legal freedom of action” (Keohane 2002, p.3).

As the HST example shows, most answers start with the basic assumption that a stable economic infrastructure is a global public good of interest to all states, even to the most powerful ones. Robert Gilpin gives a concise summary of this view: “Even though the globe has become increasingly integrated both economically and technologically, it continues to be politically fragmented among *independent, self-interested states*” (Gilpin 2000, p.9, my emphasis). Particularly over the last two decades, much of the global orientation has been lost to regional approaches that “threaten” the “open” economy. As global capitalism and economic globalization used to rest and must continue to rest on a secure political foundation, “the United States and other major powers must recommit themselves to work together to rebuild its weakened political foundations” in order to save the global economy (Gilpin 2000, pp.13-4).

Those scholars focusing explicitly on what a concrete picture of “working together” looks like have differentiated between forms and processes of international cooperation and institutionalization in more detail. Keohane and Nye are possibly the most influential thinkers in this respect and have developed the ideal-type of “complex interdependence” as a modeled “*state of the world.*” (here Keohane 2002, p.15, emphasis in original). The puzzle of why states cooperate is nested in this complex interdependence:

“an ideal type for analyzing situations of multiple transnational issues and contacts in which force is not a useful instrument of policy. We defined interdependence itself more broadly, to encompass strategic issues involving force as well as economic ones. In our analysis, interdependence is frequently asymmetrical and highly political: indeed, asymmetries in interdependence generate power resources for states, as well as for non-state actors” (Keohane 2002, p.2).

Unlike Gilpin’s purely state-centric power view, *complex* interdependence also entails all of the additional channels and subjects of interaction that the neo-realist turn has made part of international relations: *multiple channels* connect societies, including informal and transnational ones. *No hierarchy* exists between policy issues, nor does a *clear distinction of*

domestic and foreign affairs. As a consequence, different issues generate *different coalitions* with different degrees of conflict. Complex interdependence would *annihilate military conflict* between the states involved (Keohane 2002, p.134). The clear distinction between policy fields may be blurred by “issue-linkages” and external shocks (economic turmoil, wars, natural catastrophes) or other powerful groups may influence the capability of the dominant states to set the global agenda (ibid, pp.135-7).

Cooperation, therefore, has a competitive and compromising character and is driven by governance and government. The former entails “processes and institutions, both formal and informal, that guide and restrain the collective activities of a group,” and the latter refers to “the subset that acts with authority and creates formal obligations” (Keohane 2002, p.202). Additionally, the influence of private and third-sector actors should be taken into consideration as well as the fact that concrete governance processes do not necessarily mirror formally fixated obligations (ibid, p.212). “Rulemaking and rule interpretation in global governance have become pluralized. Rules are no longer a matter simply for states or intergovernmental organizations” (ibid, p.214). However, microrealist premises and the focus on methodological individualism remain unchallenged. This challenge cannot emerge methodologically as long as the Popperian law of abstracted theory verification remains a valid defense of hypotheses. Those scholars that assign ideational factors an influential role will continue to reduce them to pieces of information that influence individual decision-makers. Power is considered to be a direct *relational* concept that only acknowledges that individual parameters like resources, interests and rationality differ between actors. All actors compete under equal environmental conditions, though, and never stop in doing so.

3 Adaptive train of thought

“Adam Smith and other political economists were all concerned with economic improvement, with devising policies that would not only profit a single state but the system as a whole as well. Progress came to be viewed not just as possible but as being the norm. This idea of progress lies at the heart of the enlightenment reassessment of the nature of the world-system which was taking place throughout Europe in the eighteenth century.”

(Peter Taylor 2003b, p.105)

Interpretive approaches emphasize the importance of the historical and contextual interpretation of interests, preferences and outcomes. Their ontology depicts identity, social

practices and social environmental conditions as intersubjectively constituted and reproduced. Social structures influence how actors perceive and judge any given situation and impact behavior in doing so. For their reproduction, however, these constructs also depend on the practices of the actors (Koslowski/Kratochwil 1995: 128; here Wiener 2003, pp.146-7). Societies and individual identities are of a *constitutive character* in which ideational factors have their own specificity and integrity. The concept of “ideas” is not reduced to the beliefs held by individuals but also include *intersubjective* beliefs in the sense of social facts. While only individuals can have ideas or beliefs in a physiological sense, not all beliefs are reducible to one person. They may in fact be based on “collective intentionality” (Searle). Collective intentionality arises when an individual attributes an intention to the group that he or she belongs to while believing that other group members share this intention. Individuals then act because they believe that others have a similar perspective or goal (Hodgson 2006, p.5). This definition of intentional belief is different from that of a collective consciousness or a united world spirit and resonates in formulations like “we intend” or “I intend only as a part of our intending” (Ruggie 1998, pp.869-70). The result is what Ruggie calls “relational social realism”: individual facts generate social facts with their own characteristics and are not reducible to an aggregate of individual decisions. “Whenever certain elements combine and thereby produce, by the fact of their combination, new phenomena, it is plain that these new phenomena reside not in the original elements but in the totality formed by their union” (Durkheim, quoted by Ruggie 1998, p.858). Examples of individual sensations that become social facts are linguistic practices, religious beliefs, moral norms and also scientific standards, all of which influence subsequent social behavior. “It is therefore not sufficient in this view to treat the preferences of individuals as given exogenously: they are affected by institutional arrangements, by prevailing norms, and by historically contingent discourse among people seeking to pursue their purposes and solve their self-defined problems” (Keohane 1988, p.382). This concept of behavioral motivation positions utility maximization and instrumental rationality as one possible – maybe even dominant – explanation for action, but does not accept it as a universal *carte blanche*. Likewise, nation states and their international competitive relations are not viewed as simply “*being*” and continuing to be, but as continuously “*becoming*” (Ruggie 1998, p.863).

The understanding that social constructs remain in a state of *becoming* is reflected in viewing human action as *making*: “What do people make of their circumstances in the sense of understanding them? And what do they make of them in the sense of acting on whatever understanding they hold? Here, the actors engage in an active process of interpretation and

construction of reality” (Ruggie 1998, p.877). A crucial concept for such intentional design is the Weberian combination of sensations with *meaning*. It is not naturally given *which ends* actors pursue; these ends are molded by self-perception. Actor identity and the perceptions of one’s own position in a current social reality influence what individuals “make” out of a certain situation. The locus for change in this line of thinking lies within the individuals who ascribe meaning to the observed and in this process refer to intersubjectively defined identities, norms and values and may choose to intentionally seek to change any of those social constructs. As in perpetual thought, the perceived environment may change independently of the direct action of the observed actor. This may in turn trigger a tactical modification of the situational behavior. However, actors will reflect on the meaning such changes have for their personal belief system and for their individual roles in this reality. As a consequence, goals or pursued ends may also change: preferences over outcomes from the adaptive view are not a stable variable, but a crucial part of the explanations of decisions and social developments.

Such “ideational causation” rarely shows immediate effects or clear causal reactions as obvious changes in environmental facts would and is therefore very difficult to model. , In order to illustrate “ideational efficacy,” Ruggie lists the role of aspirations, the impact of legitimacy and the power of rights as examples of ideational impact and groups these factors “into the category of *reasons for actions*, which are not the same as *causes of action*” (Ruggie 1998, p.869, emphases in original). The case of European integration serves to illustrate the difference:

“the *aspiration* for a united Europe has not *caused* European integration as such, but it is the reason the causal factors (which presumably include bipolarity and economic interests) have had their specific effect – in Weber’s words, produced an outcome that is historically so and not *otherwise*. Absent those ‘reasons,’ however, and the same ‘causes’ would not have the same causal capacity” (ibid.).

This also means that the motives for European integration – or disintegration – transform with the historically specific broader socio-cultural and economic-political context and its interpretation by actors. As the sociologist Weber stressed, “we are *cultural beings*, endowed with the capacity and the will to take a deliberate attitude towards the world and to lend it *significance*” (Weber 1949, p.81, emphases in original, quoted by Ruggie 1998, p.856). Social constructivist ontology maintains that entities in international relations are of ideational and material character and that ideational factors have normative as well as instrumental dimensions. They integrate individual belief and collective intentionality based on group identification. The meaning and significance of ideational factors are not independent of the

historical and geographical context and are subject to continuous reproduction through human interaction.

3.1 Social development depicted as cooperation between intellectuals

International development and change in adaptive thought is conceptualized as “policy evolution” or “processes of socialization.” The former term is directly connected with the concept of epistemic communities developed by Peter Haas. It was introduced as the “best metaphor” to think about such knowledge-driven development. “We stress that we approach evolution as a metaphor, rather than as a formal model, because ‘failed’ ideas do not become extinct but are merely shelved for future reference. Moreover, they are subject to reinterpretation later on” (Adler/Haas 1992, p.372). Path dependence in this strand (the concept is labeled as distinct in all three paradigms) is understood as a process in which habits that humans have grown accustomed to need to be changed. This involves four steps: policy innovation, diffusion, selection and persistence, all taking place under highly complex, uncertain and interdependent conditions.

“With increasing interdependence, and because of diplomatic contacts aimed at dealing with technical complexity and uncertainty, nations transmit to each other the innovations selectively retained at the national level. Once the expectations and values injected by epistemic communities into the policy process are internationally shared, they help coordinate or structure international relations” (Adler/Haas 1992, p.373).

The central challenge for institutionalists, then, is to determine under which conditions which actor will learn what, why and how, while the meta-question tackled by the epistemic community concerns the capacities that the community needs for its successful evolution (ibid, p.386).

Socialization is defined as a similar process “by which states are intended to be led to incorporate the basic schemes and rules of an international society” (Schimmelpfennig 2004, p.405, my translation). These are not structural schemes as those in perpetual thought, but “the modes of thinking and perception, the typical ways of assigning meaning and value that are characteristic in the culture of an international society” (ibid p.406, my translation). Such social schemes foster identification and loyalty between members of the society of nation states. However, societies are not perceived to be one homogeneous and monolithic unit, but rather as marked by “concentric circles” in which quantity and quality of shared constitutive schemata and rules decrease from the center towards the periphery (ibid). The crucial element for successful socialization is *incorporation*, located between listed evolutionary steps three and four, policy selection and persistence. Rules and norms are not simply complied to or

used; they are accepted to an extent at which “*internal mechanisms*” of self-discipline towards appropriate behavior guarantee conformity of actors (ibid, p.407, emphasis in original).

As the quotes have shown, the notion of intentional development in adaptive approaches is often combined with a notion of linear progress that is not explicitly justified. The frequent label “normative” for mainstream constructivist approaches not only refers to the assumed causal efficacy of intersubjective beliefs but also expresses a normative orientation when seeking to support intentional social design. Human development is depicted as following the path of Hegelian dialectics: any thesis is challenged by an antithesis and the resulting argumentation leads to the definition of a superior synthesis. Every synthesis immediately becomes a new thesis in a new round of enlightening reasoning and “evolutionary” development.

This understanding of social progress explains the strong focus on learning processes in adaptive approaches. Learning in this sense is not limited to simple conditioning or imitation, but also entails processes in which actors alter how a particular problem is dealt with. This includes the alteration of the prevailing concept of problem solving and prevention.

“Social learning (...) is the process of reflection by social scientists in conjunction with policy makers as they jointly develop new practices and policies intended to improve the human condition. A constructivist ontology invests institutions with a political potential that is mainly overlooked by scholars from other approaches” (Haas/Haas 2002, p.575).

One finds a clearly elitist view on who is perceived to improve human conditions, while structural and relational power relations are usually not considered when observing which proposals become universally “best” solutions.

In many adaptive approaches, the Habermasian concept of a Public Sphere (for the initial concept see Jürgen Habermas, *Structural Transformation of the Public Sphere*, 1962) serves as normative ideal type for best global governance and multi-stakeholder networks (see, for example, the study by Kapoor discussed in part III). The public sphere (similar to Popper’s “Open Society”) is viewed as an agora of decision-making in which every opinion is judged only by its argumentative value. Every individual has the equal right to present a proposal for discussion, with which participatory equivalence seems to be secured (Demirovic 1997, pp.107-8). Drawing on these assumptions, adaptive scholars have developed many communicative best practice ideal types (Risse 2003). Others assume that voluntary imitation drives the “diffusion” and “transfer” of best practice solutions into new policy fields or geographical realms (Holzinger/Jörgens/Knill 2007). Regardless of how exactly the process is depicted, the overarching assumption is that joint action will bring about general progress and that those “in the know” have a responsibility to teach those “not in the know.”

Criticism upholds that the judgment of who is “in the know” or determining the parameters of argumentative interaction involves structural power: this pre-selection already privileges some actors and information over others. Smith and Hollis, for example, point out that the term *normative* “refers not to what is normal or usual but to *what is required, in the sense that failure to perform the role is open to criticism, censure, and penalty*” (ibid, 1991, p.155, my emphasis). History shows that many norms or policies inspired by such legitimatizing standards have been installed against severe protest.

However, this power-entrenched and potentially coercive phase of norm-generation usually precedes adaptive analyses of norm-driven change:

“The characteristic mechanism of the first stage, norm emergence, is *persuasion* by norm entrepreneurs. Norm entrepreneurs *attempt to convince* a critical mass of states (norm leaders) to embrace new norms. The second stage is characterized more by a dynamic of *imitation* as the norm leaders attempt to socialize other states to become norm followers. The exact motivation for this second stage where the norm ‘cascades’ through the rest of the population (in this case, of states) may vary, but we argue that a combination of pressure for conformity, desire to enhance international legitimation, and the desire of state leaders to enhance their self-esteem facilitate norm cascades. At the far end of the norm cascade, norm internalization occurs; norms acquire a taken-for-granted quality and are no longer a matter of broad public debate” (Finnemore/Sikkink 1998, p.895).

Norms are important guiding reference points for organizing social collectives, but have all been subject to definitive struggles themselves. The term “evolutionary” that Haas proposes for constructivist thought therefore describes a weak version of constructivism and makes adaptive thought a system-maintaining paradigm working on the basis of the status quo. The processual paradigm, on the other hand, argues that norms and the generation of synthetic knowledge remain subject to interpretive struggles – even if not in the form of an explicit contestation.. Policy “adaptation” rather than “diffusion” seems to provide a more adequate description for processes in which ideational factors give reason for intentional behavior: to adapt means to “make suitable for a new use or purpose; become adjusted to new conditions” (Oxford dictionary 2001).

3.2 Keynesian market embedding

Keynesian theory shifts the starting point of analysis to the societal level of economic relations, hence the term “macroeconomics” in juxtaposition to “microeconomics” in neoclassical thought. John Maynard Keynes published his *General Theory of Employment, Interest and Money* in 1936 after the Great Depression. This theory rejects the notion of any

automatically evolving market equilibrium. It depicts economies as circular exchanges that only run smoothly when the amount of money flowing *from* business to the public – in the form of wages, salaries, rents, interest and profits - equals the amount of money flowing *to* business - via purchases of goods and services. The exchange circle shows many leaks in the form of savings, imports and taxes that need to be balanced by exports, public spending and private or public investments in order to ensure a stable development (Hunt 2002, pp.405-6). Additionally, macroeconomic theorists such as Thorstein Veblen, John Dewey or Clarence E. Ayres reject the assumption of a representative homo economicus that shows universal decision patterns in such complex structures. Each individual is seen as judging the consequences of her or his behavior differently, depending on the information given, the perception of the situation and especially the judgment of a unpredictable future. The latter is where the homo sociologicus comes into play: “the key difference between classical and Keynesian approaches to the study of economics pertains to the meaning of uncertainty and the implications for market agents’ perceptions of structural incentives” (Widmaier 2003, p.93, my emphasis). Thorstein Veblen had a more radical way of expressing this:

“The hedonistic conception of man is that of a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift him about the air, but leave him intact. He has neither antecedent nor consequence” (Veblen 1961, p.73, quoted by Hunt 2002, p.320).

3.2.1 Contradictive motives of economic decisions

Classical economists define uncertainty only as a subjective condition on the individual level that may cause errors in the definition of preferences. The assumption is that without personal failure, all “representative agents” will calculate similar benefits and causally deduce similar best choices. Therefore, markets in their entirety are seen as having an equilibrating effect, as aggregate rational decision-making by many participants cancels out individual errors. Keynes, on the other hand, identified three motives or “psychological laws” that prohibit representatively deduced best choices, even on the level of purely economic decisions: first, a tendency to consume; second, a preference for liquidity; and third, a tendency to invest for future returns (Willke 2002, p.38). While all of these may be judged as measures taken to increase personal utility, they evoke contradictory behavioral strategies: individuals can, first, spend their money for immediate consumption; second, save or hoard it for purchases in the near future or to save bigger sums for cases of emergency; or third, invest it in hopes of mid- or long-term returns. While these three options “torment” every individual’s rational decisions, subjective levels of risk aversion differ from person to person, as do the levels of

information. Additionally, cognitive capabilities impact the definition of the expectations of future occurrences, as do the levels of resources that are available for speculation. Moreover, “[w]hile classical economists treat agents as efficient in the use of information and therefore as correctly perceiving material incentives, Keynesians view agents as plagued by a more fundamental uncertainty, placing a greater reliance on intersubjective understandings in interpreting incentives” (Widmaier 2003, p.93). In the neoclassical school, uncertainty is restricted to the single actor and may cause an individual to fail and go bankrupt. The money would still have been injected into the economy, however, and Schumpeter has even branded this process as an efficiency-enhancing “creative destruction” beneficial for the overall economy. The Keynesian understanding of uncertainty, on the other hand, integrates broader, long-term or environmental developments for which no calculable probability exists. The amount of information overwhelms the individual capabilities of estimation and collectively formed conventions. Social trends may emerge that affect rational choices. Conformity rather than efficiency often becomes the guiding principle (Widmaier 2003, pp.96-7). The result may be “collective illusions,” in which the intersubjectively reinforced perception of socio-economic development leads to objectively irrational choices. In the case of depressions, humans prefer to save rather than spend their money due to the uncertainty of future returns. Bubbles of the stock markets, on the other hand, are the result of psychologically reinforced return expectations (Willke 2002, p.133). “Put differently, interests cannot be identified in abstraction from a social setting, whether in the security realm stressed by Wendt or the economic arena stressed by Keynes” (Widmaier 2003, p.98).

3.2.2 The fallacy of composition

Even though every individual may make perfectly rational decisions based on his or her own perception, Keynesian scholars eschew the fixed causalities between environmental changes and actor behavior as “the fallacy of composition” (Lerner 1936, 69, quoted by Willke 2002, pp.42-44): complex systems produce unintentional and/or unexpected consequences that cannot be foreseen or explained through the summation of individual choices. Institutional economists¹³ reject the neoliberal premise that what is good for the individual will be good for society in its entirety. Selfishness guided by the market cannot benefit the whole of a society. It should be what Weber called “systematic rationality”: institutionalized cooperation and selective redistribution should limit the disequilibrating uncertainty of individual choice under conditions of competition and presumed scarcity. Theory and policy should aim to avoid

¹³ These scholars see institutions and their adequate design as a precondition for the smooth flow of goods.

unintended consequences through purposefully created guiding structures. Keynesian macroeconomic scholars see capitalism as a historically developed and the most advanced form of economic reproduction and innovation; yet yet they do not see it as a *necessary* development in response to human nature. The observed flaws result from variations in human behavior which should be included in any reasoning about potential ameliorations of regulation and distribution. The exact solutions may differ at different times and in different societies, depending on the level of development.

Wesley Widmaier (2003) therefore concludes his study on *The Keynesian Bases of a Constructivist Theory of the International Political Economy* by stating that “all truly constructivist approaches to the study of the international political economy must be based on more socialized Keynesian assumptions“:

“Just as Keynes stressed the variable impact of conventions on market interests, constructivists deny that material structures are self-evident or that states react directly to some unique ‘logic of anarchy’. While classical economists assume that markets are efficient in the use of information regarding material incentives, Keynesians assume that markets are plagued by a pervasive uncertainty in interpreting incentives. This possible interpretive variation suggests that state and societal agents can define interests in either individualistic (in economic terms, micro) or collective (in economic terms, macro) fashion” (ibid, 2003, p.106).

Keynes himself saw theory as crucial for politics. He argued that neoclassical economics would socialize states in a Hobbesian way with the result that these would tend to engage in mercantilist competition. He completely discredited Marxist economic theories as “illogical” and warned that they might promote the overthrow of capitalism instead of contributing to its salvation (Hunt 2002, p.404). For Keynes “it is ideas, not vested interests, which are dangerous for good or evil” (ibid, 1936, p.384).

3.3 Liberal enabling of universal progress

The term “liberalism” is used in many contexts with multiple definitions - or with the misleading absence of any. Views associated with this school include anthropological assumptions that human nature in general is good and that voluntary exchange leads to peaceful relations; cognitivist enlightenment propositions that progress in human history is inevitable and individual liberty a transcendental norm. Finally, economic thinkers claim that free choice should have priority over social justice, meaning the redistributive governmental intervention should be downsized.

Political theory sees the origins of this train of thought as connected to the writings of John Locke and his contractualist view on good societies. Later, liberal scholars like Montesquieu, Jean Jaques Rousseau and G.W.F. Hegel developed the notion of humans as *social* actors, in particular as compared to the *classical* liberal notion of general human nature and methodological individualism.

Classical liberals defend five assumptions that neo-liberals tend to hold: the main concern is the individual; community and society are nothing but the individuals who compose it and are therefore reducible to their interests; politics are seen in an instrumental view and exist to serve already existent interests; the preservation of rights and property is central; the final aim is negative freedom as the absence of coercive interference by other people or the state (Klosko 1995, pp.129-30). Constructivist and progressivist liberals, on the other hand, defend a more humanist anthropology and the moral obligations of politics to guide the *zoon politicon* towards personal development and positive freedom. John Locke, for example, started with similar assumptions as Thomas Hobbes of an anarchic natural state of human existence. His philosophy, however, portrays humans as naturally tending towards “a state of peace, good-will, mutual assistance, and preservation” when conceptualizing social structures as voluntary agreements people set up to solve concrete organizing problems in co-living (here Klosko 1995, p.98). Societal arrangements and rules are not explained as the prevention of permanent wars. Humans are guided by *natural laws*, distinct from judicial laws and clearly not selfish or utility-oriented in character: “the notion of natural law refers to an objective moral standard, discoverable by reason, binding on all rational beings, at all times and all places” (ibid, p.99). For Locke himself, God was the origin of natural laws, although later Enlightenment scholars replaced the origin of morality with the realms of individual reason and humanity in itself. Positive freedom as the final telos of humanity refers to a human’s generally good potential that has been corrupted by the current forms of civilization.

3.3.1 Constituting positive freedom

The purpose of political institutions is not instrumental but primarily educative, so that a person’s original potential can develop freely. From the perspective of positive freedom this means without *internal* impediments to their ability to live as they like. As Rousseau and Hegel claimed, people would behave properly and correctly choose *what* is socially preferable if there were no restrictions to the *way* the choice is made (Klosko 1995, pp.234-5). Political intervention is also justified if people – according to certain standards – appear incapable of making proper decisions or governing themselves successfully. In the inverted form of this

argument, any specific form of endorsed government depends on the “natural state” (Locke) or the concrete context in which it was created: “A particular conception is justified by showing it is best suited to solve the particular problems that arise, and so that individuals in the state of nature would choose to erect it rather than some other political form” (here Klosko 1995, p.97). While Locke was still arguing much in the sense of negative freedom and against arbitrary government power, individual freedom was already restricted by the natural laws and their main “obligation to preserve oneself *and others*” (Klosko 1995, p.131, my emphasis). These laws emphasized self-restriction and the non-constitutional ethical guidance of free choice.

Hegel worked from a similar premise, yet secularized the divine Reason: to him it was human history as a progressive process that moves in the direction of increasing rationality and freedom (Klosko 1995, p.390). Real freedom to Hegel could not mean leaving individuals to capricious behavior as he or she pleased. This would likely bring about choices at least equally arbitrary and irrational as those of powerful rulers and leave humans in a state of pure indetermination. The essence of positive freedom, instead, is one of reasoned self-determination and the absence of dependence on irrational elements within oneself and or in other people. Only a properly organized state or ethical order allows for a consistent social constitution of the self and self-reflection on desires so that momentary whims can be ignored and individuals freed of their dominating effect on decision-making (Klosko 1995, pp.378-385).

A person’s moral and intellectual faculties can only develop fully within an ongoing social context that delivers the necessary context for rational and reasonable choices. Hegel therefore sought a constitution in which individuals were reintegrated into the state or the *polis*, which he understood as a political community providing a unified focus for man’s highest aspirations (Klosko 1995, pp.374-6). The results are the capabilities to select the most appropriate means to attain a certain end and to identify choices that are congruent with one’s self-conception. Such an appropriateness cannot be reduced to rational consistency with determined ends; it includes the consideration of consequences in reference to established social rules and institutions of the social structure: “a contradiction must be a contradiction of something, i.e., of some content presupposed from the start as a fixed principle. It is to a principle of that kind alone, therefore, that an action can be related either by correspondence or contradiction” (Hegel, *Philosophy of Right*, p.90, here Klosko 1995, p383).

Thus, the resulting polity concept is not purely instrumental but also constitutional and explicitly political: it entails the “ethical order” of a given society. This ethical order is

reproduced in the social structures of moral, religious and cultural life in which individuals realize themselves as members of civilizations. Hegel stresses the importance of custom and tradition for social systems and draws on Montesquieu's work, who had asked why any self-calculating individual should sacrifice wealth or even life for the common wealth of a nation. In this endeavor Montesquieu distinguished the "nature" of government from the "principles" of government. The former refers to the major institutions in which political power is lodged, while the latter explains the spiritual quality that animates its laws and influences which laws a society eventually puts into place. It is this spirit (Hegel later referred to State Spirit) that gives laws life and is responsible for their proper functioning: it creates a unity of different independent consciousnesses, allowing for a "we". This also means that no laws are good or bad in themselves, but that particular laws are differently suited for individual regimes and social relations (Klosko 1995, p.178, p.186, pp.188-90).

The notion of State Spirit becomes central to the Gramscian approach presented in part III, albeit in an open-ended understanding as opposed to the teleological one of Hegel. From the liberal perspective, purposive historical developments are necessarily rational, as no ethical order or principles of government could function if they were not plausible to the members of the state. While Montesquieu had *contextualized* this plausibility, Hegel held the clear view that civilizations are the vehicles through which history and identity - the growth of reason - develop towards individual freedom (Klosko 1995, pp.188-90).¹⁴

In summary, constructivist liberals see all cultures, customs and traditions as carrying certain governing principles that resonate on all levels of a particular state and that differ between communities and in individual historical episodes. Politics is not seen as a restriction on freedom, but as enabling joint development towards a more sophisticated state.

3.3.2 Liberal theories of pluralist interdependence

In IR, a vast number of approaches have developed under the name "liberalism". In contrast to realism, these approaches emphasize the moral value of prudence and include the belief of possible ameliorative change that is facilitated by multilateral arrangements (Keohane 2002, p.59). In order to summarize the crucial elements of relevance for liberal IR scholars, I refer to Keohane, who distills three points. I first list them as a quote and then strip away several neoclassical or microeconomic connotations that led me to assign Keohane to the perpetual camp.

¹⁴ Debate has always existed around the characteristics of positive freedom, the educative role of states and the teleological implications of this view. The most pronounced argument is that totalitarianism would suffocate all negative individual freedom.

“First, liberalism focuses not merely on states but on privately organized social groups and firms. The transnational as well as domestic activities of these groups and firms are important for liberal analysts, *not in isolation from the action of states but in conjunction with them*. Second, in contrast to realism, liberalism does not emphasize the significance of military force, but rather seeks to discover ways in which *separate actors, with distinct interests*, can organize themselves *to promote economic efficiency* and avoid destructive physical conflict, without renouncing either the economic or political *freedoms* that liberals hold dear. Finally, liberalism believes in at least the possibility of *cumulative progress*, whereas realism assumes that history is not progressive” (Keohane 1990/ 2002, p.45, my emphases).

Liberalist ontologies are also called pluralist and are associated with the image of a spiderweb because they grant, as Keohane states, privately organized groups and firms agential status. However, pluralist liberals also grant any other organized group the right to merge into collective actors or parts of a bigger collective and to take initiative in any geographical realm in any political issue. The world order is one of multifarious and changing connections between continuously produced and reproduced social entities. Thus, the nation-state order is also changing through the disintegration and (re)integration of borders. Authoritative competence is also bundled in supranational organizations, delegated to local governments or to private-public committees, creating an institutional complexity and a coexistence of different partial orders that may all be legitimate in their particular realms. Through interaction and learning, socialization processes lead to changes in identities and may initiate the formation of new communities, linked by “structures of shared norms and expectations that impinge on nation-state autonomy and make it hard to maintain sharp distinctions between foreign and domestic politics (March/Olsen 1998, pp.946-7; quote p.947). This understanding is different from the complex interdependence of rational choice scholars. In multi-level games, private actors have influence “*in conjunction with states*”, which usually means influence on the formation of the national interest. This interest is then promoted by unitary state actors in international agreements. As Keohane writes elsewhere, “globalization coexists with an older feature of world politics: States are independent entities with diverse interests” (1995, here 2002, p.64). Pluralists criticize this “two step synergy” because “in the second stage, those coherent systems compete and cooperate, pursuing state interests in international spheres that recognize few elements of collective coherence beyond those that arise from the immediate self-interests of the actors” (March/Olsen 1998, p.945). Political order is therefore still defined primarily in terms of negotiated connections among externally autonomous and internally integrated sovereigns that create certain structures for the

limitation of transaction costs. Pluralists, on the other hand, do accredit newly found organizations with developing relative autonomy and their own identities according to which they act: “institutions involve agency more than structure” (Haas/Haas 2002, p.575). Thus, even though the structural ideal type of neo-liberals shows a pattern of complex interdependence, the units interacting remain separate and in and of themselves coherent.

3.3.3 *Constructed interests and co-evolution*

Constructivism in its pure variety is simply a neutral ontological and epistemological premise and is not necessarily connected with liberal ideals. The assumption that meaning, social practices and institutions are intersubjectively constituted does not define *which* meaning or reason will be ascribed to observed phenomena. Liberal ontological specifications, on the other hand, require a constructivist perception of reality: widespread learning processes to overcome conflict and to enable long-term cooperation for universal human progress could hardly develop without the option of decreasing mistrust and changing selfish identities.

“Constructivists see institutions as potential catalysts of political self-examination that may change states’ perception of their interests, albeit under highly circumscribed conditions (...) These views lead constructivists to focus on such distinctive processes as socialisation, education, persuasion, discourse and norm inculcation. Typically, these are complex processes involving multiple interacting actors whose influence and choices may accrue over time and contribute to shifts in perception of national identity and interest, international agendas, and the ways by which national interests are to be attained“ (Haas/Haas 2002, p.576).

As a result, Keohane’s generally defined “*interests*“ of apparently all states in “*economic efficiency*“ only meet the ontological assumptions of the neo-liberal or economic liberalism. Philosophical and historical versions uphold that “economic or political *freedoms* that liberals hold dear” may very well be threatened by this interest. Adaptive views would differentiate between material and normative ends, probably subjugating the former as means to the latter. Liberal sociological scholars additionally stress the importance of similar convictions to ensure that individual economic and political freedom will not cause continuous misunderstanding or the rejection of collective projects:

“National identity and other political identities are fundamental to structuring behavior, the rules of appropriate behavior and institutions associated with those identities both infuse the state with shared meaning and expectations and provide political legitimacy that facilitates mobilization of resources from society” (March/Olsen 1998, p.944).

This also means that intentional change cannot be made arbitrarily at any time or that the eventual outcomes will necessarily be consistent with prior intentions or interests. Additionally, some outcomes may be stable or extended while others can be overturned, creating new natural states for the deciding actors (March/Olsen 1998, p.956).

In the view of co-evolution, power is not deducible from the amount of resources, but depends on how these resources are used in pursuit of a certain goal. Often, scholars refer to the *relational* power concept of Anthony Giddens in which power and behavior are logically linked: to be an actor means to have power in the sense of “transformative capability“ and being able to influence the solutions of certain situations (Giddens 1988, p.65, here Rösener 1998, p.39). Therefore, all intentional action entails power with the “amount“ possessed “individually” relative to that of other the actors involved in a situation. Material resources for the exertion of direct relational power are asymmetrically distributed and authoritative advantages of structural power are inherent in the individual roles, social logics and rules that influence the significance and legitimacy of single actions and positions (Rösener 1998, p.39). This notion of co-evolution and change of former structures and relations is absent from Keohane’s picture of “*distinct*” actors who try to “organize themselves”.

3.3.4 Normative design and socialization

Adaptive liberalism is characterised by an overarching “discourse of modernity” in which progress is an element of theoretical analysis. Global development becomes a program of achievement and desirable homogenization towards a defined goal (Kratowil 2002, p.27). Ruggie’s description of the Bretton Woods system as a “collective intentionality” provides a good example for this view on global socialization: to

“establish an international trade regime produced more than external standards of behavior and rules of conduct in monetary and trade relations. They also established intersubjective frameworks of understanding that included a shared narrative about the conditions that had made the regimes necessary and the objectives they were intended to accomplish and generated a grammar, as it were, on the basis of which states agreed to interpret the appropriateness of future acts that they could not possibly foresee” (Ruggie 1998, p.870).

This interpretation is based on a rather superficial view of a general state of nature in which a multilateral trade regime becomes a necessity. More critical scholars such as Friedrich Kratochwil, on the other hand, point out that many “histories” exist outside of this apparent consensus “that no longer fit all together into one overarching narrative that contains its own meaning and justification” (ibid 2002, p.28). This absence of radical proposals and

contestations of the status quo marks the difference between adaptive constructivism and processual constructivism as will become clearer in the next chapter. Within institutionalism, historical and sociological approaches are often presented as two different strands that question rational choice institutionalism. However, they both adopt a neo-Weberian methodology based on Hegelian synthetic reasoning and therefore do not qualify as distinct worldviews in my thesis.

3.4 Descriptive-inductive reasoning

As discussed in the chapter on perpetual methodology, differences between quantitative-positivist and qualitative-interpretive approaches are linked to the type of knowledge that science generates. Additionally, the methods and goals of analysis and the role of the researcher in the process are different. Adaptive approaches all reject the notion of an objective social reality and the claim that objective observation is possible in social science (Risse 2003, p.104). The crucial elements of scientific reasoning can also be divided into three points which I summarize in an order mirroring Palan's presentation of positivistic approaches (see chapter 2.4.1; a similar summary can be found in Ruggie 1998, p.860):

1. Extract a concrete or direct understanding of a certain act or happening.
2. Formulate an abstracted essence or explanatory understanding of that phenomenon which "makes sense" in the observed context and expresses the type of act so that it can be compared with other observations to generalize ideal types and truth statements.
3. The observer necessarily selects and interprets what he or she observes and the same situation may generate differing ideal types.

3.4.1 Methodological intersubjectivism and inductive generalization

Instead of methodological individualism, adaptive scholars apply what I call a "methodological intersubjectivism of hermeneutic reasoning": the aim is to identify *meanings* that are fundamental for actors' convictions and behaviors in a certain situation. The type of meanings here refers to those emerging in collective identities. They are attached to and enshrined in social practices and the institutions of a society. They guide individual behavior and help to constitute subjective convictions for individuals that act within such a social collective or discourse community (Mayer 2003, p.65).

Ruggie summarizes the difference between adaptive and perpetual reasoning as follows:

“concepts in the first instance are intended to tap into and help interpret the meaning and significance that actors ascribe to the collective situation in which they find themselves. It is unlikely that this function could be performed by concepts that represent a priori types derived from some universalizing theory-sketch or from purely nominal definitions” (ibid, 1998, p.880).

The methodology of a *hermeneutic circle* then proposes, tests and modifies interpretations of an observed phenomenon until it generates an understanding that appears coherent in this context (Neufeld 1995, 80f, here Mayer 2003, p.66). Alexander Wendt pinpoints two crucial questions that guide such circular reasoning: causal explanations of how and why certain phenomena occur are combined with the search to understand how a certain item is composed in order to show what characteristics it has (ibid, 1998, p.103, here Mayer 2003, pp.67-8). In the natural sciences this process is known as “reverse engineering”. Social analysts use interviews with involved persons or qualitative interpretations of texts, which influenced the discourse in order to understand how a particular phenomenon came about.

“[C]onstructivism does not aspire to the hypothetico-deductive mode of theory construction. It is by necessity more ‘realistic,’ to use Weber’s term, or inductive in orientation” (Ruggie 1998, p.860). In logic, induction is the opposite of deduction: general laws or regularities are formulated on the basis of aggregated single observations. It is “the process of estimating the validity of observations of part of a class of facts as evidence for a proposition about the whole class” (www.dictionary.com). *Classical empiricists* during the early Enlightenment movement such as David Hume or Francis Bacon sought to explain all human knowledge through empirical observations. Later, *logical empiricists* insisted that every scientific observation is influenced by already existing theoretical conceptions, assumptions and terms. This explains why the inductive principle of the logical empiricists is only used to justify and not to generate insight – one of the reasons why these approaches necessarily produce *problem-solving*, but not system-critical proposals (Stangl 2007).

Such problem-solving reasoning includes the premise that a particular correlation, once observed in a number of cases, is expected to appear in similar situations as well. Aberrations in the expected course are usually met with further, thicker descriptions of formulated ideal types in order to show how this deviance can be explained. The original premise, however, is usually not contested. This could lead to what Alex Demirovic calls the “fallacy of norms”. He uses the example of languages to illustrate that *every officially fixated standard itself* translates into power-determined and power-determining parameters. A norm of communicative rationality in policy-making - or scientific discourse – means that all controversies or intended falsifications of dominant theories have to be brought forward in the

“correct” vocabulary in established “language-pragmatic terms and conditions of speech” (Demirovic 1997, p.109, my translations). Once central standards, premises or norms are no longer contested; any possible discrimination that occurred during their establishment vanishes behind the canonized interpretation. Democracy, multilateralism or sovereignty, for example, have become desirable premises on which normative ideal types are constructed. The choice of the “valid” interpretation by which the selection of necessary measures in order to secure a normatively desired outcome is informed remains open to manipulation (Schimmelpfenning 2004, p.409). This last aspect has led Weberian approaches to engage in what is often called “thick empiricism”: a high number of observed cases generates a very detailed description to prove the viability of the concepts. Meanwhile, the original composition of the concepts as such is not contested anymore.

3.4.2 Normative ideal types

Logically, inductive syllogisms are not justifiable, but their theoretical relevance lies in the generation of theories through observations. Inductive conclusions become central components of research when the goal is to generate and test hypotheses, to detect conditions of certain correlations and to determine the potential occurrence of certain phenomena (Stangl 2007). “Causality in the narrative explanatory form is established through a process of successive interrogative reasoning between explanans and explanandum, anticipated by Weber with his heuristic use of ideal types” (Ruggie 1998, p.860). This adaptive or normative ideal-typing is distinct from the perpetual structural ideal-typing (see chapter 2.4.4) and serves as “a theoretical construct that idealizes and stylizes significant features of the real world, and as an ideal in the normative sense, i.e. an ideal state of affairs that should be strived at but that was considered impossible to achieve fully and completely in reality” (Ougaard 2004, p.66). Multiple ideal types selectively and deliberately depict one-sided abstractions of social reality, “and their methodological role is to serve as ‘heuristic’ devices in the ‘impuration’ of causality” (Ruggie 1998, p.861). In combination with probabilist and counterfactual reasoning, researchers seek to develop a “narrative explanatory protocol” to establish links between these and concrete precedents that “plausibly had causal relevance within the social collectivity at hand” (ibid). Therefore, worldviews and individual and collective identities are of great relevance in understanding the emergence of social groupings and their cohesion over time. Further, the normative or engineering element comes into play when hypotheses are formulated concerning the most appropriate organization of certain outcomes. Here we find the connection with the ideal of learning processes. Popular ideal types in this respect are

rooted in Habermas' philosophy of universal or formal pragmatics in which necessary conditions for successful communication and understanding are specified. The goal "to come to an understanding" means that exchange among actors fosters enlightenment, consensus and good will - with the outcome that participants agree on the meaning of certain words or issues. This generates shared expectations and strengthens trust in future behavior (Habermas 1991).

3.4.3 *Second order hermeneutics*

In contrast to processual thought, however, selected induced generalizations and ideal types or the modern empiricist ideal as such are not contested. Ruggie, for example, even though arguing against "putative deductive laws under which specific social actions or events are subsumed", nevertheless urges the selection of "few existing laws" for a "plausible" ideal typing in international relations. He does not provide any argument for the selection of those laws or specify who is to determine what is plausible and according to which criteria (ibid, 1998, p.861). Stressing that constructivists explain "what happens *before* the neo-utilitarian model kicks in" does not in and of itself make normative ideal types flexible in their definition. Rather, it limits the analysis to a reification of one interpretation of social behavior. The initial perspective already frames how and what we read and how we interpret empirical observations in the following steps of a hermeneutic circle (Rouse 1987, p.44). The kind of sense made in texts and conversations depends not only on content but also on the presumptions brought into the interpretive process. This is the last point in my three-step list above and is missing in the otherwise similar list by Ruggie. Classical empiricism – to limit the interpretative pre-selection - would have started with an *observed problem* and not with a logical theoretically constructed ideal type.

David Campbell (1998), therefore, criticizes the Weberian solution of understanding (*Verstehen*) as sacrificing open-ended history in an attempt to fuse hermeneutic and positivist themes. This attempt sought to overcome the "paradox bedeviling scientific theory since Descartes and Hume" that lies in the problem of determining how objective reality can exist if everything is intersubjective meaning. But recognizing facts as culturally derived and value laden does not overcome the regulative ideal of empiricist metaphysics as long as these facts need to be independently verifiable (Campbell 1998, p.21). Thus, modern scientific standards guiding the justification of inductions do influence how far new ideas may deviate from status quo knowledge: they need to be adaptable.

3.5 **Complex interdependence as agential awareness**

Liberal approaches are based on a conceptual separation of the political system from the society, in particular from the market. Even in approaches that fall into the category of Political Economy, political means and measures must be designed that “embed” market forces in a guiding framework. This can deflect conflicts and fraudulence between competitors facing scarce resources. Their depiction of the current world order is similar to that of complex interdependence in perpetual thought: since the global economy has developed an autonomous volatility undermining states’ abilities to clearly formulate and effectively pursue national interests, concerted political action also lies in the interest of powerful states. “Globalisation implies that most goals that states traditionally pursue are now tightly intertwined (or nondecomposable in the systems language) and thus the calculation of self-interest is not easily done, and may not correspond to the ex ante assessments conveniently assumed by rationalist IR analysts” (Haas/Haas 2002, p.575).

The potential problems of global relations, however, are viewed as more diversified and key emphasis is given to the desired outcome of a world consciousness or at least peaceful co-evolution. *Globale Trends 2002*, published by the German Foundation for Development and Peace (SEF), explicitly claims that the model of competition-states and the *ultima legitimitio* of national sovereignty are obsolete and hinder the development of sustainable solutions to global problems. The study lists world economy, world society, world resources and world peace as being threatened by the current course of socio-economic development (Hauchler et.al. 2002, pp.13-6). These global public goods cannot be secured without the concerted action of “world politics” to lift the “world public welfare” above particular national interests and reduce uncertainty in competition. Since consensus in normative and material questions is only a necessary but not a sufficient presupposition for potent global action, effectiveness depends on global institutions with state-like functions (ibid, pp.17-8).

Other scholars, especially those of the North American traditions, do not subscribe to the necessity of state-like functions on the global level, but argue for a reformulation of national interests in reflection of new challenges: “‘making history’ in the new era is a matter not merely of defending the national interest but of defining it, nor merely enacting stable preferences but constructing them. These processes are constrained by forces in the object world, and instrumental rationality is ever present” (Ruggie 1998, p.878). The envisioned world order, then, is more one of a society of states like the English school with Hedley Bull defined it .

Irrespective of how the end of adaptation is portrayed, the key concept on this path is that of *global governance*: “the action or manner of governing, controlling, directing or regulating

influence, (...); discreet or virtuous behavior; wise self-command” (Fuchs 2002, p.12). Dirk Messner and Franz Nuscheler are two of the most prominent scholars in the Global Governance debate in Germany and summarize the challenges for concerted action of the world community as follows:

“On the verge of the 21st century, possibilities of *politics* need to be spelled anew because *it* is confronted with the biggest economic and societal reconstructions since the industrial revolution. The globalizing tendencies, whose driving forces are economics and technology, alter trade, finance, currencies, work, environment, social systems, communication, livelihoods, social formations and the deep structures of national societies – and not at last the room for maneuver of states. (...) The dynamic of a world economy creates development space, but at the same time threatens to degenerate into a global ‘casino- and speculation-capitalism’ since effective mechanisms for its social and ecological taming so far are lacking” (ibid, 1996, p.2, my translation).

The goal, therefore, is to design adequate institutions to steer further socio-economic development towards progress for the members of this world community. Some definitions clearly entail an a priori positive nature for delineated governance as ‘mechanisms for steering social systems toward *their* goals’ (Rosenau 1999, p.296, here Fuchs 2002, p.12, her emphasis).

Doris Fuchs concludes her study on general global governance literature by pointing out that “[a]rguments for an intensification of cooperative and consensual international decision-making based on common interests and the increasing importance of norms and institutions emphasizing cooperation over unilateral action, however, are frequent” (ibid, 2002, p.12). She criticizes this connotation as equaling an apolitical problem-solving exercise that does not acknowledge the heavy conflicts and differences between various perspectives in terms of how global development could be envisioned (ibid). The comparative study on Global Governance concepts conducted by Brand et al. (2000) also concludes that the commonality between adaptive proposals essentially lies in rather superficial institutional reform recommendations. These are supposed to “politically tame” capitalism and reduce its problematic effects on social inequality and environmental degradation. “The concept is sold as a progressive alternative to neoliberalism” (ibid, p.12, my translation).

4 Processual train of thought

“[T]he ‘vulgar’ economists (as Marx called them) were preoccupied with products, indexing and comparing objects, estimating their respective costs. In short, they busied themselves with things. Marx inverts this approach. Instead of considering products, he examines production, that is, the labor process and the relations of production as well as the mode of production. In doing so, he founds a theory. Likewise, today, many people are describing spaces, writing discourses about space. So our task is to invert this approach by founding a theory of production of space.”

(Henri Lefebvre 2003, p.87)

Critical, or rather system-critical approaches share the postpositivist epistemology of adaptive constructivism. However, processual thought does not consider contingency to be an imperfection but rather an integral part of all social development. Standards or established concepts tend to one alternative over others: “Experience has to be arrested, fixed, or disciplined for social life to be possible”, although “there is always an excess of being over appearance that cannot be contained by disciplinary practices” (Campbell 1998, p.17 & p.12). Karl Marx, for example, developed his PE as a critique of dominant theories, pointing to their fallacies and potential alternative interpretations of capitalist reproduction logic. It is important to point out that his theories have also been used in orthodox structural determinist versions, where the logic of capitalist accumulation sets the course of socio-economic development and the existence of certain political institutions in a rather immalleable manner, always serving the capitalist logic of accumulation. From the worldview perspective as defined here, these structuralist versions fall into a perpetual paradigm rather than a processual one. This chapter therefore focuses on what has been dubbed “interpretive Marxism” (Palan 2000, p.11). I will briefly come back to this distinction in the section on economic and political views. Marx’s writings, albeit pessimistic about the development outlook of capitalism as a social relation, kept the vision of a liberating philosophy of praxis: a worldview that expands beyond the mere theoretical framework and mobilizes humans to change their social relations for the better. Instead of perceiving philosophy as detached thought, he investigated the relationship between theory and practice, how knowledge and convictions (ideologies) guide human perception and behavior. Gramsci later summarized this understanding as follows: “The philosophy of praxis itself is a superstructure, it is the terrain on which determinate social groups become conscious of their own social being, their

own strength, their own tasks, their own becoming” (Gramsci 1932-35, Q10, II§41.xii, taken from <http://www.marx.org/archive/gramsci/editions/reader/q10ii-41.htm>, 26.04.06).

From this perspective, reasoning is an integral part of human production relations. Although, of course, scientific theorization should rid itself as much as possible of subjective biases and personal positions, the processual paradigm eschews any claim of “value-free“ or objective knowledge. It holds an ontological view in which the goal of science is to obtain not universal “truth” but rather a precise and holistically reflected interpretation of the evidence and the researcher’s assumptions in that particular case. The results are “truth-claims”. Joseph Rouse writes in his *Power of Knowledge* (1987) that “the notion of truth has no epistemological force apart from the criteria we employ in deciding when we have achieved it, that is, apart from what Hesse has called ‘coherence conditions’. And these in turn are part of our total theory” (ibid, p.55). This chapter aims to characterize the “total theory” of a processual paradigm and shows a bias towards Neo-Gramscian approaches¹⁵ while frequently referring to the original writings of Antonio Gramsci¹⁶. This is limited to the edited volume *Selections from the Prison Notebooks* (1971), while some references to other notes and letters – as above - are included when quoted by later scholars. I draw on the work of several scholars who I see as promoters of the “processual paradigm” and sometimes specify their backgrounds in order to show where I searched and eventually found this worldview. Since the focus of this thesis is the capturing and tracing of worldviews, I have included a chapter on general ontology.

4.1 Structure-worldview-agent ontology

From a processual point of view, socio-political *orders* are the result of co-constitutive and continuously developing relations between structures and agents mediated by worldviews. The term “orders” is thus understood in the *relational* sense and not in a purposive structural one as in most adaptive literature. There, order generally is perceived to be a desirable outcome superior to disorder and is therefore used *prescriptively*. The particular debates then circle around “elementary goals” that should be reached by a certain design of order. Possibly the most elaborate reflection on this can be found in Hedley Bull’s *The Anarchical Society* (1977; here pp.3-6). Robert Cox as a Neo-Gramscian, on the other hand, uses the term

¹⁵ In the introduction to the anthology *Global Political Economy*, Ronan Palan points out that some use “Neo-Gramscianism” or “Critical IPE” synonymously when referring to interpretative Marxism (Palan 2000, p.11).

¹⁶ Biographical information about Antonio Gramsci and information about his philosophical roots will not be discussed here as they are discussed in Gill 2003, Joseph 2002, Cox 1996 or in the *Selections from the Prison Notebooks* (1971) themselves, whose editors have added extensive background information about Gramsci’s life, cited authors and Italian society during the time in which he writing.

descriptively for systematic linkages: units are related to one another in a particular pattern showing some discernible principles. This neither implies that either a fixed and stable matrix of society prevails, nor that such principles are fixed laws that drive societies down a certain path of development. The relational order captures “the way things usually happen (*not* the absence of turbulence); thus disorder is included in the concept of order” (ibid.1996, p.249, fn 2, emphasis in original). Cox also rejects any universal best solution; one frequently finds the plural form “orders” in his writings. Such orders, as I will discuss in more detail, form complex environments for agents and can be ontologically distinguished into four categories: *extra-subjective material structures* (nature and physical materials), *inter-subjective materialized structurations* (human-made rules and institutions), *intra-subjective ideas* (individual sensations) and *inter-subjective worldviews* (conscious and expressed interpretations of reality). The two categories of interest in this research design on social relations between human actors are materialized structurations and inter-subjective worldviews. Within those categories I will apply a Neo-Gramscian distinction of *social forces* that form a framework for action impacting decisions and behavior while being continuously transformed by agency (see chapter 4.2).

Thus, a processual social theory, I argue, should apply a *tripartite* analytical distinction, adding worldviews as a third analytical “ingredient” that mediates between the two usually separate elements, structure and agency. Anthony Giddens provided the very useful concept of “duality of structure” that I would like to briefly reiterate for this argument, also in order to clarify my use of terms distinct from his “structuration”. Giddens recognizes “structure“ as a recursively organized sum of rules and resources surrounding the subject and independent of time and space. Combined with agency, these structures form social “systems”, whose boundaries in time and space are determined by the organized relations and regular practices of actors. To analyze the “structuration“ of such social systems, then, means to identify the conditions that determine the continuity or change of rules and resources and their relations and to identify how interactive connections are produced and reproduced (Giddens 1992, pp.75-77). While Giddens says that institutions and routines play an important role in this, he does not elaborate much on why certain structures are more resilient following change than others and has often been – rightly, in my opinion - criticized for disregarding materialist structural constraints and for failing to theorize why the change of structures or systems is more likely in some circumstances than in others (Bieler/Morton 2001, p.8). The proposed solutions to this dilemma take the form of the previously mentioned social forces and will be discussed below. At this point I would like to draw attention to the fact that that my

materialist understanding of structuration does not entail rules and resources in their abstract but rather in their materialized existence as *entities with certain social effects* – be they commodities, money bills, legal texts, mandates of organizations. I distinguish between them and “structure” as a simple material asset without any agential social effectiveness but which still has an impact on social relations in form of catastrophes, storms, droughts, etc. Thus, the processual perspective holds that such social structures (here: structurations) are constraining and allows for certain actors, acts and relations and are at the same time (re)produced and/or changed through the very moment of agency. This moment of agency, to go back to Giddens once more, involves many routines and unreflected behaviors. Humans act in general, however, with intentions and therefore think about their actions. Social relations are the result of reflexive steering by humans – without meaning that intentions will necessarily translate into outcomes or that structural properties may not be very resistant to individual steering. However, rules and practices do not exist independent of the knowledge or worldview of actors. Even if some definitions are “naturalized” or if social relations gain the characteristics of “things” (as I will discuss in terms of Marx’s critique of Political Economy in chapter 4.3), this does not mean that the potential for changing social structures through reflection and intentional action is impossible (Giddens 1992, pp.78-9).

It is because of this relative autonomy through reflection that I perceive *worldviews* or individual truth-claims as highly important analytical elements when it comes to understanding why certain results or solutions materialize and not others. Particularly because this thesis – as is the case with all institutionalisms in IR - seeks to analyze conscious decision-making in the process of global polity formation, I treat *worldviews* as an additional category with a mediating function between structural reality and individual decision-makers. Worldviews comprise *all sense-making interpretations of social reality in any form*. Other authors might prefer the terms knowledge or ideology instead, but both have heavy connotations: “knowledge” carries the mentioned double meaning of objective truth versus subjective truth-claim, whereas “ideologies” are often understood as dogmas; “there is a potential element of error in assessing the value of ideologies, due to the fact (by no means casual) that the name ideology is given both to the *necessary superstructure of a particular structure* and to the *arbitrary elucubrations of particular individuals*” (Gramsci 1971, p.376, my emphases).¹⁷ Therefore, I have decided to use the term *worldviews* when referring to explanations or views of “reality” in any form - including canonized knowledge produced by science. Worldviews can therefore also be understood as truth-claims limiting or framing the

¹⁷ Despite this recognition, quotes by Gramsci – also those in this thesis – use both meanings of ideology and mostly without explicit definition.

individual's selection of information and its judgement: what appear to be relevant, irrelevant, right, wrong, necessary, arbitrary, justifiable, impertinent, legitimate or criminal actions and reactions. I want to differentiate between this understanding of worldviews and "common sense" – a term often used in Neo-Gramscian writings. Common sense entails an intuitive human trait of "normal native intelligence" (www.dictionary.com) that would not itself involve a *socialized* framing effect: some intuitions or spontaneous reactions lay beyond the realm of cognitive argumentation and conscious reflection where worldviews have an effect. While intuitions and emotional reactions do have a significant effect on individual behavior, my goal here is to show the importance of theory in practice while pointing to the importance of culture in sense-making processes and science in political reality. Further, worldviews expressed in language can be traced through discursive or interpretive analyses. Thus, throughout the text I avoid using the term "common sense", though some citations of Gramsci and Neo-Gramscian scholars include this expression when referring to what I call worldviews. Thus, *established worldviews* or truth-claims - on one hand fixed in laws, contracts, scientific publications, etc. and on the other hand cognitively active in humans reflecting on their behavior - impact which developments, relations or pieces of information become relevant in a certain context and how they are interpreted. I claim that this tripartite processual ontology is consistent with Gramsci's writings – as reflected exemplarily in the following *definition of the present as the making of history*:

"The humanity which is reflected in each individuality is composed of various elements: 1. the individual; 2. other men; 3. the natural world. But the latter two elements are not as simple as they might appear. The individual does not enter into relation with other men by juxtaposition, but organically, in as much, that is, as he belongs to organic entities which range from the simplest to the most complex. (...) Further: these relations are not mechanical, they are active and conscious. They correspond to the greater or lesser degree of understanding that each man has of them. So one could say that each one of us changes himself, modifies himself to the extent that he changes and modifies the complex relations of which he is the hub" (Gramsci 1971, p.352).

My central argument derived from this quote is as follows: agents - "hubs" - seek to make sense of their own situation and comport themselves based on reflections on their complex environments. These complex environments, once again, can be ontologically differentiated into extra-subjective material structures, inter-subjective materialized structurations, intra-subjective ideas and inter-subjective worldviews (the latter can then be divided into two different forms). In addition, every individual is confronted with many more thinking and acting individuals or "hubs". The following subchapters will substantiate this perspective

before worldviews become a central analytical category in the explanation of cooperation and institutionalization in part III.

4.1.1 Material assets of human existence

The term “material assets” subsumes everything that shows a concrete appearance and provides an objective reference point for humans. This includes all *extra-subjective material structures* such as natural conditions and resources that may become integral in human organization but do have an independent existence. It also includes all *inter-subjective structurations* that have *materialized* in concrete documents, treaties, institutions and infrastructures as the result of human action. These structurations may develop an “objective” social effectiveness independent of single individual choice.

Historical materialist scholars distinguish *social* structurations from the natural environment or material structures or planetary preconditions, with the latter also influencing human reproduction but in a different manner. Many mainstream social scientists and in particular political economists completely overlook how our environment with its climatic conditions, weather turbulences and reproductive circles of natural resources clearly drive social change. Access to water and food and secure living conditions are highly important in geopolitical explanations of conflict and war but are often overlooked in social theories. Additionally, natural resources become economic production factors and the securing of their availability a central political issue. Here we find the first hints of why the system-critical GPE starts its analysis with the interaction between humans and nature: collective reproduction with the given resources is an economic act and the organization of this process involves political action; structure becomes part of socially defined structurations with rules of possession, extraction and distribution. Processual scholars such as Gramsci, Karl Polanyi, Giorgio Agamben and Claire Cutler therefore make a clear distinction between *laws of nature* that are *external to our influence* and *social laws* that are always *contingent agreements* and that only become effective if these are recognized and acknowledged by individuals. It is these materialized structurations that are of interest here, as their reproductive relevance for communities elevates them onto the level of social forces that are drivers for socio-economic change.

4.1.2 Explications of human existence

In order to survive it is necessary that humans “make sense” of their experiences. Every individual develops signifying systems to constitute meaning for what he or she observes.

Such *intra-subjective sensations or individual ideas* are influenced by exchange with others and the need to express them in order to create communicative exchanges. Thus, once these explications become organizing threads and guides in social relations, they gain the character of *inter-subjective worldviews* or of specific systems of ideas and knowledge. As Keohane and Goldsmith outlined with their concept of “ideas”, these intersubjective worldviews comprise different forms of explications, ranging from broad perceptions of world function to specific observations of particular situations. Below I will discuss the distinction proposed by Robert Cox in conjunction with the other social forces that I use in this dissertation. Generally, signifiers are a necessary precondition for enabling human organization; they can be understood as verbal and ideational currencies of exchange with different forms of explications influencing each other in the sense-making process. If their use becomes dogmatic, meaning ignorant towards challenge and change, these currencies may also have a limiting effect on the amount of potential paths of development, as not all can be expressed within the signified realm of possibilities (Gramsci 1971, p.376).¹⁸

A processual understanding of discourse entails this enabling effect but also acknowledges a potentially limiting effect: existing meaning systems or discursive realms are part of the experienced reality which individuals seek to make sense of. They enable understanding but also constrain new ideas in the sense that these have to become relevant or create a meaning within this realm. Explications are only socially effective if their significance is accepted. Political struggles therefore involve the promotion of different explications for the experienced and observed, meaning that such struggles continually change the discursive realm of following exchanges (Rouse 1987, p.45). As Jonathan Joseph points out, “ideology¹⁹ itself is very real. It is an active material force that is related to social practices, (...) rooted in the material conditions of day-to-day life and the social conditions which in turn affect social consciousness” (Joseph 2002, pp.140).

4.1.3 Orders as frameworks for action

Possibly the most frequently quote of Marx is that human beings make history, but not necessarily under conditions of their own choosing (Bakker/Gill 2004, p.17). These conditions include what Gramsci refers to as the “material forces of production”, “objective, independent of human will”, measurable with “the systems of the exact or physical sciences”

¹⁸ Gramsci pointed out that the concept of “ideology” originally had a meaning similar to the intra-subjective level of “sensationalism.” It was studied in the field of “science of ideas” in eighteenth-century French materialism that was occupied with the investigation of the origin of ideas (ibid, 1971, p.376).

¹⁹ Rouse discusses here the same analytical concept that I branded “worldview.” The reasons why I chose this term are discussed above.

(ibid, 1971, p.180). They also include the structurations that have been created to convert nature into produce. They are effective as what Roy Bhaskar (1997) termed an “underlaboring” that shapes the conditions for development. Definite quantities of material assets that have become central parts of established structurations, for example, do force changes in the organization of a community’s reproduction. Conflicts over their distribution are likely to emerge in moments of scarcity of important resources. Further, in complex orders some structurations and their operational and social logics follow a certain course of development even against the will of individual agents or groups reproducing themselves within this order: their “functioning and effects are beyond the full comprehension or control of agents in their day-to-day activity” (Joseph 2002, p.9). Political formation and actions are embedded in this context of material asset availability and the organization of their extraction, processing and distribution for human use. Thus, reproductive structurations involve typical social relations that are reproduced along with a particular socio-economic mode of reproduction (Joseph 2002, p.131).

Since some of these processes are more fundamental to the organization of a community and therefore less likely to change than others, some Neo-Gramscian scholars have introduced levels of structurations, distinguished according to their resilience to intentional change, or their objectivity in the sense that they confront humans as facts in their respective reality. Deep *macro* structurations include the actual mode of economic production and its corresponding superstructure in the form of typical social practices and ideologies and their amalgamation in institutions. Today - here limited to western industrialized countries - this would be capitalism in democratic nation states. The *meso* level would include political projects and group formations. The *micro* solutions are those instantiated in daily interaction (Bieler/Morton 2001, p.26). The deeper structurations are less often reflected regarding their social impact and possibly desired amendment over time.

This means that macro structures exhibit high persistence while the development of social collectives and their political projects change particular processes of capital accumulation within this greater framework (Bieler/Morton 2001, p.25). Especially in highly divided and interdependent production processes, economic organizational logic has developed an *objectivist* character that imposes feasibility constraints on agents and political projects. As a consequence, individuals and social collectives benefiting from the currently established macro-structures will likely continue to benefit from future outcomes that are constructed on the meso or micro level. Additionally, *systematic tendencies* inscribed in the current macro structuration can only be channeled differently on the proceeding levels but their original

effect cannot be eliminated on the higher levels. This resembles Gramsci's understanding of "determined" or "fundamental" structurations: they are accredited a predictable influence as "permanent elements of the process" (ibid, 1971, p.410 & p.170). Herein also lies the reason why system critic approaches distinguish themselves from problem-solving approaches: the latter only target the meso and micro level of political negotiations and formations, but do not integrate the social drivers embedded in the underlaboring macro structure.

Even though most of the existing social relations are reproduced unconsciously, "a social ontology is an historical and human *process* ... associated with the reproduction and transformation of dominant and subordinate structures of thought and practice in a given historical period" (Bakker/Gill 2004, p.19). Here it is important to distinguish simple habitus from conscious and intentional acting, as will be discussed in the hegemony chapter in part III. Typically, conscious challenging of the status quo arises when the discrepancy between actual experiences and established explications become too large: "normal" reproduction of the current solutions turns into a politicized contestation of routines, rules and worldviews. . This reaction may be triggered on any level of society and through any event, causing collective action in questioning, defending, adapting or reorganizing social relations. Thus, explications can have an empowering effect, as individuals seek to make sense of their own experienced reality and wish to express criticism or propose change. On the other hand, the established discourse also limits what is considered relevant, feasible and desirable and forms an element of structural power from which some individuals benefit more than others. "Strategic action is the dialectical interplay of intentional and knowledgeable, yet structurally-embedded actors and the preconstituted (structured) contexts they inhabit" (Hay 1995, pp.200-1, quoted by Bieler/Morton 2001, p.27).

Referring back to a philosophy of praxis, Gramsci also accredited worldviews with a material status and acknowledged their potential for change:

"The name materialism was given to any philosophical doctrine which excluded transcendence from the realm of thought. It was given therefore, not only to pantheism and immanentism, but to any practical attitude inspired by political realism (...). Similarly, in the terminology of common sense, materialism includes everything that tends to locate the purpose of life on this earth and not in paradise" (Gramsci 1971, p.454).

This notion is repeated in the later discussion of capital in the processual paradigm: as it is considered to be a social relation, it is the outcome of inter-subjective valuation and devaluation processes. In summary, the processual paradigm "attempts to both *understand* the intersubjective making of the social world – how intersubjective structures become

instantiated in human practice – and *explain* how such structures are materially experienced by individuals and collective agency, as both enabling and constraining properties” (Bieler/Morton 2001, p.14).

4.2 Social development as organization of human reproduction

Starting from a Marxian division between structure (production of commodities and paid labor relations) and superstructure (political organization of the production process), Gramscian ontology also grants civil social organizations and cultural elements an important role in the organization of social relations and communal development. As a consequence, the reproduction²⁰ of a society is comprised of every resource and work necessary for this type of social collective (Bakker/Gill 2004, p.18). Gramsci used a very broad definition of work: “work is the specific mode by which man²¹ actively participates in natural life in order to transform and socialise it more and more deeply and extensively” (ibid, 1971, p.34). As more than one person is involved, the organization of work leads to particular relations between individuals or groups that manage their existence collectively. These relations manifest themselves in institutions, rules, practices and norms. Worldviews function like “glue” between these different structurations and agents and are anchored and reproduced in each of these. From this perspective, another central concept in Marxist theory becomes elastic: *classes*. The processual understanding of class refers to a group of people that are likely to share similar experiences according to their identification and classification in the social order. They are not eternally and automatically caught in one classification. Humans created social orders to fulfill a certain function and these include explanations of why they are necessary, effective and justified. This also means that the genealogy, reproduction or abolition of certain structurations or worldviews are influenced by concrete experiences to which humans intentionally react. Social (re-)production is a permanent process and Neo-Gramscians have proposed distinguishing between different *forces of social development* in order to more fully understand these processes. I would like to recapitulate these three slightly distinct proposals before proposing a synopsis.

4.2.1 Discursive formations of reproduction

²⁰ This definition includes all of the unpaid “private” work done in households and communities, but also ecological factors that typically remain an externalized cost in those calculations. See for example Bakker/Gill 2004, Spike Peterson 2003.

²¹ Gramsci did not have a gender sensitive approach, but in contrast to mainstream theorizing, the processual strand has systematically integrated feminism into PE for decades now.

V. Spike Peterson (2003) introduces the categories identities, meaning systems and social practices or institutions for the concept of “triad analytics” of social development. *Identities* include self-formations that are marked by explicit subjectivity and answer questions of “who we are”. *Meaning systems* combine ideologies, symbols and discourse and reflect and reproduce “how we think”. *Social institutions* or *practices* as descriptions of “what we do”.

The identity of individuals is formed by their concrete experiences of physical, emotional or cognitive character. These experiences are of course very distinct for different individuals. The term “class” is applied somewhat unorthodoxly here to include not only structural hierarchies and identities based on socio-economic stratifications and defined positions in societies (Peterson 2003, p.17), but also many other social classifications like gender, race, age, nationality, religion and sexuality. Identities have empowering effects, as they enable individuals to understand and explain their historical social situation and role. The same may hold true for meaning systems that define common reference formulas by which one can reflect on existing living conditions and communicate or design alternatives. These ideologies function as bridges between individuals, as they allow for the articulation and mobilization necessary for intentional behavior and coordination of action (Hall 1996, p.142 & p.41, here Rupert 1998, p.430). On the other hand, identities, meaning systems or ideologies and practices, have a restrictive and exclusionary effect, as they define what is acknowledged to be of relevance or amenable to the existing order. Most identities function as a corrective, reconstructing the person and her behavior over relational social control and feedback.

We see that the understanding of institutions here is different from that in political science, which refers to formal organizations. It is a sociological term concerning cultural artifacts that individuals use as reference points to reduce complexity in their picture of reality. These traditions, customs, norms and values have been induced by humans and represent labels for boundaries and functions that demarcate entities and identify roles. Even though not all are accepted or understood in the exact same way by all members of a community, most individuals are able to distinguish between what is defined as conforming or non-conforming behavior. The term “practices” is more commonly used in political science. The concept evolved out of the poststructuralist movement in debates about theorizing actor-structure relations in the late 1990s. The goal at that time was to overcome the dichotomic picture drawn in these debates that sought to prove the importance of ideational versus material or behavioral versus static determinants of social development. Peterson’s approach seeks to combine this dichotomy: “[concrete] social practices and [abstract] conceptual structures are

equally inextricable from *identification processes and their politics*: all three dimensions are mutually constituted, hence interactive, dynamic, and historically contingent” (ibid, 2003, p.40, my emphasis). This conceptualization stresses how social entities or individual roles are based on a signified and significant identity that defines expected behavior or the social impact of the single social unit. As a result, identities, ideologies and practices “have an autonomy which cannot be reduced to either the intentions, will, motivations, or interpretations of choice-making subjects or to the constraining and enabling mechanisms of objective but socially constructed structures” (Doty 1997, p.377). They exert disciplinary influence on actor behavior.

However, I find it crucial to point out that compliance is not legitimately enforceable as long as expected behavior is not defined through formal regulation. I use the term “institution” to describe such formal regulation. Political institutions possess a materialized existence and can confront individuals as collective actors rather objectively. The merely discursive understanding of social reality in much poststructuralist thought underscores the existence of material-structural influence on social life.

4.2.2 *Materialist underpinnings of discourse*

Another triad of *forces* is presented by Cox. He explicitly includes material elements when distinguishing *ideas*, *material capabilities* and *institutions*. *Ideas* involve what I refer to above as worldviews and are further split into long-term *intersubjective meanings* concerning the “nature of social relations” and *collective images* of a concrete social order. The former, which constitute the common grounds for discourse within a particular historical structure, are deeply entrenched in our structures of order and often not unconsciously reproduced. They change only slowly. Collective images are more explicit and differ between groups even within the same society. They include concrete issues of justice, participation, public goods, etc. and are contested far more often (Cox 1981/1996 pp.98-100). To stress the difference in resilience and social effectiveness between the two forms of ideas it is helpful to consider the first as a paramount but less concrete paradigm and the second as having a smaller scope but being more detailed in its operational framing. Depending on their acceptance, Gramsci, referring to Marx, attributes such “popular beliefs” or, more generally, “convictions” to have “the same energy as a material force or something of the kind, which is extremely significant”

(ibid, 1971, p.377). These images²² will become central in the chapter on social myths in procedural institutionalism.

Material capabilities in Cox's triad include physical resources of any kind, monetary wealth, technological skills and organizational information – everything relevant in the production and destruction of commodities (ibid, 1981/1996, pp.98-100). As the most visible of the Coxian forces, their distribution has the greatest potential for conflict between social groups. Importance for social reproduction processes, their control directly influences social relations. Their availability becomes desirable or even necessary, which makes them a driving force for social development. As Gramsci noted, “material forces are the content and ideologies are the form, though this distinction between form and content has purely didactic value, since the material forces would be inconceivable historically without form and the ideologies would be individual fancies without the material forces” (Gramsci 1971, p.377).

Socio-political combinations of ideologies and material capabilities are manifested in *institutions* that serve as means for stabilizing particular orders. They are amalgams of explications and material assets²³ that in turn influence the development of ideas and material capabilities. Bakker and Gill include the state, markets, family and all other possible social institutions “through which power, production and reproduction normally operate” in this category (ibid 2003, p.25), though Cox himself is not very clear in his general description of “institutions” (ibid, 1981/1996, p.99). As mentioned above, I find it very important to distinguish between practices that are primarily effective through norms and values, and institutionalized rules or laws to which compliance can be enforced. Once *materialized* (in the form of contracts, staff, buildings, etc.), these institutions and inherent socio-cultural forms become a “real entity” with an objective appearance and a social effectiveness beyond the moment of direct individual engagement. Additionally, regulatory bodies develop their own identities as collective actors and become subject to political battles concerning their concrete mandate and image (Cox 1981/1996, pp.98-9). Institutionalization creates a reference point whose image and performance can be criticized and held responsible for outcomes. Therefore, I add social practices as a fourth force. I replace the term “ideas” with “worldviews”, as intra-subjective explications are inaccessible to social science.²⁴ I do find the distinction between

²² In common language or marketing jargon, the term “image” usually carries a connotation of either good or bad and is therefore very appropriate. Structure-ideology complexes with a “good” image have managed to be accepted or affirmed by the majority and therefore tend to generate followers and be less contested.

²³ Cox uses the word “power” instead of “asset” at this point, but I find it important to distinguish forces from power. Additionally, I would like to stress the physical quality or “visibility” of institutions.

²⁴ This resembles the ontology of critical realists, often associated with Roy Bhaskar, who pushed this approach on the IR agenda. His original model *Transformational Model of Social Activity* (TMSA) is rooted in the assumption that a reality exists independent of human perception (be it unobservable or not yet discovered) that

intersubjective meanings and collective images as subcategories to be very helpful. Part III will discuss the effect of images in more detail.

The different forces²⁵ are neither fixed categories nor are they separable in practice. They should be thought of as complementary ingredients in social organization. On the abstract level I would equate their character with the “potential to have effect”. Figure 1 depicts the drivers of social development in a processual ontology.

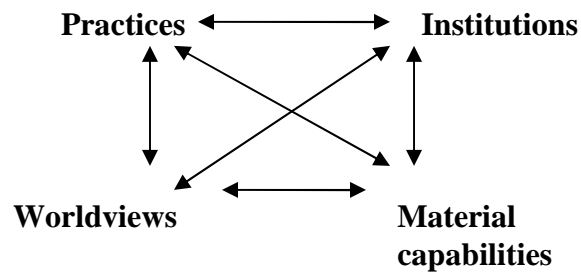


Figure 1: Forces in a processual framework for action

4.2.3 Forces and power potentials

All material assets and explications identified and valued in the reproduction process become forces in the sense discussed above. Their *actual effectiveness*, however, depends on the very *context* in which they have become part of the social organization. The insurance of their availability becomes an organizational driver and signifies influence as well as power potential for those with access to or in possession of these forces. Mainstream PE simply builds on the premise of the overall scarcity of resources or forces in their ontologies. It seems to me, however, to be very important to distinguish between a general concept of force and their contextual social effectiveness, specifically between power potentials and effective power. Under conditions of unrestricted availability, force does not necessarily signify power. This would be the case in conditions of selective and restricted availability, however. Here, control over relevant or desired forces translates into contextual power. Gramsci gave a perfect example for this:

may nevertheless influence human development. Discussions among post-positivist scholars especially focused then on the nature of “generative mechanisms” as well as the character of their effects (see Joseph 2002). I do not wish to get into this discussion here myself but prefer to simply describe my own understanding as developed for the analysis of global institutions.

²⁵ Gill frequently calls them “social forces” in his writings, which may be correct as well, as they are effective only in social settings (1990, p.46). But Cox originally has introduced them as “forces” in the sense of strength or potential while his category of “social forces” refers to a concept of entity, similar to a class fraction (ibid, 1981/1996, p.100p). Most processual scholars use the term social forces in its latter understanding.

“As an abstract natural force electricity existed even before its reduction to a productive force, but it was not historically operative and was just a subject of hypothetical discourse in natural history (earlier still it was historical “nothingness”, since no one was interested in it or indeed knew anything about it)” (Gramsci 1971, p.467).

Power in this sense has always had a relational and contextual character. Every individual action or political proposal shows a degree of coercive or consensual “weight” determined by the entirety of forces²⁶ bundled behind it. Although often not explicitly emphasized by scholars, this understanding seems to be inherent to Neo-Gramscian approaches that see power “as emerging from social processes rather than taken as given in the form of accumulated material capabilities, that is as the result of these processes” (Cox 1981/1996, p.105).²⁷

This relational and processual character also holds for commodities. Interpretive Marxists argue against the ahistorical and universal additive understanding of wealth in neoclassical economics. Contextual changes value or devalue certain elements in relation to others and also in general. Harvey uses the term “depreciation of capital” for “the changing monetary valuation of assets (from which it follows that appreciation is just as important as depreciation)” (ibid, p.84). This understanding is different from the automatism of some economic deterministic approaches and also from those drawing on Marx. Social change may often originate from friction in material underlaborings, but eventually it always involves intentional human action in organizing protests and restructuring the reproductive process.

4.2.4 Scales of political action

The resulting restructurations in one society, community or group may affect solutions and compromises in other social realms. In order to differentiate dimensions or boundaries between different social collectives, Cox defined *social forces*, *states* and *world orders* as “spheres of activity”. Their initial definition seems very rigid: social forces are engendered by the production process, states as national state/society complexes and world orders including particular configurations influencing the ensemble of states (ibid, 1981/1996, p.100).

In the following and also in his later writings, Cox stresses the overlapping and permeable character of these spheres, their dynamic relations and their emphasis on collective identity and agency. Social forces as the smallest unit form around concrete political programs and

²⁶ Bakker/Gill have replaced material capabilities with “power potentials” in their latest book, while leaving the rest of the heuristic triad unchanged (2004, p.25). This seems inconsistent to me, as I do not see why the other two forces should not serve as powerful assets in certain situations.

²⁷ This, of course, remains a very rough sketch of the contested concept of power in social science. More detailed discussions are not necessary for this comparative discussion, however.

target those structurations and ideologies that appear to inhibit or permit their particular goals. They can organize within and across the broader spheres and transgress geographical frontiers or formally constituted entities such as nation states. I will discuss this unit as Gramscian “collective will” in the chapter on hegemony. Generally, each sphere or unit is marked by a particular combination of thought patterns, social practices, material conditions, and human institutions that manifest themselves in expectations, habits, pressures and constraints for actors (ibid, 1981, p.218). They “can be represented in a preliminary approximation as particular configurations of material capabilities, ideas and institutions” and influence individual and collective behavior and decision-making. Taken together, in order to grasp the overall historical process, their order shows hierarchical – but not fixed – influence patterns. In this way “each will be seen as containing, as well as bearing the impact of, the others” (Cox 1981/1996, pp.100-1 & fn a). Marxist geographers further developed these spheres of action with the *scale-concept*: a scale is understood as a particular realm of interaction with intersubjectively defined boundaries, demarcating an “always-contested and fragile spatial condensation of contradictory social forces as they seek to contain or enable particular forms of social interaction“ (Smith, here Brenner et.al. p.16). Such realms often transgress official boundaries and affect a number of bureaucracies. This understanding perceives changing spatiality by redefinition of boundaries as an integral part of processes of rule and leadership: this “arena and moment, both discursively and materially” anchors “where sociospatial power relations are contested and compromises are negotiated and regulated“ (Swyngedouw 1997, here Brenner et. al p.16). Thus, concrete contradictions determine *which actors and what forces become relevant*. To put it simply: those who successfully claim a say in a given conflict become a recognized political party and those assets valued in this particular conflict become forces or power potentials in the negotiations. The scale concept therefore involves agents, as all structurations are seen as contingent, continuously negotiated and interrelated in meaning and action. To sum up with a quote by Gramsci, *social* development is the outcome of “the application of human will to the society of things”: “We know reality only in relation to man, and since man is historical becoming, knowledge and reality are also a becoming and so is objectivity” (ibid 1971, p. 171 & p.446).

This does not mean that the “society of things” has not developed its own regularities and tendencies (the underlaboring structurations discussed above) that impact the freedom of human will. These influence when and where potentials for deeper socio-political changes become high or even compelling because the society of things has created too many frictions. These moments are called “conjunctures,” the

“coming together of different historical processes and mechanisms and the various groups of people who act within this context. Historically, these groups, processes, structures, practices and contradictions move at varying speeds and in different directions, some more developed than others, some more progressive, some more conservative. To understand the conjuncture one has to grasp this wider field and know what historical forces are causing particular events and why” (Joseph 2002, p.34).

In order to analyze the broader patterns of these historical forces, processual scholars distinguish “tendencies” and “trends” of social development: tendencies are identifiable but not causal laws of movement over time that are innate to the established mode of reproduction – such as market expansion as a result of accumulation in capitalistic logic. Trends are observable socio-cultural regularities that are not necessarily determined according to economic logic but are nevertheless fundamental for societies, such as democratic nation-states in capitalist societies (Robinson 2004, p.133, fn5). “Conjunctures” are moments in which established tendencies and trends cause frictions that lead actors to engage in the transformation of structurations, involving political as much as economic solutions on the scale in question.

4.3 Marxist interplay of capitalism and democracy

In contrast to the other two lines of thinking, the processual paradigm does not separate the economic from the political, which are therefore treated in one single chapter instead of two as with the other two paradigms. Laying the grounds for the definition of social forces as outlined above, Marx distinguished four elements of a given society:

1. Forces of production (means of production) – forces applied to nature in order to satisfy people’s daily needs, including machines and raw materials;
2. Relations of production (class relations) – social relations within which production is carried out, including relationships of ownership and property relations;
3. Political forms (states) – the organized force of the exploiting classes to align and, if needed, suppress the exploited classes;
4. Ideologies (false consciousness) – sets of ideas that frame the existing relations in society as “normal” or necessary and at best benefit everyone (Klosko 1995, pp.417-19).

The first two elements comprise what is commonly referred to as a society’s “base” or “structure”, whereas the latter two form this society’s additional “superstructure”. In some obvious sense, the economic structures are fundamental, as all humans have to organize their reproduction. The political and ideological forms are brought about in line with the economic

process in order to organize it and to keep the society functioning effectively. Marx believed the existence of class relations to be a central fact of human history through which one group of people with similar relationships to the means of production is exploited by another, stronger class: “The history of all hitherto existing society is the history of class struggles” (ibid, Works I, p. 109, here Klosko 1995, p.418). This also means that political form and ideology serve to keep the weaker classes in their place, doing their work without disruption. The history of ideology shows how the justifications of certain decisions, actions and positions have changed along with the relations of production, according to Marx through “hiding” the actual workings of society from its members, including the exploiting class:

“The selfish misconception that induces you to transform into eternal laws of nature and of reason, the social forms springing from your present mode of production and form of property – historical relations that rise and disappear in the progress of production – this misconception you share with every ruling class that has preceded you. What you see clearly in the case of ancient property, what you admit in the case of feudal property, is of course forbidden to admit in the case of your own bourgeois form of property” (Marx, Communist Manifesto, Works I, p.123; here Klosko 1995, p.420).

With this view, Marx was not surprisingly the first to criticize the disciplinary separation of objective economics from normative politics. Later scholars have called this split by 19th century thinkers the liberal art of separation; the economy as a self-sufficient ‘private’ realm governed by the laws of the market was ideologically and institutionally split from the ‘public’ realm. The latter was to define a universal code of conduct that allows for the invisible hand to guarantee that efficient exchange relations fall into place (Panitch 2002, p.13). The liberal nation state defended certain “natural” rights of all humans – such private property – with the “free” market steering the valuation process of such property. From a strong constructivist perspective, this separation is fictitious in character, but still socially effective:

“Certainly, politics, law, and ideology, on the one hand, and economy on the other, *appear* as independent binary elements, but these are just fetishistic representations in thought. Political relations are economic relations, and vice versa. (...) Contemporary globalization is a historical relation in which economic and political relations are necessarily in tension – in both historical and *ideological* terms” (McMichael 2001, p.212, emphases in original).

Processual scholars do not depict economic globalization as external, autonomous developments to which politics have to react. Both officially private and public practices and institutions are seen as guiding social development in a similar manner: “Historically,

capitalism emerged as a *political-economic* phenomenon” (McMichael 2001, p.213, emphasis in original). This perspective was developed by more recent scholars and is distinct from structuralist or etatist Marx-inspired schools in which either the state is an adjunct to the economy or the class-structure of the economy a causal outcome of a political program forcefully implemented by the state. This perspective - I refer mostly to Nicos Poulantzas in this context - analyzes the ubiquitous *struggles* within communities and seeks to identify their origin and forms of management on all levels of society: base and structure relate to each other in a mutually constitutive way.

4.3.1 *The structure of reproduction*

As outlined above, the base or structure and superstructure of a given society historically and contextually reflect specific human efforts to organize their reproduction:

“In the social production of their existence, men (sic) inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their *social existence* that determines their consciousness” (Marx, *A Contribution to the Critique of Political Economy*, Works I, p. 503, here Klosko 1995, p.417).

Thus, history is incomplete if it does not include an observation of central economic factors and how these elements influenced the forces of social development. Referring back to the quote above, *social* existence is not reduced to wage relations but includes the possession of means of production, struggles over the identification, the possession and valuation of material assets so that they become tradeable commodities and the impact of capital accumulation logics in market relations. Such patterns in the structure can be seen as a macro-structure of society’s organization that poses limits on the meso-projects and micro-solutions of groups and individuals that live and reproduce within this community (see Bieler/Morton 2001, p.26).²⁸ Taken to the societal level, this complex economic reproduction logic limits the extent to which the relations of production and the distribution of goods can be changed without causing a greater amount of friction in the sense of slowing and possibly inhibiting

²⁸ A similar view developed for the discussion of states and intentional political action is that of *meta-governance* as first developed by Nicos Poulantzas and now used by Bob Jessop (2005, p.38). It refers to a pre-structuring of the field of possible action and will be discussed in more detail in part III.

“normal” processes. Today, for example, the sometimes rapid reorganization of production chains – especially their internationalization – leads to conflicts over wages, benefits and contract solutions that were established in times of nationally organized production circuits and that were integrated into public social security systems. Thus, the change of forces and relations of production directly impacts broader social relations and political solutions.

However, THM does not see modes of production as unilaterally influential systems with immalleable rules. They are “frameworks within which people interact with nature for the satisfaction of their needs” and change over time, also influenced by broader political trends (Cox 1995, p.35). Unlike some technological-structural Marxists, they see the forces of production as a *conditioning* but not determining factor of social development. “Vulgar” Marxists see a causal relationship between changes in the forces of production and all other aspects of society. These interpretations of Marx keep a similarly rigid framework of analysis as that seen in perpetual thought: here, not the individual but capital accumulation as the result of the imperative of economic growth generate certain invariable elements that reproduce and regulate themselves in a quasi-automatic process (Poulantzas 2002, p.43). In globalization discourse, these theories of economic structuralism are similar to structural realism in the sense that the overarching natural state of the world is one of capital accumulation and competition (rather than ubiquitous power struggles) and that this structure defines the behavior and interactions between classes and the relations between states. Imperialism Theory, Dependence Theory and World System Theory all explain social development as determined mainly by the tendencies of capital accumulation that drive class relations: the first focuses on the origins of expansionist capital movements in the centers of power, the second on the effects of this expansionist movement in the periphery. The third analyses the other two theories from a holistic perspective in which peripheral states may also develop power centers but the whole world system faces the structural crisis inherent to capitalism (Nölke 2003, pp.311-316). Institutions such as states are seen as instrumental in the provision of the core preconditions for capitalism: they secure private property rights and build the infrastructure that actors driven by private profit calculations would not engage in. This structural-instrumental view leaves hardly any room for intentional agency or changes of coalitions and their positions within the system with the exception of moments of severe crisis.. These moments necessarily eventuate because of the immalleable economic tendencies that bring the system to the point where no further reorganization for capital accumulation can be reached: changes in the superstructure are the result of changes in the structure (ibid. pp.316-18, pp.330-1).

Revisiting Marx and Engels, one finds various formulations for the relationship between base and superstructure. In clarifying how to interpret this relationship, Engels chose the term “ultimately determining” to describe the drivers of change:

“The ultimately determining element in history is the production and reproduction of real life. More than this neither Marx nor I have ever asserted. Hence if somebody twists this into saying that the economic element is the only determining one, he transforms that proposition into a meaningless, abstract, senseless phrase” (Engels 1890, in a letter to Joseph Bloch, Works III, p.487, here Klosko 1995, p.427).

Following this line of thinking, interpretive Marxists view the four elements of a society as having a reciprocal relationship with one another. The superstructure additionally plays a constitutive element for the relations of production. It demarcates the field of struggles, organizes the market, establishes and secures property relations and defines all forms of the societal division of labor (Poulantzas 2002, pp.68-9). The prevailing relations of production would hardly continue to persist without the organizing element of a superstructure which influences and defends how relations of production are set up.

History shows that different social orders are based on different base-superstructure configurations: feudalism, capitalism and socialism incorporate different logics of reproduction with certain fundamental rules and ideational premises such as possession rights and ownership structures or the definitions of value, prices and modes of exchange. Analyses conducted along the Marxist line of thinking therefore do not start with the individual but with the societal relations that individuals find themselves in: societies are not an aggregation of individuals but rather the sum of relations and institutions in which these individuals interact with one another and that impose a certain pattern according to which individuals must behave if they want to live within this system. Whilst conforming - or non-conforming - they also reproduce or change the existing solutions. Thus, from a processual perspective, economic arrangements are understood as aspects of broader socio-economic developments and not as phenomena of a purely economic sphere explainable using purely economic theory. In the following section I will briefly touch on some crucial *politico-economic* concepts that Marxists identified in analyzing capitalism, our currently dominant mode of reproduction.

4.3.1.1 Capital as a social relation

First and foremost it is important to note that Marx sought to write a “critique of political economy”, meaning that he did not only seek to provide alternative concepts for analysis. He did, however, hope to identify where he saw how shortcomings in theory influence what happens in reality. Marx aimed at a scientific revolution that would have both a political and

social impact (Heinrich 2005, p.9). His analysis therefore pinpoints the most distinct features of a society organized in a capitalist mode of production - those that must be in place in order to be able to speak of “capitalism” as opposed to other socio-economics systems. This historical perspective is not so much a chronological one as it is episodic: Marx observed the *complex relations* that historically and contextually demarcate a capitalist society and therefore did not base his analysis on individuals – they live in all forms of society with quite distinct patterns - but instead with the *systemic categories* particular to this form of society. The following paragraphs will discuss some of these categories. I chose the most basic ones to highlight its differences from perpetualist or adaptivist views: I will point out the ontological difference that is often lost behind the same term. Given that this chapter is only intended to support later arguments in part II and III, elaborations will be superficial and I do not get into the discussion of Marxist concepts from within the processual strand. For more nuanced debates I recommend Ben Fine and Alfred Saad-Filho’s *Marx’s Capital* (2004), a discussion of *History of Economic Thought* by E.K. Hunt (2002), the application of Marx’s concepts to the actual globalization process in David Harvey’s *The Limits to Capital* (1999) or the introduction to Marxist *Anti-Capitalism*, edited by Saad-Filho (2003).

In contrast to other theorists, Marx was not satisfied to merely identify *that* a particular item or individual showed certain characteristics. He instead hoped to determine *why* this was the case and which systemic elements support these characteristics His observations therefore began with the most basic social relations – human use of and interaction with nature to produce the goods needed for reproduction – and searched for the most basic particularity that distinguishes the observed community’s solution from others. In capitalist societies, for example, Marx found this to be the commodity character of most goods: in contrast to its predecessor, Feudalism, most production is not directed at use or consumption any more (not even by the feudal lord) but at exchange for other commodities (including money) with which to buy other commodities. Other theorists such as Adam Smith also noticed this shift towards a market system, but rather than depicting this as a systemic particularity, they granted humans the natural trait of enjoying trade. It was therefore “natural” that goods were increasingly converted into commodities and that market logic became the dominant form of societal interaction (Heinrich 2005, pp.31-2).

Following this “natural” view of commodities, every good has a certain *value* that is *incorporated in the commodity itself*. This value generates personal utility or a price in the market: value “sometimes expresses the utility of some particular object, and sometimes *the power of purchasing other goods which the possession of that object conveys*. The one may be

called “*value in use*” the other “*value in exchange*” (Smith 1937, p.28, quoted by Hunt 2002, p.54, my emphasis). This distinction is purely descriptive, though, and Marx argued that every society shows a division of labor and will generate use values and always exchange goods out of pure necessity. The interesting part of analysis is therefore to decipher different social relations that emerge in this endeavor. A historical-materialist view would analyze where and how and by whom value is created and how it is distributed and measured in a commodity-oriented society (Fine/Saad-Filho 2003, pp.15-6). Thus, he drew an analytical distinction between the two values: the use value of a good depends on its material content (its natural form), whereas its exchange value depends on the society in which it exists (its societal form): that a chair becomes a commodity is not a trait of the chair itself, but of the society in which it exists. Only in capitalist societies are nearly all goods and products determined to become commodities, to generate a return for their owner (Heinrich 2005, p.38).

Taken in reverse, everything that does not become a commodity does not have an exchange value irrespective of its use value- common goods such as air, sunlight and open spaces are examples. When scrutinizing an exchange-value oriented mode of production we see that the typical *form of wealth* in capitalist societies is the *aggregated amount of commodities* – whatever material, skill or knowledge these may contain (Heinrich 2005, p.37). Production is not directly aimed towards providing use value, which cannot be quantified, but towards generating exchange value, which can be quantified using *equivalent relationships* between objects: for one unit of A I receive two units of B, or rather: for one unit of A I receive one Euro and for two units of B I receive one Euro. This relationship, however, is not a given or physical one between goods, but rather a historically specific social relation: “in commodity society concrete labours (producing specific use values) are connected with one another through the market, or through the exchange of their products for money” (Fine/Saad-Filho 2003, p.19). Within this relationship, Marx identifies several social forms that classical or neoclassical economics brush over and that he therefore referred to as “mystified” by common theory and worldview. He did not necessarily blame anyone for intentionally creating a false consciousness, but spoke nonetheless of fetishism when referring to the structural characteristics embedded in a capitalist system that are not easily detectable and are in many cases reproduced unintentionally (Heinrich 2005, p.180). I would like to discuss the fetish of factor equivalence and that of wages equaling produced value in order to show that capital is a social relation. The next subchapter considers the importance of money and the structural tendencies of capital accumulation.

Observed on the surface and reflected in most economic theories, overall economic output depends on three equivalent contribution factors whose owners (production agents) are each entitled to receive their respective share of the generated wealth: land owners receive a rent, capital owners (money and factories) receive a profit and labor power owners receive a wage. Thus, in capitalist societies these highly distinct elements have one characteristic in common: they are a source of income for their owner. This is only the case because they have been *defined as means of acquisition*, entitling their owners to receive a share of the societal surplus generated. This definition rests on the view that every good necessarily carries a value in itself - the commodity society outlined above – and that all input factors into the production process must therefore have contributed to the wealth generated: total value produced in the society is the aggregation of the values of each production factor. Marx called this the Trinity formula of bourgeois societies in which “Monsieur le Capital” and “Madame la Terre” appear as social characters that participate in the creation of use value (Heinrich 2005, p.186). This trinity is directly related to another important fetish of capitalist society: the conflation of wage labor with labor itself and the related assumption that the wage paid equals the value contributed to society. A necessary precondition for wage labor relations, however, is the separation of the immediate producer of goods from the means of production. The control over what is produced and how it is produced lies with the owner of the means of production (material and monetary). The worker needs to sell his or her labor power – *the ability to actually produce commodities* – in order to be able to buy goods needed for survival and living. This fundamental structuration has two implications: one, workers are formally “free” to choose who to work for and under which conditions, but in a capitalist ownership structure (see the chapter on the capitalist state below) this means that the alternative is deprivation. Secondly, the work that generates commodities – goods possessing both use value and exchange value - must also *create* both forms of value. The latter is only quantified in a process of exchange, everyone producing commodities anticipates to receive a *surplus value* - the difference between the exchange values of inputs and that of the outputs of the production process - in the form of profit, otherwise the owner of the means of production would not contract workers in the first place. This means that one commodity must hold more value than it costs and if one excludes willful betrayal in the calculation of equivalents (which would eventually cause zero-sum games and would provide no explanation for overall surplus or economic growth) the only production factor that can generate surplus value is *labor power*. The costs for labor power – the wage - typically correspond to *the labor time socially necessary to produce the real wage bundle*, or the price of goods typically purchased by the

working class (Fine/Saad-Filho 2003, pp.35-7).²⁹ Thus, what is actually obtained by the workers is the value of their labor power, the input factor labor, in terms of sustenance for their person. The value created, on the other hand, is *the time exercised in return for that wage*. This is typically much longer than the time needed to produce the value of their wage. For example,, workers may have produced commodities worth the costs of their personal reproduction (quantified in their wage) after 4 hours but work another 4 hours, generating the surplus value. Thus, conflating *labor power as a means of production with a certain price* with *labor as the time-consuming process to produce use value* obscures the exploitative relations that the class of wage laborers finds itself in: “surplus value is created by the excess of labour time over the value of labour power. Therefore, labour power not only creates use values: when exercised as labour it also creates value and surplus value” (ibid. p.38). Since this surplus value stays in the possession of the owner of the produced commodities, wage relations are exploitative relations: the working class produces not only the use values it needs for its own reproduction, but also the needs of the ruling class, which often claim a far larger share. There is no arguing that such an exploitative production of surplus also existed under feudalism with feudal dues or slavery, but “the difference is that, in these last two cases the fact of exploitation is apparent while, under capitalism, exploitation in production is disguised by the freedom of exchange” (Fine/Saad-Filho 2003, p.39).

This disguise is inherent to superficial aggregate factor value theories as outlined above. These theories usually also neglect the class structure of capitalist societies. However, the labor theory of value explains why the basic interests of the group of people reproducing in wage labor relations and those in the group of people owning means of production are necessarily juxtaposed. After all, the profit generated provides not only the basis for the personal welfare of the owner but also money that can be reinvested so that future profits are secured even under the highly competitive situations that individual capitalists often find themselves in.³⁰ Further, capitalists acting in markets do not know for sure which price their commodities will generate. This only becomes visible in the actual act of exchange, which is influenced by many situation-specific parameters such as demand, purchasing power, etc. Thus, they have the interest to keep their investment or the costs of production as low as possible, preferably lower than the average in a given society. Herein lies the origin of wage struggles. Additionally, owners of means of production only employ or invest in these

²⁹ Today's discussions of minimum wages or social welfare are all based on calculations of what amount of money one person needs to survive in the given society.

³⁰ The class concept in the sense of classification need not be reduced to the two classes that Marx distinguished and that determinist and structural Marxists often adhere to. This juxtaposition is of fundamental importance for a capitalist society, but is not exhaustive: social relations create many classifications, as will be discussed later.

because they expect the margin between invested capital and realized surplus (exchange value) to be satisfactory, otherwise they would spend their money for immediate consumption.

Thus, the term and concept “capital” from a Marxist perspective does not refer to a material asset or skill that embodies any type of use value that some other market participant would pay an equivalent price for (substantive value theory). Instead, “capital” subsumes *any factor of production or commodity that is employed in an exchange process with the goal to generate surplus value*. “Each of these is capital only in so far as it contributes directly towards the expansion of the advanced value. As such it functions as capital, as well as performing its specific task as means of payment, depository of exchange value or means of production” (Fine/Saad-Filho 2003, p.35). This is why Marx claimed that capital has a self-expanding drive or value – even if the realization of this goal depends in every individual case on the act and its participants.

The last point indicates why he also stated that capital is a social relation and that the substantive value theory is another fetish: it objectifies particular historical relations between humans that struggle over the terms of collective reproduction. As a result, a historically specific mode of production based on wage-labor relations and individual property regulations appears to represent the general process of economic production (the trinity): *material preconditions of production* (labor, means of production and land) appear identical to their *particular social forms* of wage labor, capital and realty under capitalism. However, “factors of production have existed in all societies. The same cannot be said of profits, wages, rents or even prices, which are comparatively new historically speaking” (Fine/Saad-Filho 2003, p.39). This mystification reinforces the reproduction of this particular solution, especially as it works behind most individuals’ backs: “For both capitalists and workers, it appears that external powers exert this control, and not the social relations of production and their effects peculiar to capitalism” (ibid, p.26). As a result, a particular socio-economic solution becomes “normal”. In addition, such fetishism disguises the actual human living conditions within a capitalist market system. Typical relations of this kind are impersonal, lacking knowledge of how a certain product or service have been produced: labor power is exchanged for a wage, land provided for a rent, and raw materials, animals or machines delivered for a price. Social relationships appear as relationships between things, especially with money as the one single abstract denominator expressing the value of all “production factors” in the form of prices. In such relations, everyone wishing to be entitled to receive revenue from societal wealth generation must successfully claim to generate value worth a price or payment – a point that

feminism makes with regard to all of the unpaid labor performed in households. Karl Polanyi in his famous *The Great Transformation* (1957) discussed the societal effect of wide-reaching commodification of humans, nature, goods and services that are exchanged in a market system guided by price signals:

“Ultimately, that is why the control of the economic system by the market is of overwhelming consequences to the whole organization of society: it means no less than the running of society as an adjunct of the market. Instead of the economy being embedded in social relations, social relations are embedded in the economic system” (ibid, 1947, p.57).

The satisfying of needs has become a by-product of generating exchange value. The self-expanding value of capital and the competition between its individual owners contribute to the expansion of this mode of production.

4.3.1.2 *The regime of capital accumulation*

Marx developed his value theory in order to explain structurations particular to a commodity society, structurations that have a material effect on how individuals can reproduce irrespective of what they may think of it. Thus, his research question was a very different one from that of classical or neoclassical scholars: the latter focused on one single act of exchange and sought to explain this exchange relation through the substantive theory of value. To explain society, the observations of the single act are aggregated - the research design of methodological individualism. Marx, on the other hand, observed the single exchange relation as one manifestation of a particular societal system that reproduces itself through a particular pattern. His analysis begins with a society that jointly organizes its reproduction and analyses the behavior, tasks and labor of every person as integral step of the reproduction of society. In the case of capitalism, societal value is created through a system of private exchanges. The binding *form* that guides single producers, references various products and determines the proportional division of labor in this market system is the *exchange value* (Heinrich 2005, pp.44-5). Thus, the relational value theory explains how single private acts become integral parts of the overall societal generation of welfare and how certain patterns, trends and tendencies emerge.

As pointed out above, exchange value is quantified through equivalents. Since complex exchange relations make it difficult or even impossible to maintain barter trade, a general equivalent form became necessary: money, or rather price as a general expression of the value of a commodity. In contrast to substantial value theories that see value as an integral characteristic of a good (pre-monetary value theories), Marx stresses that single commodities

and values could not be related in a complex market system *without a general value form that the money form delivers* (monetary value theory) (Heinrich 2005, p.62). Once more we find the distinction between *a social form of money that is dependent on human decisions* and the observed functions of money as a materialized commodity. Only through “normalization” processes has the general equivalent form been conflated with a specific material form – first gold or silver and now paper, copper or numbers in a bank account – to become a commodity itself.

Marx distinguishes three functions of money: 1. Its function as a universal measure and expression of exchange value through the price (price as an expression in valuation negotiations); 2. Its functions as an exchange medium in circulation processes of commodities (one use value is transformed into another use value through the act of exchange by individuals – the metamorphosis of commodities typical in consumption); 3. Its functions as a materially existent expression of wealth, the unity of value measure and a circulation medium (money as a “value object” can be hoarded for purchases in the future, invested to generate more profit or be used in the world market) (Heinrich 2005, pp.63-67).

Of importance to Marx was to show that the third function – capital - is dependent on the existence of a commodity society guided by the law of exchange value that is expressed in this general equivalent medium. Money in this third form is the most remarkable example of an objectification of value: while all other commodities have the double character of use value and exchange value, the “value object” money in its material form does not have any use value at all. It is the simple promise of access to any equivalent use value at any time. Still, the universal social form of value, an abstract expression for the diverse use values that many goods in a society have, has materialized as a form of financial capital that becomes a commodity on the same level of exchange as the things whose value it should symbolize. Marx illustrated this socially constructed “craziness” by showing that this would equal a world in which the general genus of “the animal” would suddenly come to life and interact with the lions, tigers, rabbits and all other creatures that this general expression had been created to subsume: money as “value object,” as capital, is the incarnation of an abstract concept (MEGA II.5, S.37, here Heinrich 2005, p.76).

However, through this incarnation, money as capital and its promise to transform itself into any use value at any time means that it has become the most universally applicable and therefore desirable commodity of all. It can either be traded for consumption goods, meaning it is *spent* (this is what most workers have to do), or it can become capital, meaning it is *applied* in a process that foresees the creation of surplus value from which the capitalist

receives a share (this is only done by those who possess more money than they need for their personal reproduction). The latter choice is the typical one for the capitalist class and maintains the relations of production described above. A typical exchange in capitalist societies therefore does not start with a particular good that is sold for money in order to buy another good but rather with money being invested in order to obtain more money. This goal of *capital accumulation is the central structural driver* in commodity production and exchange value relations. The only aim of such an economic endeavor is to increase the advanced value. Simple commodity circulation (money being the medium between two commodities enabling the consumption of a certain use value) aims at the qualitative satisfaction of a particular need and is completed once this is achieved. But what Marx called the "circuit of capital" involves both circulation (exchange) *and* production spheres (the latter as the origin of new surplus value) and is characterized by the accumulation of numerical indicators of value (prices and money wealth). The accumulation of this abstracted numerical wealth does not have a limit or an end: why should 10% increase be sufficient if 30% are possible? (Heinrich 2005, p.84).

Thus, money capital is advanced in order to purchase commodity inputs - labor power, means of production and raw materials – so that the surplus value is realized as profit after the production process. This profit, however, only materializes *if the product sells for a price that is higher than the aggregated costs of the inputs*; the return for the input factor capital directly depends on the margin between the advanced money up front and the generated price. Competition in market relations is likely to create a squeeze in profits once a large enough supply of a certain use value has been generated and demand drops, or if a reorganization of the production process allows for one capitalist to produce the same use value with lower input costs, allowing for a lower market price (comparative advantage). However, a sufficient profit is essential in order to guarantee the reproduction of the capital owner and that of the commodity producing enterprise, perpetuating the continuous search for further possibilities to counter the threat of being pushed out of the exchange circuit: "Competition causes accumulation, accumulation creates competition" (Fine/Saad-Filho 2003, p.86).

Sources of accumulation are either the reinvestment of profit in order to amass capital over time (concentration of capital) or the gathering of existing resources of capitalist production through borrowing and merging (capital centralization). The latter has become a very quick option thanks to highly developed credit mechanisms and stock markets (Fine/Saad-Filho 2003, p.86). The amassment through the circuit of capital, however, is threatened by intra-sectoral competition (between producers of the same or similar use value) and inter-sectoral

competition (between producers in different branches). Intra-sectoral competition explains the origin of wage struggles and technical changes that lead to the differentiation of the profit rate for capitalists producing similar goods and causes crises of disproportion and overproduction.

“When competing against other capitals producing identical commodities, firms can be certain of obtaining average profits (or being able to defend their market share and avoid bankruptcy) only by attempting to become more efficient than the other firms producing the same commodity – that is, unit cost reduction. This requires ruthless discipline and extensive control over the labour process, mechanization and the continuous introduction of more productive technologies, machines and labour processes, and economies of scale (cost minimization by large-scale production, reducing average fix cost)” (Fine/Saad-Filho 2003, pp.83-4).

This situation of competitive accumulation usually benefits the larger capital owners that are better able to invest larger sums, can diversify production processes more extensively and can more easily enter new markets. The growing size and market power of transnational corporations is a good example for this phenomenon.

Inter-sectoral competition does not so much lead to the transformation of production processes and technologies as it encourages capital owners to invest in other, presumably more profitable sectors after demand shifts, because of new product developments or as a short-term repositioning of assets in stock markets. This tendentially increases supply in the more profitable branches and thereby reduces excess profits, equalizing rates of profit and wages (Fine/Saad-Filho 2003, pp.85-6). Marx felt the first form of competition to be more important as it has more impact on the production process and, in turn, the generation of surplus value. Overall capital accumulation is the outcome of the interaction between the two types of competition - a capitalist's ability to compete is clearly limited by the potential to accumulate. Thus, in a market system, “capital as a self-expanding value exists in rival and separate units and this mode of existence triggers competition, which is fought by accumulation. The need to accumulate is felt by each individual capitalist as an external coercive force. Accumulate or die: there are few exceptions” (ibid, p.87).

As competition is never a smooth process, these movements can lead to instability and economic crises on the systemic level. In addition, commodity production does not necessarily provide the producer's community with use value, as it is primarily aimed at *social use values of other market participants* unknown to the producer. The anticipation of making a profit (even when not guaranteed) and price signals from the market guide investment decision, not the direct expression of human need or demand. Here we find not only the main reasons for frequent overproduction in capitalist markets but also the origin of

qualitative ignorance towards what is produced in the first place: as long as it generates a price, a product has contributed to social welfare. This can lead to situations in which, for example, major food producers in countries overrun with famine happily accumulate capital through exports to markets with higher purchasing powers. If we compare the growth rate in trade with the growth rate in production today, we observe that the percentage of what is produced globally is traded across borders rather than consumed within a country is quickly growing (Robinson 2004, p.27). In its most perverse effect, exchange value logic even calls for these exports to be destroyed in wealthy countries if they threaten to impact the price level of food commodities in those markets. The European Union and the United States are frequent perpetrators of this maneuver.

These elaborations have shown why system-critical economists reject the market equilibrium assumptions of neoclassical theory in which methodological individualism claims that every supply will generate its demand once the price reflects the individual level of utility. Similarly rejected is the popular myth that the purpose of production is consumption and that production and exchange harmoniously interact to generate the overall demand of goods in a society. Unlike the neoclassical free trade theory, the Marxist political economy integrates the sphere of exchange with the sphere of production when analyzing drivers of economic globalization. From this perspective,

“[T]he analysis of globalization must begin with the internationalization of production.

The internationalizing process results when capital considers the productive resources of the world as a whole and locates elements of complex globalized production systems at points of greatest cost advantage. The critical factor is information on how to combine most profitably components in the production process” (Cox 1991/1996, p.192).

This does not mean that a certain division of labor and exchange of products is demonized by Marxist scholars. Quite on the contrary, some argue that Marx envisioned an even more detailed division of tasks so that the organization of societal cooperation itself would become self-determined (Demirovic 1997, p.199). Important to system critics is to expose the experienced reality of humans living in a certain type of economy: the entire process of socio-economic reproduction (including definitions of who may exercise control over others and by which means) affects how humans appreciate their existence and collaboration with one another. It has been shown in these chapters that capitalism generates social relations that are expressed and appear, in part, as relationships between objects, mediated by and developed according to price signals. The capitalist market structure exhibits the imperatives “of competition, accumulation, profit maximization, and increasing labor productivity” that continually drive the transformation of societies (Wood 1994, p.4). The resulting tendency is

for more and more use values to be identified as tradable goods and transformed into privately owned commodities. Meanwhile, increasing numbers of individuals lose the productive means of subsistence (Marx called this process primitive accumulation) and start selling their labor power in a labor markets in order to earn a wage that allows them to purchase commodities: “Material life and social reproduction in capitalism are universally mediated by the market, so that all individuals must in one way or another enter into market relations in order to gain access to the means of life” (Wood 1994, p.2). However,

“while from a technical point of view capitalism can be self-reliant for raw materials, it always and necessarily depends on the social reproduction of labour power from outside the pure system of production. This entails the use of political, ideological and legal as well as economic power” (Fine/Saad-Filho 2003, p.58).

4.3.2 *The superstructure of reproduction*

The Marxist scrutiny of social relations under capitalist production has shown that these are exploitative in character and that the interests of capitalists and wage laborers are necessarily juxtaposed. This means that in order for a particular accumulation regime (a society or at least a community) to reproduce itself, *regulation* is needed to ensure that the social forms on which the economy rests are maintained and accepted – or at least obeyed. “Regulation” means that the contradictory interests of social groups and classes are molded, channeled and connected or integrated with one another so that two goals are met: the cohesion of the society and social conformity with the structurations of capital accumulation in this particular regime (Hirsch 2002, p.56). Thus, regulating institutions like the state support a smooth production process and are therefore not separated from economic activity but rather constitutively intertwined with the relations of production. Markets are not technical automatism but instead a composition of social relations and human decisions. States do not occasionally “intervene” from the outside but continuously create, maintain and change *the preconditions for the smooth functioning of the markets*. Thus, every mode of production is a composition of economic, political and ideational definitions that demarcate boundaries, spaces and behaviors in the process of societal reproduction and change through interaction over time (Poulantzas 2002, p.46).

For the analysis of a particular institution, this means that this body should not be perceived as an entity with clear fixed boundaries and a determined structure. It is more telling to look at their *function*: “Institutions are created through purposeful action by powerful actors, i.e. to serve a purpose, to fulfill a function” and their ontological status depends on their performance or success in securing certain desired outcomes (Ougaard 2004, p.99; also see

Campbell 1998, p.12). “Functional” here is not reduced to a causal or instrumental understanding like in perpetual thought, but instead resembles “necessity”: some rules and norms are needed to implement and maintain the particular organization of societies. This does not indicate an absence of domination and/or oppression, however: if the relations of production are exploitative in character, this means that the reproduction of this system with the help of the state equates to keeping the disadvantaged classes in their position. The system of capital accumulation necessitates the separation of laborers from their means of production so that a market of “free” labor power provides input factors that can be bought for a smaller exchange value than they were foreseen to create. This means that the capitalist system is also in need of specific regulations of ownership – land, means of production and massive amounts of capital are not necessarily possessed by private individuals, nor are they necessarily kept within a certain class through inheritance. The splitting of the means of production – a process Marx called “primitive accumulation” - has often been and usually still is a very compulsory act. The emergence of capitalism in England was deeply devastating for a broad sector of the population. Even today there is often no real choice when land is “needed” for economic use – the difference being that compensation is paid for the land taken away. Additionally, accepting to work under terms defined by a factory owner or by a machine is seldom a matter of free conscious choice but rather of necessity in order to gain purchasing power. This necessity is upheld by the regulation of private property defended by the capitalist state. On the other hand, the capitalist state also creates regulations to prevent the excessive exploitation of labor power and other necessary resources of production. The welfare state can be viewed as the result of the uprising against the deadly work conditions that prevailed during early times of industrialization. Ever since then, the struggle between the classes and interests that are privileged and the classes and interests that are exploited has influenced the development of capitalist societies. Through tradition, habit and education, a commodity society with its particular social relations now appears normal or unavoidable - the fetishism Marx speaks of - with its structural tendencies having a clearly noticeable material impact on nonconformists. For Marx the bourgeois state was thus inseparably connected with the capitalist economic order and with the liberal worldview. Irrespective of where one begins his or her analysis, the discussion of one element of this overall system necessarily leads into the others (Klosko 1995, p.430). Historically and contextually specific political solutions do show patterns or “trends” that co-evolve with the structural tendencies described above. In the following subchapters I would like to further discuss the typical characteristics of a capitalist state as an institution before zooming in on its democratic image.

4.3.2.1 *The capitalist state*

Generally, superstructural rules and interventions cannot promote nor counter dominant socio-economic tendencies and powerful interests too severely if societal reproduction is to continue smoothly. An excess of social conflict or the overexploitation of forces of production would threaten the persistence of society. Societal cohesion requires that regulations accommodate friction between contradictory interests and competing collective wills so that reproductive logic is maintained. Political institutions are not good or bad in and of themselves; they exist to contribute to socially defined ends: they are functional in or necessary for the reproduction of a certain order. Marx himself had a very instrumental view on the state, seeing it as a “committee for managing the common affairs of the whole bourgeoisie” (Works, I, pp.11-111, here Klosko 1995, p.431). In contrast to the liberal thinkers at that time, he saw the state not as beneficial to *all* people but as insulating a minority’s privileges against infiltration from the majority. As a consequence, he would predict the abolishment of the state once the communist “solution” of self-determination of all people were successfully established – the state would “wither away”.

However, Marx did not turn his full attention to the analysis of the state; he had only planned to write about it, his most important goal being to once again target dominant theories: these liberal theories understand political institutions as separate from their socio-economic context – yet another fetish from Marx’s perspective. Hoping to further elucidate social relations, Marx looked at the specific social forms through which different classes relate to one another within a capitalist nation state in contrast to other collectives. In pre-bourgeois societies, economic and political dominance were not separated: feudal land owners or slave holders directly disciplined their farmers, laborers or slaves and visibly took their produced goods away using physical force if necessary. Under capitalism, political dominance and the application of physical force are executed by third agents - states- that are officially designed to be mediators between all citizens’ interests. Within the commodity market and in the eyes of the law, all citizens are formally free and equal and interact through the exchange of equivalents (Heinrich 2005, pp.203-07).

As a consequence, exploited workers voluntarily agree to be exploited, but only because they have no other choice.. Thus, enforcing subordination using direct force is no longer necessary *as long as the state guarantees that all members of its society behave as private property owners*. Once a first generation of wage laborers has been (forcefully) created, the state continues to defend *every person’s property in the same manner*. This institutionalizes and

reproduces the class division between capitalists that are entitled to the revenue that their advanced money generates and those whose protected property never expands beyond what they need for their own consumption (Heinrich 2005, pp.208-9). Additionally, as everyone losing his or her money capital automatically falls into a reserve army of labor power that forms the basis of greater surplus value, the *total* capital accumulation of the society is secured even in crises where individual capital owner go bankrupt. Thus, the bourgeois form of regulation matches the capitalist form of accumulation: clearly defined groups of people - clans, aristocratic families, kingdoms – are replaced by a political body of individuals and juridical-political persons as free subjects that can move or be moved within the overall system of capitalist reproduction. The capitalist state develops an atomization of its members and at the same time that represents the unity of this society. The people – or the “nation” – form a community of formally equal monads that fulfill different roles in the organization of this community’s capitalist development (Poulantzas 2002, pp.90-1). To some extent similar to the binding function of money as a general expression of value, the state has the binding function of relating the manifold interests within this community to one another. Through objectified regulation that does not consider biological individuals or single personalities but instead bearers of equal rights (Marx’s *citoyen*), diverse interests can be integrated into an anonymous organization with continual, homogeneous, linear connections: the market of democracy. This individualization provides the grounds for “open classes”, meaning that every person can theoretically take on another position within the societal whole. As a consequence, the function or mandate of the state is to distribute individual agents into different classes so that societal cohesion and capitalist reproduction are ensured. The availability of labor power in good condition is the precondition for capital accumulation and a state that trains individuals and subdues them so that they can fill the “openings” in the reproduction process that emerge over time. Here, institutions like schools military, prisons, etc. play significant roles (ibid. 2002, p.103). On the other hand, regulation in favor of fewer work hours or safer working conditions, direct support in times of sickness, help after accidents and in cases of devastating poverty are also provided or at least ensured by the state. Infrastructure, support of basic research, higher education and transport are usually state-sponsored because these elements are fundamental for overall wealth generation but seldom attract individual capitalists, as these services often lack a promise of private profits. Only recently have rising living standards translated into profit promises for such public services and we observe them becoming increasingly privatized and commodified, often with the effect that they are no longer accessible for everyone. Other fundamental structurations of

capitalist reproduction include the creation and guarantee of the money form – coins, bills, now digital numbers on plastic cards or screens – that were installed by state banks.

Overall, Marx and Engels – and later historical materialist state theorists - saw the bourgeois state as acting as the “ideal general capitalist” whose politics pursue the general capitalist interest, meaning a profitable accumulation process (Heinrich 2005, p.211). This general interest is not always identical to the particular interests of single capitalists and may conflict with those of some fractions and sectors of capital that compete with each other. Thus, in order to pursue this general interest of securing the prerequisites for capital accumulation and in order to treat everyone as formally equal, the state has to develop a partial autonomy, shielded by the monopoly of force. This monopoly of force, however, is not a necessary characteristic of every state, as liberal theorists and most prominently Max Weber would suggest. It is capitalist relations that influence the emergence of this form of state, while certain state rules and regulations allow for the capitalist logic to develop. The commodification of nature or services, for example, requires a process of identification and institutional fixation in order to “explain” that a particular item or skill should now be treated as a tradable good and that it can be privately possessed. . Further, in light of the institutionalized class conflict between capital and labor and the structural tendency of capitalism to generate wealth centralization, even a forceful protection of property against sabotage, betrayal and plunder will become necessary (Gill/Law, here Gill 2003, p.97).

This is not to say that laws are unilaterally installed by the government; they are in fact the outcomes of struggles between organized groups that aim to protect their interests through rules and laws. From this perspective, the typical dichotomy between chaos or jungle and law and order (positivist law assumptions prevalent in perpetual and adaptivist thought) does not hold: laws are integral parts of repressive orders and of the organized coercion executed by the capitalist state. They are the codex of organized public force, meaning they grant and protect rights but *according to a very particular definition of what and who deserves which kind of protection* (Poulantzas 2002, p.104-5). The state becomes an institutional center in which the compromises between different interests are institutionally protected, become binding for every individual recognized as a subject of this law and are defended, even by force if need be. Here we begin to explore the close relationship between consensus and force in democratic political leadership. I will briefly touch on this concept again below and come back to discuss the processes of institutionalization and legalization more extensively in part III.

It has been discussed that the concrete form of a state is determined by the relation between

“state” and “society” and that these continually change in line with the preconditions of regulation. There is no “economic” realm independent from the “public” realm or the state: accumulation and regulation both entail and secret social practices and dynamics that are internally related; they form a contradictory entity.

Nicos Poulantzas, one of the most renowned processual state theorists, developed a theory of the institutions called “states” that captures the capitalist particularities discussed above in abstract concepts that can be applied to other state bodies as well. In contrast to other political institutions such as parties, for example, it is pointed out that the state has the *particular function or mandate to rule over the entire society* in order to guarantee its persistence. In this capacity it becomes the central go-to point for all community members to express their concerns. More specifically, Poulantzas divided the overall mandate of this paramount legislator into a *social* and a *political* component. Regulations that accommodate friction between contradictory interests and competing collective wills are necessary for societal cohesion. At the same time, regulations should not threaten the underlying power distribution or economic structures that were and are fundamental for political organization. If capitalism is to be maintained, the state must prevent the devastating exploitation of humans and nature for both social and political reasons. The disruption of the organizational logic due of strikes or diminishing natural resources threatens smooth capital accumulation and thereby the continuity of social reproduction (here Ougaard 2004, p.104). Social and political functions are therefore inseparable and become a balancing act: “If society is reproduced, so are the relations of power within society, whereas relations of power cannot be reproduced if not society persists” (Ougaard 2004, p.105; also Tsoukalas 2004, p.176; Joseph 2002, p.89).

The state as an agent with the mandate to secure persistence develops a *relative autonomy* from society, meaning that it is not independent but internally related³¹ to its citizens. It not only enforces compliance with its rules but is also a *common referent* for all social groups that view their interests or wellbeing as threatened. Strategically targeting certain ministries, for example, may allow “the dominated classes to build up centres of resistance within the relatively independent apparatuses of the state itself” (Joseph 2002, p.89). Additionally, coalitions and political interests may change in light of concrete historical changes of individual living-conditions. This influences the degree of relative autonomy that states have

³¹ “An *internal relation* is one in which each part is constituted in its relation to the other, so that one cannot exist without the other and only has meaning when seen within the relations, whereas an external relation is one in which each part has an existence independent of its relation to the other (Ollman 1976)” (Robinson 2004, p.96, emphasis in original)

from these particular groups. This is the reason why Poulantzas claims that class interests should not be perceived as purely economic but instead as clearly political: states promote capitalist programs not because they are controlled and used by the capitalist class but *because of the essential function that this mode of production has for this social order and its inherent social relations* (here Joseph 2002, p.89). In this way, state programs do represent currently dominant interests, but not because they are mere instruments of elites.

4.3.2.2 *The democratic image*

It is important to once again point out that processual scholars clearly uphold the agential moment in their materialist approaches. Capitalism did not emerge out of the blue but was rather installed by consciously acting individuals. Further, the reproduction of a stable social order in huge communities such as nation states cannot be based on direct control. Processual scholars therefore point out that *political forms* cannot be fully understood without recognizing their *socio-economic and cultural context*. Political struggles integrate economic interests and ideological convictions with the goal of promoting an acceptable program or organizational solution. Marx stated that consciousness is not independent of history. Philosophy or the *Zeitgeist* is always the philosophy of particular people and reflects their experience of “reality”:

“Morality, religion, metaphysics, all the rest of ideology and their corresponding forms of consciousness thus no longer retain the semblance of independence. They have no history, no development; but men, developing their material production and their material intercourse, alter, along with this their real existence, their thinking and the products of their thinking. Life is not determined by consciousness, but consciousness by life”
(German Ideology, pp.14-15, here Klosko 1995, p.424)

The aforementioned process of individualization in the production relations, for example, was connected to the Enlightenment and also, as Kees van der Pijl (2006) discusses, to the Reformation. Protestant Christianity also supported the processes of individualization and secularization. The idea of an unmediated covenant with God makes religion and the values it promotes (often explicitly non-individualist) personal and *private*, just as privately owned items, religious beliefs should be kept separate from the *public* rules of conduct as defined and defended by the centralized authority of a nation state (ibid, p.3). Continuously, the philosophical concept of the individual with its struggle for freedom and equality became an abstract concept of humans-in-general that was employed in all disciplines of reasoning and informed political recommendations (ibid). While economists focused on the numerical gains over extended markets and an efficient division of labor, enlightenment philosophy

propagated the potential for peaceful human coexistence once individuals learn to understand their own impact on social development and how to control this more independently. This liberal worldview conceptualizes individuals as autonomous units, a theory which matches their roles as either input factors for capitalist production or as sovereign consumers with equal influence in market relations. The “natural” traits of “representative agents” and technological causalities determine how social relations need to be organized if the best possible economic output or highest personal utility is to be achieved. For Hobbes and Locke, governments represented leviathans necessary for avoiding permanent war or contracts between equal citizens. Adam Smith, David Ricardo and Jeremy Bentham demonstrated that market competition is the most just and efficient tool for coordinating progress between greedy individuals and that general wellbeing is a matter of maximized individual utility (Murphy 1994, pp.15-16; also Golding 1992, pp.6-7, for a more nuanced discussion of the History of Economic Thought see Hunt 2002).

These mental maps aided in the emergence of a necessary level of societal acknowledgement of regulation so that “voluntary” conformity - be it the result of active support or passive acceptance - prevails. The separation of the state from civil society and the creation of a third party that ruled in cases of conflict in private exchange relations helped the development and maintenance of this consensus. The state became a neutral, formally autonomous agent with the mandate to protect the general interest. It can therefore legitimately demand certain sacrifices from single groups of actors as long as these serve the common good. The acceptance of capitalist regulation was best achieved through political participation in the form of a representative democracy. A representative democracy provides a system that integrates the formal equality of all citizens as political actors with the essential inequality between citizens as economic actors. A significant layer of civil society organizations additionally integrates and systematizes the manifold interests of single actors in a capitalist society (Hirsch 2002, p.59). The importance of a civil society will be discussed at length in part III; here it is important that processual scholars see civil society not as distinct from the state but as a part of the “integrated state”. Many processes of interest promotion, discussion of political proposals and the formation of groups around certain initiatives take place in the media, through political parties and other organs serving the formulation of political opinions. Another very important mechanism is of course the right to vote for a representative of one’s choosing. Irrespective of the informal “weight” of classes in the control of economic development or the differences between groups concerning the resources available to promote interests, the liberal concern with *input legitimacy* – everyone having the same right to vote –

allows the democratic market to appear as a level playing field: the free choice of a job or product is equal to the free choice of interest representation. This not only legitimizes the political programs developed by the “chosen” representatives, it also channels the criticism and support of particular developments so that it targets individual persons – this time politicians – rather than the overall socio-economic system. These politicians, however, are now responsible for the general interest of a capitalist society – meaning that their choices are limited by the structural constraints particular to this society. Their proposals not only have to appear achievable and adaptable to the status quo, they are also constrained by material considerations regarding the maintenance of the entire state program. A government’s financial resources depend very much on the level of tax income with this level in turn dependent on economic performance: the material situation of the capitalist state directly depends on capital accumulation (Heinrich 2005, pp.215-17). Meanwhile, the maintenance of legislative periods and elections increase the resilience of the capitalist order: individuals can easily be made responsible and replaced without any significant impact on the system as a whole. Gramsci called this particularity of democratic nation states the “function of the crown”; the concept is discussed in more detail in part III.

As pointed out above, representative democracy as a political form corresponds with capitalist reproduction processes in its focus on individual rights. This focus is combined with the image of defending a *general societal interest*. Most liberal scholars interpret this goal of democratic governance without considering the socio-economic content of the “general interest”. Since a capitalist community is geared towards the accumulation of capital in terms of exchange value, the general interest or overall well-being of such a community is best served through a state agent that behaves as a “general capitalist” (Heinrich 2005, p.217). It is therefore very likely that economic crises coincide with or cause political crises. The resulting struggles for solutions bring the agential moment of negotiations and conscious decision-making to the forefront and end with a renewed compromise on how to organize the community. Thus, political form cannot be understood without the socio-economic content it is related to; both markets and states form their core social relations. Of importance in Marx’s analyses was the detection of the *social form behind certain materialist appearances and their explications in theory*. He encouraged reconnecting apparent “scientific facts” with the living reality of all members of a certain community and how a certain way of theorizing impacts the view humans hold of themselves and others.

To conclude this chapter, I would like to summarize the currently dominant social order and

the hegemonic theory accompanying it: we live amongst relations of possessive individualism under a law-based political system that distinguishes between a ‘private’ civil society and a ‘public’ political society, the state. While public regulation is concerned with the definition and protection of individual rights, decisions dubbed private – including the control over production processes and the contracting of workers – are left to individual choice. Political struggles often concern the boundaries of the private realm and where political protection should interfere with “market steered” development. Similarly, current economic globalization is also driven by technological innovations, profit calculations, particular worldviews and politics, overall impacting the sovereignty of nation state decision-making. National economies have become significantly integrated and world market forces are highly influential in possible accumulation strategies. Yet, the globalization of production relations requires governmental action as a means of enforcing needed changes in social structurations (Radice 2004, p.169). The definition of what this “governmental action” should entail has changed immensely over the last decades. In the 1970s and 1980s, neoclassical economists notably claimed that government should leave economies entirely to the market rule. As processual scholars point out, however, the process of so-called “deregulation” could not come about without state intervention to change existing regulation. The actual outcome, therefore, is a *re-regulation* in which policies and also state organs change to promote and meet the needs of a globally integrated capitalist economy. The neoliberal shift was paralleled by an expansion of “a language, a literature, a legal culture privileging property and contract, a political culture centering on the idea of an innate right to resist the state and a shared belief in the universal validity of these against others” (van der Pijl 2006, p.5). As critics remind free-market propagators, developments toward complex interdependence rely significantly on the political opening of developing countries’ economies to foreign investment and the conditional establishment of political structures suiting transnational capital accumulation (Crotty/Epstein 2004, p.92). This is seldom a conscious act of aggression but shows how the fetishism discussed above is still very much alive: “It was thought – in perhaps the most egregious of bourgeois modernism’s faith in progress through quantity – that with the release of the constraint on demand growth could be endless (and that planetary ecology could take care of itself)” (Albo 2004, p.118).

These are, of course, very rough descriptions and are only meant to exemplify the integrated

Marxist approach to PE.³² Part I seeks to provide a general comparison of worldviews and I hope to have pointed out some of the most basic differences. When it comes down to it, the system-critical paradigm is the only one which stresses the current globalization process as an intrinsically *capitalist* process: “In the context of globalization, it makes no sense to analyze the state in abstraction from capitalism, because the concrete conditions and events that confront states at present arise from economic and social processes organized along capitalist lines” (Radice 2004, p.163). Its essential characteristics are a worldwide *decentralization*, the fragmentation of production processes, their functional integration across national borders and the increasing *centralization* of command and control over global resources and the assets of the global economy under transnational capital ownership.³³ Market relations driven by exchange value are continually expanded upon and protected by regulations securing the private possession of commodities whilst granting every individual person formal political equality. When studying such transformations, Marxist scholars distinguish between the material transformation of the economic conditions of production and the legal, political, religious, artistic or philosophical forms in which humans perceive and negotiate how to react to them.

As a result, processual thought explicitly depicts social reproduction processes as selective and seeks to demonstrate that other solutions have and still do exist. Similarly, materialist or philosophical realist approaches criticize ideational voluntarism and transcendence: ideas are not born suspended in midair but as a reflection on observations and experiences. Their implementation is very much dependent on existing structurations, both in terms of perceived legitimacy and adaptability. Therefore, as Gramsci summarizes,

“[T]he ‘critique’ of political economy starts from the concept of the historical character of the ‘determined market’ and of its ‘automatism,’ whereas pure economists conceive of these elements as ‘eternal’ and ‘natural’; the critique analyses *in a realistic way the relations of forces* determining the market, it analyses *in depth their contradictions*, evaluates the possibilities of *modification connected with the appearance and strengthening of new elements* and puts forward the ‘transitory’ and ‘replaceable’ nature of the science being criticised” (Gramsci 1971, p.410, my emphases).

³² For an in-depth discussion of the ideologies of neoliberalism see for example Saad-Filho 2003, Hunt 2002; more empirically discussed in Altvater 1993; for compilations including critical theory with global case studies consult Panitch et.al. 2004, Barrios et.al. 2003, Panitch/Leys 2004.

³³ This is qualitatively distinct from former *internationalization* processes in which a collection of national economies with rather autocentric circuits of reproduction was linked solely through the exchange of raw materials and final products. Most theories focus on the increase in these commodity flows as the indicating parameter of globalization. However, the circuit of production has been transnationalized, as well. The more input factors are of immaterial appearance, the easier they can be moved around the globe and change relations between their contributors (see Robinson 2004, pp.16-21; Panitch 2004, p.15).

4.4 Contextual-retroductive reasoning

From the processual perspective, a variety of economic, social, and political factors interact to determine the course of an observed event – hence the four ontological forces distinguished above. Individuals have the power to influence such events, though not in a voluntary way. Alongside the pattern of the relations of reproduction, a certain class or classification structure emerges and manifests itself in norms, rules, roles and laws. Struggles over the detailed development of such classifications never end, however, and cause their borders to blur. Therefore, although broader tendencies and trends in economic and political development can be identified over the course of history, they do not have the quality of universal laws. Additionally, they may be hard to trace in day-to-day events. As a consequence, processual thought reflects abstract concepts in conjunction with each case analyzed so that tendencies and trends of social development are validated and amended in the context of changing history.

Further, the intellectual process itself can be seen as a creative and practical yet open-ended and continuous affair with the goal of explaining an apparently intractable social reality. “This process is, like the process of change within a given necessity, a dialectical one, and is thus a *part* of the historical process; it does not stand outside it” (Gill 2003, p.18, emphasis in original). As discussed in the ontology chapter, ideas and therefore theories are forces in social development. Historical materialists explain metaphysics and idealist thinking as part of the social reality *that they help to constitute* by shaping social outlook and the predispositions of individuals and groups within social formations. Analytical starting points therefore are not merely existing abstract concepts but rather *concrete conditions under which human beings arrange their lives* - including all existing intersubjectively constituted social structures and ideologies. Gramsci, as did Marx, understands the *natural state* to be the creative process of socio-economic reproduction: every human collective engages with nature to secure its survival. However, this understanding of the “natural state” does not include omnipresent behavioral causalities or universal assumptions. It is natural because it is the *essence* of human existence while its observable *appearance* conceals many historically and geographically unique varieties. .

Ann Oakley (2000, pp.26-7) distinguishes the features of system-critical research from those of system-maintaining designs, some of which I review in order to draw attention to their impact on interpretation. Research *aims* are a new generation of hypotheses rather than the testing and generalizing of existing hypotheses; the *purpose* of research is more discovery

than verification; the research *stance* is more expansionist, exploratory, process-oriented, rational-intuitive and understanding than reductionist, hypothetico-decutive, outcome-oriented, purely rational or predictive; research *methods* concentrate on the observation of participants and interpretation in contrast to the modeling of variables and measuring; research *settings* are natural instead of bound to the laboratory.

Usually, processual analyses start with the detailed observation of a “contradiction” or what is called a “conjuncture” above: a mismatch between experienced reality and its explications between observed practice and theory. This view regards every historically developed social form as in fluid movement. While acknowledging the momentary existence and concrete impact of the state of things it always also searches for the negation of the existing state of things and is therefore in its essence critical and revolutionary. To Marx, new ideas do not so much defeat the old ones as they resolve conflicts or contradictions within them that became visible only later (Fine/Saad-Filho 2004, p.2). The development of thought and social relations are directly intertwined and contradictions are often not completely overcome. They drive social development and change as their proponents continue to promote them and future changes in the overall framework for action may allow them to reappear on the list of solutions.

While dialectic reasoning was first introduced by Hegel and is also central in adaptivist thought, Marx eschewed the purely conceptual reasoning behind the idealist thesis-antithesis-synthesis. He broke with the notion that only intellectual progress in the sense of a growing body of intellectual information explains the advance of social life. Marx saw Hegel as “standing on his head” when depicting reality as the outcome of an evolving system of concepts or movement towards the “Absolute Idea”. To him, the “ideal” is nothing else than the material world reflected by the human mind and translated into forms of thought. Thus, purely conceptual and linear reasoning is limited because it misses the concrete reconnection with the natural state: it is impossible to explain why the relations evolving in an analyst’s head must also hold in the real world (Fine/Saad-Filho 2004, p.5).

Further, linear thought lacks any consistent explanation as to why some ideas are normalized and guide social development while others do not. Materialists stress that ideas gain social effectiveness due to a variety of reasons that lead individuals to generate interest in supporting them. Gill therefore proposes distinguishing between logical contradictions like formal logic and mathematics and historical contradictions that result from human beings acquiring self-consciousness and the capacity to understand and act in historical situations (ibid, p.22, fn.2). Solving a contradiction does not mean then that the dismissed proposals were necessarily

wrong in a general sense; they may merely deliver less convincing interpretations under the current circumstances:

“The fact that they fall by the wayside is to be considered from the point of view of the entire development of history and of the real dialectic. That they were *worthy* of falling is not a moral judgment nor one of mental hygiene, made from an objective point of view, but a dialectical-historical judgment” (Gramsci 1971, p.449, emphasis in original).

This perspective does not reject the notion of advancement as such. It is also important to note that the background knowledge established by scientists as reliable and relevant at one point has often been dismissed, modified or reinterpreted later on (Rouse 1987, pp.37-8). Meanwhile, some dismissed concepts have also reappeared. The importance for a philosophy of practice is to eschew seeing knowledge as cumulative, objective or universal. It forms an integral part of human coexistence: “change in thinking is change in the social totality and thus has an impact on other social processes” (Gill 2003, p.22). And changes in thinking necessitate a methodology that allows new ideas to enter the interpretative realm.

4.4.1 Abductive logics

In 1867, Charles Sanders Peirce introduced abduction as another syllogism in logic. This signifies the process of inference of the best explanation in which unknown causes and reasons are derived from known effects or consequences: researchers devise new rules to explain new or surprising facts (Stangl 2007). Abduction therefore differs from deduction and induction as it is “the only logical inference which actually creates anything ‘new’, thereby allowing creativity to enter” (www.dictionnaire.com, 10.05.06). In much of social science, abduction is used for any form of puzzle-solving, even if this only entails choosing or testing known rules. Peirce, however, stressed the need for an intuitive element in research where the scientist advances a new “problematic” theory or “pre-proposition” whose logical consequences are then tested deductively. In contrast to induction, time- and context-invariant or universal inference mechanisms such as normative ideal types are rejected. While both pursue a process of generalization, inductive reasoning quantitatively expands the insight pertaining to the given conceptual frameworks. The goal is no longer to question the core assumptions of this framework, but to deliver the most nuanced picture of reality as the ideal type has defined it. This “thick empiricism” is different from abductive empiricism, in which new ideal artifacts or hypostatic abstractions are inserted into the analytical process (Stangl 2007).

Abductive generalizations include inferences from one form to another and thereby enable a renewed sorting of existing conceptual frameworks and casting of different points of view on

the situation being analyzed. By definition, then, abduction is a situational model in which actually available information is used to construct an internal reference model that represents the important elements in this context.

This idiosyncratic depiction contains empirical data as well as assumptions about causalities and is supposed to yield abstract concepts and correlations for the most frequent observations, which usually end up being an aberration from the known. Confronted with contradictions between traditional expectation and perceived happening, humans – or researchers - start to propose hypotheses specific to this event and test them until a new, sound explanation can be found (doubt-belief-scheme). Abduction is therefore the only “real synthetic” logical inference, since it not only enables contradictive or surprising cases to be explained but also creates new theories (Wirth 1995, here Stangl 2007).

However, deducing the best explanation is accompanied by a high degree of uncertainty, as researchers are usually confronted with numerous possible explanations and lack any guarantee the correct one will be picked. Therefore, abduction needs to be combined with the deductive testing of the new hypotheses – reconnecting the abstract with the concrete. The more information is available in the concrete case, the higher the likelihood of the chosen explanation being correct. However, if the correct explanation is not among the selected possibilities, not even this testing will ensure that the best possible explanation prevails. A learning process, as Peirce saw it, follows a path of generalization that combines all three logical combinations: abductive inferences produce ideal concepts, explain hypotheses or perspectives from which necessary implications are deduced and tested experimentally and whose results then allow the induction of potentially valid and likely hypotheses (Stangl 2007). Therefore, if we seek to trace the genealogy of some generalized term on which we base inductions, only this process combining all three syllogisms can deliver full answers.

4.4.2 The retroductive-tendential circle of Marx

Critical realist philosophers aim to identify and study structural correlations and generative mechanisms that underlabor and intersect with the “stratum of reality” identified so far. The core assumption is one of “ontological depth”, a multi-layered world that is more than the sum of its pieces and in which all observed phenomena have irreducible properties. “An emergence-based theory argues that reality has different layers or strata and that higher layers (e.g. the mind) presuppose lower, more fundamental levels (e.g. matter) but that higher layers cannot be reduced to lower ones“ (Joseph 2002, p.7).

As pointed out above, processual analyses often start with conjunctures. Politicized moments of conscious struggle render constellations of forces and coalitions of influence more visible. Reasoning begins with the observation of a particular puzzling situation looking to be explained. If one explication exists that is consistent with all available evidence it can be immediately accepted; if alternatives exist, these need to be evaluated and sorted; if no explication is available, a search process is started. In this search process, a minimalistic orientation prevails, meaning that the smallest model should be chosen, as contingency increases with complexity. Such constructed explications are tools applicable for the understanding of similar situations and can be used to embark on analyses on a more abstracted and hypothetical level (Stangl 2007). However, when single knowledge tools are formed into universally applied models the risk emerges of turning particular research results into general rules and structures.

Marx recognized both problems inherent in generalizations: increasing contingency by complexity and the potential reification of socially constructed phenomena. This is why he proposed that his method of dialectics start with the idiosyncratic concrete and then move to the abstract. This allows for tendencies to be defined starting with the simplest unit or causality and becoming more complex in the explications of broader systems. The analytical process starts with the simplest determination in an observed context. From the observation and reflection of this “concrete-real”, a “thought-concrete” concept is abstracted that should grasp the significance of the incident for social action and structuration. Additional assessments are introduced in order to conceptualize more complex relations and to further empirical observations undertaken to validate the abstract concepts.

The resulting analytical circle cannot be summarized in a set of universal rules and specific applications, but Marx’s “materialist dialectics should be developed in order to address each problem” individually (Fine/Saad-Filho 2004, p.5). Ben Fine and Alfredo Saad-Filho define several scientific premises that researchers should keep in mind while developing their situational model (ibid, 2004, pp.5-8, reordered for chronological purposes):

1. Social phenomena exist and can be understood only in their historical context.
2. Experienced reality is shaped by social structures, tendencies and countertendencies (which can be derived dialectically) as well as unpredictable contingencies (which cannot be so derived) and analysis and are therefore internally structured by the relationship between theory and history.
3. The focus lies on historical change and the relation of mutual determination between technology, society and history (and other factors), although the relationship is not a

linear one, as these factors are invariably influenced by the mode of social organization.

4. Theory loses its validity if pushed beyond its historical and social limits and concepts should be drawn out from the societies they are designed to address.

Joseph summarized a similar step-division for the analytical process that is more concrete and that I have amended slightly in its fifth step of empirical verification (2002, p.8):

1. The relational analysis of a concrete event in terms of key players, structures and correlations.
2. A theoretical re-description of the component causes, including concepts on different levels of abstraction.
3. Retroductions from the abstracted component events or relations to possible antecedent processes that influenced their emergence.
4. Reflection and justified exclusion of alternative causes and countertendencies.
5. Empirical testing of the identified and theoretically defined tendencies.

In order to systematize and analyze the tendencies and trends of social development, research needs to trace the connections and contradictions between abstract concepts - such as class and value, for example - and their concrete and practical presence in everyday life through wages, prices and profits. A more complex example is the “free” labor market that conceals exploitation under capitalism and a political democracy with “equal voting rights”, suggesting equality rather than continuing privilege and power (Fine/Saad-Filho 2004, p.4). Thus, historical materialist dialectics reject universal categories and also break with the predicted synthesis of the best available knowledge that the adaptive strand promotes. Instead, every contradiction leads to *four possible outcomes*: the old form prevails unchanged, a competing interpretation overtakes it, the old and the competing forms fuse into a new synthesis, or both are judged to be inappropriate and space is opened for more alternatives (Pilling 1986, p.27). As a result, “[t]heoretical progress includes the introduction of new concepts, the refinement and reproduction of the existing concepts and greater levels of concreteness and complexity, and the introduction of historical evidence in order to provide a richer and more determinate account of reality” Fine/Saad-Filho 2004, pp.7-8).

Retroductive reasoning embodies a transitive epistemology that views our knowledge of the world as changing and actively inserted into existent theories. These views form the raw material for scientific practice and the generation of new knowledge. However, there remains an intransitive realm or “excess being” that exists in a relatively enduring state independent from us. These intransitive structures, relations and processes are generative mechanisms that

influence the transitive realm of social construction and its theoretical explications, possibly in quite unexpected ways (Joseph 2002, p.4). The explicit acknowledgement of contingency and the search for contradictions also entails the questioning of fundamental hypotheses or generalizations: not all new observations can be explained within the chosen framework and some may even exceed all ideological explication presented thus far. All standards or norms are part of the intersubjectively constituted “*existing state of things*” with all of its framing effects on potential development. This is only the *dominant* interpretation of reality and the “*negation of that state*” remains an inherent element: the ideological *appearance* of reality is not equivalent with its *essence*.

Most processual scholars therefore seem to prefer the synonymous term “retroduction” instead of abduction for their methodology. It implies the notion of referring back to the origin of what the abstractions that are used now meant to explain when they were first developed. Knowledge always remains a process of change; the concrete-real and the thought-concrete are interconnected and mutually transformed to provide new interpretations of the “state of things”. Historically, each conceptual framework produces its own version of “concrete-real” and “thought concrete” dialectics with these concepts always co-existing at distinct levels of abstraction (Gill 2003, p.22). Since we only understand what *has* occurred and will never know for sure what *may* occur in the future, the goal of retroductive thinking is to identify tendencies *and to always present countertendencies* to understand the emergence of the currently accepted interpretation. David Campbell summarizes the difference between this approach and perpetual or adaptive ones: “[S]ociety does not exist independently of human activity (the error of reification). But it is not the product of it (the error of voluntarism)” (ibid, 1998, 216; quoted by Ougaard 2004, p.21).

4.5 Complex interdependence as experienced reality

“Defining orders” for processual scholars implies the attempt to theorize the tensions, contradictions and limits that may translate into structural change and trigger political agency so that new forms of world order emerge. Global politico-economic integration generates much tension and many contradictions with both immediate and long-term effects on the nature of relations between countries and regions as well as on the social relations within each country (Robinson 2004, p.23). Complex interdependence from this perspective is not simply comprised of inter-national relations, but of a network of interrelations between, across and beyond national borders.

Cox discusses the most recent global conjuncture spanning the last three decades of the 20th

century and pinpoints six crucial tendencies and trends in this context of global polity formation:

1. An *internationalization of production* processes in the global search for highest profit rates;
2. The *orientation of state policies* from national welfare to foreign creditor security;
3. The *global pattern of development* shows a Third World that functions as niche producer or natural resource resort and a Fourth World that ceased to be a potential partner but became an object of poor relief and riot control;
4. A *new international debt conjuncture* as the US becomes the major debtor in a state of global recession but is secured by the hegemonic role of the dollar as the reserve currency while debt crises in other countries are used to accelerate political changes in line with world economy interests;
5. Increased *migratory streams*, especially from South to North and from rural to urban areas and fostered by socio-economic restructurings of societies towards export-oriented mass production and low-wage policies, and a parallel “peripheralization of the core”, in which formerly secure work relations become precarious because of political pressure resting on an increasingly global “reserve army” of potential workers;
6. The aligning *ideological frame* in a neoclassical synthesis of supply-side economics and monetarism in response to the stagflation in the 1960s and 1970s (Cox 1991/1996, pp.192-7). The currently dominant trend of restructuration that emerged out of this “organic crisis” - a term Gramsci uses for a system-challenging conjuncture - shows two dimensions: a worldwide push for market liberalization and the constitution of an apt global legal and regulatory political structure. This includes the reformation of existing institutions to encourage the global integration of each national economy into new globalized circuits of production and exchange. Robinson likens this process to “the nation-building stage of early capitalism, in which an integrated national market was constructed with a single set of laws, taxes, currency, and political consolidation around a common state. Globalization is repeating this process, but on a world scale” (Robinson 2004, p.78; see also Panitch 2004, p.13).

Liberalizing and privatizing re-regulation affect the traditional notion of governmental policy space. In this context, strong bureaucratic structurations such as those in welfare states are more flexible in the face of change than less developed institutions in developing countries. Meanwhile, access to new regulatory bodies and the possession of influential forces are highly dispersed in all societies. Our current world order “is an order within a world economy with a dominant mode of production which penetrates into all countries and links

into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of the different countries” (Cox 1983/1996, p.137).

Such social classes are not static layers of social collectives, but are rather formed and reformed by concrete human interaction and conscious reflection on the situation in one’s own community. This reflection is based in the established canon of knowledge. While as many canons as communities exist the dominant worldview that supports current political initiatives is often dubbed “neoliberal”. Neoliberalism can be described as a coherent, yet heterogeneous political philosophy whose paramount promise is one of widespread (if not universal) and long-lasting prosperity once the ideals of individualism, universalism and economism are properly installed (Murphy 1994, p.7). The overriding policy goal of neoliberal projects is the concentration on market exchange logic as the steering mechanism of socio-economic development. Phil Cerny summarizes the socio-political implications as follows:

“In the first place, it is necessary to design and to establish institutions and practices that are market-based and market-led. This objective is important both in more developed capitalist countries – where social democracy and American-style ‘liberalism’ are seen to have distorted markets and led to ‘creeping socialism’ and, in particular, stagflation and recession in the 1970s – and in so-called ‘transition’ (i.e. ex-Communist) states and in the developing world. Secondly, it is important to instill a culture of individualistic, market-orientated behaviour in people of all social classes, counteracting the ‘dependency culture’ of the Keynesian welfare state that was blamed for the slump of the 1970s by ‘ending welfare as we know it’ (Bill Clinton) and deregulating the labour market – what Bob Jessop calls the ‘Schumpeterian workfare state’. Thirdly, governments themselves and international institutions too should be imbued with market-friendly attitudes and practices – whether ‘reinventing government,’ privatising social and public services, promoting international competitiveness, deregulating and liberalising specific markets or sectors, and/or using international aid and regulation to promote marketisation through ‘conditionality.’ The concept of ‘governance’ would replace that of ‘government.’ Fourthly, barriers to international trade and capital flows should be progressively dismantled. The most efficient markets, in theory, are those with the largest numbers of buyers and sellers, so that an ‘efficiency price’ can be established that will ‘clear the market.’ (Clearing the market means that all the goods offered for sale will be purchased at a mutually acceptable price.) Therefore the most efficient markets ought to be world markets” (ibid, 2004, p.5; see also Raza 2001, pp.8-11; Albo 2004, pp.14-117)

This reorganization accelerates capital accumulation and expands its underlaboring logic into

new realms in which it constrains the political choices of the actors living in “free markets”: “the imperatives of the world economy compel that this unstable process be kept going. Nobody is willing to break ranks first, which is understandable in light of the sanctions that would be viciously meted out by global markets” (Albo 2004, p.117). However, some players are powerful enough to make rather autonomous decisions and to try to defend or increase this autonomy through the strategic usage of their forces in political projects in order to control the decisive nuclei of economic development. Mergers and acquisitions measures to expand private control and selective political protectionism against the rule of the market are signs of strong lobby power. Because social forces are not necessarily bound to a specific territorial entity, they may strategically mobilize any regulatory body, be it a nation state or an international organization in order to install and stabilize the conditions needed for successful growth. Thus, even if accumulation tactics are transnationalized, political strategies still target concrete institutions on all scales of political decision-making and regulation.

Underneath these overarching tendencies and trends, concrete economic solutions are different in different locations, as well as in their political and ideological frameworks. Socio-political development as such is an open process that continuously generates, abandons and reinvigorates space for political action. Meanwhile, changing circumstances may alter who is who in these relations, and we witness a reformation of traditional paths of political influence within, across or above nation states. The global system is a totality in which the mobility of capital and the transnationalization of production deeply affect politics and institutional forms in all states participating in complex interdependence (Tsoukalas 2004, p.179; Panitch 2004, p.16; Gill 2003, p.35).

Processual theorists reject the idea of eternal or natural geographical boundaries, but identify different “metageographies” used to describe world orders. In line with the ontology described, these consist of three aspects: pattern, content and meaning, while explicitly emphasizing geographical perceptions in common worldviews:

“Metageography is the term coined by Lewis and Wigen (1997) to describe the geographical structures through which people order their knowledge of the world. It is part of a society’s taken-for-granted world. Rarely questioned as to its veracity or utility, a metageography constitutes an unexamined spatial discourse of human activities and interests” (Taylor 2003a, p.47).

Peter Taylor dubbed the still predominant European or Western view the *mosaic*

metageography, as it depicts an assembly of self-enclosed nation-states.³⁴ The described global conjuncture or organic crisis from this point of view is called a “metageographical moment”: complex interdependence leads to experiences that transform our collective geographical conception of realms of relevance (Taylor 2003a, p.47 & p.58). This translates into and is driven by changes in scales of political action: many political projects today are organized across national boundaries and involve actors from all levels between the local and the global. The crucial question in analyses of social development is therefore *where influential political struggles in contemporary political formations take place and how existing institutions and structurations are used or remodeled in the systematic parceling of a potentially global political space* (Brenner et. al. 2003, p.8, my emphasis).

5 Résumé: The political activity of reasoning

“Is not science itself ‘political activity’ and political thought, in as much as it transforms men (sic), and makes them different from what they were before? (...) If science is the ‘discovery’ of formerly unknown reality, is this reality not conceived of in a certain sense as transcendent? And is it not thought that there still exists something ‘unknown’ and hence transcendent? And does the concept of science as ‘creation’ not then mean that it too is ‘politics’?”

(Antonio Gramsci 1971, pp.244-5)

The overarching goal of part I was the *clarification* of the central premises, methodological differences and expected outcomes of the research of the three paradigms. Additionally, I hoped to point out that the same terms are often used with different meanings. Part I has shown that globalization conceptualized as complex interdependence can be part of different paradigms. Each paradigm has an own interpretation of it that impacts the selection of events that are perceived to be worth investigating. It also determines which aspects are chosen to become central indicators in the analysis and how the path of interpretation should be

³⁴ Taylor distinguishes between the two preceding metageographies since the emergence of the modern world order as inscribed by the peace of Westphalia: the topological metageography of mercantile modernity, in which the world outside beyond the continent was viewed as a cornucopia, a land of plenty from which to gain wealth; the centripetal metageography of industrial modernity later introduced the superiority complex under which the rest of the world was to be designed for industrial needs and “islands of production” situated in a “sea of cheap labor” guaranteed the flow of commodities to the industrial core while pro-white, scientific racism, virulent political imperialism and a temporal metahistory of progress served to legitimize whites ruling non-whites; the mosaic metageography of consumer modernity is the postcolonial artifact in which boundaries became sacrosanct, the only legitimate wars are those of defense and nationalism the global movement (Taylor 2003, pp.49-52).

designed. Necessarily, each research design yields a different interpretation. Theoretical concepts are not simply words but what Christopher Daase (2003) calls “generally contested terms”: they are not used according to a universal standard but carry a) varying meanings and ideas that b) significantly change over time (ibid, p.165). And, as Friedrich Kratochwil (2002) points out, theories have “fuzzy boundaries”. Research seeking to generate new knowledge therefore “better not follow any advice to exclude those phenomena for which no clear and distinct properties can be found that would allow for an unequivocal attribution of meaning to a concept” (Kratochwil 2002, p.26). Instead of a “mirror theory of truth in which reality on the one hand is appropriately depicted by the theoretical concepts on the other,” the acquisition of knowledge itself contributes to the construction of our reality (ibid).

Thus, my argumentative goal here was to acknowledge these contingencies and biases without attempting an immediate hierarchization but instead reflecting generally on the consequences. Accepting that social reality involves both cognitive and structural constraints and that both change over time brings about two analytical implications that are both left out by perpetual and adaptive paradigms: first, part of research seeks to determine to what extent a theory that has advanced an understanding of concrete reality actually *becomes incorporated within this reality* – as if it were originally an expression of it. This aspect is highly relevant in a structure-worldview-agent ontology and is an underlying assumption of Gramscian hegemony, as will be discussed in part III. Modern scientific ideals have led to a subjugation of most aspects of human and environmental existence under “the principle that everything worth anything would be represented by a number” (Oakley 2000, p.113). What is usually forgotten is that this also means that who or whatever cannot manage to attract a number is excluded from consideration or devalued. Theories perform what Gramsci calls a “necessary function”, guiding human action and becoming “a passionate driving force in people’s minds” (ibid, 1977, 185, here Morton 2003, p.134). A second aspect of research is reflecting on one’s own concepts by beginning the analysis with a concrete contradiction rather than on the grounds of theoretical variables. Human reasoning and the definition of “truth” or best knowledge change with social development as well. Rouse (1987) points out that Western scientists normally do not *test* theories but rather *use* them. Such use refines the theories one employs and “this process presupposes substantial background information and technical judgment that is not subjected to test” (Rouse 1987, pp.38-9). The results are linear developments of reasoning that keep contradictions in the theoretical premises instead of contesting their validity. One of the goals of processual methodology is therefore to make explicit what is implicit in this objectivity, this *particular truth of an epoch*. In contrast to the

assumptions of linear modern synthesis, this does not necessarily deliver any qualitative maturation:

“Progress is an ideology:³⁵ becoming is a philosophical conception. ‘Progress’ depends on a specific mentality, in the constitution of which are involved certain historically determined cultural elements: ‘becoming’ is a philosophical concept from which ‘progress’ can be absent. In the idea of progress is implied the possibility of quantitative and qualitative measuring, of ‘more’ and ‘better’. A ‘fixed,’ or fixable yardstick must therefore be supposed, but this yardstick is given by the past, by a certain phase of the past or by certain measurable aspects” (Gramsci 1971, p.257).

The ontological premise that “[S]ociety is both the ever-present condition (material cause) and the continually reproduced *outcome* of human agency” means that human reasoning entails both “conscious *production*, and (normally unconscious) reproduction” of the conditions (Bhaskar 1989, 34/35, here Joseph 2002, p.9, emphasis in original).

Gramsci equally stresses this *agential moment of knowledge*: “It is not ‘thought’ but *what people actually think* that unites or differentiates mankind” (Gramsci, here Golding 1992, 47, my emphasis). Critical constructivists therefore argue that if knowledge plays a constructive-functional role in civilizations, it cannot be separated from the thinker or from his or her role in sharing and promoting this particular version. “Knowledge in other words cannot be divorced from power – meaning, the question of knowledge belongs to the realm of political economy as much as to the realm of philosophy and the two cannot remain separate” (Palan 2000, p.219). Consequently, political economy should actively investigate and evaluate biases in knowledge generation and acknowledge the potential power that popular worldviews provide for particular political proposals.

The relationship between different theories and discourses is therefore not merely a “battle of ideas” but includes institutional structures, which privilege some approaches and practices over others (Palan 2000, p.227). One may argue that this is due to the fact that they have been *proven* to be superior and I will not contest this objection as such. Instead, I refer to what Alex Demirovic called the “fallacy of norms”: universal canonization becomes a weakness – or threat - once it is no longer acknowledged that *every norm is essentially only an integral part of a particular normality*. Generally, norms are important guides for behavior in complex communities or societies but they are not transcendental in origin. All norms came into existence through historically and contextually specific processes to define the strategy for organizing a human community (ibid 1997, p.16 & p.46). Processual scholars specifying their

³⁵ Ideology in this quote is understood in the limiting sense; it refers to a fixated frame of accepted knowledge or discourse (for discussion see the chapter on ontology).

philosophical framework and choice of concepts therefore usually do so in order to acknowledge that even language and standards in methods are part of political reality. Susan Oakley, for example, writes a gender-sensitive history of methodology (2001) and concludes that “self-labeling as a feminist means only that one declares one’s values, whereas the dominant tradition is not to do so. If all those whose work demonstrates (albeit unconsciously) a masculine perspective had to declare themselves ‘masculinists’, the world would be a very different place” (Oakley 2000, p.21). Therefore, I actually expect the most criticism from other interpretive Marxists, Neo-Gramscians or THM scholars, but hope to have acknowledged potential objections in the justification of my arguments.

This position does not indicate that the norm of truth-seeking - understood as the goal of determining the properties of X as adequately as possible – should or need be abandoned in the sciences; I disagree on this point with some postmodern and poststructuralist approaches. Changing experienced reality and the intersection of different explanations of reality always produces friction and contradictive views, however. Even though the modern research ideal seems to indicate just that, contingency in explanations is not always a sign of inadequate or incomplete research. Conflict may not be an indicator for underdevelopment but can help to encourage reflection – while consensus may not always be an indicator for joint progress; it can oppress diversity. This brings me back to my last, theoretical goal: to discuss differences in order to justify the perceived strengths of the processual paradigm. Regardless of how one may judge scientific standards or the grouping of paradigms proposed here, I do not believe that anyone could think it counterproductive to frequently revisit the premises of the belief systems on which we build our future.

After this discussion it should be understandable why IR analyses based in the processual paradigm include a fourfold methodological differentiation of relevant aspects. These are, in reference to Robinson and Gill:

1. The dominant mode of reproduction.
2. The established social practices and ideological frames.
3. Central social forces or agents.
4. Regulatory institutional manifestation and fixation of certain political programs.

Robinson proposed A Theory of Global Capitalism (2004) elaborately integrating 1, 3 and 4 specified as the capitalist logic of accumulation, an organized transnational capitalist class-for-itself (TCC) and an emergent regulatory system of global reach as transnational state (TNS). He summarizes his propositions as follows: economic globalization has its counterpart in the TCC formation and the emergence of a TNS functioning as the collective regulatory

authority for the TCC. Nation states do not retain preeminence or disappear, but are rather transformed and become part of the larger structure of TNS that organizes new class relations and challenges the global logic of accumulation (Robinson 2004, p.88). Even though Robinson repeatedly touches on the cultural and ideological aspects in this process, the second socio-cultural point, the shared consciousness necessary for creative struggles for change remains underdeveloped. This is what Gill has fleshed out in greater detail in *Power and Resistance in the New World Order* (2003). The self-disciplinary effects and social practices that currently affect political consciousness and class organization are dubbed “disciplinary neoliberalism” and “market civilization”. While Gill also stresses class formation and New Constitutionalism as the institutional “lock-in” of certain practices, the analysis runs short of fully integrating the actual interplay between single organizations in the formation of a global polity. I hope to further define this interplay by including the scale concept of Marxist geographers in my analysis.

Generally, the four parts identified in this development should be seen as distinct moments of the same totality. Each is constituted in its relation to the others, so that one cannot exist without the other and only has a meaning in this context. Such an internal conceptualization is distinct from an external one, in which each part has an existence independent of its relation to the other (Ollman 1976, here Robinson 2004, p.96). From a normative standpoint, many processual scholars explicitly state that their theoretical and educational work is geared towards providing structural knowledge in order to “make politically possible the intellectual progress of the mass and not only of small intellectual groups” (Gramsci 1971, pp.332-3).

To Gramsci, elitist approaches to theory and policy tend to forget “that the thesis which asserts that men become conscious of fundamental conflicts on the level of ideology is not psychological or moralistic in character, but structural and epistemological” (Gramsci 1971, p.164). The following discussion of institutionalisms hopefully contributes to what Michael Barnett and Liv Coleman (2005) recently described as the “perhaps most important need” for theorists of IOs: “to move beyond the current gladiatorial posturing typical of rationalist-constructivist debate and to consider comprehensive understanding of IOs” (2005,p. 615). After all – and regardless of what the exact arguments about the possibility of objective “truth” may be - I believe that all scientists agree that social structures are not simply “there” waiting to be discovered and labeled:

“The history of philosophy as it is generally understood, that is as the *history of philosopher’s philosophies*, is the history of attempts made and ideological initiatives undertaken by a specific class of people to change, correct or perfect the conceptions of

the world that exist in any particular age and thus to change the norms of conduct that go with them; in other words, *to change practical activity as a whole*”(Gramsci 1971, p.344, my emphases).

Part II: International organizations – a matter of rivalry or convergence?

1 Introduction

“People, in different times and places, have been collectively confronted by challenges arising from their material conditions of existence. Collectively, they have worked out different ways of interpreting and responding to these challenges through struggles pitting class against class, community against community. The social practices they collectively devised ranged from religion, through social and political organization, to technology. They embraced different rationalities and different normative orders. The formation of communities of struggle became the central issue of politics.”

(Robert Cox 1996, p.28)

“The basic problem of social organization is how to co-ordinate the economic activities of large numbers of people.”

(Milton Friedman 1962, p.12)

Building on the foundations sketched out in part I, the following chapters zoom in on the sub-discipline institutionalism, which explicitly deals with cooperation and international organization. While the names of the paradigms (meta-theories) express general assumptions about the overall development of global social order, the names of their respective schools of institutionalism (meso-theories) are chosen to pinpoint the predominant view on the motivation for cooperation and the effect of institutionalization: from a perpetual viewpoint, international organizations are an expression of rivalry strategies that egoistic states participate in as long as it increases their gains but without the effect of changing the natural state of competition. From an adaptive viewpoint, international organizations are an expression of the successful convergence of state strategies and manifest a now joint goal; the status of competition becomes more harmonious or homogenized. From a processual viewpoint, international organizations are an expression of socio-economic procedures that provide for a (temporary) compromise in the organization of reproduction, with new procedures transforming social relations in an open-ended manner. These labels therefore pinpoint the core characteristics of the different views on cooperation and institutionalization. This chapter will illustrate the differences between rivalry and convergence institutionalisms before part III discusses procedural institutionalism.

Institutionalism has its roots in political economy, only becoming an IR discipline much later. Originally, it emerged as a challenge to the methodological individualism of classical economics that “aims to present an orderly arrangement of economic phenomena in which institutions are elevated from the status of the exception or the footnote, and integrated with the main body of economics” (Burns 1931, p.82).

Authors such as Thorstein Veblen, John Maurice Clark, John Commons, and Wesley Mitchell sought to prove that individual preferences are molded by the parameters of decision-making situations. Instead of building on universally and transhistorically “true” causalities, economic analysis should be grounded in specific historical, cultural and economic circumstances. Such circumstances are comprised of the rules, principles, norms, values and ideas that influence individual choice. Thus, early institutionalist approaches made two specific contributions to economics: they raised awareness of the relationality and embeddedness of individual agency in social structures and granted human-made institutions impact beyond the situation in which they were intended to serve as tools. But institutionalists were not very influential for long. As Geoffrey Hodgson (2001) summarizes, their objections were

“partially disabled by a combined result of the profound shifts in social science in the 1910-40 period and of the rise of a mathematical style of neoclassical economics at the end of the depression-stricken 1930s. Behaviorist psychology and positivist philosophy displaced the instinct psychology and pragmatist philosophy upon which the early institutionalism had been built. Mathematical economics caught the imagination of both theorists and policy makers” (Hodgson 2001, pp.246-7).

Only since World War II has the research agenda drifted back to the possibilities, means and effects of coordination and cooperation.

1.1 Cooperation and compromise

In order to make clear what I seek to explain when I speak of cooperation, I would like to add a brief discourse on the terminology. Cooperation itself, as Keohane notes, “is a contested term” that can have many different qualities. I would agree with Keohane and distinguish it from “harmony” and “discord”, finding its meaning instead in between the two:

“When harmony prevails, actors’ policies *automatically* facilitate the attainment of others’ goals. When there is discord, actors’ policies hinder the realization of others’ goals, and are not adjusted to make them more compatible. (...) Cooperation, however, ‘requires that the actions of separate individuals or organizations – which are not in pre-existent harmony – be brought into conformity with one another through a process of policy coordination’” (ibid, 1984, p.51, here 1988, p.380).

Coordination or cooperation can then be facilitated or stabilized through formulated goals, roles and rules as joint reference points. Sociologists, for example, define institutionalization as “the emergence of institutions and individual behavior within them. The process involves the development of practices and rules in the context of using them” (March/Olsen 1998, p.948). These practices and rules, however, are interpreted and possibly developed by the individuals operating in a particular setting. As James Caporaso summarizes:

“While the individual enters the world with numerous options, the structure of choice and certain persistent configurations of choice are part of the ‘given’ environment. The individual may provide the microcomponent of institutional theory, but social relations and institutions are not seen as products of freely choosing individuals; instead, agency is given a structural determination” (ibid, 1992, p.623).

From the viewpoint of a political scientist, then, institutions are the central components necessary for coordinating human coexistence in a community. They are the results of purposive design and are created to pursue defined goals. I argue – more extensively so in part III - that this does not mean that their eventual effect must be congruent with what was initially envisioned and that announcing the certain goals of a particular arrangement does not always mean that these goals are truly worked towards in that institution.. These options are not foreseen in the system-maintaining ontology and methodology and are therefore not considered to be possible explanations when reading empirical data.

My *argumentative goal* of part II is to show that the premises of cooperation in both of the system-maintaining institutionalism schools have a *progress-disposition*. Both subscribe to the general assumption that rational or reflecting agents only cooperate when the ultimate goal is in line with their goals or convictions. This leads to teleological biases in the interpretation of cooperation that hinder a more profound analysis of the actual socio-economic effects it brings about. My *empirical goal* in this part is to give examples of the resulting interpretive blind spots through the review of case studies on the WTO conducted through rivalry and convergence lenses.

This empirical phenomenon is a very apt choice for the exemplification of my caveats with mainstream institutionalism: first, the WTO was the empirical puzzle that made me embark on my journey, and second, it is the most powerful international organization both in the scope of its agreements and with regard to the sanctioning measures it has been granted through the Dispute Settlement Body (DSB). The following subchapters will discuss the definition of international organizations or institutions that I work with in this thesis before turning to a summary of the rivalry and convergence institutionalism schools. The structure follows the central topics in institutionalism debates that will provide the structure in part III

as well. Table 2 (p.129) summarizes the key assumptions of all three schools.

1.2 International organizations and institutional theory

International organizations were first founded at the end of the 19th century with very limited mandates in influence and scope. Unsurprisingly, these bodies were referred to as an “international public union” or “international bureau” or “commission”. In 1867, James Lorimer was the first to introduce the term “international organization” into scientific publications. At first it did not refer to a certain regulatory body, but to the task of organizing international relations. Georg Jellinek therefore subsumed the term under “science of state relations” (1882). Paralleling the rise of ideas concerning public law and peaceful interaction in the early 20th century, the potential tasks of international organizations and their institutional setting caught the interest of politicians and scientists. With article 23a, the founders of the League of the Nations inserted the term “international organization” into official statutes for the first time. Although these were still envisioned to be commissions or bureaus, the link was made to improve international cooperation in specified sectors through a constitutional entity. The final breakthrough took place after the Second World War, when the United Nations were explicitly named an “international organization” (Rittberger/Zangl 2003, pp.21-2).

Today the term usually refers to this newer definition of a *regulatory body* or fixed authority. The older and broader definition of international organization - the *regulatory process* – is now referred to with the term “governance”. Within Political Science, an organization is also referred to by the term “institution”– hence the discipline Institutionalism (and not Organizationalism). This is different from the very broad *sociological definition*, according to which all identifiable patterns of behavior fall into the category of institutions. As discussed in the processual ontology chapter, I call such habits and defined roles “practices”. Even though a sociological institution disciplines social action and “the behavior of those engaged in it can be corrected by an appeal to its own rules” (Keohane 1988, pp.383-4), it is different from a materialized body of authority that has agential status. The latter shows formal features such as the establishment of boundaries and distinguishing between their members from nonmembers, principles concerning who is in charge of which tasks and chains of command and responsibilities within the organization (Hodgson 2006, p.8). Constituted by a treaty and the mandate actively carried out by its staff, political institutions become collective agents that possess the capacity for purposive action and can objectively confront their members (Keohane 1988, p.384).

	<u>Rival Institutionalism</u>	<u>Convergence Institutionalism</u>	<u>Procedural Institutionalism</u>
Actor Motivation	Single State Benefit	Progress in State Relations	<u>(Re)production of World Order</u>
Goals of Behavior	Maximization of Interests	<u>Amelioration of Order</u>	<u>Securing of Hegemony</u>
Gains from Cooperation	Relative	Absolute	Selective
Modes of Negotiation	Bargaining and Threats	Argumentation and Incentives	Cooptation
Logic of Institutionalization	Rational Calculation of Consequences	Reflective Conviction of Appropriateness	Functional Compromise of Transformation
Reason for Legalization	Adjudication, Enforcement	Legitimacy, Management	Legitimacy, Enforcement
Images of International Organizations	Instruments of Dominant States	Agents of Joint Development	State Spaces of Leadership

Table 2: Drivers of Global Cooperation and the Role of International Organizations

“Which modes of negotiation, forms of regulation and sanctioning instruments under given circumstances support the emergence of stable governance, namely the central questions of regime theory and compliance approaches, (...) are hardly broached as an issue in system critical approaches” (Scherrer 2003, p.487).

In this thesis I will use the terms organization and institution synonymously. Processes of political institutionalization therefore entail the legal and administrative constitution of an entity comprised of laws, bureaucratic standards and the resources for their implementation (Schimmelpfennig 2003, p.408). The concrete characteristics of the resulting body depend on the actual context in which it was established and which mandate it defines. Some remain limited in their decisive authority and serve as a forum for facilitating exchange between members. Usually certain rules and procedures for negotiations are to be obeyed if actors wish to participate, but outcomes do not necessarily have an impact on national politics or policies. Others - those of interest here - become active supranational actors that defend their own legislation. Their constitutions include a delegation of decisive authority and a unique legislative identity subordinating national law - just as national law subordinates private contracts (Rittberger/Zangl 2003, p.24).

Most scholars do not consider emerging global polity to resemble a unified political system or a future global government. Many institutionalism researchers agree, however, that some organizations and the overall institutional landscape have *state-like qualities* (Robinson 2004, Keohane 2002, Ruggie 1998, Ougaard 2004, Gill 2003, Gruber 2000, Rittberger/Zangl 2004). Features of national political systems are echoed here: interests are articulated and aggregated, decisions are made, values allocated, policies conducted through international or transnational political processes and legalization increases (Ougaard 2004, p.5). Keohane (2002) mentions that scholars from other disciplines – here law – actually began criticizing political scientists in the 1990s for speaking in legal prose without acknowledging it. These political scholars theorized about institutions that generations of legal scholars had previously described without trying to explain or understand them (ibid, p.12).

“At about the same time the General Agreement on Tariffs and Trade (GATT) was being transformed from a non-binding system into the legally binding system that became the World Trade Organization (WTO) in 1995. Both in the world of ideas and in the real world of international institutions, the separation between institutions and law seemed more and more tenuous” (ibid, 2002, 12).

Once again, theory development and the “real” world co-developed and recent theorizing of legalization in IR also differs from paradigm to paradigm (see List/Zangl 2003 for an overview). However, most of these studies link their explanations explicitly to the unprecedented phenomenon of globalization. None of the mainstream institutional theories I have come across *systematically* integrates legalization in its understanding of the role and function of institutions in political leadership and social development. Here, the Gramscian approach clearly exceeds the explanatory capacities of those others that will be further

explained in this part.

1.3 Types of institutionalism

Despite their differences in concepts, institutionalism scholars generally agree that a social scientist “can achieve greater analytic leverage by beginning with institutions rather than with individuals” (Peters 2001, p.141). The history of this research discipline shows two streamlining mergers following debates between the competing dominant paradigms. One has aligned neorealist assumptions and economic liberalism for the perpetuating paradigm as described in part I. The second challenged this rational choice outcome using constructivist or reflective approaches that stressed the potential of exchanged ideas, knowledge and learning.. Members’ identities and preferences, it was argued, could be changed towards a more cooperative outlook. One response from the rational camp was Keohane’s project to incorporate ideas and norms into the rubric of external parameters that are evaluated by individuals trying to estimate the consequences of their behavior. The resulting *rivalry institutionalism* will be described later in this part as nested in the paradigm of perpetual competition and unlimited desire. From within the constructivist camp, scholars such as Ruggie or Haas have weakened constructivism in likening it to mere differences in perception. While also focusing on the impact of environmental circumstances on decisions, these scholars sought to identify how to change these so that misperceptions and knowledge gaps could be overcome. Acceptance and learning from those “in the know” could then lead to joint progress. The resulting *convergence institutionalism* stresses a form of enlightenment in which the adaptation of universal norms increases compatibility so that best practices can more easily “diffuse” throughout the community. Its weak progressive constructivism sits well within the adaptive paradigm.

Thus, part II concentrates on system-maintaining paradigms. The first two chapters provide a theoretical discussion according to the comparative criteria identified and summarized in Table 2 (p.129) and the review of case studies on the WTO will then illustrate why I consider the explanations offered by these schools to be inconsistent or superficial. The final résumé will systematize these individual objections and elaborate on my claim of biasing progress-dispositions.

2 Rivalry Institutionalism

“[T]here are evidently considerable benefits to be secured from mutual agreement – as evidenced for millennia by trade agreements, rules of war, and peace treaties, and for the last century by international organizations. Conversely, if cooperation were easy – that is, if all mutually beneficial bargains could be made without cost – there would be no need for institutions to facilitate cooperation.”

(Robert Keohane 1988, p.386)

What has been called “neoliberal institutionalism” and is often referred to as “neo-institutionalism” has its roots in regime theory. This theory depicts the world system as consisting primarily of the ad hoc proliferation of cooperation between nation states. In the wake of globalization research, a tightening of this research program in the 1980s challenged the dominant neorealist Hegemonic Stability Theory (HST) by Charles Kindleberger. As explained in part I, HST holds that in the anarchic world system, only an overwhelmingly powerful nation state can provide the public goods of stability and security because it can pay the costs of regulation independently of the other actors’ resources and therefore has the means to severely sanction others in case of noncompliance (for discussion see part I, chapter 2). Neo-institutionalist scholars like Robert Keohane, on the other hand, argue that not only the number of regimes had increased dramatically but also their scope of influence and control over increasingly significant and salient issues. This would grant individual regimes a certain level of institutional autonomy from even the most powerful states. Because these agreements lower uncertainty in international relations, they also reduce hostility and ad-hoc defection.

The apparent decline of the US as the uncontested hegemon around the same time additionally gave these approaches leverage that did not stick to realist concepts of states as unitary actors and could therefore explain the persistence of US-led regimes and organizations. Such approaches include the several level games (Robert Putnam, also see part I) and a “liberal theory of state preferences” (Moravcsik), both of which incorporate non-state actors and link policy interests. While the view of a mosaic state-centric international order is maintained, the decisions of state actors are now seen as being influenced by a broad variety of interests and cross-issue negotiation strategies, creating a wider repertoire of cooperative options. “In this sense, both neoliberalism and neorealism can be contrasted with approaches that posit fundamental structural change in world politics that would erode the domestic/international or inside/outside distinction” (Cerny 2004, pp.3-4). Within this school

one finds a larger number of actor-oriented and structural explanations. The former holds “that individuals left to themselves would be too individualistic or behave too randomly, and therefore some means of structuring their behavior is required for the collective good” (Peters 2001, p.54). The latter draws on the concept of transaction costs and maintains a very reactive view of actors:

“Institutions, together with the standard constraints of economic theory, determine the opportunities in a society. Organizations are created to take advantage of those opportunities, and, as the organizations evolve, they alter the institutions [here: rules and norms]. The resultant path of institutional change is shaped by (1) the lock-in that comes from the symbiotic relationship between institutions and the organizations that have evolved as a consequence of the incentive structure provided by those institutions and (2) the feedback process by which human beings perceive and react to changes in the opportunity set” (North 1990, p.7)

Overall, the approaches that fall within the rivalry school are united in several crucial points: an instrumental view of organizations and a skeptical view of any benevolent motivation for cooperation; organizations prevail as long as the generated benefits or costs are judged by powerful actors to be beneficial or the exit costs are too high. Overall, institutionalization does not change the natural state of rivalry between actors.

2.1 Motivation of single state benefit

Rivalry institutionalism usually focuses its analyses on the most powerful states, as these seem the most likely to reject restrictions on their decision-making autonomy. Cost-benefit calculations are conducted in order to explain the behavior observed in these powerful actors. The envisioned benefits resulting from cooperation entail the generation of information, reduction of uncertainty and facilitation of processes – often summarized as the reduction of transaction costs. In addition, institutionalization increases the stability and reliability of exchanges and may generate the means to control or even enforce compliance. These benefits of smoothly-running institutions have been grouped into three categories (Martin 1992, pp.783-4):

1. Lower transaction costs;
2. Deflection of challenges to the institution by its weaker members;
3. Increased stability under conditions of changes in relative power.

While the first point is of interest to any state, the other two are particularly interesting for those actors that already benefit from the established status quo - typically the dominant

actors. The last category also indicates the expectation of future development and is central for the calculation of gains resulting from cooperation as discussed in the next chapter.

*Rational*³⁶ calculation and choice is the basis of perpetual thought and is crucial in neorealist and neoliberal explanations of cooperation. It serves as a “meta-theoretical tenet which portrays states as self-interested, goal-seeking actors whose behavior can be accounted for in terms of the maximization of individual utility (where the relevant individuals are states)” (Hasenclever et.al. 1997, p.23). Foreign policies as well as intergovernmental institutions can therefore be explained as the outcomes of calculations of benefit or advantages made by states.³⁷

Critics have pointed out that actors in “reality” decide using incomplete information and that unintended consequences or even personal incapacities could pose challenges in decision-making. The result was a deviated concept of “substantive rationalism” that includes defection parameters: “contextual rationality” acknowledges biasing elements such as wrong information that impact the estimation of a situation, even before calculations start, whereas “bounded rationality” reflects limited individual capacities such as lack of competency that may defect rational decision-making. Thus, substantive rationalism refers to “behavior that can be adjudged objectively to be optimally adapted to the situation” (Simon 1985, p.294, here Keohane 1988, p.381). While this may appear to be an intriguing compromise, this definition fails to explain how any behavior can be “objectively” judged and whose criteria are used in defining what is “optimal”. This is particularly important since substantive rationalism was developed to justify “[c]onsiderable variation in outcomes” to be “consistent with the assumption of substantive rationality” (ibid). Other authors such as Douglass North therefore went one step further and included differing ideologies or habits as potential origins of motivation but reduced their influence to the transaction cost calculations:

“The evidence we have with respect to ideologies, altruism, and self-imposed standards of conduct suggests that the trade-off between wealth and these other values is a negatively sloped function. That is, where the price to individuals of being able to express their own values and interests is low, they will look large in the choices made; but where the price one plays for expressing one’s own ideology, or norms, or preferences is

³⁶ The term “rational“ must not necessarily involve a self-interested orientation or maximum utility goal. First and foremost it means the cognitive reflection on choices and choosing the option that appears logical from the perspective of the given rationale that any actor applies in that moment. This difference will be discussed again in part III.

³⁷ Crane/Amawi 1997 point out that regime analysis does adhere to the rational choice methodology, but has opened up the state centrism of realist IR to the extent that “under certain circumstances, state action may be significantly influenced by relatively autonomous regimes” (ibid, p.266). The observation of changes in polity, however, does not focus on development within these regimes, but sees them as part of the external environment that state actors take into consideration when making their calculations (for more on the difference between this and normative approaches see Peters 2001, p.56).

extremely high, they will account much less for human behavior (Nelson and Silberberg, 1987, here North 1991, p.22).

For some reason not explained in North's book, humans seem incapable of letting their altruism overcome the perpetual calculations of the costs of behavior: "the price paid for one's convictions" explains behavior, with the existing environment once again determining these costs (ibid. p.26). Thus, the concept of low costs is for North what other scholars refer to as the preferences for gains or *utility functions*. These preferences are assumed to be fairly stable over time and usually refer to the *outcomes* of decisions or agreements (Hasenclever et.al. 1997, pp.23-4). Rational choice scholars point out that stable preferences do not preclude the possibility to explain changes in behavior: different conditions may show an alternate choice to be more utility-maximizing; it is the *logic of consequences* that will guide decision-making (a more detailed discussion follows below).

If the preferences of every individual are assumed to be resilient to sudden and frequent change, this also holds for the interaction among collective actors like states. Thus, rationalist models basically treat states as atomistic actors and usually do not problematize perceptions or causal beliefs. Hasenclever et.al. (1997) state in their overview that "[p]references help to explain interaction but not vice versa" (ibid, p.24). The preferences or "self-interests" of the nation state, defined in the traditional terms of maintenance of rule, extension of power, and appropriation of wealth constitute "the best explanatory principle for rulers' behavior" in this view (Keohane 1995/ 2002, p.70).

The origin and drivers of change are therefore located in the actual situation in which actors make their decisions. This exogenous conception of preference change makes rival institutionalism a *systemic* approach, while keeping actors as the main protagonists of social development (Hasenclever et.al. 1997, p.24). Since actors react to conditions provided by their surroundings, change is either the result of *changes in these parameters* or it originates in *differences in individual perception*. The former can be illustrated by the example of the structural ideal type of multilateralism (for discussion see part I, chapter 2). The acceptance of multilateralist solutions can be explained through the deduction of potential benefits for dominant states:

"Multilateralism may also have advantages when greater conflicts of interest arise. From the hegemon's perspective, the maintenance costs of IM [International Multilateralism] will be lower than those of an organizational form with more concentrated decision-making power. As long as patterns of state interests and power do not change abruptly, a hegemon can expect fewer challenges to an institution in which smaller states have a say in joint decisions than to a unilaterally imposed arrangement" (Martin 1992, p.784).

The only reference to normative effects on behavior acknowledged in this school is the increased legitimacy of the organization's decisions. This legitimacy is similarly seen as a means to an end, however: it is reduced to affecting the perception of weaker states, "reducing the chance they will continually challenge the regime" and therefore allowing transaction costs to decrease (Martin 1992, p.784).

The second aspect of change integrates very weak constructivism with rational decision-making and refers to the benefits of reduced uncertainty and reliability. "[N]egotiators who do not start with a common understanding regarding the contours of the contract curve or the locus of the negotiation set (...) have compelling incentives to engage in exploratory interactions to identify opportunities for devising mutually beneficial deals" (Young 1989, p.361, here Sprinz 2003, p.257). This potential for change in preferences or strategies closely resembles a clarification of the rules of the game, though not by the players themselves.

Following criticism of the overly technical depiction of actor perceptions of the situation, authors like Keohane admitted that the concept of "self-interest" is in itself problematic. Since individuals embody and combine several roles with different expectations when making decisions, these may be influenced by self-interest. The effect multiplies once collective actors are modeled (ibid, 1996/2002, p.124). As a consequence, Keohane proposes a rational-instrumentalist view of self-interest based on power, wealth and actors' positions in relation to one another. This should provide more precise criteria than those proposed by normative approaches (ibid). Although this definition is consistent with the rationalist paradigm, it does not counter the criticism of mechanical deduction: "injecting preferences originating in the agent's bureaucratic position into the preference schedule of the information-processing agent (...) remains a mechanical account of action" (Smith/Hollis 1990, p.159). In summary, this school works with "in order to" motives, while the normative school traces "because of" motives. "The former type of motive concerns the *conscious reasoning* actors give for their choices, whereas the latter also involves the *conditioning* of the actors' choices. Why do actors see the world in certain ways?" (Smith/Hollis 1990, p.145, emphases in original). Even authors that include culture and ideology as sources of very different perspectives on what may be beneficial do not attempt to investigate their origins, but once again accuse any challenge to their representative agent construction of being inaccessible to scientific analysis (as with "worldviews" by Keohane and Golding, see part I): "Our understanding of the source of such behavior is deficient, but we can frequently measure its significance in choices by empirically examining marginal changes in the cost of expressing convictions" (North 1990,

p.43). While humans may think differently, their natural inclination towards cost-benefit calculations will prohibit any far-reaching deviation from the norm.

2.2 The goal of interest maximization

In contrast to the position of economic neoliberalism, neoliberal institutionalism closely follows many aspects of the realist view on the global system.

“Politics determines the framework of economic activity and channels it in directions which tend to serve the political objectives of dominant political groups and organizations. Throughout history each successive hegemonic power has organized economic space in terms of its own interests and purposes” (Gilpin 1971, here Crane/Amawi 1997, p.180).

In contrast to classical realism, however, not only security and power but also economic success and national welfare are part of the national interest. In a purely competitive world, the goal of a state’s behavior is therefore to maximize their own interests and to secure these against challenges. As Gilpin already noted in 1971, this comprises all contractual and organizational relations between states: “using primarily the instruments of free trade and foreign investment in this political strategic framework, Great Britain was able, in effect, to restructure the international economy and to exercise great influence over the course of international affairs” (ibid, p.181).

Some rationalists would argue against this scope of intentional design and rather focus on one particular game of bargaining that leads to one contractual outcome. Most still use a rather broad definition of strategic interest maximization.

“It is the combination of the potential *value* of agreements and the *difficulty* of making them that renders international regimes significant. (...) Rationalistic theories of institutions view institutions as affecting patterns of costs: that is, the ‘costs of specifying and enforcing the contracts that underlie exchange’ (North, 1984: 256)” (Keohane 1988, p.386).

Calculations of the general value of an agreement or of the accumulated cost pattern determine if self-interest is high enough to initiate or maintain cooperation - or if alternative courses of action would be more beneficial. While more realist scholars insist that the proposed solutions will reflect the interests of the powerful actors, economic scholars tend to perceive actors as equal or at least capable of withstanding unilateral domination. Cooperation then signifies a bargain through mutual adjustment. “This means that when cooperation takes place, each party changes his or her behavior *contingent on* changes in the other’s behavior” (Keohane, 1988, p.380). The omnipresent goal of all negotiating parties to maximize their

own interests has two implications in the perception of cooperation in the form of voluntary agreement: first, the estimated outcome will be judged as Pareto-improving, meaning that at least one player will be better off and no one worse off. Second, negotiations will be anticipated to show a tit-for-tat logic. Based on these premises, rational theory has developed four structural ideal types or models for cooperation, summarized here by Martin 1992 (pp.768-80, my emphases):

1. *Collaboration* games in which the interests of states are symmetrical but the equilibrium outcomes are suboptimal, meaning if a state defects while others comply its gains will be much higher than if it were to comply as well. This ideal type is also called the “prisoner’s dilemma” or a “collective action problem” and is hardest to solve because of the high incentives for defecting. Cooperation is then a “matter of mutual policy adjustment, since both players must agree to move away from the suboptimal equilibrium, thus rejecting their dominant strategy” (ibid, p.768).
2. *Coordination* games of symmetrical interests that serve the reduction of uncertainty. The exchange of information here involves a notification of intention ex ante in order to help avoid a mutually disliked outcome. This ideal type is also called the “battle of the sexes”; two possible equilibrium outcomes exist, each preferred by one of the players but with neither player having a dominant strategy. The best course of action is dependent in this case on how well the players interact. Once a compromise has been established, neither has an incentive to defect. Cooperation then does not require strong mechanisms but rather “structures that facilitate bargaining and allow states to identify a focal point” to be secured (ibid, p.776).
3. *Suasion* games show the asymmetrical interests of the states and the equilibrium outcome leaves one of them dissatisfied. This ideal type represents the Hegemonic Stability Theory in which “[t]he hegemon’s size creates the incentives to provide public goods, thus changing the player’s preference ordering.” This dilemma confronts the dominant state that has to decide if it wants to persuade or coerce others into interaction. Although Martin still calls this cooperation, the definition given by Keohane above would only hold for those agreements entailing significant compensation in the form of side-payments for those players worse off in the actual agreement. Nevertheless, institutions are seen as particularly important under these conditions, in one view providing for such compensations and exerting control in the other.

4. *Assurance* games take place under conditions of perfect information and mainly result out of the interest to reduce any structural uncertainty that confronts all players alike. No real benefit can be attributed to an institution apart from the facilitation of information exchange. “Although mutual defection is also an equilibrium in this game, mutual cooperation is Pareto-superior and so should quite easily become a focal point” (ibid, p.780).

Most of international cooperation is subsumed under the first structural ideal type of collaboration.

This ideal type is connected with the concept of public goods. Public goods are those through whose existence everyone benefits, even actors not actively participating in providing them (see part I for discussion). Some definitions of public goods also include the idea that no one can be excluded from their usage. The perpetual line of thinking conceptualizes and interprets many phenomena as public goods, such as peace (although producers of military gear do not benefit from it), security (without reflection on what exactly “security” entails and what “defending it” for some means for others) or free trade (without taking the differences between market participants into consideration). For free trade, for example, the argument is as follows: it is proven that trade benefits everyone as it increases overall welfare (why this assumption is considered to be proven on the global scale remains unknown). Open borders are therefore beneficial for global welfare and the global public good. On the other hand, protecting one’s own market against competitors is beneficial to one’s own economy, maximizes utility and therefore remains a permanent incentive to defect from trade agreements. While the simple theoretical equation may convince the rational egoist, the superficial and abstract generalization of this argument leads to many inconsistencies in explanations of trade agreements and compliance– as the case studies below will show.

Generally, within the rivalry school, any agreement involving public goods generally entails strong incentives for everyone to defect, translating into immediate payoffs. As a consequence, strong and sanctioning organizations are needed to ensure compliance and the maintenance of solutions achieved through bargaining (Martin 1992, p.770). This also means that deviance from the established solutions as they stand can easily appear to be a form of defection and not as possibly well-founded criticism or reconsideration. Those scholars also from within the rivalry strand sensitive to path dependence therefore point out that it is difficult to analytically lump together individualist motivations and the concept of general or public interest:

“If economies realize the gains from trade by creating relatively efficient institutions, it is because under certain circumstances the private objectives of those with the bargaining strength to alter institutions produce institutional solutions that turn out to be or evolve into socially efficient ones. The subjective models of the actors, the effectiveness of the institutions at reducing transaction costs, and the degree to which the institutions are *malleable* and respond to changing preferences and relative prices determine those circumstances” (North 1990, p.16).

Another line of criticism targets the assumption that there is one general interest equilibrium available on which a win-win solution can be based: “environmental conditions, however, may allow for a variety of roughly equivalent solutions (as multiple equilibria may exist) and any one chosen will then quickly ‘lock in’” (Kratochwil 2002, p.38). Thus, every decision in favor of a certain solution entails a normative judgment as to which outcome should be valued as superior.

2.3 Relative gains from cooperation

Within the “big” debates in institutionalism, one of the central contradictions between realists and liberals was said to be the expectation of relative versus absolute gains from cooperation. Hasenclever et.al (1997) summarize the perceived incompatibility:

“Neoliberals depict states as rational egoists who are concerned only with their own gains and losses. By contrast, realists insist that the utility functions of states are (at least) partially interdependent such that the gains from mutual cooperation that a state’s partners achieve may diminish considerably the utility of this state and consequently its willingness to cooperate in the first place. (...) much more than neoliberals realists stress the importance of power for the formation, the (normative) contents, and the impact of international regimes. (...) Neoliberals readily concede that cooperation is affected by power relationships, but argue that constellations of interests (which are not readily reduced to configurations of power) and prevailing expectations – which, in turn, are strongly influenced by the presence and content of international institutions – are at least as important” (ibid, 1997, p.26).

From my perspective, these differences only prevail if one applies an extremely myopic and purely economic view on gain-calculation and a non-economic concept of power. These differences can no longer be upheld after the neo-neo merger in the late 1990s. First and foremost, I would like to recall that Keohane coined the term “complex *interdependence*” and not “complex *independence*” to describe globalization processes (see part I). Freedom of choice and the calculation of benefits in such a complex setting do not remain unaffected by the actions of others. As Keohane writes, his reasoning is rooted in exchange theory and

“assumes *scarcity and competition* as well as rationality on the part of the actors” (ibid, 1988, p.383, my emphasis). Under such conditions, any actor thinking at all strategically– and our prototype is an insatiable maximizer - simply *needs* to care about the actions and benefits of others. Further, gains often translate into future power potentials – at least within a power concept that both neorealists and neoliberals subscribe to and that involves economic and informational resources as well (see part I). Keohane himself highlights the impacts of power on future utility maximization when referring to transaction costs: “the rules of any institution will reflect the relative power positions of its actual and potential members, *which constrain the feasible bargaining space and affect transaction costs*” (ibid, 1988, p.387, my emphasis). Hence, assuming an indifference towards who is gaining how much does go along well with assumptions of complex interdependence between selfish actors permanently competing over scarce resources. No rational game can then logically exclude the strategy of *intentional defection* to inhibit other players’ progress. This is also the reason why the possibility of sanctions is upheld by rivalry scholars, with some clearly drawing a correlation between the degree of the punishment and the appeal of defection: “the rules and informal codes are sometimes violated and punishment is enacted. Therefore, an essential part of the functioning of institutions is the costliness of ascertaining violations and the severity of punishment” (North, 1990, p.4).

Therefore, absolute gain predispositions may prevail up to the point at which the unrestricted growth of egoists is challenged by the limited availability of resources. But this can only be estimated through a *positional*, not atomistic view on competitors. Thus, within the outlined premises “a state will focus both on its absolute and relative gains from cooperation, and a state that is satisfied with a partner’s compliance in a joint agreement might nevertheless exit from it because the partner is achieving *relatively greater gains*” (Grieco 1988, p.487, my emphasis).

2.4 Bargaining and power-based negotiations

The paradigm of voluntary exchange is mostly concerned with the problem of “how groups of people can make decisions that satisfy the conditions of a social welfare function without having that decision imposed through authority” (Peters 2001, p.46). As a solution, rational economists promote the efficiency and justice of the market. They only advocate governing authority in cases in which markets fail to provide the goods necessary for welfare functions – here we find the importance of global public goods in the explanations of institutionalization. However, sovereign states need to agree on rules before they may be subjected to them,

particularly as long as little central authority exists. Cooperation then depends on adjustments in the behavior of all actors involved and agreements are needed “that produce such high aggregate net benefits that they can be distributed among the participating countries in such a way that everyone finds it advantageous to agree and to stick to the rules” (Frey 1997, pp.230-1).

Realists formulate the same tit-for-tat reasoning: “To attain this balanced relative achievement of gains, according to Hans Morgenthau, states offer their partners ‘concessions;’ in exchange, they expect to receive approximately equal ‘compensations’” (Grieco 1988, p.501). Negotiations are therefore processes of bargaining over the exact design of the agreement and the price each party is expected to pay for it. How well each party can negotiate its personal share depends on each individual bargaining position and the resources available in the field of interest. Once the key points of disagreement have been identified, proposals are developed and coalitions formed until a solution is found to which each participant agrees – either as a result of positive benefit calculations or because of costs in the case of abstinence. “One can think of these bargains as reflecting the *equilibria of games*”, meaning that the best solution, the pareto-optimum, is found for the given constellation (Keohane 2002, p.13, my emphasis). This does not exclude unequal benefits from the outcome: “In sum, disproportionality is due to neither the ‘moral superiority’ of some states nor the irresponsibility of others; rather, it is the *logical* outcome of individual states rationally pursuing their own best interest” (Crane/Amawi 1997, p.210, my emphasis). Thus, even though equilibrium does not translate into equal shares, the overall premise holds that an institution signifies a “structure induced equilibrium” (Shepsle, here Peters 2001, p.46).

Such pictures tend to brush over the character of negotiations. While valid in theoretical abstraction, such “optima” are empirically ignorant of the inequalities in bargaining positions or the gravity of the need for a particular decision to be sealed. In addition, more realist scholars include threats into the negotiating tactics and issue-linkage, so that some players may not foresee any gains and only make concessions in a particular deal in order to avoid retaliation.

If critical power analyses risk being caught in a causality-construction that results in a benefit-fallacy (deducing power from the benefits entailed in an outcome; see Guzzini’s critique in part I), a rational explanation of cooperation risks being caught in an agreement-fallacy when analyzing interests: simply because states have agreed to cooperate, they are branded as having had some interest in the issue negotiated. This view ignores that the defined set of

issues up for negotiation already determines the first step of institutionalization: setting the agenda for potential cooperation precedes the actual negotiation games.

Irrespective of any normative rejection or the criticism that such structural power is ignored, the deductive character of this approach has also fuelled theoretical criticism: depicting all negotiation elements as quantifications of utility whose distributive judgment underpins agreements implies that analytical “results must yield a proposition that (at least in principle) can be subjected to econometric or politicometric testing” (Frey 1997, pp.228-9). Psychological and ideological elements are not seen to impact the path of negotiations. Prevailing are the presumptions of essentially accurate estimates about the future, of constant preferences of actors that also trust the given estimations (March/Olson 1998, p.951). Structural approaches tend more than agential approaches to describe institutions as the result of transaction cost calculations (North) and do not seek to provide concepts for the analysis of the actual negotiation process. They analyze a given institutions through the lens of reduced overall costs for the actors involved. All approaches use the logic of consequences.

2.5 Institutionalization as logic of consequences

In all rivalry approaches institutions are “conceptualized as collections of rules and incentives that establish the conditions for bounded rationality, and therefore establish a ‘political space’ within which many interdependent political actors can function” (Peters 2001, p.44). Calculating actors may realize that their goals can be achieved most effectively through cooperation and institutions, even though these do restrict their own behavior. Thus, actors rationally *choose* partial constraint through membership if they believe that obeying the rules will be advantageous to them: “The agreement must lead to a beneficial change according to the expectations of all actors (Pareto-superiority), because only under these conditions will there be voluntary cooperation –that is, unanimity among the participants” (Frey 1997, p.230). Concerning the expectations of actors as to why institutionalization may be desirable, Guy Peters distinguishes three strands of rational choice explanations in his book on institutionalisms: *rule-based* approaches, *principal-agent* theories and *game-theory* (Peters 2001, pp.46-7). The first type is similar to institutional economics and sees *rules* as means to prescribe, proscribe and permit behavior so that benefits result from facilitated coordination and lessened transaction costs between members. Participants agree to follow those rules, as they perceive standardized behavior and procedures as increasing efficiency and reliability. One version of this type focuses on the benefits from decision rules and holds the view that clear parameters for negotiations allow for a quick aggregation of the diverse interests, so that

institutions reduce the amount of resources spent (the focus on structural ideal types) (Peters 2001, p.50). The other version focuses on the “individual within institutions” and holds that actors seek to enhance their own benefits through the institutions, with part of their strategy being incremental change of the agreements:

“organizations will be designed to further the objectives of their creators. They will be created as a function not simply of institutional constraints but also of other constraints (e.g., technology, income, and preferences). The interaction of these constraints shapes the potential wealth-maximizing opportunities of entrepreneurs (economic or political)” (North 1990, p.73).

An extension of the latter is the *principal-agent model*, in which the interaction between institutions and individual actors is seen as a purely instrumental delegation of functions. Analyses usually focus on the most powerful individual players, with the organizations having no agential status of their own. *Game theory*, on the other hand, tries to construct a matrix of overall pay-off in which the interests of other actors constrain the path of interest promotion. In connection with the public goods assumption, promoters of international agreements are then even seen as “merely attempting to ensure that their own version of good public policy is the policy that is implemented at present and in the future, a goal very much in accord with ideas of democracy (Rose 1974)” (Peters 2001, pp.51-2). In this last approach, rules and incentives may appear very similar to norms and values, but a core difference is that compliance is explained not as the result of moral convictions, but as rather stemming from calculations of the costs of defection. Solutions that are consistent with the established status quo and culturally accepted practices are likely to entail lower costs than those entailing deeper change (Keohane 1988, p.390). Thus, most rational choice analysis tends to be *regulative* rather than *normative* or *cognitive* and avoids the question of where practices or actor preferences came from in the first place. Others state that they are the result of cultural settings (see above), though their impact is limited to the exchange level, where they again lead to “costs of conviction” (North 1990, p.7).

I would argue that the similarities between the three strands of rivalry institutionalism outweigh their differences, especially when compared with the other two schools. Increasing the level of abstraction slightly, one can subsume their core analytical approaches under the concept of transaction costs as defined by Keohane:

“this theory predicts that the incidence of specific international institutions should be related to the ratio of benefits anticipated from exchange to the transaction costs of establishing the institutions necessary to facilitate the negotiation, monitoring, and enforcement costs of agreements specifying the terms of exchange. It also predicts that in

the absence of anticipated gains from agreements, specific institutions will not be created, and that most specific institutions in world politics will in fact perform the function of reducing transaction costs” (Keohane 1988, p.387).

This does not mean that all participants “win” from the concrete agreement. For less powerful states, this may mean choosing the “least bad” option or the only option offered if they want to participate at all: “insofar as the transaction costs of making agreements outside of an established institution are high, governments disadvantaged within an institution will find themselves at a disadvantage in the issue as a whole” (ibid).

The explanation of institutionalization via transaction costs is based on an *instrumental* and *strategic* rationality. Goal-oriented actors decide in an instrumentally rational manner when calculating the costs and benefits of different options and in a strategically rational one when including the expected behavior of their interaction partners (Risse 2003, p.107). This logic of consequences prevails in any context, the given conditions shaping the concrete interests in cooperation.

2.5.1 Preconditions of institutionalization

Volker Rittberger and Bernhard Zangl, two leading German institutionalism scholars, distinguish three preconditions necessary for the successful establishment of an organization.³⁸ First is the *problem precondition* rooted in regime theory, which postulates the need for a certain level of interdependence between actors in a specific issue area: “Thus, international organizations emerge and develop when relations of complex interdependence between states translate into interaction results that these states judge suboptimal in light of their interests” (Rittberger/Zangl 2003, p.49, my translation). The satisfactory amendment of the conditions depends on the participation of other influential actors and their opinion of the potential outcomes of the joint action. Willingness to cooperate will only emerge if actors identify a “situational-structural need” for an organization:

“Thus, the generation of international organization is also dependent on the perception of the problems generated by relations of interdependence by state actors, as well as their perception that international organizations will contribute effectively to the handling of these problems” (Rittberger/Zangl 2003, p.49, my translation).

This *cognitive precondition* involves the weak constructivist assumption that differing information, experiences and traditions may influence the perception of the extent of a problem and its appropriate solution. As not all problems lead to joint action - even if their

³⁸ These preconditions are similar to Keohane’s “relevant factors” for a state’s delegation of governance: high level of government concern, hospitable contractual environment, and sufficient political and administrative capacity in national governments (Keohane 1995, here Archer 2001, pp.133-4).

overall impacts are dramatic - rival institutionalists include realist power relations as the third, *hegemonic precondition*. This use of hegemony refers to the Hegemonic Stability Theory:

“Thus, international organizations come into existence in problematic situations caused by relations of interdependence, in particular if there exists a hegemonic power or a small club of leading states that is willing and because of overwhelming power resources at least in this policy field also capable to bear a great extent of the founding costs of the relevant organization and to bind other states to the organization over a mixture of coercion and incentives“ (Rittberger/Zangl 2003, pp.49-50, my translation).

All institutionalization is therefore triggered by changes in the exogenous environment, be they through socio-political events such as the breakdown of the bipolar world structure in 1989, a technological revolution like the advent of the internet or additional information that influences the decision makers' perception of a problem. Historicism in this approach does not signify an endogenous tracing of changes in the sense of certain goals, concepts, norms or values; it is limited to structural “critical junctures”. At these junctures, likeability for new organizations is very high, as all preconditions are simultaneously fulfilled. Concerning the creation of the WTO, for example, Rittberger and Zangl name the wave of Neo-Protectionism in the 1970s and 1980s in response to the global crisis in world economy as a “source of the need for an international organization” (Rittberger/Zangl 2003, p.73, my translation).

2.5.2 Elements of institutionalization

“Within this approach institutions are conceptualized largely as sets of positive (inducements) and negative (rules) motivations for individuals, with individual utility maximization providing the dynamic for behavior within the models” (Peters 2001, p.45). The concrete aggregation and definition of rules varies from case to case, but all inter- or supranational institutions encroach on members' sovereignty, as they limit governmental freedom of choice. Parts of these negotiations are therefore also the mechanisms by which compliance to the rules is ensured. These may include monitoring and sanctions or negative incentives for backing out of or attempting to alter the agreement (Frey 1997, p.230). Power differences between the calculating actors influence the exact design. The socio-political effects of institutionalization are not politically neutral: “they can be expected to confer advantages on those to whom their rules grant access and a share in political authority” (Keohane 1988, p.387). However, this expectation does not necessarily mean that all actors benefiting from an institution have had direct influence on its creation or that the ultimate outcome was not instead the result of chance, coincidence or serendipity.

Rule obedience in general is not necessarily to the result of an acceptance of the rule's appropriateness. Rules are cost-reducing tools used to achieve given ends. Since actors never leave their competitive grounds of utility maximization, an important element for compliance is the "shadow of the future": repeated games involve tit-for-tat punishments and rewards deterring defection because of anticipated reactions to one's behavior. Institutionalization enshrines such continued interaction, modes of monitoring and sanctioning or even third-party judgment. Meanwhile, the effectiveness of the shadow of the future depends on the costs of violation. Power differences allow some members to bend the rules more than others. Keohane therefore once again proposes the abstract concept of transaction costs to explain interest in compliance even on the side of powerful players: "Two of the most important functions of institutions are to *provide information* to participants and to link issues to one another in the *context of a larger set of valued activities*" (Keohane 1996, p.127). The result is great expectation security regarding the environmental factors in which individuals plan their strategies: "the key features of political life – public policies and (especially) formal institutions – are change-resistant" in comparison to informal relations (Pierson 2000, p.262). Institutions facilitate forms of cooperation and exchange that would otherwise be unlikely, but that also make significant politico-economic changes unlikely: "[T]he relevant point here is that this status quo bias characteristic of political systems reinforces the already considerable difficulties of moving off an established path" (ibid). Therefore, institutions not only restrict behavior, often the implicit message of rational choice theory, but also enable or support positions in line with their logic.

2.6 Legalization to enforce compliance

All three types of rivalry institutionalism subsume international law as a source of bargaining power. This "instrumental optic" holds that states use rules to further their interests. Keohane distinguishes an extreme, realist version of this view from a subtler, economistic version. The first version postulates that powerful players modify, reinterpret or break existing rules once their interests diverge from them. Since free-riding remains ubiquitous, preference compliance is mostly explained by power and enforcement. The economistic version explains compliance as a consequence of altered incentives or the increased costs of exit (Keohane 2002, pp.117-9). Since those authorities possessing strong means to coerce or sanction are more costly to disobey, I would propose the integration of the two versions.

To investigate legal authority beyond the nation state, prominent scholars of rivalry institutionalism – Kenneth W. Abbott, Robert W. Keohane, Andrew Moravcsik, Anne-Marie

Slaughter and Duncan Snidal - have established a research concentration with the goal of “moving away from a narrow view of law as requiring enforcement by a coercive sovereign” (here Keohane 2002, p.133). Their “concept of legalization” entails three properties that distinguish it from diplomatic negotiations: obligation, precision and delegation.

Obligatory rules are different from coercion, courteousness or morality, as these commitments are contained in agreements that would not to be discarded only because preferences change. Actors are legally bound in the sense that their behavior is subject to scrutiny under the general rules and that the “breach of a legal obligation is understood to create ‘legal responsibility’, which does not require a showing of intent on the part of specific state organs” (here Keohane 2002, p.139). Consequences may involve retaliation, restitution, monetary indemnity, apology, authorizing of self-help or retorsions (ibid, p.140).

This fosters a particular type of discourse as the “discussion of issues purely in terms of interest or power is not longer legitimate” (ibid, p.140) and standardized language increases *precision*. Legalization entails that each rule unambiguously defines the conduct it requires, authorizes or proscribes and also that “the rules are related to one another in a non-contradictory way, creating a framework within which case-by-case interpretation can be coherently carried out” (ibid, p.142). This dimension is particularly important from the rationalist view of reduced transaction costs and increased predictability and certainty. Both are increased through the *delegation* of third parties that “have been granted authority to implement, interpret, and apply the rules; to resolve disputes; and (possibly) make further rules” (ibid, p.138).

Concrete organizations show differences in the composition of these properties, with the degree as well as gradation of each varying independently of each other.

“Consequently, the concept of legalization encompasses a multidimensional continuum, ranging from the ‘ideal type’ of legalization, where all three properties are maximized; to ‘hard’ legalization, where all three (or at least obligation and delegation are high; through multiple forms of partial or ‘soft’ legalization involving different combinations of attributes; and finally to the complete absence of legalization, another ideal type” (here Keohane 2002, p.132).

The mentioned “other ideal type” is that of anarchy and tables can show the range of institutional possibilities encompassed by the given concept of legalization (ibid, p.136, for table see p.135). Both ideal types are of structural or regulative character and are not of normative or constitutive effect (for discussion of ideal types see part I).

However, Keohane et.al argue in favor of overcoming a purely instrumental view as they acknowledge the “active role of the regime in modifying preferences, generating new options,

persuading the parties to move towards compliance, guiding evolution of normative structure” (Keohane 2002, p.119). Scrutinizing the accredited role in more depth, one detects that the agential status and interests of institutions are nevertheless reduced to providing incentives for the “real” rulers. No transformative effect on the quality and character of international relations as such is anticipated.

The absence of normative positions in this descriptive research design provides little analytical explanation as to why each level or type of legalization may be reached and in which context this is likely (Keohane 2002, p.139), nor do political pressure, informal norms or other factors play any role in the degree of obligation, precision, or delegation and their effectiveness. All observed irregularities are left without further comment, creating the appearance that they result from the incompleteness or imperfection of the observed institution (ibid, p.133). I therefore agree with the authors cited above that the “exploration of legal dynamics would be the logical next step in the research program” (ibid, p.139).

Historical and sociological views hold that many of these explicatory limitations emerge because the analyses begin with a natural state in which no other structurations exist – similar to the free market assumptions in neoliberal economics. . However, “many important social institutions do not emerge as equilibria in games among equal agents, but as equilibria in games among agents who control old institutions and agents who challenge such institutions with new demands” (Sened 1995, p.162, here Hodgson 2002, p.121). System-critical approaches therefore eschew a priori *positivist law assumptions*, in which rules are only seen as *restricting* power play, one assumption that rivalry institutionalism works with:

“Constitutionalism is to constrain the ruler, thus creating order without arbitrariness or predation. Economically, constitutional government created institutions that could make sovereigns’ promises credible, thereby reducing uncertainty, facilitating the operation of markets, and lowering the interest rates for loans to sovereigns, thus directly creating power resources for states with constitutional governments” (Keohane 2002, p.69, my emphasis).

This perception necessitates the liberal art of separating the political from the economic so that the constitutional body decides independently of the forces in the market. It also believes in the existence of impartial general interests – as found in the public good assumptions.

A realist instrumental approach of rivalry institutionalism would predict many loopholes and violations of laws by the powerful players - but it would have difficulties in explaining the consensual agreement of subordinates without reserving rational capability and savvy as characteristics of powerful players. Additionally, cases in which the US goes along with international agreements such as WTO rulings would not be easily explained.

To sum up, the lack of real qualitative differentiation between rules and actual laws and the absence of any *real* rooting of individual transaction cost calculations (beyond abstract “utility”) brush over questions constitutive for human societies:

“It signals a movement from politics, in the Aristotelian sense – of debates about how we shall live together – to economics, that is, how our individual desires can be unconsciously coordinated through prices (...) Reason is relegated to a subordinate role as a technically useful instrument for calculating costs and benefits of alternative means for satisfying wants and desires. Law is relegated to an equally subordinate role as a background figure providing context but little determinative action” (Silbey 1997, p.217).

2.7 International organizations as instruments of dominant states

In a world order of competitive market relations, rival institutionalists understand politics as analogous to a market filled with utility maximizers negotiating prices for their offers. Just as the division of labor increases efficiency and scale effects, general welfare in form of public goods can be increased by cooperation.

“Thus, like the economists, they see organizations as welfare-improving solutions to problems of incomplete information and high transaction costs (...) State power may be exercised in political battles inside IOs over where, on the Pareto frontier, political bargains fall, but the notion that IOs are instruments created to serve state interests is not much questioned by neorealist or neoliberal scholars” (Barnett/Finnemore 1999, p.703).

Instead of being products of the accretion of value and meaning over time, institutions are the products of choices made by founders and users seeking to maximize their own personal utility - or perhaps even social utility, in the way it is defined in their point of view.

Institutional creation and change is understood as stemming from a weak principal-agent idea stating that actors will support and engage in an institution as long as they perceive its processes and outcomes to be to their advantage. Given preferences determine strategies to “lock-in – ‘institutionalize’ – particular sets of rules and choices and to prevent future defection and ‘drift’” from the utility maximizing path (Peters/Pierre 1998, p.269). Powerful players exercise the greatest amount of influence on the process of institutionalization itself and within the resulting body. The policies of these institutions are different from those that the hegemon(s) presumably would have unilaterally adopted, however. The decision-making procedures and general rules “affect both the substance of policy and the degree to which other states accept it” (Keohane 1998, here 2002, p.31). Institutions are therefore *consciously designed regulatory tools* employed to facilitate utility maximization for egoistic unitary actors under conditions of competitive interdependence and scarce resources. An institution is

“a solution to dilemmas of strategic interaction” and therefore represents a “*form of successful cooperation*” (Martin, 1992 p.766, my emphasis). This structural functionalism as an *administrative instrument* that coordinates the competitive strategies of actors in a manner that aims to avoid destructions or serious conflict is different from the normative functionalism that depicts a constitutional solution as fulfilling a separate mandate through the steering of social relations and that impacts the quality of strategies and the preferences of actors. In contrast to a purely realist instrumentalism that sees international organizations as extended governments of the most powerful state(s), *cooperative instrumentalism* depicts them rather as tools used to *achieve a set end*. “In instrumentalist language, what is essential to an institution for it to function well is that it helps to align these various types of incentives in ways that support the mission of the institution” (Keohane 2002, p.128).

Recent writings meet the criticism of state-centrism by accrediting institutions with the centralized capacity to develop agential status and interests to reproduce themselves. However, these are “adaptive agents” and even though their institutional goals are not identical to those of states, “they must attend to states’ interests to further their own goals” (Koremenos et.al. 2001, p.1078). Ontologically, this institutionalism remains a theory of nation states rather than one of international organizations (Barnett/Finnemore 1999, p.706). Some rational scholars that attribute institutions with an independent ontological existence include them as additional self-interested pieces in the mosaic of negotiating unitary actors. Michael Barnett and Liv Coleman, for example, claim their model of strategic choice overlaps with both rationalist and constructivist approaches, as it “treats IOs as goal directed, cultural creatures that behave strategically *in response to changes in the international environment*” (ibid 2005, p.595, my emphasis). However, this weak constructivism is limited to changes in actor perception, but not identity. The goals of such collective actors are defined as furthering their mandate, securing their survival and developing or maintaining autonomy (ibid, pp.597-8). International organizations then resemble nation states. Hence, methodological individualism prevails and the locus of change remains outside the realm of the collective agents.

Two main strands prevail within this school. Structural equilibrium analyses, irrespective of the number of state containers participating in the bargaining, see change as occurring once the shortcomings of the existing equilibria become too grave and “the resolution of these pressures may lie in movement toward a new equilibrium” (Koremenos et.al. pp.1078-9). Here, international organizations appear as impersonal policy machines that are objects of strategic choices on the side of the states and serve as both dependent and independent variables in

rational calculation models (Martin/Simmons 1998, p.757). Their image remains one of “pooled sovereignty” in which nation states negotiate pareto-improving equilibria (Rittberger/Zangl 2003, p.23).

To re-focus on actors as change agents, the second strand incorporates learning, central to constructivist approaches, into rational choice theories. Here, learning refers to the rational design of organizations (Koremos et al, 2001, p.1077). Change occurs when powerful actors see a cost advantage through the amendment of the organization: “rational designers learn by experience. They stick with arrangements that work and modify ones that do not” (ibid, 1078). Research consequently focuses on institutional characteristics that enable cooperation, but is conducted through the distinction of the “measurable dimensions” of institutions that can be compared and ranked (Koremos et.al 2001, p.1052). These include membership decisions, issue scope, level of centralization of main tasks, control competencies and flexibility in the adjustment to change (ibid.). Utility maximizing agents choose the option promising the most benefits under the given structure of incentives (North 1990, p.7).

In sum, the stable premises of individual utility-maximization and an anarchic natural state are preconditions of all rivalry approaches. It is in this way that methodological individualism operates with a universal representative actor that reacts to environmental change.

3 Convergence Institutionalism

“World History is the progress of the consciousness of freedom – a progress whose necessity is our business to comprehend.”

(G.W.F. Hegel, 1975, p.54 here Klosko 1995, p.391)

What is often called New Institutionalism in IR comprises a range of approaches that stress the sociological and historical elements criticized by its proponents as lacking in rivalry institutionalism. This understanding is quite distinct from New Institutional *Economics*, which resides within perpetual thought and individual consequence calculations. In economics it is “old” institutionalism that emphasizes the impact of specific historical, cultural and economic circumstances on individual motives (Hodgson 2001, p.246). The overarching assumption is one of malleable preferences in general and what Hodgson calls “reconstitutive downward causation”, stating that institutions have the capacity to mold individual preferences (ibid, 2002, p.112). Institutionalized rules, constraints, practices and ideas comprise psychological and social mechanisms that influence human perception, self-conception and habit - and thereby the future acceptance and stability of existing institutions. Conforming to the rules,

then, is not explained as the “preference of conformism” in light of the prohibitively high costs of non-conformism. Instead, conformism is understood as emerging from a process of conviction or habituation in which preferences are formed through interaction between individuals and under institutional guidance. In the long run, changed preferences and continuously evolving consensus with regards to the best possible solutions provide the grounds for intentional changes in policy-making and institutional design (Hodgson 2002, pp.116-8). It is because of this implied decrease in conflict and increase in cooperation through frequent interaction that this school is also called “normative” or “reformist” institutionalism: international relations and exchange can create the building blocks of a global society that organizes itself with the help of a variety of international and regional institutions and organizations (Archer 2001, p.127). “Liberalism incorporates a belief in the possibility of ameliorative change facilitated by multilateral arrangements. It emphasizes the moral value of prudence” (Keohane 2002, p.59). While rivalry strands explain policy convergence as a result of coercion through foreign pressure, reaction to public opinion or the rational anticipation of future benefits, scholars in this strand place mutual learning processes and consensual knowledge or shared convictions at the center of global polity formation (Haas 1997, pp.295-6).

The premise of intentional progress also resonates in the self-perception of theorists in this strand. As Thomas Risse, one of the leading German convergence institutionalists, expresses, “social science research is not an end in itself but should attribute to reflection, critique and change of the partially catastrophic state of international politics. This is the caliber by which the value of theoretical debates needs to be estimated” (Risse 2003, p.100, my translation).

3.1 Motivation of progress in state relations

As further explained in the chapter on adaptive thought, constructivist liberals depict humans as zoon politicon in an Aristotelian sense. Central questions of liberal political theory concern the relationship between individuals and society and the “political obligation” of each to the other. Although authority must be justified by reason, politics as such is also seen as an end in and of themselves: social interaction and normative regulation serve the constitution of sense and identity by which individuals are guided in their choices (Klosko 1995, p.377). Thus, motives for action are analyzed along “because of” assumptions that involve the conditioning of individual choices: why do actors see the world in a certain way? (Hollis/Smith 1990, p.145). Derived political projects then have the goal of designing conditions most supportive of reflective development and effective problem solving. Scholars

of this school have either focused on norms or on knowledge in their analysis of progress in state relations. Martha Finnemore and Katryn Sikkink note that constructivists in political science often talk of “norms” when sociologists talk of “institutions”. The definition of “a standard of appropriate behavior for actors with a given identity” (ibid, 1998, p.891) holds for both forms of behavioral rules. However, the norm definition isolates single standards of behavior – and is therefore similar to the scope of knowledge, ideas or laws – while institutions emphasize the way in which some behavioral rules are structured and interrelated and entail aggregative effects (ibid).

Within the category of political norms, it is relevant to distinguish between *regulative norms* or laws that order and constrain behavior and *constitutive norms* that create new interests, identities or categories of behavior. While the former are relevant for cooperation under conditions of rivalry, the latter compose the spirit or principles that bring life or meaning to rules and by which individuals gauge the appropriateness of certain decisions and behavior. This also means that an intimate relationship exists between norms and rationality, despite the common habit in IR of treating them as opponents (ibid, p.909). This dichotomy usually rests on a conflation of rationality with selfish utility maximization. However, acting according to one’s rational reasoning may entail altruistic behavior as well, depending on the quality of the established customs, traditions and rules. Here, individuals act on their convictions and to a great extent ignore the potential “costs” that their integrity may involve. The crucial distinction between the strands lies in the malleability of preferences and identities and therefore also of actor motivation. ”Norm shifts are to the ideational theorists what changes in the balance of power are to the realists” (Finnemore/Sikkink 1998, p.893). Thus, in constructivist state relations, the main vehicles for system transformation lay in increased knowledge and communication.

The importance of knowledge in the motivation for cooperation and educational state interaction – though a tenant of a very rationalist point of view – is crucial to Peter Haas’ concept of epistemic communities. “An epistemic community is a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area” (Haas 1992, p.2). Particularly under *conditions of uncertainty*, decision makers – in this case states and not individual humans - seek guidance in order to elucidate the relationships involved in and consequences and compositions of certain policies. The control over knowledge and information therefore forms an important dimension of power and development potential. Meanwhile, the diffusion of new ideas and information can also lead to new patterns of behavior, coordination

possibilities and even the redefinition of interests (ibid, p.16). In contrast to lobby groups pushing their own agendas, epistemic communities form a “thought collective” bound by a certain paradigm guiding the interpretation of data knowledge production. Apparently indifferent to particular interests, these elites work towards what Hegel might have called the necessary ethical order for a society or community:

“The solidarity of epistemic community members derives not only from their shared interests, which are based on cosmopolitan beliefs of promoting collective betterment, but also from their shared aversions, which are based on their reluctance to deal with policy agendas outside their common policy enterprise or invoke policies based on explanations that they do not accept” (Haas 1992, p.20).

Haas neither questions nor justifies the notion of political indifference and the unprecedented level of scientific sophistication in epistemic outcomes. While eschewing the notion of objective truth, the importance of science and communication is said to lie in continual progress:

“Although knowledge is only accepted belief, not correct belief, correct beliefs may evolve over time, as progressively more accurate characterizations of the world are consensually formulated. By reference to internally formulated truth tests, contending groups may collectively validate their conclusions and their beliefs may converge intersubjectively in the medium run“ (Haas 1992, p.23).

The only obstacles limiting the potential of such transnational expertise reside in international and national structural realities and inhibiting political power plays (here seen as outside the realm to science) (ibid, p.7).

3.2 The goal of optimized world order

Increased complexity and the emphasis on technology in the world and international relations have created new challenges for any order in providing guidance for beneficial development. “Decision makers do not always recognize that their understanding of complex issues and linkages is limited, and it often takes a crisis or shock to overcome institutional inertia and habit and spur them to seek help from an epistemic community” (Haas 1992, p.14). The hope for ameliorated interaction lies in processes of learning and joint efforts for progress that are most efficiently designed through the convergence of standards and diffusion of best practice. The role of neutral players such as epistemic communities and also international organizations is important, as third party knowledge and rules provide guidance towards the increased and smoother interaction between still competitive players. “The focus lies on international institutions as social structures of the world community with constitutive consequences for

identities and interests of the therein mingling actors” (Risse 2003, p.105, my translation). “[I]nternational institutions as the venues and *agents of such social learning* and knowledge diffusion” (Haas/Haas 2002, p.601, my emphasis) provide the structural basis to ameliorate the overall state system by “increasing the likelihood of *convergent* state behavior and international policy coordination” (Haas 1992, p.4, my emphasis).

Norms from this consensual point of view are seen neither as fixed variables nor as dichotomous entities. Rather, they change continuously in their character, growing in importance within the “life cycle of norms”: “agreement among a critical mass of actors on some emergent norm can create a tipping point after which agreement becomes widespread in many empirical cases” (Finnemore/Sikkink pp. 892-3). Once this tipping point is reached, the “diffusion” of this norm accelerates rapidly, binding growing numbers of actors under its ethical code and intensifying interpretive congruence throughout the observed community. This “contagion” or “norm cascade” is conceptualized as a more or less passive process by different constructivist scholars, though most do include an agential aspect of intentionality. Finnemore/Sikkink, for example, “argue that the primary mechanism for promoting norm cascades is an active process of international socialization intended to induce norm breakers to become norm followers” (ibid, 1998, p.902) Therefore, socialization, including knowledge generation and distribution is the dominant mechanism contributing to the norm cascade. The acceptance or implementation of certain kinds of knowledge, however, also depend on peer pressure that can trigger motivation to conform because of a “we” feeling, the feeling of responsibility to the group or desires for esteem and participation in joint progress (ibid). These motivations depend on a guiding reference framework and the community-building that global governance institutions are seen as providing.

Multilateralism here is understood as a principle of governance or a qualitative dimension of institutional design genuinely connected to modern international life and not as a particular structure of rules (Ruggie 1998, pp.566-568). The normative connotation of this principle, however, often seems to eradicate any doubts about the ameliorative intents of multilateral interaction and seems to view such outcomes as universally beneficial. Irrespective of the more structural or agential perspective in convergence approaches, power relations receive little attention in cooperation processes. March/Olsen, for example, distinguish three steps in community formation:

“stage 1: ‘non-political,’ technical issues create occasions for participation across borders; stage 2: frequent and long-term participation in discussing technical issues fosters more general familiarity, shared identities, and mutual trust; stage 3: trust, shared identities, and familiarity encourage further contact, further integration, an expansion of the number of

topics viewed as appropriate for discussion and the development of common definitions of problems and appropriate actions” (March/Olsen 1998, pp.963-4).

Others accredit intellectual elites and enlightened leaders with an important function in the discovery and promotion of an ameliorated world order. Peter and Ernst Haas, for example, propose a strikingly Hegelian orientation of engineered linear progress:

“Pragmatic constructivism provides two related notions of progress within the constraints of the double hermeneutic. One is in terms of theory development within IR. The second is in terms of betterment of the world, at the very least in terms of replacing hard problems with more tractable ones“ (Haas/Haas 2002, p.592).

3.3 Absolute gains expectations from cooperation

Since political processes are considered to provide increased understanding and the constitution of mutual guidelines, international cooperation is a priori positive and an end in and of itself. Even if the exchange of information and knowledge results in the collapse of coordination because no joint gains can be seen, this can still translate into a positive outcome: unnecessary efforts have been avoided and insecurity has been reduced (Haas 1992, p.30).

Some constructivist scholars have worked on bridging with rational choice theory in assigning utility to ideational factors; concerns about status in iterative games within the international community and costs arising from being labeled a “rogue state“ are examples. This robs norms of their intrinsic effectiveness, however, and resembles the intent to explain the legitimacy concerns of powerful players through selfish calculations to determine how to win votes (Finnemore/Sikkink 1998, p.910). This perspective ignores the fact that the normative or spiritual notion of “legitimacy” must first be established and then reproduced over time before it can become a strategic resource. Finnemore/Sikkink define legitimacy as “the belief that existing political institutions are better than other alternatives and therefore deserve obedience” (ibid, 1998, p.903). This belief is not automatically allocated to a certain idea, norm or structure and does not remain with it endlessly without supporting evidence and continual communicative promotion. Reducing certain beliefs or rules to external parameters calculated in rational choice games would drain them of their spirit of governance. Legitimacy from a convergence perspective means that the ideas, knowledge and interests that are (or appear to be) desirable for the general interest and suit the acknowledged solutions will make people support them. Institutions therefore fulfill what Ulrich Brand, referring to Weinert, calls the “Weberian cohesion function”: democratically constituted societies and communities gain their socio-economic stability and flexibility from the integration of a

plurality of partially contradictory ideas, interests and institutions and the settlement of connected conflicts into consensus (Weinert 1996, p.86f, here Brand 2006, unpublished version, p.144). Equipped with this progressive engineering perspective, every solution democratically agreed upon needs to be beneficial for the general interest of a society.

3.4 Argumentation and law-based negotiations

Thinking of political interaction as attributive to an ameliorated state system does not imply that state representatives simply engage in philosophical discourse. Actors in international negotiations seek to establish certain rules and norms as global standards or at least narrow the gap between conflicting views and preferences. Thus, in contrast to purely instrumental bargaining and sanctioning, political processes from the convergence view entail that preferences and beliefs change “as in the rest of life, through a combination of education, indoctrination and experiences” (Casporaso 1992, pp. 624-5). Constructivists argue that even in purely distributive games in which the direct imposition of power would be an easy strategy, empirics show that actors usually justify their position and demands, seeking to convince others of their desirability or at least the unavoidability of their proposal (Risse 2003, p.12). Rational scholars refer to the concept of rhetorical action and explain this phenomenon in reference to the legitimation argument portrayed above: strategic actors use arguments and justifications in order to sell their particular claims to the public (for example Schimmelpfennig, Holzinger, referred to by Risse 2003, p.13). Norms are once again reduced to external parameters that are calculated in determining the dominant strategy. However, the actors here cease being individualist monads and become participants in current social institutions and normative structures that define who may promote and justify egoistic interests in a world society.

Thomas Risse, a prominent constructivist scholar in Germany, argues that institutions cannot be composed merely of autistic actors engaged in power plays: a strategy to justify and argue one’s claims in negotiations only makes sense in a context in which actors expect that others may be convinced by their arguments, even if the arguing actor him or herself refuses any change in position. Rhetorical action would be superfluous without the slightest expectation that the better argument may impact other preferences. As a consequence, even if the arguing party is convinced not to change the own preferences, any such strategy is only convincing if the counterarguments are appropriately received and, in the best scenario, done away with by argumentation. Risse therefore perceives negotiations towards cooperation as *agreement oriented action* (*Verständigungsorientiertes Handeln*) (Risse 2003, p.14). This means that

conviction strategies cannot function floating in mid-air; if legitimacy is to be maintained, arguments need to be attached to established parameters. Thus, inserting instrumental-strategic negotiators into current democratic conditions with a normative spirit of legitimacy means that no egoist remains immune to justification problems and argumentative defeat.

This also means that even if some rational scholars argue that strategic coalition building or the manipulation of public discourses by the elite hampers the need for justification on the side of strong players, *norms as such cannot be coerced*. To change norms and their impact therefore entails an element of “persuasion”. As both sociological as well as psychological scholars point out, the act of being persuaded that a certain solution is the best possible is not only based on the given information, but also on processes of affection, self-conception and identification. Negotiation strategies that seek to change the status quo therefore

“must take what is seen as natural or appropriate and convert it into something perceived as wrong or inappropriate. This process is not necessarily or entirely in the realm of reason, though facts and information may be marshaled to support claims. Affect, empathy, and principled or moral beliefs may also be deeply involved, since the ultimate goal is not to challenge the ‘truth’ of something, but to challenge whether it is good, appropriate, and deserving of praise” (Finnemore/Sikkink 1998, p.900).

From this perspective, negotiation processes are also motivated by the goal of belonging to a given community or improving one’s reputation and involve evaluative relationships between states and their “peers”. Existent social norms are then reproduced partly due to the feelings of embarrassment, anxiety, guilt or shame that a state representative may suffer as a result of violating them (ibid, 1998, p.903).

Frank Schimmelfennig (2003) investigated the conditions under which socialization strongly affects the international realm. He distinguishes moments of rather passive imitation from those of active persuasion. The latter mechanism is of interest for institutionalization processes. Schimmelfennig names three contextual conditions that support active persuasion (ibid, p.412):

- a. A systemic-structural condition in which the socialization agent holds authority, in a sense of accredited and/or superior competence, to act in the general interest of the community;
- b. A process condition in which the negotiation situation resembles an ideal speech act (Habermas) with equal input rights and similar levels of information and without external political enforcement;
- c. A subsystemic condition once international agreements show great resonance and easy adaptability with domestic policies.

Schimmelpfennig's prediction as to when negotiation through argumentation and immaterial incentives (he uses the term "socialization") should be most successful describes a situation of asymmetric interdependence: a determined international socialization agent pursues a clearly defined and credible strategy with conditionality elements and interacts with a set of states new to the issue and that have not (yet) formed veto-groups (ibid, p.414).

Most constructivist scholars agree that the analytically clear separation between distinct modes of negotiation is not reflected in empirical observation. Different actors also interpret concrete bargain offers, threats, or arguments quite differently, and cooperation strategies typically mix several argumentative and incentive elements in order to reach an agreement (Risse 2003, p.16). However, the same scholars do not agree with the two-step division of labor between constructivism and rationalism that resonates in the transaction cost approaches of North or Keohane. Here, the investigation of how preferences and identities are constructed should take place prior to the institutionalism analysis of strategic utility maximization in which these are parameters of cost-benefit calculations. Convergence scholars do not limit their analysis to preferences over action, but hold that agreement-oriented action will change preferences through outcomes as well. Political processes have constitutive effects on concrete behavior and the perception of what seems to be an appropriate result (Risse 2003, p.17).

3.5 Institutionalization as logic of appropriateness

From a convergence point of view, international institutions do not only regulate behavior. Their norms and rules create a common realm of interpretation that stabilizes expectations and makes global politics possible (Risse 2003, p.8). This constitutive effect of norms and its distinction from the purely regulative effects that rationalists focus on are hardly fully separable in practice. Many norms have both effects with which one is stronger depending on the actual context (geographically and historically). Sociologists have therefore distinguished between norm *acknowledgement*, as a basic condition for social integration, and *norm compliance* or violation as actual social behavior. Without knowledge of prevalent rules and expectations, no judgment of congruent or deviant behavior is at all possible (Risse 2003b, pp.118-20). There is also a difference between *internalized* norms with quasi-permanent effects that are not contested or questioned over long periods of time and *consciously chosen* norms, which are connected to the individual conviction that a certain behavior is appropriate. The former often have the quality of general evaluative cognitive or moral judgments while the latter guide behavior in a more comparative sense, emphasizing choosing between

alternatives. Meanwhile, some rules and laws may exist without being socially very effective, meaning that people do not refer to them for social orientation.

Once certain norms are well enshrined in social practices and institutions, “we typically do not consider a rule of conduct to be a social norm unless a shared moral assessment is attached to its observance or non-observance” (Finnemore/Sikkin 1998, p.892). Thus, it may be hard to identify and in particular challenge norms when these shared ideas, expectations and beliefs concerning appropriate behavior lend the world structure, order and stability (ibid, p.893). Some critics, particularly those with a philosophical background, have argued that such perspectives replace individual autarky in rationalism with the social restrictions of sociological normativism and that both reduce human beings to reactionary automatons, even when individual insights are combined: “If a pure bureaucrat would be merely a puppet and a pure *homo economicus* merely a set of preferences coupled to a computer, then a mixture would not be magically less preprogrammed than either” (Smith/Hollis 1990, p.152). However, if individuals are motivated by the values of their institutions, this does not mean the judgment of social occurrences will be uniform, nor does it mean that human behavior lacks intentional behavior and free will. Very few of the recent convergence approaches would deny that human behavior is not reliably predictable and may in fact even fly in the face of common sense. Some actors may even intentionally harm themselves. The distinction between rivalry and convergence logics lies in estimating the quality of the effect of an institution on actor behavior and identity: “If an institution is effective in influencing the behavior of its members, those members will think more about whether an action conforms to the norms of the organization than about what the consequences will be for him- or herself” (Peters 2001, p.29).

3.5.1 The logic of appropriateness

Thus, instead of automatically thinking first of what the objective pay-off will be, humans reflect on choices within the value parameters established by the dominant institutions they belong to. While the individual definition of “appropriate” varies, fixed rules create a more uniform understanding and serve as a point of orientation, particularly for newcomers. Such rules can be judged as formalization of a logic of appropriateness:

“Within the tradition of a logic of appropriateness, actions are seen as rule-based. Human actors are imagined to follow rules that associate particular identities to particular situations, approaching individual opportunities for action by assessing similarities between current identities and choice dilemmas and more general concept of self and situations. Action involves evoking an identity or role and matching the obligations of

that identity or role to a specific situation. The *pursuit of purpose* is associated with identities more than with interests, and *with the selection of rules* more than with individual rational expectations. Appropriateness need not attend to consequences, but it involves cognitive and ethical dimensions, targets, and aspirations. As a cognitive matter, appropriate action is action that is essential to a *particular conception of self*. As an ethical matter, appropriate action is action that is virtuous” (March/Olsen 1998, pp.951-2, my emphases).

Observed behavior is explained by interpreting the meaning given to a situation and the identities and roles this evoked in individuals. Intentional change is initiated by providing alternative interpretations of the parameters given in combination with self-perceptions. The logic of appropriateness is therefore a logic of individual action as well, though focuses on its *endogenous justifications* (ibid).

3.5.2 Plural actor relations

Since the “international society” is a community of rule followers and role players that enter social interaction with distinctive intersubjective understandings and senses of belonging, global institutionalization signifies a convergence of these distinctly pre-socialized agents. Within this process, “norm entrepreneurs” seek to actively build and persuade other actors of their “strong notions about appropriate or desirable behavior in their community” in order to extend the realm of their interpretative dominance (Finnemore/Sikkink 1998, p.896).

These entrepreneurs need not be state representatives, as the concept of “epistemic communities” has already shown. Before Haas used this term for scientific experts, Ruggie (1975) had used it more abstractly and in reference to Michel Foucault’s idea of an “episteme”, “a dominant way of looking at social reality, a set of shared symbols and references, mutual expectations and a mutual predictability of intention” (ibid, 1975, pp.569-70, here Haas 1992, pp.26-7). This definition resembles the notion of a “government principle” or the “spirit” of Montesquieu. An epistemic community in this broader sense consists of interrelated roles growing around an episteme that determines the proper construction of reality for its members (ibid). Once this community seeks to convince others of the appropriateness of its particular view, it embarks on a political project with the goal of broadening acceptance and compliance towards this “proper” construction of reality.

Research has developed different concepts for the influence of non-governmental actors. Haas’ epistemic communities have also been called “knowledge networks” by Diane Stone “in which expert discourses are treated as sources of authority in global debates“; Krause Hansen, Salskov-Iveren and Bislev instead conceptualize “transnational discourse

communities“ and focus on local governments and their global interconnectedness. The “advocacy networks” of Margeret E. Keck and Kathryn Sikkink often pick a particular perspective they perceive as underrepresented or less powerful on the grounds of the “principled beliefs” of justice or sustainability (Higgott/Ougaard 2002, p.16). While often not explicitly noted by the authors working with such concepts, critical perspectives point to the structural power potential knowledge creation entails and additionally emphasize that these forms of influence are mainly available to those well-organized and well-financed (ibid, p.17). Further, perspectives that are easily adaptable to already existing standards of “appropriateness” do not need to be as actively promoted as uncommon or new norms. Generally speaking, however, (“all norm promoters at the international level need *some kind of organizational platform* from and through which they promote their norms” (Finnemore/Sikkink 1998, p.899, my emphasis). This is why institutionalization is crucial for the stabilization of a particular episteme.

Constructivist scholars see an important role of civil societies or advocacy non-governmental organizations in the spread and acceptance of particular convictions in order to make states establish regulation to more rigidly ensure compliance (Rittberger/Zangl 2003, p.45). While nation states remain the deciding actors in international organizations, their preferences and identities are not fixed and are instead influenced by private groups from within their geographical borders and by transnationally active experts and advocates. The *creation* of an international organization therefore depends on a significant degree of communality in the norms and values that can convince parties to deviate from their initial positions. Finnemore/Sikkink called this degree the “tipping or threshold point” at which a “critical mass” of norm followers is reached (ibid, 1998, p.901). The point at which this is reached is difficult to predict because single states do not react equally to normative weight. Certain “critical states” exist for any given issue whose support is thought to be necessary in order to significantly change the direction of global policy. Generally, empirics seem to show that tipping points are unlikely to be reached before one-third of the total states in the system adopt the norm (ibid). Additionally, historical scholars point out that during the initial phases, new institutions may not yet be embedded in existing value systems, as they often embrace views that challenge the dominant institutions of the time. The inauguration of an institution – the tipping-point – has therefore also been called a *critical juncture* of intensified political action and conscious change (Peters/Pierre 1998, p.268).

This moment of change is rooted in the development of actor consciousness rather than in the structural development of external parameters as maintained in perpetual thought. Once

established, smoother phases of reproduction will follow. Struggles between advocates of change and supporters of a certain policy path will then often take place *through* those institutions, not despite them (Peters/Pierre 1998, p.270). Referencing this framework of appropriateness serves as a mechanism for justifying one's own position and increases pressure on those players in the world community that do not participate. Further, as sociologists stress, international organizations develop their own programs for promoting the norms and goals incorporated in their mandate. As Barnett/Finnemore express, organizations "actually behave" when exercising authority in ways unintended and unanticipated by member states (Barnett/Finnemore 1999, p.699). Global socialization processes involve states, domestic and transnational civil society and international organizations themselves.

3.5.3 Mechanisms of conviction

The different mechanisms of socialization or persuasion in the process of institutionalization can be qualitatively differentiated into types of imitation or conviction, the latter involving more active and purposeful engagement (Schimmelpfennig 2003, p.411). There exist one-sided learning processes like the strategic *imitation* of practices and rules that are perceived as being the best, most successful or less consciously peer-oriented. These processes are initiated by the adapting parties without active involvement of the socializing party. More important from the perspective of a political scientist are therefore the mechanisms of *conviction*, the active support of one perspective that results from discursive processes in which competing solutions are argumentatively defended.

Typical settings for this exchange - be they intergovernmental debates, workshops or expert reunions - are democratic in character with officially equal participants (Schimmelpfennig 2003, p.411). Qualitatively, agreement-oriented interaction holds the view that participants refrain from the ignorant defense of their interests and engage in a mutually enlightening communication processes. In line with the notion of agreement-oriented argumentation, the goal is not the imposition of particular preferences, but the generation of the best argument and insight (Risse 2003, pp.10-11). These are the components of the *normative ideal type* of multilateralism, which serves as a comparative blueprint in the analysis of why a certain agreement came about and not another: the conditions under which the actual negotiations took place shape the interpretation of the results. The structural ideal type of perpetual thought, on the other hand, is an *a posteriori* analytical concept, as it mirrors the preference matrix resulting from the negotiations.

However, providing formally democratic conditions of negotiations does not necessarily yield only the better arguments and more accurate information paving the path to consensus. Critical scholars refer to structural power relations that underpin which arguments are heard, which evidence is counted as “valid” research and whose position resonates as the most feasible in light of the currently status quo (for extensive discussion see part III). Further, even if everyone had equal resonance, the result would still not necessarily be “true” or the very best solution possible; surplus knowledge and alternative paths always exist that could also have been chosen. Thus, even though many defenders of consensus decision-making seem to brush over these possibilities, a global episteme represents the “*reasonable*” solution to the issue debated. As a consequence, the rules defined to facilitate the implementation of this solution are not neutral but rather incorporate a particular episteme. Risse, for example, points out that the broader world trade regime and the WTO do not only regulate the behavior of actors in international economic relations; its constitutive norms of free trade and multilateralism entail collectively shared knowledge and theories about how “one” should organize the global economy for the benefit of everyone (ibid, 2003b, p.108). Thus, if I extend this argument, whenever WTO rules are used to abolish existing national or local rules, the supranational solution and its norms subjugate other “reasonable” solutions that have been agreed upon on a different scale, at a different time and within a different set of cooperating parties with different sets of information, knowledge and reasoning. While system critical approaches argue that this should be acknowledged when identifying power relations and strategies, many scholars in convergence institutionalism subscribe to Hegelian linear progressive learning assumptions, meaning that the newer solution will be based on better information and more sophisticated as a result. I will come back to this point below.

Once created, as particularly historical approaches point out, institutional structures are difficult to alter. Most institutional designs contain some unacknowledged or dysfunctional elements needing subsequent modification or new members or environmental changes that may bring new challenges. However, change of the resulting structures and norms typically follows an adaptive process of “incremental adjustment”, with its range of possibilities constrained by the formative institutions and norms. This is why several scholars argue that ideas are to historical institutionalists what norms are to sociological institutionalists - and tend to combine the two. Neofunctionalist arguments on European integration, for example, explicitly combine sociological and historical elements:

“As trust became habitual, it would become internalized and internalized trust would, in turn, change affect among the participants. Changed affect meant changed identity and

changed norms as empathy and identification with others shifts. Thus, the engine of integration was indirect and evolutionary” (Finnemore/Sikkink 1998, p.905).

Therefore, international organizations are not simply a static summary of rules and norms, but also “serve as important vehicles for international learning that produce convergent state policies“ and initiate and foster political order or economic growth (Haas 1997, p.284). The effectiveness of institutionalized ideas or norms becomes relatively autonomous from changing government representatives and their particular short-term interests: the latter must be justified in reference to the already existing realm of interpretation and discourse (Peters 2001, pp.64-70). Change in established institutions is therefore driven by a perceived difference between ameliorated normative or cognitive ideals in terms of how society and its institutions should function and the actual operation of certain organizational solutions.³⁹ Critics, however, have warned about the potential of negative path dependence that seems to remain underestimated by Hegelian epigones:

“Likewise, the assumptions of problem-solving through gradual evolution may underestimate the degree to which attempts to remedy organizational faults may actually reinforce some of those problems rather than actually help. The stable mind-set of any institution will support only a limited range of possibilities, and most members of the institution will have a difficult time ‘thinking outside the box’ associated with the dominant ideas of the institution” (Peters 2001, p.71).

The majority of mainstream global governance discourse remains unimpressed by these warnings, though; policy convergence and its institutionalization are seen as signifying progress for the world society or international community through the spread of knowledge and an increased predictability of globally appropriate behavior. Irrespective of who promotes which norms and rules and whether the maintenance of diversity, communitarianism or deglobalization might also be desirable solutions– and there do exist quite a few people that would argue accordingly - John Boli and George Thomas, for example, have readily distilled “five principles“ that “are central to world culture: universalism, individualism, voluntaristic authority, rational progress, and world citizenship” (here Finnemore/Sikkink 1998, p.907). Concerning the establishment of concrete organizations for the world community, equally indisputable best solutions seem to exist. Thomas Franck, for example, argues that Max

³⁹ This more structural determination of change is similar to the notion of transaction costs of Douglass North: if changes in the existing organizations promise better utility, these will result. However, the concept of agents is different here, as they may also question the general motivation of their behavior, while North’s agents cannot help thinking in “cost“ calculations. If North began to investigate where the first definition of costs and benefits originates, he may not be far from the structural normative strand in his ontology. For now, the biggest difference remains the origin of individual preferences that the convergence strand sees as the result of socialization processes rather than independent calculations.

Weber's conception of *input-legitimacy* is the "ultimate" rule of international law: sovereign equality of states and consensus voting, in contrast to weighted voting, lend the highest degree of legitimacy to outcomes. Moreover, under sovereign equality rules, "the process of debating and purporting to consider relevant data from all interested countries may enhance the discursive validation of outcomes" (here quoted by Steinberg 2002, p.361).

3.6 Legalization to legitimize sanctions

Normative institutionalists similarly point to the increased independence and binding effects of third-party adjudication or sanctions as important means for rule compliance. However, they also stress socializing procedures and what they call the "compliance pull" of legitimacy in international law that remains effective even if direct control is absent. "[I]n effective institutions the sanctioning and enforcement processes are built into the structures themselves through socialization, rather than requiring for an external enforcement mechanism" (Peters 2001, p.35). Transparency rules in negotiation processes, for example, increase social control from the public and make every participant more accountable if the acceptance of the negotiating rules is a premise for membership. Additionally, the legal type of discourse is seen to limit self-serving interpretations of issues, as actors are disciplined into promoting their interests according to standardized and therefore clearer terms. Keohane, for example, argues that "international law is a form of 'rhetoric,' whose persuasiveness is largely a function of its legitimacy. Legitimacy, in turn, is related to the process by which it is created, its consistency with accepted general norms, and its perceived fairness or specificity" (ibid, 2002, p.120). The third party of jurisdiction or a supranational body functions as an "interpretive community" that limits the extent of contestation, interpretation and reinterpretation of established norms (ibid).

From the four explanations for legalization characterized by List/Zangl (see chapter 2.6), the convergence perspective subscribes to *legitimacy* and *management*, while adjudication and enforcement are more important in rivalry institutionalism. In particular, the creation of new organizations or the negotiation of new agreements on the international level are more readily accepted under conditions of transparency and democracy (List/Zangl 2003, p.377). In the case of the WTO, Jürgen Neyer and Michael Zürn argue that non-compliance and rule violations occur in cases in which insufficient possibilities for public participation lead national interest groups to protest supranational regulation – as seen in the case of the EU's import restrictions on hormone-treated beef (here List/Zangl 2003, p.378). The management focus seeks to explain protest or non-compliance as resulting not from a lack of representation

as in the case of the lack of legitimacy described above, but from the lack of information or resources needed for successful implementation. From the view of the normative ideal type of multilateralism, reasons for rule violation should be discussed in dialogue, followed by a process coaching “acceptable behavior”. The WTO, for example, has established the Trade Policy Review Mechanism (TPRM), whose goal it is to anticipate potential problems with compliance by preventively scrutinizing national trade policies. A dialogue can then be initiated even before actual conflicts arise and support programs to develop the necessary implementation skills can be designed (Jackson 1998, here List/Zangl 2003, p.379).

However, as List/Zangl themselves point out, the existence of international law can lead to naïve interpretations of global polity formation. Direct actor power in the realist sense – strong players designing the rules so that they play to their advantage - and structural power in a more critical, Gramscian sense – every standard has implicit judgments about good or bad, with formal equality in front of the law failing to translate into informal equality as long as the distribution of resources is highly unequal - should not be underestimated in their impact on governance processes (List/Zangl 2003, p.361). However, most scholars hold a similarly positive law assumption as neoliberal institutionalists: strong rules limit power plays. From a normative perspective, multilaterally set rules secure the consensus that the community has defined as a joint path for development.

In summary, the appropriateness-view seeks to explain the compliance to rules not only through situational incentives and disincentives to violate but also in reference to how people interpret, value and appreciate rules and their function.

“External sanctions and laws have a capacity to promote their own moral authority, and their transgression may also involve social disapproval. People thus obey laws not simply because of the sanctions involved but also because legal systems can acquire the force of moral legitimacy and the moral support of others” (Hodgson 2006, p.5).

3.7 International organizations as agents for joint development

The global governance system involves multiple actors with the shared goal of bettering the living conditions of humans around the world. It serves as a guiding framework for nation states that remain the central and legitimized political actors in the world society, a “community of rule followers and role players with distinctive sociocultural ties, cultural connections, intersubjective understandings, and senses of belonging” (March/Olsen 1998, p.951-2).

Identities and rules are regulative as well as constitutive and are molded by knowledge development, social interaction and experience. Norms and habits, especially when emerging

through transparent and inclusive processes, show an almost inherent legitimacy that influences their members to behave in conformance, even if this means deviation from their original interests (ibid). Norms in convergence institutionalism are not treated as determinants of utility (people saving costs or feeling gratification for having behaved “correctly”), but as convictions that are also effective outside of individual preference structures. “The content of norms has less to do with what agents want concretely than with how they ought to behave in certain situations and what goals they ought to pursue” (Caporaso 1992, p.625). The acceptance of certain norms and rules and their international propagation is based on socialization processes in which active conviction and reactive imitation are central mechanisms. These processes are usually characterized by phases of conflict at the beginning of the interaction and become less contested once the “tipping-point” of broad acceptance has been reached. Table 3 has been reproduced from Finnemore/Sikkink (1998) and summarizes their understanding of the different phases, actors, motives and mechanisms involved in institutionalization from a convergence point of view.

	Stage 1: norm emergence	Stage 2: norm cascade	Stage 3: norm internalization
Actors	Norm entrepreneurs with organizational platforms	States, international organizations, networks	Law, professions, bureaucracy
Motives	Altruism, empathy, ideational, commitment	Legitimacy, reputation, esteem	Conformity
Dominant Mechanisms	Persuasion	Socialization, institutionalization, demonstration	Habit, institutionalization

Table 3: Stages of norms (Finnemore/Sikkink 1998, p.898)

In the view of this normative approach, institutions are

“collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled, and what obligation of that role in that situation is” (Peters 2001, p.28-9).

The level of formalization between value and law is fluid and indistinct. The fixed rules of an international organization are only one component of their overall effectiveness. The most important distinction from the ahistorical premise of utility-maximization in rivalry institutionalism is the focus on the framing effect of existing social structurations on preferences, compliance and general actor motivation. Convergence approaches therefore challenge the view that certain solutions can simply be imposed by a dominant player or at least fail to obtain social relevance unless some level of persuasion is achieved. Hodgson, for

example, uses computer simulations of Menger's cost-sensitive positive feedback approach in rational choice to show that not only individual transaction costs allowed money to become what it is today but that "the state was necessary to protect the integrity of the monetary unit at earlier stages of economic development" (ibid, 2002, p.119). Money was not a phenomenon universally respected because of its uncontested convenience; it was established in reference to existing rules and norms and through active implementation. While many social concepts or even institutions may emerge and develop without a conscious plan or individual calculations, they only become socio-politically effective after reaching the important stage of being consciously recognized and legitimated by existing organizations. This also means that the blunt coercive imposition of money, a commodity without its own use value, by state decree would not have been sufficient to make it become the central medium for market conduct. The state with its ascribed declaratory and legitimizing role to guide societal development was active in "legitimizing a monetary unit and helping to engender trust in it" (Hodgson 2002, p.119). Once money became an integral concept steering capitalist societies incorporated in many transactions and organizations, it also shaped human interaction and experience. It has now become a key medium for living in the broadest sense and therefore "stamps its pattern upon wayward human nature", changes mentalities, preferences and way of thinking of individuals themselves (Hodgson 2001, p.248).

Concerning international organizations, it can then be argued that the logic of interaction, the design of procedures and formulated goals will have a noticeable influence on subsequent policy choices: which alternatives resonate in this realm and which behavior is perceived as appropriate participation. "Ultimately, they [institutionalists] argue, institutional choices are influenced to a greater extent by historically inherited preferences and styles than by external structural factors" that determine which solution is less costly (Haas 1992, p.35).

3.7.1 Internal drivers of political guidelines

Since most liberal constructivist scholars maintain malleable preferences in combination with progressive development ideals, institutionalization may simply serve the gradual betterment of relations regardless of the quantitative returns for its members. Organizations may be created and supported for reasons of legitimacy and normative fit rather than efficient output; they may be created not for what they do but for what they represent symbolically, the values they embody and their contribution to guiding socialization (Barnett/Finnemore 1999, p.703). Immanuel Adler and Michael Barnett (1998), for example, refer to Karl Deutsch's concept of "security communities", in which institutions encourage intensive and extensive interaction to

build trust between actors. Even when no concrete policy changes are reached such communities are seen to have six positive impacts on international relations: monitoring *raises confidence in cooperation* in the absence of trust; the forum of exchange allows for the *discovery of new areas of mutual interests*; established norms help to shape state practices by *defining the acceptable*; increasing numbers of participants and organizations *encourage multilateralism* as ethical order; membership invites states to see themselves as *parts of a broader community* such as a region or even the world; participation *shapes the identity* of the members through learning (here Archer 2001, p.148). Thus, the added value of organizations may simply be qualitative in character.

Learning here involves a broader understanding of actors knowing each other and developing appropriate behavior. Other scholars focus on the role of scientific or expert knowledge in processes of convergence.. Haas, for example, establishes a positive effect of organizations in this narrow definition of knowledge: “In general, governments and organizations may be said to learn through the evolution of consensual knowledge” (ibid, 1992, p.30). Yet, Haas and other Hegelian constructivist scholars treat this “consensual knowledge” as an “*independent variable*” (ibid), brushing over structural power relations in the process of knowledge production itself. This point will become central in part III, though it is important to note that the combination of “neutral” knowledge assumptions and ideal “democratic” governance solutions risks rendering outcomes legitimate simply by placing the focus on input processes: “The organizational structures through which consensual knowledge is diffused may be equally important (Haas 1992, p.30).

Those scholars of the convergence school that have a sociological background and a Weberian understanding of bureaucracies do point to the biasing effects of most democratic institutions. Role behavior and procedures are scrutinized in order to understand how an organization’s culture, rules, rituals and beliefs influence how individuals within this organization make sense of the world. Such interpretive frames – similar to the shared paradigms of an epistemic community – guide how individuals assign meaning to the observed. “This is more than just bounded rationality; in this view, actors’ rationality itself, the very means and ends that they value, are shaped by the organizational culture” (Barnett/Finnemore 1999, p.719).

Additionally, international organizations here are collective social agents that pursue their mandate in relative autonomy from their members. While international organizations must remain “reasonably responsive” to state interests, the legal authority they embody also allows them to have a decisive impact and social effectiveness independent of the states that created

them. Bureaucracies, by definition, *make rules*, but in so doing they also create social knowledge.

“They define shared international tasks (like ‘development’), create and define new categories of actors (like ‘refugee’), create new interest for actors (like ‘promotion of human rights’), and transfer models of political organization around the world (like markets and democracy)” (Barnett/Finnemore 1999, p.699).

Even though rhetoric typically needs to be supported by legislative power or at least by a notable amount of social pressure – in particular at times of norm generation – international organizations are seen to have missionary effects on a state’s choice of policy (ibid, p.713). Even Haas agrees in recent writings that organizations may “at times, be willful actors on their own, but are also the venue in which reflexive new practices and policies develop” (Haas/Haas 2002, p.573). Over time, institutions act and react as the result of changes in their environments and in the individuals they are composed of. Organizations “redefine the logic of appropriateness for what has become in essence a new set of institutional challenges” (Peters/Pierre 1998, p.268) and “well-functioning institutions are those that facilitate persuasion and cooperation on the basis of widely held values” (Keohane 1996/2002, p.128). This also creates isomorphisms: they need to prove that they are capable of fulfilling their mandate and must be convincing in light of other global governance structurations (Peters/Pierre 1998, p.272).

3.7.2 Social images supportive of cooperation

Adaptivist constructivists regard institutions as agents designed to foster joint development through increased knowledge and exchange and decreased defective behavior due to learning processes. These developments materialize in the form of joint policies in the global realm that function either as a guiding if not converging framework for national decision-making or directly as behavioral rules. Bureaucratic theory in the tradition of Weber rests on a “normative appeal of rational-legal authority in modern life” that is viewed as particularly legitimate and good (Barnett/Finnemore 1999, p.707). Particular interests are subordinated to professional roles: “the rules” and “the job” are seen as depoliticizing concrete issues between individuals and increasing reliability of social conduct through standardization.

However, as even scholars within the adaptivist strand note, this appearance of formality and neutral application of universally valid procedures may have strategic elements:

“The power of IOs, and bureaucracies generally, is that they present themselves as impersonal, technocratic, and neutral – as not exercising power but instead as serving

others; the presentation and acceptance of these claims is critical to their legitimacy and authority” (Barnett/Finnemore 1999, p.708).

This confusing image underpins the normative strength of multilateralism, which in turn provides legitimacy to outcomes resulting from multilateral processes. This image is supported by the Weberian depiction of an autonomous third party that defends the general interest. As will be discussed in part III, consensual decision-making does not guarantee equal interest representation in the outcome (for studies on the WTO see for example Steinberg 2002, Kwa 2003, Wallach/Woodall/Nader 2004). Even in the unlikely case that a uncontested ideological agreement prevails amongst the members of an organization, reference to these seemingly universal norms does not suffice to explain compliance by multiple states with diverse backgrounds. Most ideational theories exclude the concrete *generation* of an ideological consensus and its reproduction when upholding a quasi-automatic picture of norm “diffusion” (Scherrer 2003b, pp.89-99). But consensus throughout an elitist epistemic community need not bring about the best possible knowledge. Whether and how international organizations can have an acclaimed ameliorating effect on the global system remains an empirical question that can hardly be a mere a priori assumption – despite all possible positive intents amongst individual actors and even in most democratic arrangements. Further, despite all possibly noble intents on the part of the scholar, simply arranging formally equal input possibilities does not translate into a balanced representation of perspectives. It seems problematic to treat the resulting knowledge as an “independent variable”, even if one holds the view that “institutions provide the receptive and supportive milieu for the conduct of appropriate discourse to a much greater extent than would be the case if individuals worked in isolation. Even if no correspondence theory of truth finds acceptance, a persuasive consensus-creating process can be envisaged” (Haas/Haas 2002, p.586-7). In contrast to this mainstream “pragmatic” constructivism, Marx-inspired scholars always search for economic moments that influence interest definition and negotiation processes. Based on the assumption of “reconstitutive downward causation” in which institutions have the capacity to mold individual preferences, they integrate politics with economics and wait for empirical evidence of whether multilateral outcomes really benefit all participants (Scherrer 2003a, p.485). To conclude with more power-sensitive convergence scholars, “there is nothing about social construction that necessitates ‘good’ outcomes” (Barnett/Finnemore 1999, p.727).

4 Reading the WTO through rival and convergence lenses

“What theories make impossible to explain their practitioners of necessity avoid.”

(James Caporaso 1992, p.601)

Koremos/Lipson/Snidal (2001) criticize the fact that much research has adopted a style in which alternative arguments are presented as wrong in order to defend one's own approach. I share their opinion that "[t]his misses the point: all of our arguments are incomplete and the alternatives may explain different aspects of the same problem" (ibid, pp.1052-3). Based on the paradigms presented in part I, the last two chapters have laid out what I perceive to be the two dominant schools in institutionalist theory and what their research questions seek to illuminate. This division is of course not a hermetical one; other approaches consider different clusterings more telling for their message. The message here is that both rivalry and convergence approaches leave me with unanswered questions about why the WTO was set up in the way it was and why such a stark contrast exists between its public image and my experienced reality in political work. I search for the origins of these blind spots in the underlying premises and the genealogy of abstract theoretical concepts or universalized standards. Carefully dissecting others studies is *not* a matter of trying to discredit their research: I wish to support my second key claim that *worldviews have a very powerful impact on social development – in practice and in theory*. I wish to problematize the current hegemonic paradigms concerning their social effectiveness.

Some terms and concepts are used very differently by different scholars and practitioners, often without explicit definition. Examples in the last chapters include constructivism, liberalism and multilateralism, ideal types, norms, path dependence and preferences. Additionally, reading the same scholar's work over time, we can see how the different terms and meanings have continuously developed in response to current theoretical debate. Crucial moments for institutional theory include the discussions of rational economization in the 1980s and the "constructivist turn" in the 1990s. During these episodes, Keohane, Haas and Ruggie, for example, modified their terminology and scope of analysis quite considerably. However, the preceding chapters have hopefully illustrated that they did not overthrow their paradigms, instead often re-interpreting critical objections so that they would fit better within their own approach. This has led to very different interpretations of the same terms, but this reinterpretation remained a change on the surface and could not disarm the core of the criticism.

Therefore, the goal of my paradigmatic tri-partition was twofold: first, I hope to illustrate that the main breaks between the meta-theoretical paradigms in IR resonate on the meso-theoretical level of institutionalism. Secondly, I wish to show that the mainstream paradigms

presumptively limit estimations of the influence of institutionalization on future social relations. I argue that the perpetual and adaptive concepts both employ a separation of the political from the economic realm that leads to explicatory gaps and teleological biases.

4.1 Selection of case studies

In this chapter I seek to exemplify these limitations through a review of rival and convergence case studies on the WTO. For the selection and restriction of the articles, I chose to rely on an institution in order to gain a representative picture of the paradigms and interpretations comprising the IR field. During the month of October 2004, I used JSTOR to search its journals using the keywords “Institutionalism”, “Global Polity”, “International Organizations”, “WTO”, and “World Trade”. JSTOR stands for “Journal Storage” and was established as an independent non-profit organization in August 1995 with the goal “to ease the increasing problems faced by libraries seeking to provide adequate stack space for the long runs of backfiles of scholarly journals (...) while simultaneously improving access to the journal content” (see www.jstor.org). Its overall mission is to “help the scholarly community take advantage of advances in information technologies”⁴⁰ and its goal is to build “a reliable and comprehensive archive of important scholarly journal literature” with “dramatically” improved access while reducing costs and work (ibid). The selection criteria for the titles included were the number of institutional subscribers each journal has, citation analysis, recommendations from experts in the field and the length of time that the journal has been published (ibid). From the resulting thirty-five documents, I excluded eight because of their negligible relevance for this thesis. Still, I feel comfortable in claiming that the remaining twenty-seven studies deliver a rather representative sample of the discourse between the years 1989 and 2004. From a hegemonic point of view, it is interesting to note that fourteen⁴¹ fell

⁴⁰ “To demonstrate the concept, the Mellon Foundation sponsored a pilot project to provide electronic access to the backfiles of ten journals in two core fields, economics and history. Five library test sites were selected initially. Every issue of the ten participating journals published prior to 1990 -- approximately 750,000 total pages -- was converted from paper into an electronic database residing at the University of Michigan and mirrored at Princeton University. Using technology developed at Michigan, high-resolution (600 dpi) bit-mapped images of each page were linked to a text file generated with optical character recognition (OCR) software which, along with newly constructed Table-of-Contents indexes, permitted complete search and retrieval of the journal material. Initial users of JSTOR were enthusiastic, and it was evident that the concept had great promise. Linking a searchable text file to the page images of the entire published record of a journal offers a level of access previously unimaginable. Authorized users are able to view and print articles using standard PC equipment at any time and from any networked location. Issues of journals are never “out”; they are always available, and in pristine condition. In sum, the addition of powerful search and printing capabilities makes the JSTOR system more than just a way for libraries to save capital costs; it has become a scholarly tool of enormous potential value” (www.jstor.org).

⁴¹ Keeler 1996, Paarlberg 1997, Patterson 1997, Krauss/Reich 1992, Kohler 2004, Bagwell/Staiger 1999, Haus 1991, Steinberg 1997, 2002, 2004, Rhodes 1989, Gawande/Hansen 1999, Adserà/Boix 2002, Drake/Nicolaidis 1992.

into the perpetual paradigm, seven into adaptivist⁴² and six into processual⁴³ thought. The mix of concepts in individual studies understandably varies and changes over time reflecting current debates, with more recent studies often seeking to integrate rational choice and ideas. My key indicators for assigning mixed studies to one of the paradigms were the following: egoistic preferences were seen as malleable or not; predictions foresaw either joint learning towards homogenization of interests or continued rivalry as the natural state of affairs. Also interesting from the hegemonic point of view is the fact that the “flagship” of institutional research, *International Organization*, hosts nine rivalry studies and two little-theorized empirical descriptions (Drake/Nicolaidis 1992 and Hanson 1998). The most system-critical publication seems to be *Review of International Political Economy* (RIPE): three out of the five procedural studies were found there. It is additionally interesting to note that all of these studies were published recently (2002-2004), which may indicate a strengthening of the processual paradigm.

In the following, I will review the rivalry and convergence studies, while those pertaining to the procedural paradigm will be addressed in part III. I cannot, of course, reproduce the arguments and evidence provided in the studies extensively; I instead extract the core assumptions, arguments and interpretations. In some cases longer quotes are reproduced in their entirety in order to avoid aberrations through rephrasing. Each review ends with questions that remain unanswered to me. The empirical goal is to briefly look through the rivalry and convergence lenses in order to support my argumentative goal: these dominant frameworks of analysis embody a progress-disposition in their actor images and ideal-typing methodologies that lead to teleological biases in the interpretation of cooperation. Part III will show why such biases in analyses have actual political relevance. The résumé of part II will return to a more abstract, theoretical level. In this final section I return to the discussion in part I to support my main thesis that the observed theoretical teleology originates in the premises of the fundamental paradigms. Once again, I *do not* wish to attack individual authors. The precise investigation of argumentative patterns and assumptions forms part of the quest to find out why various interpretations of one and the same phenomenon differ so greatly.

⁴² Orcalli 2003, Van den Hoven 2004, Fouilleux 2004, Schloemann/Ohlhoff 1999, Hanson 1998, Dunning 2000, Kapoor 2004.

⁴³ Smith 2004, Sell/Prakash 2004, Narlikar 2002, Graz 2004, Wolfe 2004, Price 2002.

4.2 The World Trade Organization

This subchapter briefly introduces the WTO as an organization. In order to keep this part distinct from the following IR interpretations, I mainly draw on the seven-page long *The WTO in Brief* published by the organization's Secretariat itself. I additionally reference Mary Footer's *Institutional and Normative Analysis of the WTO* (2006), as she primarily analyzes its constitutional characteristics without much reference to political outcomes.

“The World Trade Organization (WTO) is the only international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible” (WTO in Brief 2005, p.1). It was established in 1995 in Geneva, Switzerland as part of the Uruguay Round (UR) negotiations (1986-1994). Its mandate is to “help trade flow smoothly, freely, fairly and predictably” (ibid, p.7). The organization's functions are summarized as: “Administering trade agreements; Acting as a forum for trade negotiations; Settling trade disputes; Reviewing national trade policies; Assisting developing countries in trade policy issues through technical assistance and training programs; Cooperating with other international organizations” (ibid). The WTO currently (2007) counts 149 members, accounting for over 97% of world trade, with approximately 30 member candidates.

“Decisions are made by the entire membership. This is typically by consensus. A majority vote is also possible but it has never been used in the WTO, and was extremely rare under the WTO's predecessor, GATT. The WTO's agreements have been ratified in all members' parliaments” (WTO in Brief 2005, p.7) Industrial goods, services, agriculture and intellectual property are negotiated in separate agreements through the General Agreement on Tariffs in Trade (GATT) based on the former GATT 1947 contract, the General Agreement on Tariffs in Services (GATS), the Agreement on Agriculture (AoA) and the Trade Related Aspects in Intellectual Property Rights (TRIPS).

“The WTO's top level decision-making body is the *Ministerial Conference* which meets at least once every two years. (...) Below this is the *General Council* (normally ambassadors and heads of delegation in Geneva, but sometimes officials sent from members' capitals) which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body” (WTO in Brief 2005, p.7).

However, negotiations are continuously conducted in the councils dealing with individual agreements and reported to the General Council. Additionally, “numerous *specialized committees, working groups and working parties* deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements” (ibid, emphases in original). The final legislating decision comes in the

form of a ministerial declaration and its adoption follows the logic of single-packaging: all members need to agree to all texts in order for the overall agreement to be passed. The WTO is laid out as a member-driven democratic organization, with every country enjoying the same participatory rights and one vote. The agreements are binding for its members and the Dispute Settlement Understanding (DSU) functions as a court for interpreting whether notified national policies violate WTO laws. It also decides how drastic their retaliation measures of the litigating government may be. The WTO Secretariat in Geneva holds an administrative mandate. Its

“main duties are to supply technical support for the various councils and committees and the ministerial conferences, to provide technical assistance for developing countries, to analyze world trade, and to explain WTO affairs to the public and media. The Secretariat also provides some forms of legal assistance in the dispute settlement process and advises governments wishing to become members of the WTO” (ibid).

However, the official declaration as a member-driven treaty and the actual political process of its enactment conflict. The former would limit the WTO to being a merely an administrative structure, but once the DSU’s Appellate Body does act as an arbiter in cases of disagreement, the WTO becomes a collective agent.. Footer summarizes the contradictory assumptions as follows:

“One was that the formal treaty-making process, which establishes the rights and obligations of the Members, is the only means by which normative developments take place in the WTO. The other was that the WTO’s institutional bodies are not merely involved in the implementation of primary treaty obligations through a process of monitoring and surveillance but are actively engaged in subsidiary rule-making in the organization” (ibid, 2006, p.9)

Additionally, the adjudicative function is exercised by a mixture of (quasi-)judicial bodies (ad hoc panels and the Appellate Body) and a political body (the Dispute Settlement Body). This court’s mandate depends on whether a political estimation of the litigated issue is subject to one of the listed agreements above. Once this is considered to be the case, third parties, be they individuals or other international organizations, have no part in the decision-making. This is a “somewhat unusual occurrence in the law of international institutions and is not completely autonomous, despite appearances to the contrary” (Footer 2006, p.77). Footer herself concludes that the WTO *de jure* was established as a full-fledged international organization, but that its governance structure is a continuation of the semi-institutionalized multilateral treaty regime of the GATT 1947 and is therefore subject to highly political processes (Footer 2006, p.12, p.74 - 5).

This is important to note for two reasons: the UR expanded the scope of trade treaties to include many additional political issues and changed the underlying paradigm from *negative integration* in the GATT to *positive prescription* in the WTO. The result is that member states increasingly need to change existing domestic policies in order to conform them to the international standards (ibid, p.126). Rights and obligations are also applied on a definitive basis and bind all members. From the point of view of socio-economic and political effectiveness, it is therefore

“possible to characterize the WTO as a far more dynamic organization than its formal treaty structure might suggest. This is due to the fact that the Members are capable of resorting to a number of informal practices and procedures in the field of principal rule-making that belie the rigid character of its constituent treaty, particularly in the matter of amendment, and to adopt legally binding decision with normative effect that lead to the creation of supplemental obligations or to the revision of primary treaty rules” (Footer 2006, p. 270)

4.3 Rivalry views on the WTO

Rivalry studies either begin with a realist political economic power or neoclassical economic political outcome perspective. While most only focus on the positions of the contracting parties, some recent studies have discussed the WTO with its DSU as its own influential actor (Orcalli 2003, Steinberg 2004). However, only the study by Steinberg in 2004 departs from the instrumental perspective in accrediting the Appellate Body with *interpretive* and not merely executive or defensive qualities. A greater number of political studies generally take the perspective of the powerful negotiating parties, namely the US and the EU or Japan. None of the studies within this selection mentioned the fact that the WTO is a *multilateral* institution; other members seem to be part of the world market but without their own say in its design . In most cases, power is equated either with Gross Domestic Product (GDP), trade volume or market size, meaning that developing countries hardly exist in these calculations; Steinberg (2002) describes their function for the US and EU as informative but without any real impact on agreements. As Steinberg (2004) states, “in the international trade context, ‘power’ may be seen as a function of relative market size” (p.232) and the potential for retaliation is central to explanations of why trade barriers are lowered (for example Gawande/Hansen 1999). The view of laws and the importance of reciprocity for continuous commitments is therefore statist and positivist: it is seen as limiting the power of the larger or more powerful countries (see Rhodes 1989, Orcalli 2003, Bagwell/Staiger 1999; for one exception see Haus 1991).

Those studies starting from an economic standpoint subscribe to the dogma of free trade as a public good. Some do not even mention this presupposition and not one justifies this crucial premise (Paarlberg 1997, Keeler 1996, Bagwell/Staiger 1999, Orcalli 2003). The focus here lies more on the estimation of how much of which type of agreement can deter free-riding problems or non-compatible policies that limit the global utility of free trade flows.

Some authors seek to combine realist political assumptions with economic strategies on the *international* level (Haus 1991, Steinberg 2002, 2004) and some on the *intranational* level when applying several level games in order to explain governmental positions (Krauss/Reich 1992, Gawande/Hansen 1999, Adserà/Boix 2002, Patterson 1997). However, none of the authors questions the general interest divide between governments and private players: the former seek to maximize national welfare in competition with other countries while the latter lobby for political privileges (for a rather arbitrary combination through a “widening of the win-set” perspective on policy formation see Patterson 1997, p.144). While politicians can certainly be egoists as well, their primary interest in these studies is to stay in power. Thus, they will design programs that interest the median voter and this voter is seen to choose the policy offer most suitable to his or her interests (Gawande/Hansen 1999, Adserà/Boix 2002). This general overview offers a rough clustering of central analytical assumptions. The following paragraphs reproduce those parts of research or interpretations in which I observed inconsistencies and blind spots. I also pinpoint some contradictions between different authors of the same paradigm.

4.3.1 The utility of structural ideal types

Some authors seek to identify structural ideal types that lead benefit-calculating actors to cooperate with one another. The goal is to estimate which WTO principles or rules are utilized for trade liberalization. Kishore Gawande and Wendy L. Hansen (1999), for example, investigate the interplay of *Retaliation, Bargaining, and the Pursuit of “Free and Fair” Trade*. They “examine the hypothesis that retaliation by the United States can successfully deter protectionism in its partner countries” (p.117). To them, a

“striking feature of any comparison on tariff and nontariff barrier (NTB) protection levels across countries and time is that, compared with any other OECD country or developing country, the United States is by far the freest trading country. If anything is surprising, it is the fact that the United States has taken so long to use legislative means to systematically retaliate against lopsided protectionism in other developed countries” (ibid).

Here, restrictive trade policy is only seen as a means of retaliation, as it “is likely used to deter undesirable foreign trade policy at minimum domestic cost” (ibid). Non-tariff barriers do not violate WTO agreements: “NTBs are currently the trade barriers of choice, given the self-imposed limits on tariff escalation after the Tokyo Round and the recently concluded Uruguay Round of multilateral negotiations” (p.120). This theory of retaliation holds that

“trading nations’ NTBs have two components – a political component that is a response to protectionist pressures, which are substantially influenced by the lobbying efforts of private agents and the altruistic welfare-oriented motives of the governments; and a retaliatory component that serves as a strategic deterrent against undesirable protectionist policies of its partners” (pp.117-8).

Thus, NTBs are the dependent variables and the study aims to validate other authors’ claims concerning “an optimal retaliatory tariff directed at discouraging special-interest lobbying behavior in foreign countries” (p.122). The study outlines an “empirical model” of “types of NTBs” and their use as “retaliatory tools in trade policy” using an “econometric method” (pp.124-5). Typical political players, their strategies and the relationships between foreign and domestic NTBs are compressed into symmetrical models of equations to “estimate of the degree of retaliation bilaterally between the United States and Japan, and between the United States and a bloc of four European Community countries (France, Germany, Italy and the United Kingdom, referred to as EC4)” (p.118). I will not reproduce any of the countless graphs of Nash-equilibria or factor abbreviations in equations or tables here but rather ask readers to reference the original publications themselves. Towards the end of the study, however, the authors re-insert the calculations into reality:

“To interpret the results from the estimation, one must understand the nature of the games that presumably produce the data. Our results can be interpreted from the viewpoint of either a noncooperative game or a bargaining game. In a noncooperative game each government maximizes its own welfare (considered a function of the home and foreign NTB levels), whereas in a bargaining game the two governments maximize a weighted sum of the welfare of both governments” (p. 129).

These interpretations vary widely: noncooperative games are not seen to be iterated games:

“we want to make inferences about the slopes of the home and foreign reaction curves. Once the reaction functions are estimated, we hypothesize whether the situation will likely lead to NTB escalation on both sides, deterrence on both sides, or with one country able to deter another through aggressive behavior. Note that the reaction curves estimated represent simultaneous move games and, strictly speaking, allow no ‘reaction’ to an opponent’s moves. Once we allow reactions, we are really referring to repeated games. It is well known that repeated games are able to attain a cooperative solution that is in the

interest of both parties, where simultaneous-move one-period games would lead to a suboptimal solution (for example, Prisoners' Dilemma)" (p.133).

Bargaining games are stripped of real circumstances as well: "we note that the data do not capture events where a country is deterred from raising NTBs because it anticipates retaliation, that is, instances where only threats without explicit retaliation occur. Threat data would be required for that purpose" (p.135). The results show a "striking difference" in the nature of NTB games: "Our results predict that whereas NTB games between the U.S. and Japan will generally be dominated by the stronger player (the 'bully'), U.S.–EC4 games will generally lead to the downscaling of NTB coverage on both sides" (p.150). Drawing a conclusion on the deterrence effect of retaliation, the hypothesis is that only those NTBs seen as temporary and reactive to the response of the other party can lead to a lowering of barriers, while offensive NTBs seen as permanent instead initiate escalatory responses (p.152). The conclusion of the study discusses the WTO and states that the institutionalization of retaliation possibilities through the DSU renders threats more credible. Since players are then more likely to conform, the utility of retaliation is proven: "In this view, to the extent that the WTO can make its rules more encompassing and effectively enforce them, freer and fairer trade may emerge without the need for retaliation" (p.152).

This form of study of human behavior leaves me with many questions. I will begin with the conceptualization and methodology: Why is the US labeled as the freest trading country on the basis of *one* seven-year old study and without mentioning the different opinions in what is considered a trade barrier and whose standards should be applied on a global scale? Why are those developing countries not mentioned that have zero tariffs or NTBs, not because of WTO retaliation but because of the Structural Adjustment Programs (SAP) of the World Bank and International Monetary Funds? Why is the actual nature of NTBs not once considered - even though we are talking about environmental and social standards that are of great relevance for political governance? Why can such policy instruments not be applied for the protection of common goods but only as retaliatory measures? Why is human behavior reduced and abstracted into numbers and equations that simply do not reflect reality but are nevertheless used to explain it? Why can international relations of complex interdependence be modeled as non-iterative games? Why is it possible to exclude deterrence effects from political interaction? Why does this study not once mention that quite distinct interpretations exist in terms of what free and fair trade actually is? Finally, the same negotiation strategy can be perceived as "non-cooperative" by some members of the WTO and as successful "bargaining" by others – depending on the original interest they brought to the negotiating table.

The study *Reciprocity in Trade: The Utility of a Bargaining Strategy* by Carolyn Rhodes (1989) delivers valuable insight on this issue. It seeks to test the “value of reciprocity as a means of achieving cooperation in politics”. Her study investigates whether “a reciprocal strategy can affect another nation’s calculation of self-interest so that behavior is modified and cooperation is enhanced” and “empirically confirms that reciprocity is useful in achieving cooperative outcomes” (ibid, p.273). The underlying argument is that “in an anarchic setting in which self-help typifies the behavior of sovereign nation states, the strategy of matching comparable responses to the actions of other nations may educate them over time to cooperate, even in the absence of centralized enforcement” (ibid). Reciprocity refers to exchanges in which both parties act depending on what they receive from the other offer an approximated equivalence. Equivalence is only measurable in a few cases, however, and therefore

“equivalence must be recognized as a concept that is subject to the perceptions and particular requirements of the decision makers involved at a given point in time. An exchange of equivalent trade concessions, for example, may be made in mutual good faith, even though the impact of those concessions may vary and from time to time be highly unbalanced” (ibid, p.276-7).

Thus, a *perceived* balance is central to cooperative behavior and “subjectivity” is “endemic to international relationships, including trade relationships” (p.277). In the following, Rhodes provides a taxonomy of trade policies ranging from reciprocal to nonreciprocal and from cooperative to non-cooperative. Antagonistic strategies are seen to initiate conflict and hefty retaliation that could end in a “trade war” (pp.279-80). Three trade conflicts between unitary-actors (EU, US, Canada and Japan) are analyzed and Rhodes concludes that

“this study shows that reciprocity proved to be an effective means of enforcing a compromise settlement in cases in which the trading partners generally accepted the governing norm of liberal trade (or, in its absence, accepted some compensation for the illiberal actions taken) and in cases in which retaliation had a potential directly harmful effect. Thus, the maintenance of existing cooperative regime norms was enhanced by reciprocity, although specific bilateral arrangements such as voluntary restraint agreements contradicted certain rules of GATT” (p.298-9).

I believe that Rhodes’ study, particularly when contextualized in scholarly debate, provides a great deal of important thought pertaining to the more human elements in IR policy-making. When pointing to the subjective perception of reciprocity (a notion similar to that of justice), this study provides an important insight that positivist law assumptions should also consider:

the adequacy of certain measures needs to be contextualized and argued. But the mix of premises and interpretations still leaves me with some questions: Why does a study based on anarchic self-interest not problematize power differences between the players investigated and how these influence retaliation and reciprocity perceptions? Why are “voluntary restraint agreements” in a world of anarchic egoists qualitatively different from the “subjugation to threats of retaliation”? Why do nations apparently “educated” in more cooperative behavior and the governing norm of liberal trade suddenly return to defective strategies?

Ellis Krauss and Simon Reich (1992) present their theory in *Ideology, Interests, and the American Executive: Toward a Theory of Foreign Competition and Manufacturing Trade Policy*. They show that American trade policy underwent extreme changes in the 1970s and 1980s in response to “the Japan issue”, where a relative decline of US supremacy was feared. The authors refer to Judith Goldstein’s work on the role of ideologies in individual political positions in order

“to explain the state’s reaction to interest groups in trade policy. She argues that the American state in the postwar period defined its commercial policy goals based on three major ideas, each arising from different historical epochs and each reflected in differing legal institutions with its own set of rules and varying roles of the executive and legislature. The three ideas are (1) the liberal idea of ‘free trade,’ in which the role of the state is minimal and the market is left to take its course; (2) that of ‘fair trade,’ in which the state’s role is to ensure that foreign markets are ‘free’ for American firms; and (3) the ‘redistributive’ idea, in which it is legitimate for the American state to aid U.S. firms in their adjustment to economic changes. In each of the arenas of trade policy with their respective laws and institutions, the President has consistently been biased toward the free trade idea” (ibid, pp.859-60).

In the following, the authors review four trade dispute cases between the US and Japan to evaluate the Presidential policy (Congress is treated as a constant variable throughout this time period, p.861). The strategy is summarized as the “logic of compromise protectionism (and the state’s contrasting conceptions and forms of legitimate intervention)” that “may allow us to discern ‘policy’ order where we hitherto saw only ‘political’ chaos, and also allow us to recognize the influence of ideology and institutions on policymaking and its consequences” (p.894).

Here we can find explanations of the origins of non-cooperation – a strategy that may be highly rational for a given political situation at a certain time – even though Rhodes’ taxonomy assigned it a negative and antagonizing quality. Krauss/Reich therefore conclude that neither a “pluralist” nor a “statist” approach would have been able to predict the

executive's behavior. The former would grant him too little autonomy while the latter would see immediate responses of the state to any threat to technology industries that touch on national security, industrial leadership and the balance of payments (p.892). The authors themselves point to several caveats of their analytical framework and urge further investigation in order to see if trade relationships with other countries and in more competitive sectors yield similar results. While I find it intriguing to put such great emphasis on one person and his ideological convictions, the reader is left with the question of why ideologies change. The authors hint to this caveat themselves when discussing the influence of a broader postwar worldview versus the more specific partisan worldview of Republican presidencies. They do not, however, extend the search for the origin beyond these still rather vague categorizations and do not touch on why these emerged in the first place (pp.894-5). Any consistent connection between worldviews and interests is thus lacking; they are treated as two distinct ingredients influencing actor calculations.

4.3.2 Incentives in cooperation games

We find a similarly imprecise subjugation of observed strategies under analytical concepts in some game models. While "altruistic" governments are depicted as promoting general welfare, private actors remain interested in protecting their own privileges. This view – as it has been applied in the Gawande/Hansen study - necessarily depicts NTBs as trade-offs between the "deadweight costs suffered by consumers" and special interest spending (ibid, 1999, p.121). This seems questionably simple in a world of complex interdependence and this simplicity of incentives and political concerns remains in models calculated on the global scale. Here altruistic governments become egoists whose particular national interests threaten general global welfare through free trade. Gabriele Orcalli, whose study will be discussed below, summarizes this game as follows:

"Such interpretations define the WTO as a system capable of optimising world welfare by helping countries coordinate more efficient co-operative equilibria. They assume that if the aim of the WTO is to ensure the most efficient allocation of resources in the world, it is therefore mandatory that free trade be safeguarded in all countries and that initiatives damaging or limiting competition be vetoed in so far as these can influence the 'Pareto-optimality' of economic equilibrium. Consequently, standard economic theory can explain the role of the WTO only to the extent that members share a common interest in guaranteeing free trade against international market failures, such as power asymmetries, information asymmetries and terms of trade externalities. In other words, a multilateral trade agreement can play a part in an imperfect market as long as all member countries

recognize the existence of free-trade gains, at least in the long term, and a self-enforcing mechanism guarantees the agreement's sustainability" (ibid, 2003, p.141).

The most extreme conflation of national policies with market barriers is found in *An Economic Theory of GATT* by Kyle Bagwell and Robert W. Staiger (1999). They

"propose a unified theoretical framework within which to interpret and evaluate the foundational principles of GATT. Working within a general equilibrium trade model, we represent government preferences in a way that is consistent with national income maximization but also allows for the possibility of distributional concerns as emphasized in leading political-economy models. Using this general framework, we establish that GATT's principles of reciprocity and non-discrimination can be viewed as simple rules that assist governments in their efforts to implement efficient trade agreements. From this perspective, we argue that preferential agreements undermine GATT's ability to deliver efficient multilateral outcomes" (p. 214).

In line with the transaction cost and win-win paradigms of neoclassical theory, the basic assumption is that

"a trade agreement is appealing to governments if it offers them greater welfare than they would receive in the absence of the agreement. If in the absence of an agreement, governments set trade policies in a unilateral fashion, then a trade agreement is appealing provided that an inefficiency (relative to governments' preferences) exists under unilateral tariff setting. Viewed from this perspective, the role of a trade agreement is then to remove the inefficiency, so that member governments can enjoy higher welfare" (p.215).

Bagwell/Staiger propose a "rich model" that "includes the traditional case in which governments maximize national income as well as the possibility emphasized in leading political-economy models that governments are concerned with the distributional implications of their tariff choices" (p.215). Inefficiencies usually occur when governments unilaterally set higher tariffs and a multilateral agreement with the principles of non-discrimination and reciprocity is seen as a chance to eliminate these suboptimal decisions. The following modeling and discussion "builds upon a key observation: mutual changes in trade policy that conform to the principle of reciprocity leave world prices unchanged" (ibid). Trade policy decisions that increase tariffs, on the other hand, create externalities, meaning additional costs for trading partners over a changed world price. Thus, reciprocity can be efficiency enhancing in the conduct of trade since it neutralizes terms-of-trade externalities (p.216). The economic environment in which the following calculations are situated is a

"standard two-sector, two-country perfectly competitive general equilibrium trade model. Two countries, home (no*) and foreign (*), trade two goods, x and y, taken to be normal

goods in consumption and produced under conditions of increasing opportunity costs. Production takes place under perfect competition, facing tariffs on imports by each country” (p.219).

The authors themselves note that their “simple framework” cannot encompass all political processes, but still use it to “explore a pair of important issues that are associated with the choice between rules-based and power-based approaches to trade-policy negotiations” (p.219). To the authors, GATT fulfils the criteria of rule-based institutions since the criterion of reciprocity “neutralizes power asymmetries and guides governments towards the political optimum, an outcome that is defined without reference to countries’ relative power status” (p.219). They conclude that optimally efficient tariffs are threatened by special and differential treatment, as only the Most Favored Nation (MFN) principle in combination with reciprocity guarantees that

“externalities travel only through the world price, and so the principle of reciprocity is again well suited to address the inefficiencies with which a trade agreement must contend. Finally we observe that exceptions to MFN for the purpose of creating preferential agreements revive the local-price externality, thus frustrating the ability of a multilateral system governed by the principle of reciprocity to deliver an efficient outcome” (p.241).

The authors conclude with two caveats about the political difficulties in the implementation of the blueprint and remark that their “government welfare function” may not include all reasons driving government decisions. There may be regional obligations, direct commitments in games with domestic agents or security calculations that are excluded from the model (p.242). This poses a major caveat in my opinion, as their basic argument for the necessity of the MFN and reciprocity rests precisely on the premise that “unilateral trade policies would be efficient in a hypothetical world in which governments pursued political goals but were not motivated by the terms-of-trade implications of their trade policies” (p.216). How can this study simply exclude important drivers of political decision-making in order to justify its core hypothesis? Why are all political measures subjugated under the terms-of-trade lens without further explanation? Why are we left without an explanation of why the primary political goal of welfare maximization is only reflected and measurable in monetary prices? And why do the authors feel that such a biased study delivers a scientifically sound background for making highly political claims? – in this case they use this study to actually voice clear political recommendations: the elimination of all differential treatment for any member of the WTO.

4.3.3 Power particularities

The material definition of interests is dominant in all rivalry institutionalisms and is particularly important for those applying an economic lens. In cases dealing with an economic institution, this seems of course quite suitable. However, WTO agreements not only touch on trade in manufactured products but also regulate policy fields that common sense would not necessarily classify as “economic”. Through the expansion of trade regulation into these fields, these are increasingly framed as economic though, often overruling previous standards for the regulation of services, food or patenting, as examples. Taken back to the national interest of egoist states, these studies conceptualize deeper multilateral agreement as the global expansion of powerful states’ national political standards. From a realist power perspective, Richard Steinberg’s study on *Trade-Environments Negotiations in the EU, NAFTA, and WTO: Regional Trajectories of Rule Development* (1997), for example, explores the “relationship between deeper integration and the interest of richer, greener countries in the development of environment-friendly rules” (ibid, 234). His basic assumption is that powerful states create the rules of international regimes and

“as integration deepens through liberalization among members of a trade organization, the richer, greener countries’ *interest* in the development of environment-friendly rules also increases. This increased interest may be considered a ‘spillover’ from initial, previous or ongoing efforts at integration. As integration deepens among members of a trade organization, previously ‘domestic’ regulations (such as environmental rules, product standards, intellectual property rules and competition policy) find their way onto the integration agenda: once overt border protection (such as tariffs and quotas) is withdrawn, leveling the playing field may require, inter alia, harmonizing or approximation technical and product standards, and processes and production methods (PPMs). Domestic interest groups in richer countries with relatively well-developed and stringent regulatory regimes find many regulatory issues increasingly salient as integration deepens. This perception applies, in particular, to environmental nongovernmental organizations (NGOs, consumer groups and labor unions in these countries, which lobby their governments to address those issues in an environment-friendly way” (pp.233-4).

This perception is equivalent to the multi-level approaches that I return to below. Concerning the inter-national level, however, Steinberg suddenly describes his realist regime-making as an apparently neutral or technical “leveling of the playing field” between nations in which “richer, greener *demandeur* states” set the rules (p.233). When actual content of NTBs receives attention – here environmental standards – the judgment of power-games and their driving motivation suddenly becomes purely normative: “It is precisely by linking trade and environment that the developed countries have gained the leverage necessary to yield

environment-friendly developments” (p.266). Steinberg does not address the complaints of developing countries regarding the highly selective application of green trade restrictions, a tactic that was dubbed “environmental neo-protectionism” in trade discourse. Setting WTO rules here appears to be the rich countries’ burden in coercing other nations into accepting greener standards through the usage of their power in the form of access to the rich markets (p.233).

This is a very shortsighted and one-sided interpretation of who gains from market-access in which developing countries seem to be completely powerless and are therefore forced to accept others’ standards if they want to participate in trade at all (p.241, p.266). Steinberg mentions merely once in the entire article that the powerful *developed* countries are those that favor a rapid lowering of trade barriers in most sectors of traded goods and services. Particularly the newly introduced “swiss formula” for progressive tariff reduction in NAMA pushes for heavy reductions in developing countries’ import restrictions. We also fail to find any further differentiation of which countries successfully inserted protective exceptions into Article XX.. Why do only the positions of powerful countries exist in this realist world? Further, Steinberg simply ignores the perspective that other multi-level approaches integrate and that would show how WTO rules are used to break national environmental laws. Why is there no reference to disputes between developed countries such as those between the US and EU regarding Genetically Modified Organisms (GMO) or hormone-treated beef? In those cases, WTO jurisdiction condemned protection standards as unjustified trade barriers – despite the fact that 70% of the European population wants these standards (see www.bite-back.org). Finally, Steinberg himself ignores the previously postulated causality in which clear trade rules were amended with environmental rules: he acknowledges on the one hand that the DSB “scrutinizes the trade friendliness of environmental laws – not whether a WTO member’s actions or laws are appropriately green” (p.239) while claiming on the other that it would be “ill-advised” to exclude Multilateral Environmental Agreements (MEA) from the WTO (p.266). Why would an economic bias of the juridical body cater to more intense environmental interest and protection? If the powerful countries have such a genuine interest in protecting the environment, why do they not strengthen the coercive potential of MEAs – or simply comply with these rules themselves?

4.3.4 *Several level games*

Authors that seek to explain more precisely the origin of state interests depict these as the outcome of *intranational* bargaining processes in which *international* relations are not further

analyzed. On the contrary, the latter are only dependent results determined by national political struggles in this “inside-out view”. Other scholars include an “outside-in” path of influence on political decisions in which international agreements do have an impact on the national political level. Inspired by the original model of Robert Putnam’s two-level game (see chapter 2 for discussion), three rivalry analyses provide explanations for agricultural trade policy developments. While these approaches depict the path of influence as running bottom-up and top-down, two studies remain caught in a mosaic depiction of our globe with one classifying private and public interest holders of different nationalities into randomly defined groups. Generally, each of these three studies dismisses their newly found complexity in the second step of analysis, in which many different levels are squeezed into game theoretical matrices. The results of these studies deliver insight into particular actors or structures but are extremely limited in their general explanatory value in the roles and effects of institutionalization. The following paragraphs quickly review three different level-games explaining the Agreement on Agriculture (AoA) and point to their shortcomings.

First, it is difficult to understand why for “reasons of simplicity” entire *multilateral* organizations such as the WTO should be explained as a bilateral bargaining trade-off between the EU and the US. John Keeler’s *Agricultural Power in the European Community: Explaining the Fate of CAP [Common Agricultural Policy] and GATT Negotiations* (1996) uses “Putnam’s celebrated ‘two-level game’ metaphor” (p.128) to explain political outcomes in one particular sector. The setting is simple, as the “[t]he history of the Uruguay Round has been characterized as ‘a battle between the United States’, which ‘fought to end trade-distorting subsidies, and the EC, which (...) attempted to protect the current market-managing price support mechanism of the CAP” (p.127, quoting Wayne Moyer 1993). The question that needs to be answered is “why the EC governments would jeopardize a GATT deal generally in their interests for the sake of a costly agricultural policy benefiting ‘a handful’ of farmers” (p.127). The solution is also simple: organized “agro-power” was only slightly attenuated during the UR so that “at least some movement toward liberal reform” was possible (p.143).

While there is no doubt about the important positions of the EC and US in trade negotiations, Keeler’s framework is also surprisingly ignorant of all other agreements such as services, intellectual property and investment that would need to be agreed upon in the form of a “single package” with the AoA (see chapter on the WTO above). Additionally, the liberal premise of free trade as a public good is used without being explicitly named or theoretically justified. The “better” position from the “free trade” perspective is the apparently consistently liberal one of the US that combats protectionist EU governments. However, this superficial

presentation ignores the fact that the US insisted on a so-called “green box” of allowed subsidies that are exempt from the reduction demands of the AoA. These subsidies are defined as not distorting trade and are therefore exempt from the capping that is demanded for all other subsidies. Developing countries clearly challenge the view that such payments do not affect the competitiveness of US producers and harshly criticize that only these may potentially increase limitlessly (see UNDP report by Malhotra 2004). Meanwhile, Keeler’s outlook promises that future demographical and institutional – also international - developments will weaken the agro-business as the nearly sole inhibitors of better general trade policies: “Whether such deals would genuinely serve national or European interests better than those of the past is hard to predict, but they would seem less likely to reflect the sort of exaggerated agro-power that has shaped the CAP ever since the EC’s creation” (p.145). What policies agro-power demands and why these are terribly wrong is not shared with the reader.

Other observers of the agricultural deal, even those arguing using the same theoretical perspective and premises, are less optimistic about the ending of undesirable agricultural policies. Robert Paarlberg (1997) builds his entire argument on the dogma of free trade being a public good. *Agricultural Policy Reform and the Uruguay Round: Synergistic Linkage in a Two-Level Game?* highlights protectionist elements in US agricultural policy and questions whether the Uruguay Round did “contribute enough to the reform process in agriculture to justify the delays that were encountered in reaching and implementing agreements on the more numerous nonagricultural parts of the negotiation” (p.414). This study therefore seeks to explain the outcomes not by exposing the unexpected power potential of one player but rather by interpreting the consequences of changing certain structural ideal types. The postwar “embedded liberalism” was based on the assumption of sovereignty, meaning that industrial states would accept a greater number of liberal rules at the border if they were granted wide policy autonomy behind the border. Lifting negotiations of traditional “behind-the-border policies” such as agricultural subsidies onto the multilateral level may hinder the liberalization process (p.414-5). Paarlberg therefore holds that the dominant groups in the US seek to enforce liberalization “from above” through a supranational body - (p. 415). In the following, all agricultural subsidies are lumped into the category of a “domestic reform problem” (p.417) and two multilateral arguments are tested: first, that “an international sharing of the policy reform burden among farm producers in all countries” reduces individual costs and therefore farm-sector resistance to reform, and second, that binding many sectors (15 in the UR) into a single package would reduce the power of any particular lobby (p.420-

2). However, Paarlberg himself sees both arguments to be outweighed by “three risks” of internationalization:

“unilateral national reforms in one country will be unnecessarily delayed if linked to the slow-moving pace of reform commitments in other countries; national reforms will be slowed by domestic rent seekers who will be able, in the context of an international negotiation, to recast needed domestic reforms as ‘concessions’ to foreigners; and the use of a multisector negotiation to speed gains in one sector (e.g., agriculture) will block or delay gains in other sectors (e.g., services, intellectual property, and dispute settlement)” (p.422).

His final judgment of the UR outcome and the top-down strategy is therefore straightforward: “an international price was paid for building such an ambitious agricultural policy reform objective into the larger multi-sector Uruguay Round sectors much larger and more important than the agricultural sector. This cost, in the short run, was not worth the benefit” (p.441).

This study involves much more complexity than Keeler’s and highlights that a broad range of topics is negotiated at the same time. This makes it even more astounding that the central premise underlying the entire argument is so disturbingly simple: no trade barriers are good and the quickest absolute reductions are preferable. By eliminating particular actor interests from the framework, any differentiations of who will gain from which reductions have also been pushed out of the analytical picture. Paarlberg does not address the fact that even developing countries with hardly any organized native lobbies resist the complete eradication of agricultural subsidies or ask if this could be due to the highly distorted market relations between huge and tiny producers, nor does he take any notice of the various arguments by environmental organizations challenging the desirability of the complete abolition of protectionist policies and price dictates. Why does a study ending with a clear political judgment not bother to justify its core assumption? It is also surprising to hear that liberalization efforts are hindered by WTO negotiations while empirics tell us that the number of bilateral and plurilateral trade agreements skyrocketed during and ever since the UR – often enshrining more drastic eliminations of trade barriers than the WTO agreements (see yearly UNCTAD reports).

Ann Lee Patterson (1997) has taken on a more “interpretive” definition of interests in order to depart from the mosaic picture of *intergovernmental* negotiations. In *Agricultural Policy Reform in the European Community: A Three-Level Game Analysis*, she discusses two attempts to reform the CAP in 1988 and 1992, which resulted in very different outcomes. Patterson examines the conditions under which “a fundamental change in the philosophy

underlying the CAP” occurred that “laid the groundwork for an agreement in the Uruguay Round” (p.135). Her conclusion is that

“the power and heterogeneity of interest groups at various levels of the game matter, that the real and perceived costs of no agreement affect the degree of substantive reform, and, finally, that a three-level interactive strategy is important in achieving an acceptable agreement at each level of the game” (p.135).

In the line of argumentation for her three-level approach, Patterson also shows that changes in theoretical discourse paralleled changes in policy making (p.138). This observation was not theorized, however, and remains on a descriptive level in reviewing negotiations on the international level, the community level of the European Union and the domestic level of European states (p.142). Her contribution to theoretical development lies in the presentation of a new concept: “win-sets” are compromises attractive to a heterogeneous group of actors across different levels so that agreement can be assured (p.143). These sets are dependent on the institutions on every level, the strategy of negotiation and the perceived costs of non-agreement (p.144). Patterson embarks on a comparison of these win-sets in 1988 and 1992, when the MacSharry reform of the CAP on the European level allowed for a break through in international negotiations as well. On all levels – on the national one she focuses particularly on Germany, France and Great Britain, the pressures had intensified:

“To sum up, the EC was under greater international pressure to reform its agricultural policy in 1992 than in 1988. In addition, the SEA had expanded the policy portfolio at the EC level and the Maastricht agreement had the potential to expand it further. At the same time agricultural expenditures were eating up the EC budget and two of the main contributors to the Budget, Germany and the United Kingdom, expressed reticence about increasing their budget contributions” (p.159).

While this widening of the win-set delivers a broader depiction of the parameters influential in the process of institutionalization, I see the way in which Patterson presents her findings as problematic. Her wording and presentation of this still selective aggregate of reasons make it appear as if there had been no alternatives to this reform, as if there had been no political choices for decision-makers, as if a single person’s decisions were set in stone. The following quotes from her conclusion summarize this impression:

“In 1992, pressure was mounting for an Uruguay Round agreement to stimulate the faltering world economy. (...) Not only would failure to reach agreement on agricultural reform continue to stall or possibly break the Uruguay Round but it would also break the EC budget. A bankrupt Community would severely weaken chances for ratification of the Maastricht agreement and would certainly not serve the interests of agricultural producers” (p.162);

‘Kohl and Miterrand were held hostage to the narrowly defined interests of their farm lobbies. They knew they faced eviction if they tried to implement reforms that would be harmful to these relatively small but politically powerful lobbies’ (pp.161-2);

‘MacSharry utilized the Uruguay Round crisis, the EC budget crisis, and the growing pressure from diverse domestic groups in the various member states to achieve a ratifiable reform to the CAP. Then he used the CAP reform to both restart the GATT negotiations and set the limits for an acceptable GATT agricultural agreement by pleading that the EC could not ratify an agreement that moved significantly beyond the 1992 MacSharry reform. In this way, MacSharry was able to influence U.S. expectations by clarifying exactly how far the EC could go toward substantive reform’” (p.162).

It is astounding how little empirical evidence is provided to support this clear-cut interpretation of a highly complex process. Further, the type of evidence employed is not first hand research, instead reflecting the opinion of two non-scientific publications: the majority of the quotes are from articles in *The Economist* and *The Financial Times*.

4.3.5 Arbitrariness of egoistic strategies

The research ideal of simplicity in rational choice modeling does cause scholars trained in other social sciences to question its lack of complexity, but does not yet translate into an ontological challenge to the validity of the theory. This is not the case, I argue here, with the universal premise of egoism: in attempting to squeeze observations into this theoretical framework one sometimes comes across ontological inconsistencies. Most of these result if scholars start and keep the rational-realist lens who nonetheless acknowledge its limits and seek to add interpretive elements to explain changes of preferences or outcomes.

Wilhelm Kohler (2004), for example, criticizes the approach of Bagwell and Staiger (1999) cited here for its efficient policy assumptions based on universal GDP calculations. *The WTO Dispute Settlement Mechanism: Battlefield or Cooperation?* is A Commentary on Fritz Breuss, who had used these equations to show that most DSU outcomes “probably involved economic damage on both sides” (p.317). While Kohler does not dispute this first finding, he criticizes the deductive political judgment of the DSU as generally flawed and weak in its effects. He adds a wider *political* interpretation of the DSU as a cooperative device demonstrating how *economically* harmful outcomes may still be *politico-economically* efficient (p.317). Kohler rejects the reductionist view of the DSU as simple sanctioning or an enforcement device to ensure compliance (p.323) and criticizes the *economic logic* in the system as flawed in two ways. First, “the economic logic still follows what Krugman (1991) has dubbed ‘GATT-think:’ exports are good, imports are bad, and – other things equal – an

equal increase in imports and exports is good” (p.321). This think fails to realize that benefits do not arise from exports as such, but from the exchange of exports for imports and that the worldwide trade system hosts calculating competitors. All economic externalities that one country is likely to exert on others in its pursuit of beneficial terms of trade, e.g. by subsidizing exports or increasing import taxes, are excluded from this general equilibrium model (p.322).

Second, using numerical general equilibrium models (GTAP) to estimate the effectiveness of the DSU would neglect that these disputes touch on core principles of national law and policy. It brushes over the rationale that trade negotiators and dispute settlement actors combine: “to advance *economic well-being* of their countries’ citizens at large, and to cater to special interest groups or to improve or solidify the *political status* of the incumbent government” (p.320, emphases in original). In addition, government decisions may cause “*political externalities* where a government’s vehicle to pursue its political objective *directly* impacts on other governments’ political fortune, even at *constant terms of trade*” (p.322, emphases in original).

Therefore, while seemingly inapt from the GATT-think perspective, the general logic of the WTO as an “incomplete contract” would lead to an incremental increase in complexity over time that leaves enough “room for interpretation” and “political softness” so that war-like retaliation rounds can be avoided (p.319 & p.333). Further, the principles of reciprocity and non-discrimination are seen as “instrumental in internalizing mutually harmful economic externalities” (p.322). Generally, Kohler discards the idea of self-enforcing equilibria or efficiency policies secured by threats of future retaliation or the breaking of the agreement in cases of non-compliance . Instead, he embarks on equation-based explanations that in the case of the WTO “[t]here was no collapse with a subsequent return to a non-cooperative equilibrium,” but that “the defendant country seems to have willingly traded non-compliance for retaliation” (pp.323-4). Thus, even a very strict enforcement mechanism would not be able to hinder violations – as predicted by traditional “welfare calculus” models (p.334). Kohler also sees it as a dangerous game, as giving up a specific policy in violation of the laws of international organizations would imply giving up fundamental values deeply entrenched in societies. Also, some domestic political restrictions are so important for the respective nation that they make compliance virtually impossible. This could be the case, for example, if agreements have long-term paths of trade barrier reductions that may lead to “time inconsistency problems”, where restructuring processes domestically or on the world market show that a rebalancing of most efficient trade policies becomes necessary (p.332).

These arguments bring conscious decision-making, imperfect information and complexity back into the game. It therefore seems odd to me that Kohler then employs a highly simplified calculation model to develop his “cooperative interpretation of non-compliance“: “My point is best illustrated by using a stylized model which focuses on a two-country-, two commodity-case with perfect competition and classic trade policy in the form of tariffs. Both countries are assumed to be large” (p.324). This design is particularly surprising as he later admits himself that

“[w]e restrict ourselves to the symmetric case here, although there is nothing particularly natural about symmetry. Indeed, the asymmetric case might be considered the more natural one. *To avoid clutter*, Figure 1 depicts only the case of a symmetric, tariff-prone political economy” (p.328, my emphasis).

Why does “avoiding clutter” justify maintaining a model that was previously judged as highly fictitious? Why is the very important question of who can easily afford non-compliance and who suffers devastating costs as a result of it not posed? Moreover, the general picture of the GATT and WTO has carries a highly normative frame as they are seen to having “been established with a view on facilitating welfare gains from trade”. This frame is established without justification other than through the argument that “most people would probably agree” with it (p.332). As similarly simple distinction between egoistic interests and general welfare-thinking holds for the national level:

“It has often been argued that an important purpose of trade agreements in general, and of the GATT/WTO in particular, is to guard enlightened governments against special domestic interest groups that would otherwise be stumbling blocs for these governments in their sincere attempts to pursue national welfare (see Krugman (1993))” (p.332).

Why does a superficial image of governments suffice to construct the ontological characteristics and interests of individuals? What happens to individuals that switch back and forth between enlightened and egoistic entities? This study delivers consistent arguments against oversimplification in GATT-thinking. The analytical framework, however, remains an eclectic mix of rational methodological individualism and normative constitutive reflection that lacks in systematic theoretical integration.

Alícia Adserà and Carles Boix (2002) claim to tackle the connection between trade openness and the size of the public sector with a less mechanical link. *Trade, Democracy, and the Size of the Public Sector: The Political Underpinnings of Openness* seeks to explain trade policies in terms of domestic factors, while additionally discussing politician’s interests in more detail. The authors question the common position that a sizable public sector providing

compensation is an automatic or functional requirement of a free trade regime (p.229). This position would hold that “[p]ublic expenditure, set by a state purely conceived as a social planner, stabilizes aggregate income and delivers social peace and political stability;” or that “the tradeable sector, modeled as an international-price-taker, employs public spending to buy the acquiescence of the non-tradeable sector to low wage increases, therefore ensuring the overall competitiveness (and survival” of the national economy” (p.229).

Adserà/Boix criticize that politics is “prominently absent” in these approaches and contributes a “more satisfactory understanding of the relationship between the international economy and domestic politics” (p.254). They “model the choice of the level of trade openness and the determination of the size of the public sector as two political decisions that are simultaneously taken by political agents” to show that “any mechanical correlation between trade openness and domestic compensation breaks down” (p.230). In the following, they calculate the utility of open or closed policies for politicians. The result is a set of *three* “alternative political-economic equilibria” that “constitute equally possible outcomes *across the universe of nations*” between which policy-makers simply “choose”. Number two reflects the perspective of the authors (p.230, my emphases):

1. Insulate domestic actors from internationally induced changes in relative prices so that no incentive to resort to higher levels of public expenditure as compensation for job losses exists;
2. Sectors that gain from trade set up public programs that compensate the “losers” in the agreement so that the overall support for liberalization is increased;
3. Secure low tariffs even if it substantiates redistributive consequences through lower welfare protection and higher inequality will mean that all trade losers must be excluded from political power (p.230-1).

While strategy three is considered to be typical of authoritarian regimes, the general free choice between the options is also available to democratically elected welfare-state governments: “In its most stylized terms, our model describes a policymaker interested in maximizing the welfare function of the median voter to win elections (or, more generally, stay in power)” (p.255). The model takes “all the relevant variables” into consideration (p.254): there exist “three types of individuals with distinct trade interests, C, P, and O. Each individual can be thought of as a representative agent of an economic factor, a productive sector, or a set of homogeneous firms,” whose interests are fixed (p.231-2). “For sake of simplicity” these agents are assumed to be “risk-neutral” and to have the choice between “support for either protectionism or free trade”, meaning they can vote for “a protectionist

party, party Σ ” or “the pro-free trade party, party Ω ” that “choose their policy programs before elections-” “Once they have committed to a certain policy strategy, they cannot credibly alter their initial promises” (p.234-5). This is the perspective unique to this approach, with O as the profiteer of free trade that compensates P as the loser. The summary of political decision-making that follows is amazing; I did not add any further comments or even emphases and simply provide one extensive quote so that readers can experience the simplicity of a modeled world themselves:

“In a democratic setting, unless O commands a majority of votes, securing a free trade regime has a political and financial cost. To have an open economy, O has to compensate P . If the cost involved in ensuring that P votes for a pro-free trade party is too high, O will choose not to promise any compensation. But, again, this decision will cost Ω the election and will lead to the passage of protectionist policies.

A different political alternative is, however, still available to O . Instead of accepting an electoral defeat, O may decide to impose an authoritarian regime to secure free trade policies. Naturally, a similar option is available to C . If Σ cannot win the election, it may still resort to a dictatorship to secure a protectionist regime. (A caveat is in order. In what follows, we do not claim that the level of conflict over trade policy solely determines the choice of political regime. There is already an abundant literature on those factors – mainly economic modernization – that affect the likelihood of a democratic outcome. Accordingly, we simply outline a theory as to why, in the margin, with all the other relevant factors constant, trade conflict may lead to either a democracy or an authoritarian regime, and with what policy consequences)” (p.237).

In their conclusion, Adserà/Boix claim to “have equated autarky with raising domestic tariffs” (p.257) and through this relation between fiscal policy and trade regimes to have “shed light upon the causes that explain the evolution of the state system and any historical variation in the number of nations” (p.256).

4.3.6 Perpetuation of rivalry as premise and prediction

As we have seen, none of the studies cited above explore the origin of egoism and the unlimited urge for utility. If any weak states or players are in fact included in the framework, they remain background figures whose markets and resources are part of the benefit that powerful players calculate to gain.. This constellation is most vocally expressed in Richard Steinberg’s two studies; particularly *In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO* (2002) is very clear in its conclusion:

“Some might hypothesize that developing countries signed on to the results because their own preference had become increasingly liberal and export-oriented over the course of

the round. But these observations do not explain the structure and extent of liberalization embodied in the Uruguay Round agreements, which were imposed imperially and later deemed imbalanced by the Group of 77 and China. Moreover, some elements of the Uruguay Round package, such as the TRIPs Agreement, could not be justified on liberal principles alone, and most developing countries did not want to enter into those agreements – yet they did” (Steinberg 2002, p.366).

Steinberg does not explicitly say that developing countries do not profit at all from the agreements, but this seems to be an incidental and fortunate side effect. Some countries are even worse off than before the UR (p.367). His explanation of this phenomenon remains grounded within the economic framework of GATT-think coupled with realist political strategy. The opening of foreign markets is perceived as a domestic political benefit and the opening of domestic markets as a cost: “Market opening and closure have been treated as the currency of trade negotiations in the postwar era”, in which bargaining involves mutual promises of opening combined with threats of closure (p.346). The theoretical problem of this GATT-think has been discussed above; what remains unclear here, however, is why the closure of markets is proposed as an easily available bargaining currency. WTO agreements clearly have a built-in agenda of progressive liberalization. Countries may have an exit option legally and theoretically, but politically or practically this would mean leaving the WTO entirely and having to bear the consequences.

However, Steinberg does not further discuss the final outcome of the agreements, instead concentrating on the negotiating process in which market size translates into power. He distinguishes law-based from power-based bargaining and scrutinizes stages of the negotiation rounds in which particular forms are likely to be more dominant.

“When GATT/WTO bargaining is law-based, states take procedural rules seriously, attempting to build a consensus that is Pareto-improving, yielding market-opening contracts that are roughly symmetrical. When GATT/WTO bargaining is power-based, states bring to bear instruments of power that are extrinsic to rules (instruments based primarily on market size), invisibly weighting the decision-making process and generating outcomes that are asymmetrical and may not be Pareto-improving” (Steinberg 2002, p.341).

While this approach delivers an insightful differentiation of consensus-building strategies within the democratic multilateral WTO, one is left without any theoretically convincing explanation for the seemingly effortless shifting of strategies or why these need to be viewed as diametrically opposed. First, it remains unclear to me why fraudulent processes necessarily lead to fraudulent outcomes. Many parents engage in authoritarian decision-making though

surely not in order to harm their child. Further, Steinberg's explanation of why powerful countries bother to engage in consultation processes at all bluntly renders powerful players smart and evil and weak players stupid and obsequious:

“The article concludes that the GATT/WTO consensus decision-making process is organized hypocrisy in the procedural context. Sociologists and political scientists have recently identified organized hypocrisy as patterns of behavior for action that are decoupled from rules, norms, scripts, or rituals that are maintained for external display. The procedural fictions of consensus and the sovereign equality of states have served as an external display to domestic audiences to help legitimize WTO outcomes. The raw use of power that concluded the Uruguay Round may have exposed those fictions, jeopardizing the legitimacy of GATT/WTO outcomes and the decision-making rules, but weaker countries cannot impose an alternative rule. Sovereign equality decision-making rules persist at the WTO because invisible weighting assures that legislative outcomes reflect underlying power, and the rules help generate a valuable information flow to negotiators from powerful states” (ibid 2002, p.342).

Why are only a poor country's statesmen and population susceptible to such a smoke-screen theater? Why do these groups seem to lack any capacity in pro-action and organization? And – turning the argument around - how can a perception of legitimacy develop at all or be maintained when all leaders are exploitative in nature and all outcomes prove to be fraudulent?

Steinberg at least draws such a picture of international relations when he concludes that “even if developing countries understand exactly why and how the WTO decision-making process leads to asymmetrical outcomes, the analysis above shows there is little they can do about it” (ibid, p.368). This résumé does not allow for any explanation of change, however, or how the powerful countries became so strong in the first place. Why, for example, have Brazil and India now become such important players in the WTO? Their geographical size has not grown over the last decades and according to this framework it seems illogical that they would ever have been regime-takers without influence on its design in the first place. Steinberg contradicts his previously quoted conclusion when mentioning this change without engaging in any theoretical justification: “If power continues to disperse in the WTO, invisible weighting by Brussels and Washington will become more difficult. Expanded membership has been diffusing power in the GATT/WTO. Moreover, many developing countries tried to cooperate with each other” (p.368)

In his most recent article *Judicial Lawmaking at the WTO: Discursive, Constitutional, and Political Constraints* (2004), Steinberg elaborates on why this cooperation still remains framed by the logic of WTO procedures. Analysis and evaluation of the DSU should take into account the extent to which the Appellate Body is influenced by international legal discourse and politics as well as constitutional structure (p.248). Stricter in its predictions, this “analysis shows that WTO legal discourse is intrinsically elastic, permitting restrained or expansive judicial lawmaking” (p.249). However, while Steinberg does accredit the Appellate Body with engaging in supranational judicial activism, its performance is constrained by constitutional rules – whose fraudulence we have discussed above - with both of these being additionally constrained by politics. Critics of the loss of sovereignty to the DSU would therefore “overstate its dangers” when focusing on constitutional solutions and excluding political control (ibid). In Steinberg’s worldview, once again, WTO performance depends on the tolerance of the powerful members who would pull the plug if necessary:

“In practice, powerful WTO members each have a unilateral veto over the selection of Appellate Body members, and a candidate’s approach to judicial decision making figures prominently in those member’s decisions on whether to block a candidacy. Powerful WTO members also defy a decision that is politically unpalatable at home, refusing to comply with it, if they are willing to suffer retaliation and shirk legal obligations. Moreover, if expansive lawmaking were to cause a fundamental shift in the balance of WTO rights and responsibilities against the interests of powerful members, it would likely prompt those members to reduce the Appellate Body’s independence by changing DSU rules; that possibility casts shadow over judicial lawmaking” (p.249).

Examples of how political voluntarism dominates liberalization automatism are the TRIPS agreement, that “may be seen as fundamentally rent seeking”, and WTO trade remedy agreements, that “may be seen as intended to validate established national practices” (Steinberg 2004, p.262). Therefore, the rivalry world order is not threatened by judicial lawmaking, which once again seems to only serve in legitimizing charades: “judicial lawmaking will not fundamentally and adversely shift the balance of WTO rights and responsibilities against the interests of powerful state, or the Appellate Body will be subjected to political correction” (Steinberg 2004, p.275). The success of using power for utility maximization and relative superiority defense is never questioned at all in perpetual thinking. While Steinberg provides important differentiations of the actual negotiation processes behind game outcomes, his own interpretation of the outcomes is framed by his worldview. If necessary, some reason can always be found to explain why particular concessions or the acceptance of WTO rulings lies in the interest of dominating players.

Such causal predictions and analytical tautologies have been criticized by researchers that apply open-ended worldviews. I agree with their objections: “power does not necessarily determine outcomes. Actors may choose not to exercise power, the deployment of power may not deliver the outcomes that the powerful desire, and ‘the exploitation of a given potential may not involve the use of power’ (Archer, 1990:81)” (Sell/Prakash 2004, p.169).

The final rivalry study reviewed here was written before the neo-neo merger in institutionalism described in chapter 2 made such approaches possible. It nicely points out the ingredients that Neo-Institutionalism combines to explain world trade institutionalization. *The East European Countries and GATT: The Role of Realism, Mercantilism, and Regime Theory in Explaining East-West Trade Negotiations* by Leah Haus (1991) contributes more in realism thinking to the explanation of mercantilist protectionist motivations. Using a zero-sum perspective on cooperation in a regime theory framework – meaning one party’s gains are another party’s losses – Haus searches for relative gain motivations (p.164). She does not adhere to the premise that open markets are a universal public good, but interprets global liberalization negotiations as a project of the US in the post-Cold War world. The explanatory voids targeted here are “the nonmarket economy countries’ participation in the neoliberal trade institution” and “the Western positions toward these negotiations” (p.164). The first part of the article reiterates the three theoretical approaches providing different answers to the question of how much and under which conditions Western states would cooperate (pp.165-68) before the empirical research reveals differences “regarding the acceptance or denial of the requests of each of the applicants” from the “Eastern” part of the world during the Uruguay Round (pp.169-174). Haus identifies a “policy of differentiation” that “deemed Poland, Romania, and Hungary to be desirable participants in the neoliberal institution”. The definition of terms of accession further led to “a pattern of alignment” in which the US and socialist countries “battled against the EC countries” – a pattern that “differed greatly from the pattern in the East-West trade negotiations outside the GATT forum” (p.174). The analysis then applies each of the theories mentioned to explain particular disputes surrounding the question of quota restrictions. The summary holds that “the *explanatory power* of mercantilism and regime theory *varied* for the United States and the EC. It is likely that divergent economic interests contributed to this variation” (p.178, my emphasis, see also final conclusion p.182). This statement is surprising to me: how can research be considered sound if *theory adequacy varies between different players observed in the same situation and in terms of the same research question?* This study mixes theory comparison with the empirical

comparison of actor positions. Had Haus integrated worldviews as variables into her explanation of different behavior and interest formation, I would argue that these very different observations could have been consistently explained. The study as it is presented now remains caught in its own eclecticism.

From my perspective, none of the rivalry approaches delivers a coherent explanation for change in policy and even less so for polity. Perpetual thinking does not incorporate preference malleability or consistently integrate structures with actors, nor does it explore or explain the origins of egoism and competition-think. The rational economic and weak constructivist turns leading to Neo-Institutionalism did mend some inconsistencies. These remain on the surface, however, as the result of what I will call the *self-interest escape clause* below. The prices paid are the inconsistencies illustrated and I will summarize the origins of these in more details in the résumé in chapter 5.

4.4 Convergence views on the WTO

The cases I grouped into this category do not reject the strategic pursuance of one's interest, but they do assume that interaction has an effect on participant interests in the particular situation at hand and possibly even on their preferences in general. The term "discourse" is central to this approach, even though it is defined quite differently between the authors. Those closer to methodological individualism view it more as "a tool that political actors use to build support for their positions in trade debates and to change the positions of political opponents" (Van den Hoven 2004, p.256), or as "a resource in political exchange" (Foullieux 2004, p.235). More structuralist scholars look at how a changed discourse and changed institutions relate to one another. Some remain close to the multi-level idea when looking at "how integration can affect national policy tools and how policymaking rules at the supranational level create policy biases" (Hanson 1998). However, the focus here lays on the path-dependency of particular policy-logics and their institutional organization rather than the tactical instrumentalization of policies for personal utility. Other studies also analyze the embedding effects of institutions but explicitly add normative judgments of these impacts. The "fairness" of rules and outcomes (Orcalli 2003, p.146), or "good faith" as a "review standard" for the "reasonableness" of outcomes (Schloemann/Ohlhoff 1999, p.448) are qualitative characteristics that are seen to ensure that these institutions become agents for cooperation towards "what is best for all" (Orcalli 2003, p.146). Taken on an abstract level,

such constitutional effects translate into “*relational capital*”⁴⁴ which ensures not only that the market is suitable, but that the cut and thrust of everyday transactions work to the public good” (Dunning 2000, p.447, emphasis in original). The following subchapters will review these convergence approaches and point out blind spots in their explanations.

4.4.1 *The spinning of convincing worldviews*

Eve Fouilleux (2004) writes about European agricultural policy and the role global trade frameworks play in its development. *CAP Reforms and Multilateral Trade Negotiations: Another View on Discourse Efficiency* does not pinpoint whose power was greatest in terms of quantifiable resources, but hypothesizes that “an actor’s ability to influence policy change through an efficient and influential discourse relies heavily on the amount and quality of intellectual resources available” (p.235). Fouilleux analyzes the discourse of the European Commission during the MacSharry reform in 1992 and the CAP Mid-Term Review (MTR) in June 2003, as well as the conditions of their formation. In the later case, she observes more “active political entrepreneurs and much higher profile adopted by the Commission” as promoting the reforms (ibid). In order for discourse to be an “explanatory variable” for policy change, it must be deconstructed in relation to the actor voicing it, with his/her ideas and interests in the given policy context and in relation to the functions it serves (p.236).

This understanding of discourse is a weak version that acknowledges how institutional settings frame the perceived validity of statements but does not conceptualize these structurations as an integral part of discourse itself: “discourse is considered as one of the resources actors may mobilize to influence the political exchanges in which they are involved” and “is produced as actors debate policy strategies, argue to promote their interests, debate and bargain” (p.236). Hence, discourse as such remains an extra-individual resource that “speaking actors” use to “justify their position (ideas, interests), as well as to enhance their legitimacy to participate in the political exchange” (ibid). Some sentences later, however, this ubiquitous resource becomes the result of an individual action, the marketing and even deception of agents able to “produce ‘good’ discourses” that “convince partners of the political exchange and gather support from the public. This means that the quality of a policy discourse may have nothing to do with its relation to reality” (p.236). A “good” discourse may be “true” or “false”, depending on the perspectives and interpretations in the

⁴⁴ The understanding of “capital” here is consistent with that of mainstream economics and is therefore different from the Marxist one. Dunning uses the term to describe production factor – in this case certain norms and values – that allow for a desired outcome. Marxists, on the other hand, define all types of capital as a relation whose value only unfolds when it becomes part of a reproduction process.

observed arena and the established standards that render a particular discourse more or less “fitting” (p.236-7). The successful politician then produces fitting and efficient discourse to promote his country’s position and needs institutional and organizational support systems in order to enhance his “intellectual resources and learning capabilities” (p.237).

The study then embarks on an explanation of how different EC publications and statements present two different discourses, one for the European public and one for the international arena of agriculture policy formation. This results in a “somewhat ‘schizophrenic’ position for the Commission” that is forced into a “two-sided discourse on CAP, arguing for conservative positions in the WTO on the one hand, whilst pushing for reforms internally on the other” (p.239). But intensive “learning and adaptation processes” and stronger studies and economic analysis capabilities enhanced the Commission’s “discourse capacity” in its “co-ordinative and legitimating dimensions” (pp.244-5). As a result, “the position of the EU in the Doha Round has been considerably strengthened thanks to its much more proactive and ‘aggressive’ stance on agriculture,” and internally “despite some important concessions made in the Council due to the reluctance of the Member States, the achievement of the MTR CAP reform can be considered as a success for the Commission” (p.253).

This study begins with a convergence premise but mixes constructivism and perpetuated interests to form a solid concept of discourse. The many quotes provided above show how Foullieux switches between the analysis of the spoken words - be they interpreted as pretext or objective truth claim - and contextual parameters that frame the interpretation of these verbal statements. It remains unclear to me why actors seem to be immune to their own worldviews when defending their interests with freely chosen arguments. Why do these worldviews not limit what “fits” in one’s own opinion of legitimacy? While opponents here seem convinced by an agreement rather than forced into it, the communicative effort is void of any normative connotation. Every argument seems feasible, as long as it provides for the egoistically preferable outcome. But where do consistent interests come from in this volatile world of discourse – and what are they?

Adrian van den Hoven (2004) even goes a step further and does not discuss the origins of discourse, instead concentrating on its strategic exertion. Publishing in the same edition of *West European Politics* as Foullieux, he similarly focuses on the EU as a player in the international system and also seeks to deconstruct arguments leading to consensus. *Assuming Leadership in Multilateral Economic Institutions: The EU’s ‘Development Round’ Discourse and Strategy* understands the WTO or the EU as “multi-actor settings” in which political

agents with divergent preferences “compete to impose their leadership” (p.256). In line with the adaptive paradigm, interests and preferences of political actors are seen to “evolve considerably”, as “it would be impossible for political actors to co-operate if their interests and preferences did not evolve” (p.257). Further, the coordination of positions in order to generate consensus plays out on both the regional and international level, as trade policies are shaped on both. Within the EU, additional competency rivalries exist between the Commissioner for Agriculture and the Commissioner for Trade when it comes to WTO policies. The study therefore seeks to show how the leadership qualities of a single person, in this case of Pascal Lamy as Trade Commissioner of the EC, influence the acceptance of particular political positions.

For this task, leaders need to embody three characteristics: “(1) the person must be taken seriously, as an expert of a leader; (2) the person must be known for her political connections or negotiating skills; and (3) the successful entrepreneur must be persistent and wait for the opening of a policy window” (Pollack 1997, p.126; here p.256). Van den Hoven sees Lamy as having been successful because he used a “development discourse” to build “consensus around his position in the WTO and in the EU” (p.256). The analysis of speeches shows how Lamy “used” development discourses to structure the trade debates. As a result he “built support among developing countries for the ‘Development Round’, while isolating the US in WTO negotiations”, further convincing “the Agriculture Commissioner and EU member states to soften the EU’s position in trade negotiations without changing the official EU mandate for the new round” (p.259). Such successful discourse, “essentially a strategic tool used by policy actors” is therefore also “used to signal and to direct policy change by altering perceptions of policy problems and by creating momentum for change” (p.257). Van den Hoven, in contrast to Foullieux, points out that discourse needs to be translated into real policy change in order to achieve credibility. Therefore it “can have long-term effects on policy by changing the beliefs of policy actors”, including a changed understanding of national interests (p.257-8).

Thus, while this article does not conceptualize discourse as an independent variable, it still distinguishes it from personal beliefs. But why should discourse be distinguished from beliefs in the first place? The definition seems to limit discourse to an intelligent presentation of information so that a “common language for debates between actors with divergent views” becomes possible. Only if existing common-sense perceptions and beliefs are successfully attached to one’s own position, however, can these arguments become “powerful instruments to force political actors to assess their interests and preferences” in “reference to moral

arguments, such as the need for development” (p.258; for a discussion of the connection between belief and legitimacy see chapter 3.3). This broader definition of discourse is different from the one above but would exclude an approach of methodological individualism in which the main protagonist acts unaffected by the mental realities in which other actors are caught. Once again, strong players – in this case successful leaders like Pascal Lamy – are ontologically distinct from other policy-makers. And, once again, their nature is depicted as ruthless: moral arguments are used to support their personal strategy but do not affect their personal beliefs.

Why does Van den Hoven embark on a three-page long description of the market relations and economic concessions that the EU negotiates with developing countries without granting these any influence on the discourse or acceptance of certain arguments? Why, if discourse has been introduced as a strategic tool, does the author suddenly refer to a variant called “truth-seeking discourse” in order to explain Lamy’s policy change? This variant relates to Thomas Risse’s agreement seeking argumentation and states that actors “must be prepared to change their own views of the world, their interests, and sometimes even their identities” (here Van den Hoven, p.266). Risse’s concept originally goes beyond Van den Hoven’s interpretation, as worldviews and identities of even the leaders would be affected by discursive change. This study, however, freely jumps back to rational choice explanations when referring to the Principal-Agent Model that explains the delegation of authority through reduced collective action problems for the subordinating members (p.271). The conclusion maintains that “Commissioner Lamy exploited the development issue to build support” while developing countries “must support the EU’s position in the WTO or they may lose their preferential access to the European market” (pp.274-5). The listed “wider theoretical implications” also clearly reveal that the author seeks to answer the question of “how can a ‘weak’ or a ‘non-state’ actor exercise power in the international system?” (p.276). The final observation therefore rather surprisingly finds that “from a market access perspective, the EU’s ‘development’ discourse has changed the EU’s policy” (p.276). References to broader economic developments are not included.

The combination of rhetoric and power delivers new food for thought and is often neglected by other argumentative studies.⁴⁵ The range of factors fostering consensus includes bare

⁴⁵ Although Van den Hoven does not refer to him, Stephen Krasner developed the concept of “organized hypocrisy” to theorize the decoupling of “cognitive scripts” from action: “Actors say one thing and do another. In the international environment this occurs both because actors endorse norms that can be mutually inconsistent, such as universal human rights and non-intervention, and because logics of consequences usually trump logics of appropriateness. Organized hypocrisy is characteristic of any political organization whose leaders must appeal to different constituencies” (ibid, 2001, p.19). Since his logic of appropriateness is limited to regulative norms and

power dominance over economic dependence and truth-seeking political leadership. However, I find the theoretical framework used here highly eclectic and inconsistent in its combination of premises and explanations. Leaders seem to be influenced by the worldview they spin, but somehow only if it is to their advantage in future negotiations.

4.4.2 *Controlling frames of institutions*

The first two studies viewed policy outcomes or institutionalization as proof of the influence of discourse on outcomes. Other convergence studies accredit institutionalization with an autonomous role in the actual *shaping* of discourse. Brian Hanson (1998) published *What Happened to Fortress Europe?: External Trade Policy Liberalization in the European Union* to show that regional trade agreements do not necessarily have a compartmentalizing effect on the world market. Trade barriers would be erased within these trading blocks, while they would be increased towards the outer world. Particularly the EU as a strongly integrated region was anticipated to become a fortress in the 1980s and especially in the 1990s. However, as Hanson shows, “since the late 1980s not only have few new trade barriers been erected, but external trade policy in Europe has been significantly liberalized in recent years, even in politically and economically sensitive sectors” (p.56). His explanation for this phenomenon is the institutionalization of trade policy on the European level that “greatly undermined the ability of member states to use national policy tools, and EU voting rules make it very difficult to replace national policies with protectionist measures at the EU level” (ibid). Regionalization in the case of the EU has led to trade policy liberalization, as shown by empirical data in the first section of the article. Hanson then briefly summarizes alternative explanations of trade liberalization and distinguishes the type emphasizing interest group politics among societal actors from that emphasizing the autonomous role of state actors in shaping trade policies (p.61). The study shows that all three explanations within the first type – the attrition of uncompetitive sectors, sectoral internationalization and changing firm preferences, societal counter mobilization for liberalization – must accept many exceptions to the rule and that beliefs and discourse of European policymakers lack behind the actual degree of (neoliberal) trade liberalization on the supranational level pp.61-67).

Hanson’s own theory holds that “the general resistance to new protectionist measures in Europe can best be understood as an unintended consequence of European integration” (p.67).

stable preferences and constitutive norms do not exist in his approach, the concept remains on the descriptive level: it does not deliver a consistent theoretical explanation of why mutually inconsistent norms are endorsed in different contexts in the first place. The voluntary subordination of weaker states then cannot be explained without assumptions of false consciousness.

The completion of the internal market of the Single European Act (SEA) induced the liberalization of nationally protected markets. Protectionist measures on the European level, however, were weakened by “institutional arrangements that significantly advantaged those states wanting to block the expansion of EU protection” (ibid). As a consequence, EU states lost protectionist tools even against non-EU imports, as these could be transshipped through other Member States without restrictions (p.68-9). Any new trade measures, as with most new policies in the EU, require the approval of the Council of Ministers in which even a small coalition of states can prevent their passage. When it comes to bargaining positions, almost any agreement is better for states whose national trade measures were “made obsolete through the implementation of the single market” than being left without protection against the indirect imports. Liberal states, on the other hand, “have little incentive to agree to greater levels of protection than they favor” (p.69). Moreover, within the EU framework societal groups preferring protectionist barriers higher than those they are able to obtain through the EU “have very little recourse”, as such measures would violate treaty commitments (p.70). In the following paragraphs, Hanson debunks the idea that the SEA can be viewed as an intentional policy project by reviewing the SEA text itself, Commission statements, business statements and studies of other scholars. Hanson concludes that there

“is little evidence that the external trade policy consequences of implementing the SEA were understood at the time of its negotiation. The key actors, national, government, business interests, and the Commission, were focused overwhelmingly on the internal aspects of creating a common market. Thus, decisions taken at one time can have profound effects on future events by shifting the institutional rules under which policy is made” (p.74).

The conclusion therefore holds that this article “raises serious questions about the explanations offered by current trade policy literature” and also anticipates questions I would have raised: additional research would be needed to help develop

“a better understanding of the nature and extent of societal and state support for sustaining increased liberalization. In the process, we are likely to acquire a better understanding of the forces driving the increased openness of the international economy, not only in Europe, but in other parts of the world as well” (p.81).

A more profound analysis of the content and promotion of the liberalization discourse (understood as worldview) convincing to political decision-makers and the public would be a first step. Additionally, changes of political personnel in member states could explain changes of the political course as well. Taking merely France as a national example in the hope of disproving this does not count as representative: the French position on trade policy has

always been and is still the most protectionist and the government is often confronted with the reproach of blocking EU policy making (see the recent debates on agriculture in particular). It does seem very far-fetched to me that the consequences of the SEA were simply not anticipated. Quite a few studies incorporating the points mentioned do contradict this view: Appeldoorn 2002, Gill 1990, van der Pijl 1998, Scherrer 1999, Bieling 2003, and Panitch/Gindin 2003, for example, interpret the SEA as a victory of the “transnational” fraction of European business over the “regional” fraction. They urge the more extensive consideration of global economic developments in order to understand regional or national political initiatives and their support. Another option from within the adaptivist strand would be to look at how institutions themselves become agents in protecting their assigned mandates.

4.4.3 Institutions as social organized players

Gabriele Orcalli (2003) provides *A Constitutional Interpretation of the GATT/WTO*. Here, international institutions are not parametric tools but themselves agents for or against change. She addresses the question of whether the WTO can “define and implement its own decisions, rather than those of its members”. If so, does this make it its own actor, “capable of having its own role”? Which conditions need to be met to allow it to exist as an “organized player” (p.141)? Of central importance is the mandate that organizations hold which entails a delegation of the authority that is lost by member governments. Orcalli, for example, states that “in the mid 1940s, the GATT, together with the World Bank and the International Monetary Fund, was empowered to define the international structure of the new world order” (p.141). A precondition for this empowerment is of course that member governments “felt that reciprocity and mutual advantage in international trade were beginning to decrease” and “agreed that (a) larger international trade would lead to economic growth and to an increase in world welfare, and (b) that the more freedom world trade could enjoy, the stronger the interdependence of Countries would become” (p.142). This joint interest still could not avoid conflicting interests resulting from different national preferences in domestic economic policy. “Such differences can give rise to a ‘fairness’ problem in so far as some member countries may perceive that freer trade can disrupt the balance between possible trade gains and their national freedom” (p.142). An organization able to settle these disputes would therefore have to be based on accepted principles - in this case sovereignty, power and internal coordination - that provide “the necessary compromise which enables differing interests to coexist alongside the approved rules” (ibid).

Thus, this approach focuses on the design of the organization itself more than on the motivations of its members. Orcalli discusses several different approaches to demonstrate how neither the exchange paradigm of transaction costs nor the joint goal of an organization can explain the actual role played by organizations over time (pp.143-145). Her own proposal therefore draws on the organizational theories of V. Vanberg, who conceptualizes “organized players” and focuses on the procedural structure on which organizations are based. Here, members pool resources for joint use, accept external control over some of their resources and participate in a common decision process that is not under their direct control: “they establish, explicitly or implicitly, a constitution” (Vanberg 1994, here Orcalli 2003, p.145). Concerning the question of why countries accept these restraints, the

“answer is that, historically, the WTO has searched for rules capable of guaranteeing equality and impartiality in international trade.” This does not imply that all outcomes are automatically equally beneficial, but “the fairness and impartiality of a set of rules are proportional to their ability to guarantee mutual advantage and, essentially, the WTO legitimates itself on these” (p.146).

The contract here is a social one and the procedures are based on dialogue, while perceived fairness results from a shared understanding of “what is best” for all. Knowledge therefore plays an important role and that fact that members join voluntarily becomes a proof of the legitimacy of the organization (pp.146-7).

Orcalli analyzes discourse as well, but in search for its strategic manipulation. Her conceptualization of discourse is one of shared “theory” – here economic theory – that explains general agreement as cooperation based on shared convictions. Conflicting interests regarding the actual contracts on how the shared goal is achieved may prevail and will be rationally debated. Thus, effective organizations are seen as stable mechanisms for the identification of “what is mutually acceptable” in each particular agreement while safeguarding the broader goals that the members agreed to. Such a

“constitutional interpretation of the WTO which acknowledges both general motivations and a conflict of interests, allows us to analyse the organization from a new perspective. In this new basis, the WTO’s legitimisation depends not only on safeguarding existing rules, but also on its long-term ability to guarantee fairness in the distribution of benefits and costs among member Countries which Vanberg referred to as ‘social contract’” (p.153).

While I agree with Orcalli that both neo-liberalism and realism “seem unable to adequately explain the evolution of the WTO” (ibid), it seems empirically surprising to state that the WTO distribute s costs and benefits equally. This perception was lost at the latest during the

protests of Seattle in 1999 and many reports show a high imbalance between benefits (for example UNDP 2004). Further, negotiating processes have been the center of criticism. Descriptions of their characteristics as in the studies above make it difficult to support the retroactive conclusion that because they are accepted they must also be perceived as legitimate. One may of course argue that these protests draw attention to a recent deviation from accepted solutions. Since the statutes have not changed, however, why does the acceptance of outcomes decline? And why did the highly protectionist TRIPS agreement come into existence if the shared convictions or theory on liberalization are truly so uncontested? This study makes an important contribution in discussing the institution WTO itself in explaining the persistence of cooperation. But the study ignores the clearly documented blackmailing and threatening by and of some members of the mutually acceptable social contract. In these cases, the “acceptable” will likely translate into the “least bad option” or may be the result of direct threat. The initially cited mutual consensus – that economic interdependencies reduce open military conflict may still hold, but this does not automatically translate into the absence of domination.

4.4.4 Moral values for universal progress

The study of John H. Dunning (2000) particularly focuses on the rising dissatisfaction with the general path of trade liberalization. *The future of the WTO: a socio-relational challenge?* analyzes the origins of the collapse of the Seattle Ministerial conference in 1999. He also discusses the actual scope of economic WTO agreements with reference to their expansion into “a variety of non-trade, but trade-related, issues”, emphasizing that harmonization of such a wide array of political measures beyond obstacles to trade in goods “need not necessarily result in a ‘win-win’ situation for all parties” (p. 475). Dunning further explores the social contract and acknowledges that the image of increasing the world’s wealth is difficult to justify “if the majority of the poorest countries are excluded from such benefits” (ibid). In its overall framework, however, his study nicely complements that of Orcalli, simply adding that the original general consensus safeguarded by the organization would need to be reformed. With reference to Francis Fukuyama, Dunning describes the preconditions for the re-establishment of a consensus. He differentiates different forms of “capital”: “*intellectual* capital, embodied in human and physical assets” and “*social or relational* capital to act as a bonding force for the necessary cooperation between the various economic agents” (p.477, emphases in original). Particularly the latter, summarized as “the ability and willingness of individuals and institutions to form, conduct and sustain good relationships with each other”,

determines “how successful” the former “is created and utilized in our contemporary global and alliance-based economy” (p.480).

Dunning sticks with economic language and calls for Schumpeterian “creative destruction and/or replacement of obsolete social institutions and customs” while warning that “the interpretation of the ingredients of *social* capital varies much more between countries than does that of intellectual capital” (p.477). The following pages discuss the changing structure and relations of global capitalism and why this challenges the GATT with its “stock of social capital underpinning its architecture and operations”. Success at the negotiating table therefore rests on the “willingness to promote and continually reconfigure the underlying social and moral virtues” so that national differences leading to “intra-WTO conflicts” can be avoided (p.479). The current problem faced by negotiators is that the intellectual capital for “wealth-creating activities” is developing faster than the social values necessary to support and sustain these changes. A “‘yours or mine’ philosophy” needs to be replaced by “a mutuality of trust, reciprocity, and sense of brotherhood” (pp.480-1).

In order for the WTO to regenerate trust, government representatives should follow the example of corporations that engaged their employees in “education, workshops and seminars giving training in negotiating skill, upgrading their emotional assets, reevaluating their moral and social responsibilities, reassessing the ways in which they related” (p.482). The goal must be to bring adequate social and relational capital to the negotiating table. This holds true for the wide number of critics that engage in counter-“crusades” without offering systematic alternatives (p.475):

“Such a stock of capital comprises, first, a set of such values as reciprocity, trust, honesty, forbearance, loyalty and social responsibility, the precise interpretation of which, in part at least, is likely to be context (e.g. culture) specific; and second, a genuine willingness to engage in cooperative endeavors to promote the collective good” (p.480).

While Dunning’s study reiterates that the origin of economic structures are human as well, it is not clear to me why the changes entailed by globally integrated capitalism are then separated from all the other social structures. Why is the decision to use certain intellectual capital instead of another apparently not related to social or relational capital? Who forces humankind to implement everything that is technically possible? Where does the “‘yours or mine’ philosophy” come from? Why is it apparently of no importance that the goal of eliminating trade barriers perpetuates competition logic? How do the logics of welfare states as apparently obsolete social structures fit in here? Dunning puts heavy emphasis on the role that ethical codes play in consensual negotiations, but thereafter does not provide any real link between the two concepts of capital that this code is composed of. This very descriptive call

for joint adaptation towards generally wealth-increasing development may be considered a prototype of convergence institutionalism: with the right normative code of conduct and the appropriate argumentation, the general progress our economic world system will benefit all.

4.4.5 Legalization towards rule-based order

The right normative code of conduct and its institutionalization is also discussed by Hannes L. Schloemann and Stefan Ohlhoff (1999) in “*Constitutionalization*” and *Dispute Settlement in the WTO: National Security as an Issue of Competence*. The authors understand “constitutionalization” as going “beyond the development of stricter rules and formalized third-party adjudication in international trade relations.” The WTO and in particular the wide acceptance of its DSU would push the “multilateral trade system to develop into a proto-supranational structure” that is “charged with more and more tasks and responsibilities beyond its original scope.” Thus, the organization plays a “more and more independent third-party role within the international community as a whole” (p.424, fn1).

Meanwhile, the DSU is limited externally by the reach of other international regimes while internally facing restrictions set by WTO members who decide “which issues of national security lie outside the competence of the WTO organs”. The “third limitation of the WTO’s juridical power may arise from the emerging problem of interpretive judicial hierarchies among national, regional and international courts” (pp.424-5). Generally, the authors maintain the premise that “[w]ith the establishment of the WTO, members agreed on a shift toward legalism in their trade relations with the aim of enhancing stability and predictability in the world trade order. In doing so, all members accepted the loss of a degree of sovereignty and jurisdiction” (p.425). They further ask “to what extent can the WTO system grant its sovereign members immunity under the national security exception in Article XXI of GATT 1994 without betraying its increasingly constitutional role, structure and character?” (pp.425-6). The issue of national security remains the “Achilles’ heel of international law”: it translates into “some sort of loophole” as long as “the notion of sovereignty exerts power within this evolving system”. This might even “signal the end of the WTO as a rule-based system” if cases reappear that challenge WTO panels’ competence with reference to national security concerns (p.426).

The following discussion comes to the conclusion that the allocation of decision-making power between states, parties and the WTO needs to be understood as a “distinction between the *authority to interpret* and the *authority to define*” GATT law (p.426, emphases in original). The former is the job of the DSU while the latter is held by the nation states that

decide when national “security interests,” “emergency” or “necessity” arises and also justifies exceptions. The authors then discuss the Helms-Burton Act issued by President Clinton in 1996 further tightening the US embargo on Cuba by imposing heavy restrictions on goods of Cuban origin and their trafficking. This act was answered with countervailing measures by Mexico, Canada and the EC, eventually being filed under the North American Free Trade Agreement (NAFTA) and the WTO. Schloemann/Ohlhoff embark on a historical review of former cases in which the “national security” veto was declared and discuss potential differences between the former GATT system and the WTO. They come to the conclusion that neither agreement leaves room for a direct jurisdictional defense by a nation that Contracting Parties or the DSU have declared to apply protectionist measures. Thus, the interpretation of certain measures falls under the GATT framework and lies with the institution (pp.438-41). Indirectly, however, national security issues are legitimate exceptions and the definition of which incidents classify as national security lies with the governments (pp.441-447).

The last pages of the study deal with “appropriate standards or review” that can “provide *some* ‘threshold’ or ‘reasonableness’ criterion” to ensure that rules are not arbitrarily ignored or abused. This standard is similar to Orcalli’s “fairness” criterion and to Dunning’s “relational capital. Schloemann/Ohlhoff propose “good faith, ‘based on the available evidence,’ or reasonableness, as well as combinations of these” as “the appropriate standard to be applied to the definitional prerogative for ‘security interests’”. Procedurally it demands “a member relying on Article XXI not only participate (sic) in panel proceedings, but also provide the information necessary for the panel to make the findings within this competence” (p.448). In cases of “emergency” or “necessity”, reasonableness tests are proposed as they “accommodate both the objective aspects of those concepts and their inherent relativity, which we have called the ‘right to be cautious’” (p.449). Such reviews are crucial in order to guard the “essentially rule-based approach underlying the WTO in general” and “take into account systemic, teleological and, in particular, ‘constitutional’ aspects”. To respect each players’ realm, “it must filter out those bases for action that are not motivated and necessitated by extreme political, as opposed to economic, circumstances or aims, while leaving the areas requiring positive definition by the state concerned untouched” (p.450).

International law “civilizes” international security disputes

“that make potentially harmful inroads into the backbone of international society’s peacetime order – namely, the world economic system more or less represented by the WTO and the quasi-comprehensive system of agreements under its umbrella. With the advent of the WTO, this system’s evolution has acquired a somewhat new quality” whose

quasi-judicial dispute settlement “will shift the basis of the system, if not all its features, from power to law” (p.451).

This study provides the perfect example of an undifferentiated positive-law assumption that many liberal studies adhere to: legalization as political form is judged as positive development – without scrutiny of its social or economic content: which behavior counts now as legal and which practices can be legitimately enforced? While I do not disagree with the authors that a rules-based system is desirable, I still wonder why power is separated from *international* rules when Schloemann/Ohlhoff themselves see the potential for *national* rules to become abusive tools of discrimination. It also seems very dubious that political decisions of security, necessity and emergence are separated from economically motivated decisions: every political decision will always benefit some people or peoples more than others. Therefore, I would agree that normative procedural standards are highly important to ensure more equal participation in the definition of what is protected by rules. However, revision should not be limited to the interpretation of the rules, but also include the biases and privileges of the actual agreements – probably most obvious in the TRIPS agreement discussed repeatedly in chapter 4.3. Finally, the formal existence of laws does not translate into socially effective rules. Economically powerful countries often ignore laws, preferring simply to pay the fines and meaning that these laws are not accepted as rules.

For me, convergence approaches lose sight of the power biases and injustices that persist *even when* policies and politics are changed. Institutionalizing norms and creating laws is interpreted as better than continuing international relations without this harmonization, - even though these approaches do not scrutinize who is privileged by these standards. Convergence thinking does not question the desirability of one universal solution, nor does it problematize the fact that one “size” may not fit everyone equally well, even if support for adaptation prevails. The originally radical potential of constructivism has been reduced to a “pragmatic” version of New Institutionalism that recognizes participatory inequalities but limits them to the superficial level of observable interaction. The fairness-norm that underpins the *general-interest escape clause* I will discuss below is not deconstructed to discover potential inherent biasing effects.

5 Résumé: cognitive iron cages in hegemonic worldviews

“[W]hen looked at closely, the metaphysical foundations of any theory are bound to contain lacunae, contradictions, or both. Perhaps we need to accept on faith that it is better to work

with some knowledge of those contradictions and gaps than it is to remain blind to them.”
(Craig Murphy 1998, p.425)

“Why would powerful entities, like the EC and the United States, support a consensus decision-making rule in an organization like the GATT/WTO, which generates hard law? (...) And if such powerful states dominate GATT/WTO decision making, why have they bothered to maintain rules based on the sovereign equality of states, such as the consensus decision-making rule?” (Steinberg 2002, pp.340-1). Rivalry institutionalism has difficulties in explaining why the self-interested superpower the US would establish binding supranational laws through a multilateral body with equal voting rights. The win-win scenario cannot be held up in face of empirical evidence and only immense power-plays can then explain why less strong but *necessarily also self-interested governments* consensually agree to fraudulent agreement texts. If such commanding domination is easily possible, why bother to institutionalize multilaterally? Most studies argue that the negotiating power of developing countries increases through coalition building. If external parameters such as norms prohibit a too visible exertion of domination, it still remains unclear to me how these can even be established from within an assembly of egoists. Or are only those outside of the global political realm capable of ethical feelings and moral values? While some actors may use this strategy in real politics, can this qualify as a basic premise for human nature in a theoretical framework? The rivalry paradigm is trapped in perpetual egoism and faces severe difficulties in explaining change without referencing bad luck: how can it be explained that the US does not exert all its superpower to crush all potential competitors before they can become a real challenge? If the explanation holds that its wealth depends on returns that US corporations make in other countries, we are back to the win-win explanations. These leave me then with the question of why egoists would not anticipate potential difficulties in maintaining current privileges if they do not keep their position of relative superiority in market power.

Since the rational-economist school is *agent-driven*, the *origin of change* remains in their environment: the external development of the system impacts which choices individual utility maximizers *need* to make, as their preferences in terms of outcomes do not change. This environment is composed of other powerful players, while weaker ones appear only as possessors of resources not capable of proactive strategic action. This makes any convincing explanation of power shifts difficult without needing to shift the ontological assumptions about the same agent. Such a worldview caters to a “real” perpetuation of egoistic competitive

relations instead of highlighting moments of solidarity, empathy and voluntary relinquishment.

Why does a multilateral democratic institution generate heavily biased outcomes? And why do the norms established by the most highly developed role models have so little impact on their initiators? Convergence institutionalism would easily explain why multilateral solutions are the only feasible path to follow in times of global politico-economic challenges. However, progress in governance is severely challenged by reports of heavily exclusionary processes in negotiations and the continuously unjust outcomes of the same. Particularly poor countries – not at all a minority in the global community – seem to have no impact in the equal voting schemes. How can it be that in the official quest for an increase in general welfare primarily those demands fall off the negotiating table that come from those needing the greatest amount of assistance? Why are moral arguments effective in some cases but brushed aside as impractical in others? How can it be that despite a fairness mechanism ensuring that outcomes are mutually acceptable, usually the same strong parties benefit from exceptions to the rule and others – even though acknowledged as the weakest parties – do not? Why do some highly protectionist agreements find their way into a body whose explicit mandate is to protect the general interest of trade liberalization? On which grounds can one claim that laws limit power strategies? Why does the norm of truth-seeking discourse not entail a broad representation of perspectives – or would particularly discuss deviating instead of conforming viewpoints? Empirically, the composition of epistemic communities is usually far from its representative ideal.

The normative-constructivist school has a *structure-driven* component, as norms, social institutions, values and roles are seen as furthering the ideas of duty, responsibility, identity and obligation. These are intersubjectively constructed, however. The *origin for change* therefore lies in actors that consciously reflect on the most appropriate next steps in harmonization in order to solve common problems. This makes any rational explanation of norm violations by their initiators difficult without necessitating a shift in the ontological assumptions about the same agent. Such a worldview depicts conflict as a sign of underdevelopment instead of searching for legitimate differences in opinion of what best standards and best practice should look like.

From my perspective, the big debates in institutional theory have not delivered solutions that helped perpetual or adaptive worldviews out of their *cognitive* iron cages, to borrow a Weberian term. In reference to Keohane, Ruggie and Haas as probably the most prominent

scholars of the two strands, I would like to briefly summarize the central points of the predictive shortcomings that lay in theory-inherent teleology. I claim that the system-maintaining approaches carry a *progress-disposition* in their methodological premises that provides for interpretations in which consensual cooperation necessarily brings about “better” situations than those that would arise in the absence of agreement.

5.1 The progress-disposition of mainstream institutionalisms

What I call “progress-disposition” refers to fixed assumptions about actors that lead to research designs in which institutions “have to” be beneficial to all participants, as they would not exist otherwise. There are two versions of this disposition that are interrelated. The first is more easily detectable and often criticized. It is based in modern liberal individualism with its representative actors and particularly prominent in economic studies and can be easily illustrated: what is “free” choice to neoliberal scholars is “input democracy” to global governance designers; both seem to provide equal participation rights and therefore lead to the most just or best possible outcomes. While some may gain far more than others, the result is better than the former situation. Opinions split concerning the distribution of gains: power-focused views concentrate on dominant players securing their desired outcomes and others benefit along the way, while collective views stress an better absolute outcome down the path of absolute progress, even if not everyone benefits equally right away. Rivalry proponents use a *self-interest escape clause* to explain normative elements or relative losses of powerful players as utility maximizing in some way, while convergence proponents use a *general-interest escape clause* to present extreme gain differences as temporarily best possible practice in a heterogeneous community with a joint goal.

The second progress disposition is more hidden and is based in the structural and normative ideal types that perpetual and adaptive paradigms use in their analyses (for distinction and discussed see part I). These methodological concepts lead to structural images that are equally biased in their interpretation: deductive and abductive analyses of institutionalization reproduce theoretically invented assumptions about the motivation to cooperate in a tautological circle. In the first case, rationally calculating and utility-maximizing actors choose a particular structural scheme for their cooperation because it is the best strategy given their individual interests. In the second case, rationally reflecting and constructivist actors design a normative scheme for cooperation because it facilitates an equal distribution of burdens in order to reach a joint interest. Once an institution emerges or prevails, it is a proof

for best possible argued outcome for the given time, knowledge and combination of actors; it would otherwise be amended by cognizant agents.

If the outcomes turn out to be negative, the rivalry school will explain this as the result of a lack of information or an intentional misrepresentation, while the convergence school will search for imperfect institutional mechanisms or a lack of understanding. The utility assumption or general interest definition (here: free trade as a public good) that was the reason to begin negotiations towards a certain goal is no longer contested: it has been enshrined into the ideal types that the analyses are based on. Meanwhile, seeing organizations as safeguarding previously agreed upon goals and mandates supports an image of neutrality or normative desirability. This more complex bias of system-maintaining methodology will be discussed in the application of my Gramscian approach in part III (chapter 4.4). The following discussion focuses on the more superficial ontological biases.

Economic approaches depict omnipresent egoists seeking to maximize their utility in every situation. In doing so they only look at what the selected actor gains and exclude externalities (resulting costs for other actors) or the anticipation of mid-term consequences from behavioral tactics and choice evaluation. Externalities occur when the utility function of one actor is affected by the choices of another, which is unavoidable as soon as individuals enter a social collective. Microeconomic and micropolitical theories seem to ignore the fact that externalities can be created almost at will and that “the more significant and unpleasant the social cost imposed on one’s neighbor, the greater will be one’s reward in the bargaining process” (Hunt 2002, p.394). The only appearance, however, of sabotaging behavior in rivalry institutionalism is that of free-riding, meaning staying *out* of the cooperation and therefore out of the costs entailed in providing a public good. However, as Lloyd Gruber (2000) argues, *absolute losses* also exist for states participating *in* multilateral regimes dealing with public goods. He demonstrates through the examples of the North American Free Trade Agreement (NAFTA) and the European Monetary System (EMS) that some members are actually worse off than before the cooperation. Thus, Gruber also comes to the conclusion that the view that multilateral institutions would serve general welfare improvement would reside in a “conceptual bias in the academic literature” that equates cooperation with utility gains for all (ibid, pp.4-5). His critique concludes that

“[T]he problem is simply that, until now, the theory’s underlying rational-choice logic has been pursued in only one direction – toward that holy grail of institutionalist research known as the Pareto frontier. There has never been a very good reason for this. (...) Nor, it appears, is the *empirical* basis for this point of view particularly compelling either” (ibid, 2000, p.253).

Such undifferentiated views of the desirability of IOs are inherent in normative premises of cooperation as well. Barnett/Finnemore see the origin in “central tenets of classical liberalism, which has long viewed IOS as a peaceful way to manage rapid technological change and globalization, far preferable to the obvious alternative – war” (Barnett/Finnemore 1999, p.701). Mainstream democratic theory inspiring New Institutionalism rests on an *input definition* of legitimacy that focuses on the official equality between members and equates consensual agreement with general interest solutions. Without thinking about whose topics set the multilateral agenda, how actual negotiations are conducted or who eventually benefits from the outcomes, March/Olsen, for example, see it as “unsurprising” that the rules and norms “shared among democratic states” are generalized in international relations (ibid, 1998, p.962). Without even searching for any correlation with capitalist economic interests and developments, these authors conclude that “democratic norms are contagious. They spread through international contact to countries with less secure democratic traditions” and make “the creation of collective identity more likely” (ibid). Ruggie provides an excellent example for this view: he sees the unprecedented and desirable quality of political multilateralism as a combination of *indivisibility* (an attack on one is considered an attack on all), *nondiscrimination* (all parties are treated equally) and *diffuse reciprocity* (no specific quid-pro-quo exchanges, instead longer-term assurances of balance in relations) (see chapter 2.3 and 2.4 in part I) completely ignorant of the highly competitive individualist capitalist market relations that flourish under this constitutive framework. The normative progress-disposition lies in the spread of (input) democratic norms that are directly, even when theoretically unfounded, connected with joint progress in social relations. This requires a complete separation of the political from the economic even though individuals form their identities through experiences in both spheres.

To sum up, both positive biases grant IOs an a priori desirability: “if an IO exists, it must be because it is more useful than other alternatives since, by theoretical axiom, states will pull the plug on any IO that does not perform” (Barnett/Finnemore 1999, p.701). More critical path-dependence scholars such as Paul Pierson, however, state that without renewed scrutiny of the necessity of a certain agreement, such explanations would exclude that “the dynamic of increasing returns *may have locked in a particular option* even though it originated by accident, or *the factors that gave it an original advantage may have long since passed away*” (Pierson 2000, pp.263-4, my emphases). Political scientists and practitioners that claim to intentionally work for an amelioration of the world system should analyze what exactly the current outcomes and impacts of an institution are, whether the current conditions are still

comparable to those prevalent when this best-practice solution was designed and whether the predictions really became reality. Part of this scrutiny should tackle the ideological explications and theoretical concepts that supported the establishment of this solution.

5.2 The self-interest escape clause

Building institutions and creating polity on the assumptions of a representational actor resembling a *homo economicus* has been possibly the most crucial foundation of the Neo-Institutionalist perspective. However, as historical scholars point out, political decision-makers deal with calculations other than economic rent seeking: general welfare-considerations may often conflict with short-term feedback and reputation and “lack the characteristic property rights that facilitate the linkage of actor decisions over time in the economic sphere” (Pierson 2000, p.261, also Caporaso 1992, p.638). Sociological researchers, on the other hand, point out that game theory ignores the fact that some actors may have different theories informing them what appears to be rational. Explaining behavior that seems foolish from a particular point of view – here the modern capitalist democratic one – leads to explanatory difficulties for those actors that always act rationally. Sophisticated game theory arguments attempt to incorporate certain degrees of foolishness in order to avoid these difficulties, but it becomes “problematic if they involve more complex and arcane calculations than people are likely to make” (Jervis 2003, p.316).

In response to such criticism, central actors like Keohane broadened the concept of self-interest: “Self-interest is not simply material; on the contrary, it encompasses one’s interest in being thought well of, and in thinking well of oneself. One’s self-interest is not divorced from one’s principled ideas or identity but closely connected with them” (Keohane 2002, p.1). Keohane even includes “commitment” and “courage” as motives of the firemen and police officers in disaster situations such as during the World Trade Center collapse in 2001. However, he leaves these selfless impulses without any theoretical explanation beyond their utility through improving one’s reputation (ibid, p.128). This seems a little far-fetched for a person risking his or her life. This widening of self-interest waters down its difference to constructed identities and it becomes unclear why the highly simplified abstractions in methodological individualism and utility maximization should not be challenged as well. Keohane, however, refrains from this conclusion and writes on the same page: “The principal motor of action in this view is self-interest, guided by rationality, which translates structural and institutional conditions into payoffs and probabilities, and therefore incentives” (ibid 2002, p.1). Qualitatively very distinct cognitive, perceptive, habitual, emotional, intuitive and

affective influences are again compressed into one calculated unit which sum will guide decision-making. This self-interest-image of political processes – especially when reading many game analyses in a row - leaves the impression of a potpourri of individually fragmented entities without any common path of development. Structural and institutional conditions that determine preferences seem to be developing on their own (except in the transaction cost approach of Douglass North) and without connection between the single game calculations.

5.3 The general-interest escape clause

The image of consensual universal progress, on the other hand, purports a view in which all interactions form part of a surge towards the best possible world. This world will result once humans are liberated from their cognitive and material limitations, which the imperfect civilization has imposed on them. Little room is left for the recursive analysis of established achievements so that structural limitations or biases inherent in best practice solutions can be detected. Quite on the contrary, the criticism of dominant norms, or rather their contextual applications, can be brushed away as lacking in information or even as a willful sabotage of general interest solutions. These arguments can be found in political as well as in scholarly debates. James Caporaso, for example, points out that multilateralism as a theoretical category and explanatory concept refers to both the formal design of an institution as well as the organizing principle. But these two cannot be conflated: while the first meaning describes a form of an organization or simply an activity, the principle “is grounded in and appeals to the less formal, less codified habits, practices, ideas, and norms of international society” (Caporaso 1992, pp.602-3). Several case studies have portrayed the not particularly democratic or inclusive negotiations in the WTO to be the norm. Observers should distinguish these actual processes from the formal cloth of multilateralism that is upheld to reject legitimacy concerns. The fact that an institution now has multilateral laws does not mean that these laws were *created* in a multilateral process, nor do they automatically translate into general interest outcomes. Biases do not only occur out of direct power plays but are also an integral part of established best practice and every human choice. Norms of input equality cannot exclude structural power in the form of privileged access to information or massive inequalities in resources for political engagement. Coercive moments of consensus decision-making are the pressure to maintain one’s reputation by agreeing with peer groups or experts and the fear to be labeled as blocking general interest solutions. Psychologically conscious scholars also point out that each actor operating under highly complex and opaque conditions

is necessarily biased in the way in which he or she filters information. Humans use existing 'mental maps' to discern relevant information, with this selection likely excluding disconfirming information (Pierson 2000, p.260).

It further seems inexplicable from a normative point of view why those nations propagating ideals and norms on the international level feel free to violate them – concerns over US human rights or German gender equality provide illustrative examples for these double standards. From a linear learning point of view it is theoretically inconceivable that actors should violate the progressive norms that they officially support.

Part II has shown why neither the rational calculation of consequences nor an argumentative conviction of appropriateness can consistently explain institutionalization. Moreover, any superficial merging of these two logics does not provide a convincing solution and tends to produce the inconsistencies in the underlying premises. I would argue that the origins of these teleological pitfalls are based in a distinction between the form and the content of institutions. In both system-maintaining paradigms, institutions are part of the environment of actors. These are either external parameters integrated into the calculation of consequences or guiding parameters in the construction of appropriate solutions to the prevailing problems.

Part III will develop a framework with the *theoretical goal* to break with these depictions of agent-structure relations: in order to understand social development and the role and function of institutions in this process, I do not find it helpful to presumptively decide whether the *origin of change* lies in the structure or with the agent. Instead, I hope to show that the spark for change depends on a *contradiction in the relationship between the two*, a contradiction whose origin and outcome can only be understood properly when the mediating link of worldviews is also considered. Procedural institutionalism combines a power-sensitive view of competitive relations between unequal actors with a strong constructivism that looks at even apparently uncontested ideas and norms in terms of their social impact. From this point of view every institution is an integral part of social relations and is itself a political project.

I do acknowledge that it is difficult to compare the rather short format of journal articles with the longer elaboration on analytical frameworks that I will undertake with the Gramscian institutionalism approach. In order to illustrate the inter-paradigm differences I therefore review procedural case studies as well and hint at where they may provide answers to the my own questions brought up in the previous chapters. I will similarly point out where I see blind spots and how these may be illuminated by the Gramscian approach. This approach pays particular attention to the *image* or *representational dimension* of institutions in order to

understand their concrete function and influence in social reproduction processes. Seen together with the other two dimensions of regulatory bodies - the narrow or spatial dimension for defining borders and competencies and the integral dimension of strategic mobilization for intervention - global polity formation is conceptualized as an *open-ended process of state space transformation*.

Part III: Proposing a procedural framework of institutional analysis

1 Introduction

“The old Marxian question is still unanswered and an unanswerable: how can it be that an increasing majority of non-owners continue to lay under the democratic dominance of a shrinking minority of property owners? Why should the many accept the continuing domination of the few? More specifically, how does an increasingly inegalitarian democracy remain viable? The mechanisms that secure the continuity of the system thus appear as the most crucial of political issues. The fundamental role of the state in ensuring the reproduction and political cohesion of capitalist societies remains the most important question of political theory.”

(Constantine Tsoukalas 2004, p.176)

A review of case studies through rivalry and convergence lenses has shown that these analytical frameworks entail limits and contradictions that can only be reined in through escape clauses. Hodgson (2001) observed similar limits in his comparison within institutional economics and therefore concluded that the promise of theoretical development “lies in a full interdisciplinary approach, using insights from other disciplines such as philosophy, sociology, anthropology, geography, history, psychology and biology” (2001, p.252). Processual scholars think across disciplinary boundaries and accredit all constituted social structurations as well as intersubjective worldviews with an impact on social development. Such a framework integrates actor, structure and worldview as interrelated elements in socio-political constitution and change. Barnett/Coleman provide an example of this relation in reference to debates concerning development:

“The discourse of development, created and arbitrated in large part by IOs, determines not only what constitutes the activity (what development is) but also who (or what) is considered powerful and privileged, that is, who gets to do the developing (usually the state or IOs) and who is the object of development (local groups)” (ibid 1999, p.711).

While one may criticize the given actor-competencies, their apparent freedom of choice and the box-image of institutions, this definition renders the construction of knowledge or best practice an integral element of political struggle - instead of decoupling it as something objective, uncontested or desirable. An understanding of institutions that fits well with this processual definition of discourse is that of state spaces, as

“dynamically evolving spatial entities that continually mold and reshape the geographies

of the very social relations they aspire to regulate, control, and/or restructure. This continual production and transformation of state space occurs not only through material-institutional practices of state spatial regulation but also through a range of representational and discursive strategies through which the terrain of sociopolitical struggle is mapped and remapped by actors who are directly involved in those struggles” (Brenner et al. 2003, p.11).

This definition contextualizes current developments into the prevailing framework of action and the question of whether cooperation signifies progress and if so, for whom, remains an empirical one. Estimations concerning developments are formulated in reference to historically observed tendencies and trends, but each case will be assessed here as a unique individual.

1.1 Procedural global polity research

Procedures are defined as “an established or official way of doing something; a series of actions done in a certain way” (Oxford Dictionary 2001) or “a particular way of accomplishing something or of acting; a series of instructions for a computer that has a name by which it can be called into action; a traditional or established way of doing things” (Webster’s New Encyclopedic Dictionary). What I refer to as “procedural research” therefore explores how certain solutions have become official and therefore institutionalized. It additionally traces how established and official or traditional ways of doing something now impact the development of new solutions. This particularly includes the scrutiny of “series of instructions” that canonized names or terms call into action but that are not further investigated.

Concepts used in such retroductive processes *capture the uniqueness* of the analyzed phenomenon *by examining its particularity in relation to previously identified* tendencies and trends. As system-maintaining IR is based on the assumption of cumulative knowledge, the research goal is a *nomothetic* one. The ideal is to define and perfect universal laws through comparison and verification. In system-critical research methodology, the abstracted nomothetic insights that have been generated in contexts with sufficiently similar conditions are combined with an *idiographic* examination of the analyzed phenomenon. The term *idiographic* is derived from the Greek prefix *idio* meaning “belonging in particular to” or “being a unique property of something”. In order to identify what is unique, however, one needs to have an understanding of both current and former commonalities. In this way, both must be considered in the development of indicators for change (Ougaard 2002, p.27).

As a consequence, I do not agree with the perspective that these two research foci present

insurmountable differences between more positivist and constructivist approaches. Instead, I agree with Morton Ougaard, who claims that these two approaches are actually complementary to one another, as they do not necessarily differ in epistemology or ontology (ibid).⁴⁶ A very basic example helps to illustrate this claim: as rivalry scholars point out, rational choice is a very dominant and increasingly present guide for human choice in Western capitalist societies. But being *rational* means first and foremost to act in congruence with perceived social logics or the “rules of the game” that drive our societies. Making choices after calculating the potential utility (however this may be defined and perceived) of the available alternatives is a logic that is explicitly cultivated in capitalist market societies striving for efficiency through competition. This has not always necessarily been the case, however, and it may not stay this way forever. Though usually ignored in the perpetual paradigm, even “[t]he market involves social norms, customs, instituted exchange relations and information networks that themselves have to be explained. (...) In particular, the institution of private property itself requires explanation. Markets are not an institution-free beginning” (Hodgson 2001, p.249). Empirically, each policy area, defined community or institution tends to incorporate its own variations of professional and substantive norms that define what behavior is considered normal or good and poses an adequate solution in the given context (see Peters 2001, p.131).

Processual scholars such as Antonio Gramsci, Karl Polanyi, Giorgio Agamben and Claire Cutler therefore draw a clear distinction between *laws of nature beyond our influence* and *social laws* that are always *contingent agreements*. In this way, every unique explanation draws on existing research to identify the unique characteristics of the observed case: no phenomenon will ever be the copy of another. The *general goal* in this part is to precisely understand the individual case and at the same time to contemplate the generalized tendencies or concepts themselves.

Procedural thought therefore includes what are often presented as differences between more historical-sociological approaches and politico-economic approaches. The former are said to be strong in explaining the *process of creating institutions* while the latter provide better explanations for the *effects of institutions* (Peters 2001, p.97). From a procedural point of

⁴⁶ While I agree with Ougaard on the necessity of idiosyncratic approaches, I dispute his argument that this is limited to the global realm. He argues that nomothetic research functions adequately on the national or regional level where several organizations are set up to deal with the same problem. On the global level, however, only *one* paramount regulating authority exists that therefore requires unique assertion (ibid, pp.26-7). This perception of the global realm seems to ignore the fact that many international regimes and organizations are set up that deal with the same issue area and that severe struggles over influence or competencies can take place. In general, I would claim, *every* institution is unique and the role of research is to identify its concrete impacts on the organization of social relations

view, the process of institutionalization and its effects do not occur chronologically: the entire negotiation process already transforms constellations of forces and thereby the broader framework for future action. Thus, while the act of formal institutionalization is considered a decisive moment, the *critical juncture* in which it became possible involves many reconfigurations in social relations. Moreover, the creation of institutions is never complete: they themselves become integral parts in the future framework for action. Political struggles over the development of social reproduction are shaped by institutions; these struggles then shape institutional development. In the case of democratic, multilateral institutions, strategies in the struggles orbit the conviction or persuasion of others. This does not translate, however, into an absence of coercion.

1.2 The issue of persuasion

As prominent institutional scholars stress, the decisive element necessary to achieve agreement on cooperation is that of *persuasion*: “the process by which agent action becomes social structure, ideas become norms, and the subjective becomes the intersubjective” (Finnemore/Sikkink 1998, p.914). This process has a strategic character in which “enacting coalitions” (Gruber, 2000) or “norm entrepreneurs” (Finnemore/Sikkink 1998) engage in the “strategic social construction” of actor coalitions and shared convictions or preferences. The rivalry perspective would emphasize that biased and tactically selective information is produced and distributed in order to change actor strategies and to “sell” certain ideas. The convergence perspective would detach epistemic community information from political power plays and search for ideal processes that ensure its appropriate and widespread application. The procedural perspective, on the other hand, insists that every production of knowledge is selective, regardless of the degree of conscious manipulation involved. Precisely these changing contours of *accepted* knowledge become objects of political struggles. Worldviews frame the rationalism behind actor preferences and render one solution more appropriate than another. “Consciousness is the medium between structure and agency, mediating between objective conditions and social action as subjective response to those conditions” (Robinson 1996, p.30).

Hence, I agree with Finnemore/Sikkink (1998) that explaining persuasion by opposing instrumental rationality and social construction falls somewhat short. Instead, instrumental bargaining and convincing argumentation should be seen as “deeply intertwined”. Further, “we need to find some way to link those processes theoretically” (Finnemore/Sikkink 1998, p.910). Their own proposal suggests the consultation of legal and psychological research in

order to combine structural-logical impacts on behavior through prescriptive rules with affective-emotional aspects of changing behavior through processes of mutual understanding (ibid, 1998, pp.914-5). For more information on the latter, the Habermasian work of German scholars on communicative action is recommended (see part II, chapter 3).

Because of the criticism of power-blindness discussed in part II, I refrain from taking this path and rather argue that the Gramscian concept of hegemony is very apt in explaining persuasion. It systematically integrates coercion and consensus and the “dual perspective” of inter- and intra-subjective decision-making. In addition, *each social structuration and worldview carries both elements*. The understanding of coercion in political processes exceeds that of forceful subordination, however. Deterring and disciplining effects here are not restricted to official sanctions in the case of when rules are violated; they are viewed as originating from all standards, including “normal” socio-economic practices and apolitical cultural factors. This understanding sheds light on structural power biases in social relations and hints at self-reinforcing institutional procedures that mainstream theories tend to overlook. The overarching perspective is an *open-ended* one, however: while the prevailing unjust conditions clearly advantage some agents and solutions over others, ubiquitous uncertainty always means that unexpected constellations of forces and outcomes can and do emerge.

Dominant worldviews play a crucial role in this context, as their lenses frame some solutions as more “natural”, “logical” or “legitimate” than others. Gramsci summarizes the binding – and possibly biasing - effect of canonized knowledge or accepted “facts” as follows: “Finding the *real identity underneath the apparent differentiation* and contradiction and finding the *substantial diversity underneath the apparent identity* is the most essential quality of the critic of idea and of the historian of social development” (Gramsci 1992, pp.128-9; here Morton 2003, pp.124-5, my emphases). Deciphering the implicit “series of instructions” of established terms, arguments and assumptions is therefore helpful for understanding apparently irrational or inappropriate behavior and decisions.

1.2.1 Procedural understanding of institutionalization

Institutional images are closely related to the officially proclaimed mandate and are fixed in the constitutional documents. They additionally depend on how the actual performance of this collective agent is perceived, judged and justified over time. As Cox points out, “[w]hat goes on within particular agencies can only be a small part of the total process that is to be seized by the analyst” (Cox 1977/1996, p.356). More concretely, institutions may have instrumental

as well as agential status, while function and effectiveness *change* throughout political processes and coalition formations: “international institutions have to be seen as functioning within that larger system” (ibid). The procedural school depicts international organizations as state spaces for struggle over leadership and rule.

State spaces are common reference points in political strategies that bind social, economic and cultural activity. Their rules and procedures define and anchor contested social relationships in a historically specific way (Smith 2004, pp.228-9). Such state spaces are understood neither as platforms on which life is constructed nor as unilaterally ordering agents. The *overall goal* of this part is to show that global polity formation is *an integral part of current socio-economic transformation*.

I claim that the Gramscian concept of hegemony provides a sound basis for understanding how the larger system supports the persuasiveness and legitimacy of certain political programs or solutions over others. In my understanding, Gramsci developed this concept in order to answer the question of how to lead with the least resistance. I therefore understand hegemony to be a particular quality of political processes of which institutionalization is one integral element. In order to understand institutionalization and its effects, hegemony analysis combines a historical-constitutive perspective of the mandate or function of the organization with ideas of self-discipline and belonging that result from its performance and interaction with society. Actions taken by a collective agent are seen as reflecting political struggles in the society as a whole: “the general notion of State includes elements which need to be referred back to the notion of civil society (in the sense that one might say that State = political society + civil society, in other words hegemony protected by the armour of coercion)” (ibid, 1971, p.263). This view offers, if not a solution, at least an important contribution in explaining how the current framework of action influences the nature of cooperation processes and the social effectiveness of their outcomes. From this perspective, the monopoly on forceful intervention in nation states, for example, is an expression of currently established means of rule that could potentially “whither away” once social relations become more “ethical” in the sense of being acceptable without much coercion (Gramsci 1971, p. 263). Thus, interaction processes continually transform the nature of relations and each situation requires a new calibration of forces in order to generate agreement (for discussion of different forces see part I). This is the *argumentative goal* of part III and will involve a discussion of the other interpretations of hegemony presented in chapter 2.

Based on these assumptions, my Gramscian approach includes the *public image* or customary perception not only of the proclaimed *mandate* of a certain institution, but also of the

designed *procedures* and defined *competencies* in explaining international organizations. These aspects influence the acceptance and perceived legitimacy not only of policies, but also of the institution as an agent. The understanding of “images” here is different from that of Barnett/Finnemore, who use the term in the economic marketing sense. In their mosaic framework, international organizations (IO) are conceptualized as actors that strategically position themselves in the political market in order to generate returns or support: “The power of IOs, and bureaucracies generally, is that they present themselves as impersonal, technocratic, and neutral – as not exercising power but instead as serving others; the presentation and acceptance of these claims is critical to their legitimacy and authority” (Barnett/Finnemore 1999, p.708). This is similar to the fundamental understanding of discourse that Foullieux (2004) and Van den Hoven (2004) applied in their convergence case studies. The way in which I use the concept of image is congruent with the representational or imaginary dimension of state spaces. Here, not pretense or false consciousness are central but instead the common understanding and interpretation of a social entity and its function – or what Gramsci called “social myths”: “a political ideology expressed neither in the form of a cold utopia nor as learned theorising, but rather by a creation of concrete fantasy which acts on a dispersed and shattered people to arouse and organise its collective will” (Gramsci 1971, p.126).

I would like to conclude this introduction with Craig Murphy’s summary of the Gramscian framework; it is a “synthesis of liberal, Marxist, and realist social theories” that allows us to understand the mixture of coercive and noncoercive subordination on all levels and theorizes the role of “mythic elements” in “successive world orders” (Murphy 1994, p.26). State spaces, like international organizations, form *three-dimensional nodal points* in the continuous process of mapping (or remapping) social struggles in these world orders.

1.2.2 Institutionalization and the notion of statehood

The Gramscian *understanding of statehood* is sensitive to “mythic elements” and their social effectiveness within and across social structurations. Gramsci therefore understands states neither as needing certain powers in order to fulfill their regulatory function nor as automatically serving one class or being particularly protective or benevolent in character. Instead, he points out that the form of a state cannot be understood without its content:

“The expressions ‘ethical State’ or ‘civil society’ would thus mean that this ‘image’ of a State without a State was present to the greatest political and legal thinkers, in so far as they placed themselves on the terrain of pure science (pure utopia, since based on the

premise that all men are really equal and hence equally rational and moral, i.e. capable of accepting the law spontaneously, freely, and not through coercion, as imposed by another class, as something external to consciousness)” (Gramsci 1971, p.263).

This distinction of the image from the “State present” means that ideological explications may not match the experienced reality very well. Throughout the book, Gramsci shows (though not very systematically) how many currently existent political procedures and their images do not foster the withering away of coercion but much rather obfuscate its presence. This image supports processes of leadership with least resistance, as legitimized political procedures also legitimize resulting outcomes.

In the following section I will first review various observations made by Gramsci concerning the image of liberal democratic nation states and then develop three “reproductive dualities” as abstract concepts for hegemony analysis in other state spaces as well. Combining these insights concerning one liberal democratic nation state space with a focus on worldviews in hegemonic processes is the *methodological goal* of this chapter. I investigate whether this retrodution helps to decipher existing procedures that strengthen the persuasiveness of particular arguments and the legitimacy of their implementation, even when coercive. Historical institutionalism scholars similarly recommend this reasoning: “Identifying self-reinforcing processes helps us understand why organizational and institutional practices are often extremely persistent – and this is crucial, because these continuities are a striking feature of the social world” (Pierson 2000, p.265).

These self-reinforcing processes cannot be fully understood without recognition of the worldviews that justify their persistence. This is why I seek to acknowledge them as a separate analytical category, a mediating link between agents and structures. The resulting framework perceives social development as an agent-worldview-structure circuit in which *institutions have a certain image* that influences their acceptance and legitimacy. The *theoretical goal* of this chapter is to test the explanatory value of this distinction.

The *empirical goal* is of course to provide a first application of the developed concepts to test their explanatory value. I do so in two forms: first, I address the questions left open by the studies reviewed in part I and show which answers a procedural view could provide. These answers are taken from the JSTOR studies that fell into the processual paradigm (see part II for the selection process). Each sheds light on some relevant aspects of my approach, negotiation strategies, actor coalitions and the general socio-economic transformation behind decision-making, though no individual study is empirically extensive enough to allow for the review of all procedural concepts. Because of this, and additionally to assist in substantiating

my newly developed concepts, I add my own observations made as an NGO representative at the WTO ministerial conferences in 2003 and 2005.

In order to show that the Gramscian approach can also make sense of entire cases consistently, the second section reinterprets one very lengthy rivalry and one convergence study (Drake/Nicolaidis 1992 and Kapoor 2004) that contain extensive empirical insight, allowing me to exemplify all concepts of this Gramscian approach. Using the texts of other authors may actually eliminate the potential bias in the selection of the evidence. To avoid redundancies with part II, I have decided not to include these reviews in their entirety and instead used the comparative table of institutionalism schools to include relevant quotes for each concept. This presentation may result in a loss of argumentative fluidity but it supports the goal of inter-paradigm comparability. Once the explanatory goals of the different core concepts and topics are similar in each subchapter of each school, contradictions can be more easily traced to their underlying premises; otherwise, one may find that scope of consideration or widths of perspectives to be too different for a comparative validation of the explanatory output. I do want to reiterate at this point why institutionalism schools depict international cooperation and institutionalization so differently and how these images impact the interpretation of political processes in theory and practice: the perceived nature of agreements influences their social effectiveness.

2 The Gramscian Concept of Hegemony

“An abstract statement can conceivably be complete and exhaustive (...) The application of the principles cannot even conceivably be exhaustive. Each day brings new problems and new circumstances. That is why (...) we need from time to time to re-examine the bearing of what we hope are unchanged principles on the problems of the day. A by-product is inevitably a retesting of the principles and a sharpening of our understanding of them.”

(Milton Friedman 1962, pp.4-5)

The concept of hegemony as understood in critical research was developed by Antonio Gramsci to explain political and social relations in Italy in the first decades of the 20th century. Later scholars have further developed its core ideas for application in other contexts. The initial transference to the international level was proposed by Cox in the 1980s and has been the subject of diverse applications and scrutinizing debate based on the various interpretations of those scholars dubbed “Neo-Gramscian” ever since. Crucial contradictions and positions in the debates will be presented in developing my own understanding, which build on the etymological meaning of the term “hegemony” itself. This helps to explain why

Gramsci may have chosen it in the first place. I later return mostly to his original elaborations, particularly when discussing alternative interpretations of Neo-Gramscian scholars. The resulting definition here sees hegemony as a *certain quality of leadership processes*, whose particular manifestation varies from case to case and whose strength changes over time. This definition allows for hegemony analysis on any scale of political decision-making and renders negotiations and institutionalization integral elements of leadership struggles. The second main thesis holds that this understanding provides consistent theoretical grounds for explaining how democratic negotiations today lead to the consensual acceptance of heavily biased outcomes. To make this connection with institutions, the second half of this chapter reviews some objections to the validity of hegemony analysis beyond nation state borders. While I particularly acknowledge those objections pointing out that legitimated forceful subjugation is not possible in international relations, I will argue that the concept as such does not necessarily require these means in order to be applicable in explanations of consensus on highly biased policies. I see this perspective as being supported by the fact that even several mainstream institutionalists have mentioned Gramsci's concept of hegemony in this context (Keohane 2002, Gruber 2000, List/Zangl 2003, Puchala 2004). However, they do not elaborate on this in any detail or have, as I will show below, interpreted it beyond recognition. An extensive discussion of hegemony to explain cooperation and negotiation outcomes in IO seems therefore overdue.

2.1 Leadership by consensus

The original Greek term "hegemon" refers to one agent as "the partner who, by virtue of his special prerequisites, occupies a leading role in a community or an alliance and who, by virtue of this leading role, can claim a relatively larger share of the spoils of war" (Ougaard 2004, 171). Maybe it was the term "war" that led realist mainstream scholars to reduce this definition to a structural-hierarchical understanding as found in Hegemonic Stability Theory (HST) (for discussion see part I, chapter 2). Gramsci's understanding of hegemony, on the other hand, draws attention to the terms "community" and "relatively larger share". While forceful domination is important as a means of last resort, he stresses social unity, a split of benefits and a commitment to seeking agreement within the community - at least on the part of more powerful actors. Such agreement signifies a compromise that includes economic, political, ideological and cultural elements, the totality of dynamic relations in a social community. It is precarious in character, meaning that it must be continually re-negotiated.

While the goals of political action and the settings in which they take place may vary, “the fact remains that there do exist rulers and ruled, leaders and led” (ibid, 1971, p.144), even within apparently homogeneous groups. The crucial question for Gramsci was therefore “how one can lead most effectively (given certain ends), and how, on the other hand, one can know the lines of least resistance, or the most rational lines along which to proceed if one wishes to secure the obedience of the led or ruled” (ibid, 1971, p.144). His concept of “hegemony” provides the answer for this formula for ruling: few forceful measures are observed, as “conformity of behavior in most people most of the time“ prevails (Cox 1983/1996, p.127). Such conformity translates into participation in a collective with its various conventions to which the individual either actively or passive consents. Certain degrees of conformism do not necessarily involve conscious affirmation, though, and certainly not all of the time (Demirovic 1997, p.90). A Gramscian definition of leadership then translates into *the capability of consensual dominance*; the capability to organize cooperation and everyday living practices of a social collective through terms, institutions and obligations that *appear necessary or justified*. These include the knowledge of when, how and with what consequences coercive means can and should be applied. If successful, instances of dominance appear rational⁴⁷ from the perspective of subordinates, as they defend the common interest (see Demirovic 1997, 265, note 5).

Agential leaders and institutions protecting such compromises are accepted as long as they are perceived as pursuing the common interests of the entire community. Members are rather willing to be led if they see aspects of their ways of living reflected in the outcomes.

Hence, none of the involved parties need to act with false consciousness to actively consent to leadership - even if imbalances exist in privileges and profits. In contrast to mainstream discourse interpretations (see part II), Gramsci did not limit consensus to some philosophical agreement. It integrates practices and institutions and additional ideological frames to legitimize a certain ordering, leadership positions and their justifications. However, many subordinates may consent only passively. They accept but do not support the status quo as long as no other solution seems possible under the given conditions. Changes in these conditions or frameworks for action may then trigger or intensify the contestation of the established solutions. In the search for new compromises, those actors that can persuade a majority or at least the most powerful actors of their political program successfully claim or defend their accepted leadership. Thus, “leadership by consensus” can be considered to be

⁴⁷ Once again, the term “rational“ in this strand has a meaning distinct from the automatic and universal understanding in the perpetual school. It does not indicate ahistorical stimulus-response causalities but rather refers to contextual reasoning: something appears logical or justified from a concrete point of view.

temporary, as an “*additional* power that accrues to a dominant group in virtue of its capacity to pose on a universal plane all the issues around which conflict rages” (Arrighi 1993, p.148, my emphasis). However, the quality of conformity differs between different strata of society. Active consensus, understood as the conscious support or defense of particular solutions, will likely be limited to those groups relatively satisfied with the system. Highly disadvantaged groups are more likely to live in a state of acquiescence or passive consensus in the face of what appears unavoidable. The availability of material and representational or ideational forces is too low to promise successful political upheaval. Depending on the concrete constellation of forces in a particular conflict, hegemonic power can take very different forms.

2.2 The dual perspective of hegemony

Hegemony in the Gramscian sense refers to a dialectic process of leadership with elements of consensus and coercion - the “dual perspective” of leadership first conceptualized by Machiavelli in *The Prince*. A successful monarch to Machiavelli would have to be like a Centaur - half animal and half human – and combine their respective strategies in pursuing goals - force and law (ibid, 1961, p.99, quoted in Gramsci 1971, p.170, fn71). Gramsci elaborated this dual strategy for what he called the “Modern Prince”: instead of an individual, he envisioned an “organism” or a “collective will” with a liberal democratic nation state as the existing state structure. The *Prison Notebooks* mainly focus on Italy and the potential role of the communist party in Italian politics. He also further differentiated aspects or manifestations of coercion and consensus dualisms: force and consent, authority and hegemony, the individual and the universal moment, violence and civilization, agitation and propaganda, tactics and strategy, coercion and persuasion, State and Church, political society and civil society, politics and morality, law and freedom and order and self-discipline (ibid, 1971, p.170 & p.170 fn71).

Since these are very distinct aspects with law, for example, is listed both as coercion and consensus, I find it helpful to think about these dualisms from the perspective of the subordinates: the coercive pole is perceived as objectively restricting personal development while the consensual pole contains elements that appear to reflect one’s own preferences. Thus, even though a particular compromise may limit one’s own development, it is perceived as adequate or necessary with respect to greater or long-term goals or convictions.

Living in a community entails making sense of the observed reality and of one’s own role within it. This includes ideas about what others – and oneself – perceive as adequate behavior. Hence, social relations function as networks of (self-)regulation: each individual is a sender

and a receiver of feedback concerning his or her actions, opinions, appearance, etc. Even though this feedback is always heterogeneous with each individual having her own unique ideas, hierarchies of knowledge and canonized interpretations exist and become reference points for such judgments. “Normal” ideologies and practices therefore have an effect of intersubjective social control and secure compliance. Directly expressed feedback, but also experienced reactions to behavior subjectively affect the molding of (self-)identification on many levels and help in establishing which behavior is considered “appropriate”. These standards encourage and legitimize certain orientations and actions while opposing and delegitimizing others (Campbell 1998, p.10)

This notion of control points out that every identity is influenced by the actual social relations and the justifying explications that these are based on. This perspective also draws attention to a self-steering ruling through socialization: moral and cultural values as well as norms of conduct and practices that are promoted and institutionalized are internalized as role models and standards of appropriateness. Thus, the continuous reproduction of explications, norms and practices is dispersed among many strata of society, even in those that are relatively disadvantaged by them. The resilience of the current societal order increases since the established worldview serves as a point of reference for justifications of divergent interests. It poses limits to what is possible or imaginable. Hegemonic leadership can therefore rely even on the subordinated strata to reproduce elements of the compromise it rests on (Robinson 1996, pp.21-2).

However, socialization does not produce cogs for established systems: political struggles not only reinforce but also modify the prevailing framework for action. Humans reflect on their behavior and its consequences and identification also creates room for resistance and strategic action. Definition and rule fixation additionally allow for differentiation and comparison, resulting in subjective *interests* guiding intentional action and specifying concrete goals in certain situations. Gramsci therefore offers an understanding of identification processes that is strategic and action-oriented and also includes inscribed power biases: “historically necessary” ideologies “have a validity which is ‘psychological’; they ‘organise’ human masses, and create the terrain on which men move, acquire consciousness of their position, struggle etc” (Gramsci 1971, p.377). Ideologies and identities then have a cohesive and organizational effect, can discipline and empower individuals and show different levels of depth, concreteness and contestation. They are directly linked with personal and political interests:

“Before an individual may choose, he or she requires a conceptual framework to make sense of the world. (...) [T]he transmission of information from institution to individual is impossible without a coextensive process of ‘enculturation’, in which the individual learns the *meaning and value of the sense-data* that is communicated. (...) Communication itself requires an institutionalized individual” (Hodgson 2006, p.250).

Hence, worldviews mediate between agents and structures. The immediate or uncontested support for political projects, for example, or “spontaneous consent” as Gramsci called it, depends on the established worldviews: changes in the ideological part of sense-making may create as much protest or struggle as changes in material distribution. Both lead to a contradiction that demands a new compromise in order to reestablish consensual leadership.

2.2.1 Relational quality of rule

Gramsci repeatedly used military analogies in descriptions of political struggles over change. A definition of coercion – here understood as being compelled, or feeling compelled to act in a certain way - seems in this context equally insightful for the explanation of dominance without force. Borrowing from Deterrence Theory, one can differentiate between explicit brute force and implicit coercion. “Brute force ... is the ability of a state to take and hold what it wants by physically defeating the other’s army. Coercion, by contrast, works on the adversary’s will and intentions by inflicting pain and holding at risk what the other values – i.e., threatening or carrying out punishment” (Jervis 2003, p.320). Implicit coercion deters attacks through direct threats of retaliation, concretely voiced in causal “if” or “unless” warnings, but also through unspecified agglomerations of retaliation potentials that leave room for interpretation as to when and how they may be used. Assumptions based on previous behavior or symbolic demonstrations of direct power resources influence the perception of the potential for successful challenge. This effect may emerge even without conscious targeting on the part of the powerful player. Analogous to Gramsci’s distinction between active and passive consensus, I would brand this effect “passive coercion” in contrast to direct coercive action.

Acquiescence to perceived injustice is often based on intimidating power potentials and the resulting fear that the situation could get even worse. Thus, passive coercion may also take many different forms in civil society relations: material wealth, access to powerful institutions and control over the factors of production are conceivable forces. Additionally, many other civil means of active and explicit coercion are conceivable such as exclusion from membership, specific conditions for participation or the hierarchical definitions of merited returns. The decision to conform may result from anticipated rejection by a peer group or may

be a precondition for obtaining certain needed services or produce. The line between externally applied sanctions and self-inflicted discipline is blurred and may or may not be consciously designed. Hence, coercion cannot be limited to governmental power or direct force.

Gramsci himself clearly extended coercive action to the sphere of civil society in some passages:

“Question of the ‘Law’: this concept will have to be extended to include those activities which are at present classified as ‘legally neutral’, and which belong to the domain of civil society; the latter operates without ‘sanctions’ or compulsory ‘obligations’, but nevertheless exerts a collective pressure and obtains objective results in the form of an evolution of customs, ways of thinking and acting, morality, etc” (ibid, 1971, p.242).

Consequently, all political action and social struggles on any level are comprised of an interplay between coercion and consensus: “The dual perspective can present itself on various levels, from the most elementary to the most complex” (Gramsci 1971, pp.169-70).

A qualitative difference between “legally neutral” forms and the official jurisprudence that frames non-compliance as a crime certainly exists. The particularities of the law and the state will be taken up below; here I find it important to stress that “civil society” should not be conflated with “civilized behavior” – nor are members of the civil society victims of the false consciousness that political agents cultivate. The deterrence perspective shows many coercive strategies and effects that could be classified as *covert* processes. They work in parallel and often complementarily to the *overt* enforcement of compliance.⁴⁸ In order to support accepted leadership, overt coercion must be perceived to be an adequate and legitimate measure to maintain the order of the society.

2.2.2 *Scrutinizing legitimacy*

Any “spontaneous adhesion” or positive judgment of a political program will only occur if it appears to be consistent with an actor’s personal “principles or moral conducts”. Support can additionally be “‘historically’ caused by the prestige (and confidence) which the dominant group enjoys” (Gramsci 1971, p.12 & p.267; see especially pp.266-69). This prestige is appreciated by the term “virtue” in the definition of hegemony above: the term not only means “as a result of”, it also stands for “behavior showing high moral standards” or “a good or desirable personal quality” (Oxford Paperback Dictionary 2001). This meaning already

⁴⁸ Robinson is also very clear about another point: The “immediate policymaking community” “extends backwards into civil society, goes well beyond specific elected administrations, spans the *panoply of institutions in which power is exercised*, and brings together the formal state apparatus with the network of universities, think-tanks, corporate groups, and so forth” (ibid, 1995, p.28, my emphasis).

played a role in *The Prince* and was taken up in the *Modern Prince* and cited by Stephen Gill in his *Postmodern Prince*: “Machiavelli sought to theorize how to construct a form of rule that combined both *virtù* (ethics, responsibility and consent) and fear (coercion) under conditions of *fortuna* (circumstances)” (Gill 2003, p.218). Virtue here does not imply that the political projects are perfect or that their promoters behave impeccably. Compromises usually benefit some more than others. The art of leading with least resistance does not translate into equality, but rather into *legitimacy*. Legitimacy lends stability to a system, as the institutions and procedures of authority are likely to be generally accepted, even if they may not be liked in individual cases. Cox explains this as the outcome of the inverse relationship between members of a community with fear on all sides: the governor is in constant fear of being overthrown if critique becomes too great and the governed are kept in line through fear - be it of punishment in a case of non-compliance to the rules, or of threats what would occur if the governor’s protection diminished. In both cases, fear is reduced if legitimate rule is established and allows for a fairly stable prediction of outcomes and consequences (ibid 2004, pp.310-313). This is the reason why Cox uses legitimacy synonymously with hegemony (ibid, p.311).

However, hegemony through legitimacy remains a *historical* concept: this particular quality of leadership needs to be continually reproduced in line with changes in the framework of action. Reviewing the notion of “legitimacy” shows the importance of established knowledge in these processes: its first meaning - “able to be defended with reasoning” - addresses the importance of ideological frames for the reproduction of certain processes and structurations, while the second meaning - “allowed by law or rules” - directly relates to the role regulative bodies play in the process (both definitions from Oxford Dictionary 2001).

Here we find the origin of the stabilizing effect of institutionalization for hegemonic leadership: biases and privileges inscribed in officially established solutions translate into important power potentials that help to defend them. Particularly when broadly enshrined into the macro structurations of societies (see part I, chapter 4), control over these valued forces provides significant influence on social development. The notion of virtue is important in the context of passive coercion, meaning that this particular solution appears best and therefore triggers voluntary subordination and legitimizes individual sacrifices. It is an important aspect in the discussion of the images of institutions in the next chapter.

However, in order to counter a realist instrumental view, legitimized institutions shield *every* political program whose demands are successfully claimed to be consistent with the official organizational mandate. Established norms and materialized structurations do protect the

program of their founders, but they do not automatically rule in favor of the dominant groups. The declarations of organizational goals and mandates create performance expectations with the public monitoring and judging according to their own perspectives and worldviews. In addition, the application of any written text remains subject to human agency and therefore to political struggle in which civil actors interact with political personnel. Laws and arrests do not just happen; they involve the conscious decisions of actors that bring their own identities and perceptions into office. As Rouse points out, standardization and institutionalization “are not to be understood as the result of some grand conspiratorial design to reshape and normalize our world. They represent a coincidence of overlapping and selectively reinforcing practices and techniques that have their own local rationales for adoption” (Rouse 1987, p.242). Hegemonic leadership is not a unilateral composition of domination and false consciousness: existent logics, practices and also natural-material parameters pose limits to any political project. Successful leadership involves the “right interpretation” of the concrete situation so that the measures taken – including real concessions - persuade subordinates to consent. Though drenched with power biases that grant some arguments more weight than others, leaders also need to understand the subordinates’ concerns in order to offer a solution that will find support. Especially the expansion of hegemony through the acquisition of powerful allies requires “intensive dialogue” without threatening one’s own leadership position (Cox 1983/1996, p.132). Hence, a hegemony analysis of cooperation is particularly concerned with the processes of persuasion.

I hope to have made clear that the dual perspective affects every actor or political project seeking to promote its interests. It does not suggest any structural literacy or manipulating voluntarism on the side of elites nor their immunity against structural constraints. “Orthodox” critics of Neo-Gramscian work have challenged the “consensus-fixation” of Neo-Gramscian scholars: this view would ignore objective structural coercion or deterrence effects of potential punishment. Be it the separation of workers from the means of production or the potential forceful subjugation by the state, both would not be sufficiently recognized in analyzes focused on agential negotiations (Scherrer 1999, pp.25-6). While I agree with some of this criticism, particularly concerning van der Pijls writings, I do not believe it holds concerning Gramsci’s original understanding of hegemony and hope to have made this clear in the discussion above. Moreover, the focus of this thesis rests particularly on the leading class’s understanding of how to protect and/or expand one’s own privileges while preventing upheavals that could seriously challenge the existent system. In general, these meso-level projects of the leading groups are subject to the framing constraints stemming from the

underlaboring macro-level of societal organization such as the mode of production and the general mode of rule (see part I for discussion). The following subchapters outline the typical forms of coalition building and the structurations supportive of hegemonic leadership within this broader context.

2.3 Structuration of hegemony

Collective organization and coalition building are continual reproductive processes with diverse qualities and can be divided into three levels: the *economic-material structure* of production that posits limits to all transformation projects; the emergent and mediating relation of *political forces* that develops around shared interests and ideologies in complex communities; *military forces* that may support a political project in the form of a coercive shadow or that may be used without political mediation (Gramsci 1971, pp.181-183). A slightly different - and for hegemonic theory more relevant- analytical separation is the separation of *organizational spheres* into *economic relations of production*, *civil society* or the *extended state* and the *state proper*, meaning the administrative apparatus with the authority to use military or police force (ibid).

Hegemonic projects permeate all three levels, with Gramsci differentiating three levels of consciousness in the dynamics of their spread. First, a particular group becomes aware of a relevant degree of *homogeneity* among its specific interests. Analogous to Marxist class organization, Gramsci predicted this *economic-corporative consciousness* to typically emerge among members of the same professional group. This initial *self-awareness* may evolve into a *solidarity consciousness* of an entire social class or stratum of society. While remaining “purely economic” in its demands, organization includes first attempts to participate in legislation and administration. Reforms within the existing fundamental structures are demanded. Gramsci only uses the term “economic” to summarize certain common interests, although I would not interpret his definition as tightly bound to the economic laboring process. Group consciousness may develop around issues other than simple material interests and solidarity may result from similar interests beyond immediate work conditions. Further, in processual approaches every type of social classification is scrutinized for its impact on economic relations and reproduction processes. The last level of *hegemonic consciousness* explicitly transcends corporate limits and draws on more universal ideologies that become the vital glue in political projects across the levels of organization.

Reference to general norms, values and ethical codes or to potential risks in collective reproduction allow for the unification of groups with heterogeneous interests within one

political program. This transformation from solidarity to hegemony is what Gramsci called the “most purely political phase and it marks the decisive passage from the structure to the sphere of the complex superstructure” (ibid, 1971, p.181). Qualitatively, this means that those groups benefiting from the legitimated program have succeeded in promoting their particular interests as harmonious with those of the subalterns. They will bring about “not only a unison of economic and political aims, but also intellectual and moral unity, posing all the questions around which the struggle rages not on a corporate but on a ‘universal’ plane, and thus creating the hegemony of a fundamental social group over a series of subordinate groups” (Gramsci 1971, pp.181-2). From the popular perspective, then, this social order appears rational and worthy of support. Communities or societies in such hegemonic stages form a “complex of economic, political, and cultural institutions which permits the normal social development characteristic of a particular period and a particular economic system” (Murphy 1994, pp.26-7). Since this particular functional compromise is formally expressed in fundamental rules and laws, it is additionally shielded by coercive measures that ensure compliance by the broader community in the – at least near - future (Scherrer 2003, p.90). This is why Gramscian scholars speak of an “armoring” of socio-cultural hegemony with the suppressive means of the “politics proper”: these institutions have the mandate to defend the fixated rules even by force (Gramsci 1971, p.333).

This interplay between civil society solutions and government is summarized by Gramsci’s often-cited equation “State = political society + civil society, in other words hegemony protected by the armour of coercion” (Gramsci 1971, p.263). While this formula aptly grasps the complex processes of hegemonic or democratic rule, this simplification has also led many Neo-Gramscian scholars to split Gramsci’s “dual perspective” of consensus and coercion between the two strata. This holds particularly for those scholars (e.g. Appeldoorn 2002) working with Gill’s New Constitutionalism while ignoring the concepts of Market Societies and Disciplinary Neoliberalism that Gill developed to highlight civil reproductive mechanisms that support the successful establishment of new – in his case: neoliberal - rules. Both concepts will be discussed in more detail in the next chapter. States as legislating bodies are depicted as the sole institutions possessing the coercive means to impose laws. However, this is inconsistent with Gramsci’s own understanding: “But this does not mean that the leaders of ‘private’ organisms and organisations do not have coercive sanctions at their disposal, too, ranging up even to the death penalty” (Gramsci 1971, p.266). Thus, I would argue that the unique characteristic of states is their role as a gatekeeper *defining who possesses which rights and duties in a society that can be enforced by law* (Cutler 2001,

p.136). This enforcement may even mean the application of physical force – as private armies or security services are a proof for. For this processual understanding, I find Gramsci's discussion of *legislators* very helpful.

2.4 Qualities of legislation

Consistent with his philosophy of praxis, Gramsci sees every individual not only as an intellectual that develops his or her own explanations of the perceived reality, but also as a politician: “Every man (sic), in as much as he is active, i.e. living, contributes to modifying the social environment in which he develops (to modifying certain of its characteristics or to preserving others); in other words, he tends to establish “norms”, rules of living and of behaviour” (ibid, 1971, p.265). Between politicians, however,

“one's circle of activity may be greater or smaller, one's awareness of one's own action and aims may be greater or smaller; furthermore, the representative power may be greater or smaller, and will be put into practice to a greater or lesser extent in its normative systematic expression by the ‘represented’” (Gramsci 1971, pp.265-6).

This difference of influence is directly related to the official roles in collectives that provide certain *legislating mandates*, irrespective of their official private or political image. A *legislator* then “not only formulates directives which will become a norm of conduct for the others, *but at the same time creates the instruments by which the directives themselves will be ‘imposed’*, and by means of which it will verify their execution” (ibid, 1971, p.266, my emphasis). As a consequence of this definition, every leader of an institution is a legislator for its members. All “voluntary” associations in civil society are manifestations of relations that segregate individuals into leaders and the led. Some of these organizations may only facilitate an ideological formation of coalitions or type of voluntary cooperation that allows individuals to withdraw. But once membership is no longer voluntary, private organizations also impose rules and may sanction disobedience. They do this legitimately once the universal gatekeeper of the state has given them this mandate - as seen in systems of privatized health insurance, banking and education, for example. Hence, many private legislators exist in our societies: “‘Legislator’ has a precise juridical and official meaning – i.e. it means *those persons who are empowered by the law to enact laws*” (Gramsci 1971, p.266, my emphasis).

However, differences exist of course between the scope and quality of such legislating authorities. First of all, every citizen is automatically a “member” of the monopolist nation-state, independent of individual choice. Secondly, only governments have the designated function to legislate a paramount and universal code of conduct that widens or restricts the authority of civil actors. Thirdly, governments are officially entitled to design and implement

measures to ensure compliance to these frameworks. Constitutionalist scholars such as Claire A. Cutler stress this difference in their distinction between “subjects” and “objects” of the law: “Whatever rights or duties individuals and corporations have are derivative of, and enforceable only by, the states who, as ‘subjects’, conferred these rights and duties upon them” (ibid, 2001, p.136). Gramsci made a similar observation: “Out of the groups of legislators the greatest legislative power belongs to the State personnel (elected and career officers), who have at their disposal the legal coercive powers of the State” (Gramsci 1971, p.266). All of these aspects are combined under the title of the gatekeeper function.

However, this function does not separate states as autarkic or autonomous units from society. The state apparatus as a materialized institution remains a strategic arena. Government personnel cannot generate support and ensure compliance to its rules in autonomy from society. Instead, political society or government and civil society are inseparable; “Strategies for intervention are dependent on the attitudes, beliefs, interests and behavior of the ruling groups” (Joseph 2002, p.32). These elaborations have shown that another critique of Neo-Gramscian approaches cannot be fully applied to Gramsci’s original writings: the lack of a theory of statehood. Even if integrated with a differentiated understanding of socio-cultural processes, the concept of New Constitutionalism does not suffice to provide a theorization of states. Be it according to Robert Cox (1981/1996) or Stephen Gill (2003), states are considered as instrumental “transmission belts” or the “politico-judicial lock-in” of elite consensus but do not carry an agential status themselves. Here I agree with critics like Leo Panitch (2004), who mostly refer to Poulantzas when arguing that the role of each state is determined by concrete struggles between groups located within its realm of competency. The national form therefore cannot be easily abolished and is continually reproduced by these struggles (ibid, p.23). The entire discussion of statehood will be taken up in the next chapter, and even though Gramsci has not provided a consistent state theory himself, my review shows how many aspects were covered; many of them influenced Nico Poulantzas’ work. Further, Gramsci systematically linked multifarious moments of domination and coercion that precede and/or complement state power. Yet, he does show an economic bottom-up class determinism with respect to the formation of identities and interests and also regarding the predicted cohesion of collective wills. This has been criticized by post-positivist scholars (see Scherrer 1999, p.28) and is surprising in light of Gramsci’s philosophy of praxis: why should the reflection of the experienced reality not cause privileged actors to engage in political action for more justice? Chapters 2.6 and 2.7 discuss conceptions of identity and class that do not stick with the economic definition.

2.5 Strategies towards hegemonic rule

Gramsci distinguished two strategies in hegemonic projects for the procurement of state⁴⁹ power: *war of position* and *war of movement*. The former is also referred to as a “passive revolution” and describes struggles amongst antagonistic groups within the given structurations. This successive qualitative change is typical for democratic settings in which debates over the justification of a political project precede its formal establishment. The latter is also called a “popular initiative” or revolutionary “frontal attack.” Such a *coup d'état*, however, cannot immediately eradicate a society of the preexisting social logics, ideologies, civil institutions and economic production circuits that previously comprised “normality”. Without the consent of broad strata of society, a new course of socio-economic development is unlikely to show permanence unless intensive control mechanisms are established (Gramsci 1971, pp.106-8; pp.232-5; pp.238-9). Protected by force, the new course or programs could potentially develop into a hegemonic leadership program over time if the leaders successively grant concessions that raise their acceptance. The new structurations and organizations are progressively shielded with legitimacy while coercion and explicit control become less important (Murphy 1998, p.417).

However, even in strategies of passive revolution, some level of coercion is often needed in order to change the status quo. Hodgson points to this transition phase with the qualitative distinction between laws and rules:

“For laws to become rules in the sense discussed here, they have to become customary. As discussed later in this essay, there are examples of laws that are widely ignored and have not acquired the customary or dispositional status of a rule. Ignored laws are not rules. For new laws to become rules, they have to be enforced to the point that the avoidance or performance of the behavior in question becomes customary and acquires a normative status” (Hodgson 2006, p.6)

Irrespective of the original strategy, Gramsci sees representative democratization as the most functional political process for hegemonic reign.

“In the hegemonic system, there exists democracy between the ‘leading’ group and the groups which are ‘led’, in so far as the development of the economy and thus the legislation which expresses such development favour the (molecular) passage from the ‘led’ groups to the ‘leading’ group” (Gramsci 1971, p.56).

⁴⁹ For Gramsci, the term “state” is not synonymous with a “nation”, but rather refers to a universal regulatory body with the power to issue and enact laws. Its concrete form varies historically. An in-depth discussion of this distinction follows in the next chapter.

The term “molecular” indicates that only some individuals in subordinate groups enjoy to enter the “passage” towards active influence on the path of development. These are typically leaders of potentially or explicitly antagonistic groups whose participation would add to the legitimacy of the developed outcomes. It also provides further information about the points of deepest concern, helping leaders to detect where and when the consensual and/or coercive containment of opposition would be the more promising strategy. Additionally, the incorporation of antagonistic leaders into the dominating system changes their individual experienced realities and may attenuate their antagonism. Gramsci called this co-optive strategy “trasformismo” (ibid, 1971, p.59, fn6). Thus, *democratic processes* are an important quality of hegemonic structurations that may even predate the establishment of laws and institutions.

This does not mean, however, that liberal nation states with a monopoly on force are a formal precondition for leadership by consensus. Gramsci, for example, developed his *trasformismo* to describe the gradual formation of a modern state from the feudal system in Italy: a strategic process to subjugate the heads of allied and antagonistic parties under a joint program. The overarching regulatory state is an *eventual outcome*, not necessary precondition for hegemonic leadership. In fact, the entire dual perspective of Machiavelli “discusses what the Prince must be like *if he is to lead a people to found a new State*” (Gramsci 1971, p.126, my emphasis). Three pages later, Gramsci widens his definition of the envisioned institution to “new States or new national and social structures” (ibid, p.129). Thus, it seems important to use a differentiated understanding of state forms and their regulatory measures.

Therefore, I do acknowledge but also disagree with critics that argue against the applicability of the concept of hegemony on a transnational scale. The critics hold that hegemony cannot exist without a global state or a coherent global civil society with class structures (see Germain/Kenny 1998). The concrete appearances of coalitions and structurations develop around specific conflicts and contradictions and are therefore historically unique. In order to theorize global institutions, one can analytically differentiate between a civil society and a political society with economic production relations *between its members*. I argue that Gramsci’s goal was not to explain a nation state, but to analyze *leadership* and the types of procedures, compromises and institutionalization that support different its different types. Legitimated overt repression is very effective for short-term compliance by they are by far the only means of coercion that guarantee subjugation. No particular means of force or consensus are necessary to ensure this leadership; some forces may be highly valued in one context and not even identified in others, especially if the definitive process of creating a new institution is

one involving formally equal actors – here: “sovereign” states negotiating an international organization – violent means are unlikely to be used. On the other hand, if these institutions stabilize, clearly biased outcomes, passive coercion through deterrence and non-violent active coercion through side-payments or threats of retaliation become relevant strategies. Even inside the institutions, where state personnel is involved in the formation of political coalitions and positions, the dual strategy of the Machiavellian Prince can be observed.

The general *unifying processes* that integrates decentralized groups is accommodated by the concept of a “historical bloc” that is not territorially defined like the hegemonic bloc of a nation state: “A social and political space relatively unified through the instituting of nodal points and the construction of *tendentially* relational identities, is what Gramsci called a *historical bloc*” (Laclau/Mouffe 1985, p.136, quoted by Joseph 2002, p.117, emphasis in original). It is comprised of a set of ideas and practices with particular conditions of existence that are partially institutionalized and not always consciously reflected by the members of the bloc.

This conceptualization also counters the critique of transnational analyses concerning the material aspect of the hegemonic bloc. Machiavelli stressed that strong and resilient regulatory systems need a broad and firm foundation. Economic production relations form the foundation of nation states. Such historically specific economic models of value creation and realization are what French Regulation Theory calls the “accumulation regime”. This includes all material and materialized assets necessary for production. Hegemony can only prevail as long as it is compatible with the extra-economic “regulation dispositives” (Raza 2001, p.7). From this perspective, leadership through international organizations cannot grant global hegemony since the concrete measures needed to organize the production process lay beyond the control of the transnational elites as long as they cannot control all nations’ state power.

However, the goal here is not to investigate coherent global hegemonic strategy or a transnational hegemonic bloc. In fact, processual scholars would have numerous explanations for why the popularity of a world state is practically nonexistent. This thesis explores one concrete critical juncture in which cooperation in world trade became institutionalized. In this context, I claim that a particular institution may be judged as hegemonic, legitimized, accepted or necessary if it *succeeds in securing the resources needed to fulfil its mandate*. The focus here is the explanation of the consensus to biased agreements between formally equal agents. What citizens are in democratic nation states, sovereign national governments are in multilateral organizations. Thus, the quality of leadership of delegates to this institution can be hegemonic even if its outcomes are rejected by a great majority of the affected masses.

Only once support by powerful members decreases can the material foundation of this particular hegemonic setting of rule be threatened. I therefore subscribe to Joseph's summary that every "hegemonic bloc must maintain *itself* through organizing and reorganizing social relations as well as social groups *in accordance with developments of social relations*" (ibid, 2002, p.31, my emphases).

Single institutions can therefore be analyzed as state spaces or what Cox calls "limited totalities": they represent a particular sphere of human activity in its historically located totality (ibid, 1981/1996, p.100). This limited totality is comprised of "a coherent conjunction or fit between a configuration of material power, the prevalent collective image of world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality (that is, not just as the overt instruments of a particular state's dominance)" (Cox 1981/1996, p.103). Gramsci himself theorized political projects as "collective wills" behind which forces are united for joint action: "An historical act can only be performed by 'collective man' [sic], and this presupposes the attainment of a 'cultural-social' unity through which a multiplicity of dispersed wills with heterogeneous aims, are welded together with a single aim, on the basis of an equal and common conception of the world" (1975, quoted by Laclau/Mouffe 1985, p.67). Qualitatively, a collective will as defined by Gramsci must entail a strategic orientation concerning the fundamental aspects of social development: "The development and expansion of the particular group are conceived of, and presented, as being the motor force of a universal expansion, of a development of all the 'national' energies" (ibid, 1971, p.182). This "motor force" can also claim to build on of all global energies. Relationships between supranational agents usually are characterized by a division into leaders and led as well. The unity of a coalition is not an expression of a common underlying origin or essence that the involved actors already shared but of the result of a political construction and struggle (Laclau/Mouffe 1985, p.65). Hegemonic leadership in the interest of perceived unity or a feeling of community involves *procedures and processes* of consensual coercion that may be effective in any social interaction.

2.6 Transnational hegemony analysis: node-oriented leadership struggles

As pointed out before, most of the criticism concerning transnational hegemony confuses a potential outcome with a necessary premise. Surely, the concept of hegemony was developed while explaining the historically specific phenomenon of a nation state unity and a national civil society. Gramsci, however, sought to explain *how this order came about* and *how it is maintained*. Thus, leadership procedures can have a hegemonic quality even before particular

institutional settings are in place. The following passage by Gramsci makes this very clear and is worth being quoted at length:

“The dominant group is coordinated concretely with the general interests of the subordinate groups, and the life of the State is conceived of as a *continuous process* of formation and superseding of *unstable equilibria* (on the juridical plane) between the interests of the fundamental group and those of the subordinate groups – equilibria in which the interests of the dominant group prevail, but only up to a certain point ... *In real history these moments imply each other reciprocally* – horizontally and vertically, so to speak – i.e. according to *socio-economic activity* (horizontally) and to *country* (vertically), combining and diverging in various ways. *Each of these combinations may be represented by its own organised economic and political expression*. It is also necessary to take into account the fact that international relations intertwine with these internal relations of nation-states, creating new, unique and historically concrete combinations. A particular ideology, for instance, born in a highly developed country, is disseminated in less developed countries, impinging on the local interplay of combinations. This relation between international forces and national forces is further complicated by the existence within every State of *several structurally diverse territorial sectors, with diverse relations of force at all levels*” (ibid, 1971, p.182, my emphases).

These “concrete combinations” may be perfect cases for a Gramscian hegemony analysis. We can decipher and explain procedures and processes for securing fragile equilibria without a priori assumptions about concrete structural outcomes. Since Gramsci himself did not develop this perception of global ordering, the following chapter will refer to later procedural scholars when developing a *node-oriented understanding of hegemonic rule*. This understanding is abstract enough to be applicable in many social settings once the concepts are concretized for the particular case.

2.6.1 Political organization out of proximity of interests

Gramsci stressed “the local” as the starting point for the ordering of forces and the generation of shared consciousness, but he was also keen to take all intersections and linkages of social relations and forces into account that create “new, unique, and historically concrete combinations” (see above). A local starting point, then, does not necessarily have to refer to a territorially close group. A joint political program or common worldview may develop very profoundly around various issues that actors find important to address. Ernesto Laclau and Chantal Mouffe, for example, offer an extremely discursive approach: “There are no privileged points for the unleashing of a [socialist] political practice; this hinges upon a ‘collective will’ that is laboriously constructed from a number of dissimilar points” (ibid,

1985, p.87). I would like to point out a particular weakness in this perspective before developing its perceived strengths. While I agree that no necessary or exclusive points exist for the “unleashing of [socialist] political practice”, this egalitarian ranking of *all* motives for action neglects the importance of material and socio-economic factors for survival and political organization. Laclau/Mouffe seem to assume that everyone lives under uncontested subsistence and with the equal availability of forces for the promotion of one’s interests. I would argue that the level of political organization would be much higher once crucial preconditions of individual reproduction like food, shelter and sufficient income are threatened. The potential of a political demand or program to spread and generate followers also depends on material resources and ideological framing.

Meanwhile, I very much agree with Laclau/Mouffe’s criticism of orthodox interest formation. In order to fully grasp fundamental socio-economic changes, a more flexible, multivariable and trans-geographical definition of potential trigger points for collective action is necessary. Laclau/Mouffe’s proposal incorporates a flexibilization of political space and a relational understanding of identity that suits an analysis of changing spaces of policy formulation. It also sits well with a processual definition of “ideology” (here: worldviews): social actors construct their worldviews by making sense of their own *concrete experiences* in social reproduction processes (Rupert 1998, p.429, for discussion see part I).

Social reproduction thus includes all spheres of importance in maintaining one’s living conditions and identity. If these change, so will the potential origins of solidarity and collective organization. This relational understanding of shared interest is captured by Robinson’s definition of class: “a group of people who share a common relationship to the process of social production and reproduction and are *constituted relationally on the basis of social power struggles*” (ibid, 2004, 37, my emphasis). The “local” can then be understood in a sense of a *proximity of interests* from which political organization may develop.

It is crucial that interests become unified under a joint program, glued together by a shared worldview and possibly also by material interdependence. This is what Murphy called the passage from “I” to “we” (Murphy 1995, p.31) and what Marx captured in his conception of *class-for-itself*. This is distinct from *class-in-itself*, however, where groups objectively share a similar position in social relations, independent of the degree to which they are aware of their equal conditions. A *class-for-itself*, on the other hand, indicates that the members of the group

gain conscious awareness of their similar living conditions and begin acting collectively in pursuit of their defined interests (Robinson 2004, p.38).⁵⁰

2.6.2 Spaces or nodes of conscious organization

To understand the unifying processes in the formation of social orders and communities, Gramsci intensively analyzed the role of civil society. Complex social communities cannot exist without organization and the fixation of certain standards or rules. All materialized institutions that provide rules and patterns for societal co-living are therefore integral parts of complex social reproduction. They can be understood as “political spaces”: “materially real frames of social action” that are socially produced as “organizer and expression of collective social action” and continually defended, changed or reconstructed (Smith 2003, pp.228-9). Political spaces or social institutions facilitate the creation of a common program out of heterogeneous egoistic interests. Institutions anchor contested social relationships in a specific way and are therefore simultaneously an expression and stabilization of leadership, while becoming and remaining a terrain of struggle over the course of leadership (ibid).

Independent of their official framing as public or private, as political or civil, all institutions pursue a defined mandate and are equipped with certain means for its implementation. This is why Gramsci speaks of an “extended state”: the reproduction of organizational logics, modes of production and political programs are reproduced and secured through various fixations of “frames of social action” (Gramsci 1971, p.12). By definition of the mandate, these structurations or political spaces are given an identity that grants them their own agential status. This identity or image and the corresponding justification of certain initiated actions and performances will become the central in the next chapter.

Leaving the single state space and turning to our global system, the observed order can then be best understood as a conglomerate of changing social and political spaces. Concrete conflicts or contradictions lead to (re)formations of identifiable parties and trans(formations) of institutions with the intent of solving these. Each institution is an anchoring node expressing the current functional compromise that becomes a joint reference point for strategic action in the future. Thus, we see a *nodal* pattern of political organization and social development that Laclau/Mouffe summarize very well:

“the terrain of hegemonic practices is constituted out of the fundamental ambiguity of the social, the impossibility of establishing in a definitive manner the meaning of any

⁵⁰ The original definition by Marx included of course a more restricted understanding, granting the relations of production the determinant influence on class formation. A discussion of the adaptation of this definition to actual social relations can be found in Robinson 2004, 33-84.

struggle, whether considered in isolation or through its fixing in a relational system. As we have said, there are hegemonic practices because this radical unifixity makes it impossible to consider the political struggle as a game in which the identity of the opposing forces is constituted from the start. This means that any politics with hegemonic aspirations can never consider itself as *repetition*, as taking place in a space delimiting a pure internality, but must always mobilize itself on a plurality of planes. If the meaning of each struggle is not given from the start, this means that it is fixed – partially – only to the extent that the struggle moves outside itself and through chains of equivalence, links itself structurally to other struggles“ (Laclau/Mouffe 1985/2001, pp.270-1, emphasis in original).

The concrete solving or “fixing” of conflicts and contradictions is not a priori predictable. It evolves with the strategic interaction of “participants” in the current struggle and is impacted by the general socio-economic development with its underlaboring tendencies and other struggles not directly involved. Thus, even if some contradictions are smoothed over by a compromise on one level, every intentional change may release other contradictions and opens space for new proximities of interest: “The incongruence of the processes occurring on different levels/scales in market, state, and society creates *points of friction* for the analysis of the globalized world and obstacles for political agency” (Keil 2003, p.281, emphasis in original). Further, the scope and development of every conflict or conjuncture is historically and contextually specific: similar problems at other times or in other spheres would likely yield very distinct impacts and solutions. Some may be solved by minor amendments while others expand into “organic crises”, resulting in greater change. Once again, politics are not only a mere “superstructure” of certain production processes; they are themselves spheres of production with complex and contradictory elements and forces (Laclau/Mouffe 1985, p.85).

2.7 Summary

Striving for hegemony as the most efficient way of ruling results in a continuous power struggle, a political process of “‘becoming’ which ... does not start from unity, but contains in itself the reasons for a possible unity” (Gramsci 1971, p.355). It can be established on different scales of political action and entails an accordant set of logics, procedures and state spaces. The aim of this thesis is not to theorize global polity as a whole or to categorize global classes but rather to propose a “conceptual canon” for the historical study of global relations and processes of their re(production) (Gramsci 1994, p.311, here Morton 2003, p.123). Hegemony here is a particular *quality* of these processes whose exact manifestation depends on the current constellation of forces and their bundling in specific observable projects and

solutions. When analyzing tendencies of change or attempting to give prognoses of possible functional compromises, it may be helpful to differentiate degrees of normalization of the status quo: resilience depends on agential *internalization* (unconscious - conscious), cognitive *establishment* (factitious - contested) and structural *manifestation* (materialized – ideational). The first term in these pairs indicates a high resilience and unifying potential, while the second implies contestation and politization. These, like the other analytical categories introduced in the last chapter, are also interdependent and mutually influential. They are summarized in the following figure.

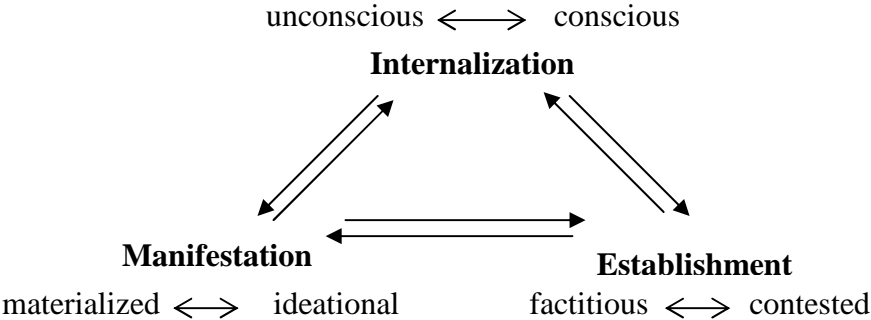


Figure 2: Degrees of normalization in social reality

In line with my second hypothesis, this differentiation reflects the agent-worldview (here cognition) -structure tri-partition I have created in order to understand the drivers and blockers of social change. The goal of this chapter was to thoroughly discuss my understanding of hegemony in support of this partition. Meanwhile, it sets the grounds for the following Gramscian procedural institutionalism and many of the aspects discussed here will form parts of the proposed concepts.

To sum up, I would answer the question of whether the “reading of Gramsci” in IR analyses is “viable” in the affirmative and reject the reproach that scholars “stretch a conceptual apparatus beyond the point at which explanatory power can be maintained” (Germain/Kenny 1998, p.4-5). As I hope to have shown above, this only holds under a very rigid structural interpretation of the concepts that awkwardly contradict Gramsci’s own explicit focus on the historical development of social concepts and his scrutiny of contextual concretization and adjustment.

Processual methodology additionally holds that in order to concretely apply existent theoretical concepts, changes in the conditions to be explained need to be taken into account.

Modifications in the theoretical depictions of reality are seen as unavoidable and an integral part of a sound and precise science. This does not mean that everything is thought up anew, but rather that retroductive analysis tries to reconnect the abstract with the concrete in order to restart with the simple and moving towards the complex in every case observed. As Cox puts it: “A concept, in Gramsci’s thought, is loose and elastic and attains precision only when brought into contact with a particular situation which it helps to explain, a contact which also develops the meaning of the concept” (Cox 1983/1996, p.125, also see Morton 2003). Gramsci’s philosophy of praxis led him to express it on an agential level again:

“One could say therefore that the historical personality of an individual philosopher is also given by the active relationship which exists between him and the cultural environment he is proposing to modify. The environment reacts back on the philosopher and imposes on him a continual process of self-criticism. It is his ‘teacher’” (Gramsci 1971, p.350).

The following chapter will present what the current environment of theory and experienced reality has taught me concerning international cooperation and institutionalization.

3 Procedural Institutionalism

“How is a ‘contradiction’ (as Marxists would say) – a relationship between each and everyone – to be regulated? In the same way as all social contradictions: by manners and customs (habits, values, or habitus, as the sociologist Pierre Bourdieu would say) and by institutions.”

(Alain Lipietz 1995, pp.12-3)

As discussed in part I, the processual paradigm neglects the division between structures and agents in social relations and between the economic and the political as two distinct realms with their own ontologies. The ontological existence of socially constituted structurations depends on human agency. Political institutions may gain *objective* character, as they confront individuals as individual third parties, but *subjective* moments of conscious reflection about social “reality” and the potential for willful change of organizing logics always remain. Such intentional acts in the form of political projects may change, reaffirm or dismantle the mandate and legitimacy of the objective structurations (Robinson 2004, p.86). Processual state theorists have dubbed this double character the “relative autonomy” of democratic states as collective actors: rules and interventions can neither counter nor promote dominant socio-economic tendencies and powerful interests to an extent that would threaten the cohesion of

the society they were established to govern. This discussion will be discussed in more detail below; at this point it suffices to state that political action takes place in reference to and through established procedures and their customary understanding.

3.1 Neo-Gramscian work on global institutions

Generally, Neo-Gramscian procedural scholars see international organizations as mechanisms by which the universal norms of a possible world hegemony are expressed (Archer 2001, p.165). Many processual studies of the complex interdependence and its (re)formation focus on ideological and cultural elements of hegemony, as these challenge or enrich the material definition found in realist approaches (Scherrer 1999, Goldstein 1992, Murphy 1994). A particular focus has been laid on the importance of civil society, specifically the transnational managerial, globalist or capitalist class (Cox 1996, Appeldoorn 2002, Gill 1999, van der Pijl 1998), but also on possible movements as unions or NGOs (Rupert 1995, Brand 2000). In addition, significant attention has been paid to the eventual effects of global legislation on national laws and rules. Stephen Gill coined the term “New Constitutionalism” to express the “politico-juridical lock-in” of neoliberal solutions on the transnational scale and will be discussed below. However, little work has been done on the concrete processes through which formally equal leaders are persuaded to accept these solutions, especially if they do criticize a biasing impact at the same time (as is the case with many developing countries in the WTO). While a compendium of case studies edited by Michael Boas and Desmond McNeill (2004) discusses the framing effect of institutions on policy ideas, it comes up short in theorizing the legitimation of such biasing procedures and the origins of their acceptance. Central questions of regime theory and compliance research therefore remain blind spots of Neo-Gramscian approaches: which modes of negotiation, regulatory forms and sanction instruments under which conditions foster the creation of stable governance or leadership? (Scherrer 2003a, p.487).

To my knowledge, the little theoretical work specifying characteristics of these mechanisms was done by Cox (1983/1996) and is cited by other authors without noteworthy amendments. His elaborations are short and summed up in 5 points. International organizations:

1. Embody rules that help the expansion of the hegemonic world order but also allow certain adjustments to accommodate some subordinated interests;
2. Are products of the dominant world order and often initiated by the hegemonic state or with its support;
3. Legitimize norms and provide guidance for states’ policies on the national level;

4. Co-opt elites from peripheral countries to accept the script of the dominant group;
5. Absorb counter-hegemonic ideas by transforming them into policies strengthening the hegemonic project (ibid, 1983/1996, pp.137-9; also Archer 2001, pp.165-6).

Cox's discussion of these points does not include specific institutional characteristics, however. The same holds true for the framing concept proposed by Boas/McNeill (2004): "framing is composed of two parts: one, drawing attention to a specific issue (...); two, determining how such an issue is viewed. A successful framing will both cause an issue to be seen by those that matter, and ensure that they see it in a specific way" (ibid, pp.1-2). Their approach is more precise than Cox's, as they identify four concrete aspects of international organizations today through which the more abstract five effects are fostered:

1. The role of the US, which uses so-called multilateral channels to promote ideas that could have caused offense if voiced in bilateral negotiations;
2. The dominant discourse of scientific economics and its apparent neutrality and universality;
3. Its present ideological spin called neoliberalism;
4. Bureaucratic-technocratic processes and technical terms that force new ideas to be trimmed to fit the established discourse if they want to be heard (ibid, pp.212-6).

Their conclusion holds that the actual *economic-technocratic nexus* in these organizations leads to a depolitization of the issues debated in their context. Additionally, scientific leadership defining the modes of operation remains under control of the most dominant players (ibid). These are important insights that raise awareness of contextual influences on political decision-making and show how structural power supports hegemonic outcomes. Nevertheless, the institutional qualities themselves and the role their perception plays in generating consensus were not included in this analysis either.

The central contribution of this thesis to theory development concerns these institutional qualities: logics and modes of cooperation and measures and forms of regulation that influence outcome and stability of governance projects are more intensively and extensively researched by the system-maintaining schools, while remaining blind spots of system-critical approaches (Scherrer 2003a, p.487). Other scholars that will be referred to in this part are working on this research gap as well but the "logic of transformation" and "reproductive dualities" of liberal democratic institutions in capitalist societies introduced here are unique to my own Gramscian approach. Both relate to the notion of cooptation; the first focuses more on agents when discussing modes of negotiations, while the second identifies indirect institutional characteristics that foster leadership by consensus. In defense of my first

hypothesis, I will argue that the Gramscian hegemonic concept allows for answers to the questions left open to me by the rivalry or convergence studies.

Recent publications often use statehood analyzes in order to theorize the general function of IOs in world politics (Higgott/Ougaard 2002, Ougaard 2004, Brand 2006). With similar ontological assumptions, these mostly refer to Nicos Poulantzas's work on the nation state when discussing the general function of states in overall societal coherence (Brand 2006) or possibilities of a coherent global polity and world society (Ougaard 2004)⁵¹. Another study by Ulrich Brand and Christoph Görg (2003) focuses on one policy issue (biodiversity) and does not observe one particular organization, but instead identifies power struggles in the formulation of global policy directions in this field. The scholars show that these conflicts involve several international organizations that could be claimed to legitimately regulate this issue (here in the World Intellectual Property Organization (WIPO) and the WTO with the TRIPs agreement) and one and the same political party works towards regulatory change where it appears to be more promising for their interests. Global elements of statehood are conceptualized as pluralistic second-order power condensations around a concrete contradiction of logics and interests.

To me, these studies show that the Poulantzian view provides a fruitful starting point for the analysis of universal international organizations and I will frequently come back to some of its ideas. However, most concepts here are developed based on Gramsci's writings on the constellation of hegemonic leadership in order to analyze concrete procedures of single institutions. It will further be shown that many Poulantzian assumptions can already be found in Gramsci. Gramsci's general approach for analyzing institutions is summarized by Craig Murphy as follows:

“Gramsci's method of understanding the role of a particular set of institutions within a larger social order was first to establish the economic and political context in which the social order arose, and then to analyze why the institution was established: the designs of the intellectual leaders who envisioned it and the political process that realized the ideas, including the concrete relationships between intellectual leaders and political leaders, and between both and the larger social forces that they represented. He would then look at the

⁵¹ Ougaard's empirical studies begin with rather detailed state functions such as welfare, security and education and distinguish between an aggregate view of all institutions involved and the role of the US as the most dominant player. These descriptions offer an important challenge to some instrumental interpretations of global polity formation, but I do not see why studying global polity should start by universalizing historically specific political compromises in liberal democracies. This becomes even more confusing in times in which issues like welfare and education are increasingly privatized and their status as a public good subject to severe political contestation. Brand (2006) also uses a functional distinction of political, security, ordering and intellectual mandates, but on a more abstract level that leaves room for reinterpretation of the concrete tasks. His discussion ends with the proposal of a core-function of IOS that he dubs “meta-governance.”

institution's consequences, its contribution (if any) to cementing a new historical bloc, as well as its impact on social forces that might eventually challenge that social order" (Murphy 1994, p.11).

Later scholars have specified the methodological distinctions in this process more concretely (for discussion see the résumé of part I). Since my engagement with the processual paradigm concentrates on socially constructed valuation processes, the focus of this thesis particularly rests on number 2 and 4.

1. The dominant mode of reproduction.
2. *The established social practices and ideological frames.*
3. Central social forces or agents.
4. *Regulatory institutional manifestation and fixation of certain political programs.*

More structurally-oriented scholars may criticize this as ignorance towards material and economic-structural constraints, but this research design seeks to understand international cooperation and the genealogy of agreement in multilateral organizations. How these agreements interrelate with other regulatory means and measures to ensure organization and the control of the actual production of goods does form part of the historical context but lies beyond the analytical focus here. Moreover, the focus on inter- or supranational organizations does not mean that other scales of political action are seen as less influential. Bieler/Morton 2001, Appeldoorn 2002, Beckmann 2003, for example, have provided studies on regional arrangements such as the EU, while Sassen 2002 and Brenner 2001 analyzed the importance of urban settings. Rupert 1995 drew new attention to the interplay between relations in factories and hegemonic political leadership.

Further, I will not distinguish the concrete coalitions behind certain political programs and the observation of agents will be restricted to the most prominent ones. For research on the struggle of local groups affected by multilateral agreements and their organizing of decentralized alternatives, see for example Brand 2005, Brand/Brunnengräber, IFG 2002, Robinson 1999.

Defining particular agents and structures for analysis purposes can never offer a complete depiction of complex political processes. The concrete analytical tools that I provide in the following chapters introduce one approach within the procedural institutionalism school. The discussion of its concepts also refers to other procedural scholars, however, and highlights the differences between this school and the system-maintaining ones. I once again refer to renowned scholars of the discipline for justification: Isabella Bakker and Stephen Gill (2003) conclude the introduction to their latest book with the remark that the most social theory can do is to identify *crucial* aspects of the patterning and transformation of social consciousness,

social action and social relations in different historical situations (ibid, p.22).

For reasons of comparability, I will discuss the four points grouped according to the criteria identified in mainstream theories. Points one and two - the logic of reproduction and its ideological frames - determine actor motivation and define the goals of behavior. Point three entails emerging central agents and their collective wills, heavily influences the gains from cooperation and available modes of negotiation. The institutional manifestation and fixation of certain political programs (point four) provides the logic of institutionalization and reasons for legalization. The image of international organizations is discussed in reference to that of liberal democratic nation states. I argue that these are the primary role models for global polity formation.

3.2 Motivation of reproduction of world order

In procedural thought, structures as well as actors may be the locus for change: if worldviews no longer sufficiently smooth the interplay between different strata of society, the logic of division of labor and revenues, emerging contradictions result in conscious action.

As discussed in part I, the processual paradigm rejects methodological individualism and sees humans as part of a reproductive community. Societies are outcomes of continuing contradiction, conflict, compromise, conviction and coercion between humans organizing their own and communal reproduction. These processes are guided by “the law of value” (Clarke 1991, p.84) that I would understand in the broadest sense: intersubjectively constituted standards of what are considered necessary, desirable or honorable goods, services, practices, norms, creatures, organisms, etc. in this community. Existing orders not only identify these elements, but also subjectify individuals by defining roles and positions in the common reproduction process. The resulting structurations and procedures provide a framework for action in which some individuals have more influence and power potentials than others and whose organizational logic limits intentional action of each member of this order.

Societal development is driven by routine and by conscious decisions that are made when collaboration needs to set up or changed. . These decisions continually modify the framework of action and may lead to a further need for change (Joseph 2002, pp.38-9). Ideologies or explications form the bridge between actors and structurations and are therefore an integral part of political processes: established knowledge justifies the currently existent social structurations of which it itself forms a part. It therefore usually takes contradictions between theory and practice to trigger concerted action for change. “It is only when a crisis develops in

this system of structural relations that agents become aware that they have an interest in transforming these relations” (Joseph 2002, p.115). This path dependence is similar to the one in constructivist thought: the experienced reality limits what is considered possible and even though Gramsci uses a term I explicitly avoid, the message holds: “common sense is crudely neophobe and conservative“ (Gramsci 1971, p.423).⁵² This is the reason why Gramscian hegemony stresses the importance of culture and worldviews in understanding drivers or blockers of change: historically, most laws have to be enforced before they become customary (Hodgson 2006, p.6).

Since every community has established its own framework for action, a proposition to overthrow former arrangements may appear convincing to one community or one subgroup and irrational to others – irrespective of how convincing and infallible it seems to the proponents. The industrialization of production processes is a typical example given by historical materialist scholars: the capitalist economic perspective stresses economies of scale and lower prices through the introduction of machines and technologization. Humans working under the resulting production conditions, on the other hand, may not feel that the promises of material gains can really compensate for the changes of their daily reality. Historically, it often took severe governmental coercion to install industrial mass production (Murphy 1994, p.21). This example shows why it is important to differentiate between *general ideas* and *collective images* – here the generated knowledge for increasing economic output through technologization – and *interests in implementation* – here the division of labor in terms of who is to contribute what to the change. Political struggle usually emerges around how these changes should be designed and involve justification and argumentation. This means that ideas or collective images and interests do not simply surface out of the blue or exist as universal human desires when given adequate space to unfold. They have a material and a social aspect to them because they are rooted in the prevailing societal order and are historically and contextually specific (Boas/McNeill 2004, p.6).

These struggles cut across all parts of society and cannot be restricted to either an economic or a political realm like in system-maintaining thought. As Simon Clarke points out, “[p]olitical and ideological relations are as much relations of production as are strictly economic relations, for they are specific forms of the social relations in within which production takes place” (ibid, 1991, p.85). The answers to what is considered a commodity, who is entitled to ownership of this exchange-valued good and by which terms are the results

⁵² As discussed in part I, chapter 4, I avoid the term “common sense” because it has a connotation of native intuition to it. This carries emotional and reactionary elements that are independent of worldviews and may actually lead to reactions appearing “irrational.”

of socio-political classifications. Taken together, this means that in the procedural school *form cannot be understood without content*: actor motivation can only be understood with reference to the current social relations, including their material foundations that influence the possible and the ideologies explaining why these solutions are adequate (for discussion of this ontology see part I).

This means that individuals not only conform to the patterns of the prevailing order, they also reproduce them through their own intersubjective behavior: “as he (sic) carries them out, he makes certain that others are carrying them out too” (Gramsci 1971, p.266). Conforming behavior thus does not need to be coerced or controlled by one central agent; it is ensured by discipline in the Weberian sense: “Those who obey are not necessarily obedient or an especially large mass, nor are they necessarily united in a specific locality. What is decisive for discipline is that obedience of a plurality of men is rationally uniform” (ibid, 1963, quoted by Gill 2003, p.130). Thus, the more established certain logics become, the less likely it becomes that individuals behave differently. After all, in a point somehow forgotten by the rivalry paradigm, one’s own reproduction within a society depends on the acceptance or responsiveness of others. The anticipation of their reactions deters individuals from certain behaviors, a Durkheimian understanding of discipline: “(self) discipline, or the restraint of one’s inclinations, is a means to develop reasoned behaviour and to foster the moral growth of the healthy personality: unregulated emotions can produce anomie” (here Gill 2003, 130). In certain situations, social structurations and practices are of as much governing influence as direct relational power - though with different degrees of intensity between and within certain spaces. As Gramsci noted, “[c]ulture, at its various levels, unifies in a series of strata, to the extent that they come into contact with each other, a greater or lesser number of individuals who understand each other’s mode of expression in differing degrees” (ibid, 1971, p.349).

Thus, instead of a priori assumptions about single state benefit or general progress in state relations, procedural scholars define the drivers of cooperation and institutionalization in relation to the current mode of reproduction and its corresponding worldview. This experienced reality may be very similar for those holding similar positions in similar socio-economic orders, even if they are of different nationalities. Persistent social organization “is being defined, not simply on the basis of the relations between groups, but on the basis of the relations between groups and structures (in this case the structures of the production process)” (Joseph 2002, p.31). Political programs can therefore mobilize individuals that live geographically apart but share interests in broader subjects like the environment or peace. Gramsci summarizes this idea on the general level:

“An appropriate political initiative is always necessary to liberate the economic thrust from the dead weight of traditional policies – i.e. to change the political direction of certain forces which have to be absorbed if a new, homogeneous politico-economic historical bloc, without internal contradictions, is to be successfully formed” (ibid, 1971, p.168).

Cooperation and institutionalization are therefore driven by contextually and historically specific motivations to reproduce – or change – an experienced world order. These motivations may be very different between individual actors, vary with a given context and change over time. Cooperation is neither necessarily benign from an ethical standpoint, nor do actors necessarily receive personal utility gains when they change their behavior. I do agree with the Neo-Institutionalist Keohane that “[t]he analysis of international cooperation should not be confused with its celebration” (ibid, 1988, p.380) - but I also side with B. Guy Peters (2001), a New Institutionalism who emphasizes the importance of values and worldviews for intentional action (Peters 2001, p.98). *Cooperation* in this thesis is therefore understood as a *compromise between actors on the basis of their individual convictions, perceptions and interests that are constituted by general socialization and impacted by the particular deciding situation*. This definition explicitly uses the term “compromise” to avoid the automatic conclusion that the agreement to cooperate brings about a “better” situation than previously existed. To illustrate this point, I refer to Stephen Krasner, one of the most renowned regime theorists. He differentiates four “modalities of compromise” which sovereign nation states engage in: conventions, contracts, coercion and imposition. Only the first two are *pareto-improving*, meaning that at least one partner is anticipated to benefit without another explicitly losing. The other two leave at least one actor worse off. Meanwhile, coercion - understood as a violation of international legal rights - and contracts involve *contingent* behavior: rulers would not change their behavior if other rulers did not have to do so, too. Conventions without binding obligations or those based on unilateral imposition may be set up without the consideration of other states’ positions (Krasner 2001, pp.23-30).

3.3 The goal of securing hegemony

Just as the drivers of cooperation, the goal of behavior from a procedural point of view is determined by the current socio-economic relations and the existing explications that help in making sense of reality. “Indeed, any political order is constituted by a range of social practices and cultural institutions connected to the reproduction of the dominant frameworks of understanding and ‘common sense’ as well as those of rule and accumulation” (Bakker/Gill 2004, p.24; also see the chapter on hegemony). The general social order and one’s individual

position in this order determine individual goals of behavior. The importance of this subchapter is to show that a superficial and static mosaic view on joint interest formation brushes over the many cross-boundary connections and coalitions behind a particular political program.

3.3.1 *The political party as a collective will*

A successful collective will is the “attainment of a ‘cultural-social’ unity through which a multiplicity of dispersed wills, with heterogeneous aims, are welded together with a single aim, on the basis of an equal and common conception of the world, both general and particular” that will become the basis for a new type of state (Gramsci 1971, p.349). The organizational or institutional format - “the first cell in which there come together germs of a collective will tending to become universal and total” – is what Gramsci called the political party (Gramsci 1971, p.129). This can mean any entity whose members actively agree to a certain program and consciously defend it in decisive moments. Gramsci does not use the term consistently throughout the *Notebooks*. Sometimes it refers to a collective will whose members consent but are not necessarily members of the same institution, while it sometimes describes one explicit organization (for example p.211). I therefore find Demirovic’s analogy of *partitions* helpful: comprised of many different groups in various fields of action, party programs tend to influence the entire realm in which they operate. Its members are not forced into unity but rather voluntarily subscribe to the promoted consensus and mostly accept or even actively defend this shared conviction. Leaders can rely on self-steered initiatives to reproduce and defend the worldview and respective practices and rules in many different contexts (see Demirovic 1997, 88). Gramsci also refers to these partitions as “organic parties” and distinguishes two types:

“Firstly, there is that which is constituted by an élite of men of culture, who have the function of providing leadership of a cultural and general ideological nature for a great movement of interrelated parties (which in reality are fraction of one and the same organic party). And secondly, in the more recent period, there is a type of party constituted this time not by an élite but by masses – who as such have no other political function than a generic loyalty, of a military kind, to a visible or invisible political centre. (...) The mass following is simply for ‘manoeuvre’, and is kept happy by means of moralising sermons, emotional stimuli, and messianic myths of an awaited golden age, in which all present contradictions and miseries will be automatically resolved and made well” (Gramsci 1971, p.150).

In order for the first type of party to rule by consensus, a critical part of the second type of a mass party must become voluntary followers. This organization into followers supports hegemonic leadership and Gramsci once again uses military analogies to describe the effect: the *mass element* signifies the army, whose main task is not to become creative itself, but to be disciplined and organized as a force in defense of the program. Every form of society has its own type of army and some generals with a unifying myth or vision as “principal cohesive elements” with “centralizing and disciplinary powers” that lead and organize it. The *intermediate element* of generals connects the first element of party leaders with the second of masses and maintains physical and especially moral and intellectual contact in order to allow for the continuation of this community (Gramsci 1971, pp.152-3 and pp.190-191; quote p.155).

Although Gramsci himself does not elaborate further on the third element, I would suggest that institutionalization plays the crucial role here. The fixation of certain norms, procedures and also “neutral” administrative mediators helps to avoid and smoothen friction. To avoid confusion, I will stick to the term “collective will” from this point on for this conceptualization of a political group and only use the term “political party” for officially identified organizations.

As discussed in the last chapter, the formation of collective wills may develop around any *proximity of interests* that translates into a shared goal of behavior. I use the term “interest” in a politicized way that cannot be separated from the *identities* of the interested individuals. From a procedural perspective – or a relational-strategic one, as Bob Jessop would call it – interests are “secondary effects”. They result from concrete contradictions that trigger conscious positioning and resistance (Jessop 2005b, p.42). Social categorizations such as gender, race, religion, age and sexual orientation, for example, mean that the individuals identified as belonging to these groups typically have a greater number of similar experiences. Additionally, “cross-categorical” coalitions may be born out of joint interests in the environment, art, culture or other topics of personal importance. Civil society groupings are organized political identities that form out of more broadly defined “aspirations linked to specific world-views” (Murphy 1994, p.31, see also Gill 1990, pp.42-3). Political interests, then, are relative, relational, cyclical and strategic products of one’s own experienced reality – hence: secondary. They are *relative* because the judgment of the given situation depends on comparisons with other possible alternatives and *relational* because the possibility of promoting or defending one’s position depends on contextually specific constellation of forces. Interests are *cyclical*, as contextually differing and temporally changing constellations

of forces always entail differing or changing alternatives. Finally, the expression of interests is *strategic*, because every concrete conceptualization implies certain likely alliances, tactics and scopes of content (Jessop 2005b, p.42).

This is the strategic element that Gramsci saw as most important for conscious organization. Taking all the elements of interests into account, political leaders need to propose a program that creates political passion in *distinguished* followers.

3.3.2 *Social myths behind political passion*

As described in the chapter on hegemony, an ideal type political project in Gramsci's understanding will emerge because agents with similar positions in the reproduction process begin contesting their situation. To reach a level of conscious solidarity the political project will need to generate "political passion", though,

"an immediate impulse to action which is born on the 'permanent and organic' terrain of economic life but which transcends it, bringing into play emotions and aspirations in whose incandescent atmosphere even calculations involving the individual human life itself obey different laws from those of individual profit" (Gramsci 1971, p.138; also Murphy 1994, p.41).

This mobilizing essence of hegemonic leadership and political support can only result from shared convictions. Gramsci therefore put great emphasis on the assimilative "education" of the subordinate groups to reach "a particular moral and cultural level, a level (or type) which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes" (ibid, 1971, p.258). If successful, conformism becomes a voluntary act:

"The maximum of legislative capacity can be inferred when a perfect formulation of directives is matched by a perfect arrangement of the organisms of execution and verification, and by a perfect preparation of the 'spontaneous' consent of the masses who must 'live' those directives, modifying their own habits, their own will, their own convictions to conform with those directives and with the objectives which they propose to achieve" (Gramsci 1971, p.266).

This is of course the unlikely case of perfect hegemony and is not something that one observes today.⁵³ However, unlike the way in which realists depict the strategies of conviction, hegemonic strategies of persuasion are seldom "evil" or entirely ignorant of the partner's situation. The motivation for persuasion is molded by one's own experienced reality with its sense-making explications and structural limitations. Gramsci, for example, often pointed out

⁵³ In fact, Gramsci would reject that any order based on a capitalist mode of production could have the potential of pure hegemony. This accumulation mode perpetuates economic inequality and the shortening of resources and cannot be eliminated through political regulation.

that a capitalist mode of production would not allow for an “ethical[ly]” regulated society because of its inherently exploitative and necessarily competitive accumulation logic (ibid,1971, p.258p).

Irrespective of the concrete situations, situational “spontaneous consent” can be explained by the concept of a *social myth* by Georges Sorel: “a body of images capable of evoking instinctively all the sentiments which correspond to the different manifestations of the war undertaken by Socialism against modern society” (Sorel, quoted by Gramsci 1971, p.126). Sorel was interested in subjective moments and the origin of passion in political struggle, which he saw as being crucial for mobilization. He drew a distinction between utopias, “which present a deceptive mirage of the future to the people” (ibid) and myths, which are parts of actual experiences and aspirations of humans. Collective images or visions only gain political momentum when many and especially influential people in the relevant context accredit them a certain degree of relevance for their own situations. Further, their transformative goals need to appear feasible in light of the current situation. Then “political ideology and political science are fused in the dramatic form” and guide societal development in a hegemonic way (Forgacs 1988, p.238, quoted by Murphy 1994, p.18). Gramsci himself defines a myth as “a political ideology expressed neither in the form of a cold utopia nor as learned theorising, but rather by a creation of concrete fantasy which acts on a dispersed and shattered people to arouse and organise its collective will” (Gramsci 1971, p.126).

The concept of social myths is central for hegemonic theory and in particular for my theoretical goal of distinguishing worldviews as mediating links between agents and structures. For analytical clarity - and even though I have not come across any further definition of the term in the literature - I propose to distinguish 3 *different appearances* that myths may have. Their scope and intensity are different as well as their actual effects in political struggle. The first includes the most *abstract worldviews* that Cox would call intersubjective meaning. Here we would, for example, group the liberal myth of widespread and long-lasting prosperity for everyone through global exchange on which market civilizations and disciplinary neoliberalism reside (Murphy 1994, p.7 & p.17). The second myth matches Cox’s collective images, as it entails more concrete goals and proposals that can be “articulated” in versions customized to distinguished “audiences” (Murphy 1994, p.41). Here I group *political programs* that are designed to generate *passion for action* through the development of what Gramsci called the “collective will” (see below). The third myth could be classified as a collective image as well but refers to the *specific imaginary of institutions* that influence their public perception and thereby their effectiveness. It is the

representational dimension of state spaces that may be contested in political struggle but is also influential in and of itself: these organizations have framing effects on social relations and develop agential status.

In frameworks for action, many myths are internally related and mutually reinforcing: the first type is central for the definition of a discursive realm (worldview) that provides boundaries of identification and belonging. The second type determines individual and collective identity (passion) for intentional social action. The third type identifies institutions and considers them common referent points and macro-agents with defined mandates (image).

3.3.3 *The effective reality of universal norms*

The Gramscian concept of the will is neither Kantian in the sense of transhistorical metaphysical free consciousness nor the purely psychological instinct to belong. It incorporates a historical-contextual understanding that is *explicitly non-essential* but *relational*. It is therefore tightly linked with the ethico-political element of hegemony: consensual leadership has to be created “on, within, and between what must be understood as a discontinuous terrain of a historicized and contingent reality” (Golding 1992, p.xiv; also p.70). Any successful political project must act in “operative awareness of historical necessity, as protagonist of a real and effective historical drama” (Gramsci 1971, p.130):

“The active politician is a creator, an initiator; but he neither creates from nothing nor does he move in the turbid void of his own desires and dreams. He bases himself on effective reality.... What ‘ought to be’ is therefore concrete; indeed, it is the only realistic and historicist interpretation of reality. It alone is history in the making and philosophy in the making; it alone is politics“ (Gramsci 1971, p.172).

A successful “ought to be” will combine two dimensions: the establishment of certain living conditions with clearly identified concepts of value and the ability to construct political projects through governments and other societal groups that generate functional compromises (Jacobitz 1991, p.17). Their character may be reformative in order to maintain an existing compromise within a certain juridical framework or radical with a new compromise as its goal. Historically, the most room for political design will open in times of explicit crisis. The historical necessity or “outstanding puzzle” for reconfiguring social order translates into openness in the framework for action which unorthodox solutions may be able to exploit (Rouse 1987, p.29). Nevertheless, “the various strata of the population are not all capable of orienting themselves equally swiftly, or of reorganizing with the same rhythm” or possess the means to make sacrifices in form of compensation (Gramsci 1971, pp.210-1).

While this perspective may seem the same as normative convergence approaches, procedural scholars reject political or ideological voluntarism dissociated from economic production processes. Gramsci proposed a “theory of fixed proportions” for the study of the successful organization of forces in politics in general that includes material-economic structurations (here: “objective conditions”). This is meant to illustrate how a collective will is dependent on several succinctly integrated elements in order to successfully lead and rule. A collective will is successful

“precisely to the extent to which it possesses (has developed within itself) cadres at the various levels, and to the extent to which the latter have acquired certain capabilities. The historical ‘automatism’ of certain premises (the existence of certain objective conditions) is potentialised politically by parties and by men of ability: absence or inadequacy (quantitative and qualitative) of these neutralises the ‘automatism’ itself (which anyway is not really automatic): the premises exist abstractly, but the consequences are not realised because the human factor is missing. Hence parties may be said to have the task of forming capable leaders; they are the mass function which selects, develops, and multiplies the leaders which are necessary if a particular social group (which is a ‘fixed’ quantity, since it can be established how many members there are of any social group) is to become articulated, and be transformed from turbulent chaos into an organically prepared political army” (Gramsci 1971, p.191).

This *transformation* is the “muscular-nervous” effort to change societal order that was described as a “passive revolution” or “war of position” in the last chapter: “the interpretative criterion of molecular changes which in fact *progressively modify the pre-existing composition of forces, and hence become the matrix of new changes*” (Gramsci 1971, p.109). These efforts may be of defensive or offensive character and involve many groups and measures throughout the designated scale on which leadership is to be established or secured. The subchapter on modes of negotiation will discuss co-optive strategies to further develop the logic of transformation behind successful institutionalization. In order to secure hegemony, leading parties must bring about new, innovative aspects without rejecting the central pillars of their heritage, which are still vivid in the effective reality. “There are ‘instrumental values’ which cannot but be absorbed in their entirety in order to continue to be elaborated and refined” (Gramsci 1971, 452-3). One factor for successful transformation processes is the assimilation and ideological “conquest” of the established canon of knowledge in order to persuade more allies of one’s own program (Gramsci 1971, p.10). In the case of hegemonic collective wills, this means that their particular interests are defined as general interests and are therefore protected by official rules: “necessity has already become

freedom and hence is born the immense political value (i.e. the value for political leadership)” (Gramsci 1971, p.267). This is why Gramsci also saw the potentially deliberating effect of institutions in the sense of a Hegelian “ethico-political effect of the superstructure” or “catharsis”: “Structure ceases to be an external force which crushes man, assimilates him to itself and makes him passive; and is transformed into a means of freedom, an instrument to create a new ethico-political form and a source of new initiatives” (ibid 1971, p.367). However, as long as great inequalities persist in societies, catharsis will be an experience restricted to the ruling groups or regime makers.

Three interrelated elements are therefore crucial for a hegemonic *strategy*: first, a universally applicable philosophy or worldview; second, the establishment of an institutional frame for its implementation, and third, the operative capabilities to buffer objections against both (see Jacobitz 1991, p.17). Susan Golding in her book on Gramscian democracy (1992) describes such strategies as a fusion of the best areas of liberal-democratic tradition with the most fundamental aspects of a philosophy of praxis (ibid, p.70). Linking the goal of behavior or “value for political leadership” with procedural actor motivation, we do see that this particular freedom will be defended most passionately *when leaders themselves are actually convinced that their program is the only possible solution or of general interest.*

3.4 Selective gains compromises

Generally, THM scholars agree that social welfare tends to become more efficient through a certain division of labor and scale effects. Gains from cooperation in Marxian terminology are therefore called “surplus” that the “collective worker”, meaning the entire workforce, has produced. Cooperation as such is seen as creating a positive sum. However, this does *not* mean that everyone participating in the game will benefit. The unequal possession of means of production also signifies unequal control over the distribution of surplus. Instead of the a priori win-win assumptions in liberal institutionalisms, the procedural school subscribes to what could be defined as “zero-plus-game”: the whole is always more than the sum of its pieces, but the distribution of this “more” follows a *selective* strategy (Demirovic 2004, pp.484-5).

Such processes of gain distribution and adjustment are integral parts of the reproduction of hegemonic leadership in which the biggest shares will be given to those groups whose active consensus is needed:

“Hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony is to be exercised, and that *a certain compromise equilibrium be formed* - in other words that the leading group should make sacrifices of

an economic-corporate kind. But there is also no doubt that such sacrifices and such a compromise cannot touch the essential; for *though hegemony is ethical-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of the economic activity*“ (Gramsci 1971, p.161, my emphases).

These decisive nuclei are all entities and individuals that exert socio-political control, including big corporations. Those under scrutiny here are state spaces that possess an explicit universal ruling authority. However, in a procedural framework every concrete compromise is the outcome of political struggles and at the same time becomes an integral part or potential trigger of new political struggles. Generally though, the concerns of weaker groups are frequently excluded from the dominant discourse: “The ethical side of hegemony, the acceptance of other groups into the highest level of knowledge, technologies and culture will include only the [then] allied classes, not the antagonistic classes that need to be dominated (Scherrer 2003b, p.90, my translation). Cox claims that this pattern is typical for any concrete distribution of the benefits from global capitalism: “People who are linked into the core activities of the global economy do well. Those who are more peripheral within the global economy do poorly, suffering a decline in their living standards. Many are excluded altogether from the global economy” (ibid, 1996, p.32). Hence, who is recognized by the hegemonic project and allowed to partake of the gains follows a *selective* development depending on the concrete constellation of forces and the character of the conflict.

For leadership with least resistance, however, it is important that such patterns of gain distribution do not simply become random deals between the leading groups. A functional compromise depends on adequate support so that general reproduction of the partners is not threatened. Judgments of possible and adequate concessions are influenced by worldviews that frame the perceptions and expectations of the current circumstances. Therefore, Craig Murphy issued a claim similar to my first hypothesis: an open-ended Gramscian “analysis of the role of *intellectual* and *political leadership* in establishing social orders can help us clear up questions about the mechanics of reform that recent liberal analysts have left in a muddle” (Murphy 1994, 11; emphasis in original). Murphy’s own research focuses on the overarching myth of liberal world orders and its strategic incorporation into programmatic myths of a collective will. It does not include the mythic characteristics or images of institutions or their procedures that aid in its consensual spread. The following two chapters both consider the broader idea of cooptation: in the first it signifies an element of direct action and in the second an element of structural framing. They combine to form *a logic of transformation* that changes the future framework of action.

3.5 Gramscian co-optation in negotiation processes

The persuasion of necessary allies is a conscious political process comprised of strategic interaction and tactical maneuvers. The duality of coercion and consensus in hegemonic leadership combines the mainstream bargaining over consequences and arguing over the appropriate solution. An agreement to cooperate and institutionalize is reached by *cooptation*. As shown in part II, mainstream approaches have used cooptation assumptions in their analyses (for example van den Hoven 2004, Fouilleux 2004), but have reduced it to the discursive presentation of proposals. Others have delivered more elaborate differentiations of co-optive strategies and explicitly applied them to explain the performance of IOs. Michael Barnett and Liv Coleman (2005) differentiate acquiescence, compromise, avoidance, defiance, manipulation and strategic social construction as tactics for successful negotiation and performance (ibid, pp.597-8). However, these elements are conceptualized from a rational perspective and bound to methodological individualism: they consist of IOs as additional unitary actors that seek to further their mandate, secure their survival and wish to maintain autonomy from the other collective actors (ibid, pp.600-2).

The ingenuity of a Gramscian understanding of cooptation lies in its inclusion of the framing effects and power potentials that are inscribed in the established framework for action. Negotiations are transformative interplays between agents, worldviews and structures that *work within the presently effective reality while continually evoking new frameworks for future action*. Cooptation has three meanings, all of which are relevant for generating leadership by consensus and are often mutually supportive:

1. “Divert to a role different from the usual or original one”;
2. “Appoint to membership of a committee or other body by invitation of the existing members”;
3. “Adopt (an idea or policy) for one’s own use” (Oxford dictionary 2001).

All are integral elements of Gramsci’s gradual “war of position” or “trasformismo”: hegemonic strategies aim at “the supersession of narrow economic interests by a more universal social vision or ideology and the concrete coordination of the interests of other groups with those of the leading class or fraction *in the process of securing their participation in this social vision*” (Robinson 2004, p.76, emphasis added). This participation is qualitatively different from one that depends on permanent control and sanctions. Allied groups internalize the worldview, with the vision of the leading party begins supporting it through processes of self-discipline (Durkheim) or relational discipline (Weber).

3.5.1 Cooptation 1: “Divert to a role different from the usual or original one”

This first aspect discusses how certain officially fixed roles affect the acceptance of proposed positions in negotiation processes. The “usual or original” role in my understanding refers to the image or identity of a person or institution as established in the popular discourse. Since the modes of negotiation are the agential part of the logic of transformation, I discuss the images of these roles here. Role definitions frame expressed opinions and behavior in a certain way that may foster or diminish their credibility and acceptance. Proposals by a person officially labelled as a “scientific expert” in a field, for example, will much more readily receive “spontaneous” agreement than those of another unlabeled person - even if he or she has studied the issue for decades. This label or image is historically grounded and entails power potentials or privileges that are based in the officially defined mandate of a certain position and its job description. The same holds true in the communal division of tasks for negative labels or discredited roles. As a result, institutionalized positions translate into actively or passively effective hierarchies that influence individual success potential when it comes to knowledge promotion and judgment or adequate responses to a problem. Considering this form of structural power is very telling when one seeks to understand the relative persuasiveness of some cooperation proposals in comparison to others. This is not to say that classifications do not help to organize and optimize the division of tasks within a community: selection criteria for the candidates for a certain role guarantee to some extent that the person occupying the post delivers the expected performance or outcome. Yet, even if this turns out to not be the case, the *expectation* that this individual *should* have the capabilities necessary for the post will continue to positively impact the perception of his or her performance. Similarly, the expectation that this individual should carry his or her job out as outlined in the official description of the role will frame the judgment of his or her decisions.

Thus, each role or mandate carries an *image* that mediates between agents and structures in a (self-)disciplining way and also affect the person holding a certain position. Explicitly constructed and promoted images are particularly effective in front of an audience that cannot distinguish official role descriptions from actual performance. In the political arena, the great majority of subordinates do not have this chance and the strategic cultivation of a particular image can become very effective in the legitimation of certain proposals.

3.5.2 Cooptation 2: “Appoint to membership of a committee or other body by invitation of the existing members”

This second aspect differentiates elements of bargaining and argumentation. In a Gramscian approach, these are not restricted to direct interaction but also play on the differences between formal inclusion and actual influence and involve indirect coercion behind direct consensus. The formal right to vote or to participate in negotiations does not mean that one's position is represented in the final agreement. Thus, being appointed to become a member may not benefit the invitee as much as the inviting party: it can limit the power of antagonistic collective wills.

To explain this effect, I differentiate negative from positive integration, even though the line of distinction is gradual in character. Negative integration means that the goal of a persuasion strategy is short-term and restricted to the acceptance of a certain proposal. Equal formal rights or smaller material incentives are given to those groups whose passive consensus or non-objection is needed. The goal of negotiations here is for these groups to voluntarily subordinate themselves to a particular program; they are not anticipated to become participants in leadership strategies. Positive integration, on the other hand, means real compromise with those groups whose active support is needed for the stabilizing of hegemonic leadership in the future. Particularly if the strength and cohesion of a countermovement becomes too strong, real concessions by the dominant groups may be unavoidable. The resulting agreements clearly show a new compromise that inscribes long-term shifts in coalitions and their respective programs. If cooptation is successful, these will re-stabilize the equilibrium or functional compromise of hegemonic leadership. The exact impact of the changed rules is not clearly determinable, however: it may be that new factions of the ruling collective become more dominant than the traditional ones or that the resulting compromise leads to the unexpected leverage of other political interests and coalitions that can even encourage the countermovement.

In practice, none of these developments can be clearly planned: the invitation for membership of a committee or body may be short or long-term, while the concrete development of negotiations determines whether negative will lead to positive integration. Strategically, appointing the leaders of the countermovement is often most effective, as it tends to weaken their collective will:

“Between consent and force stands corruption/fraud (which is characteristic of certain situations when it is hard to exercise the hegemonic function, and when the use of force is too risky). This consists in procuring the demoralization and paralysis of the antagonist (or antagonists) by buying its leaders – either covertly, or, in case of imminent danger,

openly – in order to sow disarray and confusion in its ranks” (Gramsci 1971, p.80 fn49; also Scherrer 2003b, p.90; Arrighi 1993, p.148).

Covert manipulation targets leaders outside of the official negotiation scene through side-talks, bribes or threats. A large imbalance of forces is usually necessary for this strategy to be effective. The risk also remains that attempted corruption will be outspokenly rejected, which damages the image of the leaders and strengthens the countermovement. The open buying of leaders through selective inclusion and exclusion *in the actual negotiations* is a more interesting tactic from a co-optive point of view. It can be applied in situations with a more balanced material force distribution and its rejection can be presented as ignorance or a missed opportunity to voice one’s opinion in a timely manner. Further, the image or virtue of the leaders of counter-coalitions is at risk if the selective participation in negotiations leads to results that seem to benefit the particular interests of the representing delegation more than the position formerly agreed upon by the coalition. As a result, the cohesiveness of former coalitions and the support of its subordinates are weakened. In addition, close interaction with agents from other backgrounds may change the identity and political interest definitions of the coopted leaders and transform them into truly active supporters.

3.5.3 Cooptation 3: “Adopt (an idea or policy) for one’s own use”

The first two cooptation modes work with the idea that multilateral negotiations *produce* a *new* program that reflects all participants’ positions: the framing effect of this image influences the process for generating a functional compromise that will yield consensus. The adoption of collective images or policies for one’s own use, on the other hand, refers to a struggle on the level of worldviews that usually *precedes* changes in support. If successful, formerly critical groups decide to support a proposal based on the impression that it is consistent with their own demands. If it can be convincingly argued that a certain proposal overlaps with already existing goals and norms, the level of acceptance by negotiating partners and the public will rise *before* negotiations over mutual concessions even start. . Established solutions and worldviews in the relevant discursive realm lend those proposals persuasive power that appear consistent and important. As Boas/McNeill conclude in their study cited above, “for an idea to make an impact on a multilateral institution it must be possible to adapt or distort that idea in accordance with the dominant knowledge-system” (Boas/McNeill 2004a, p.217).

In practice, support for a certain proposal may be framed as the logical consequence of existent goals or norms: if parties have agreed to these, they should subscribe to the derived policies as well; after all, these are solutions *appropriate* to the shared challenges and goals of

the cooperating community. Meanwhile, the process of working towards agreement is far from free of communicative tactics. Material resources for research and message design influence how persuasive and intense these tactics become. Depending on the amount spent, appeals can be customized for changing audiences or more frequently pushed into the public discourse through advertising. Access to media and information technology institutions is an equally effective currency in this regard (Murphy 1994, p.34).

In summary, co-optive modes of negotiation work on the present effective reality. The current constellation of images, practices, institutions and material capabilities translates into structural power potentials and mold individual choices. This framework for action frames the persuasiveness of argued positions and bargaining tactics. However, these constellations are not fixed but are rather in continuous flux. Every political engagement - irrespective of sealed contracts - has a transformative effect. It changes the *intersubjective valuation of certain forces* and thus the power potentials of those in their control. These interactions also change the *subjective perceptions* of a collective will and its level and range of acceptance. The image of a collective will is therefore directly linked with the image of the institutional procedures in which it is involved. .

3.6 Institutionalization as logic of transformation

This thesis considers institutions defined as state spaces that form nodes of political action (for discussion see chapter 2.6) and are themselves authoritative collective agents. State spaces have the general function of stabilizing and organizing social relations so that the cohesion and reproduction of their membership community is secured. Gramsci's summary of this general function is as follows:

“the apparatus of state coercive power which ‘legally’ enforces discipline on those groups who do not ‘consent’ either actively or passively. This apparatus is, however, constituted for the whole of society in anticipation of moments of crisis of command and direction when spontaneous consent has failed” (Gramsci 1971, p.12).

For this mandate, certain *characteristics of statehood* can be identified as essential, even though they vary in their concrete appearances. The dominant appearance today is that of *liberal democratic nation-states*. Procedural institutionalism does not conflate these with the general concept of a state; the general state space form can host many socio-economic contents, depending on historically and contextually specific and changing constellations of forces. Therefore, hegemony analysis scrutinizes the way in which the reproduction of each particular solution is fostered and how it impacts social development. It searches for the

origins of what Robinson called political “trends”: observable socio-cultural regularities that are not necessarily determined by economic logic but are nevertheless consistent with this type of society. Procedural scholars have identified the trend of democratic nation-states for capitalist societies (ibid, 2004, p.133, fn5, also see part I). I will therefore develop the logic of institutionalization in retroductive reference to Gramsci’s writings on the function and image of nation-states. From there I connect later procedural writings on statehood before elaborating the state space concept. At the end of this chapter I develop three *reproductive dualities of statehood* based on the Gramscian concept of “state spirit”.⁵⁴ These show how the popular image of liberal democratic nation states itself translates into structural power potentials in a co-optive logic of transformation. Globalizing reproduction relations need *functional* compromises of cooperation and these are stabilized and organized by institutionalization on the global scale.

3.6.1 Discussion of statehood

Procedural theorists see a nation-state as a particular “spatial power matrix” that organizes inherently global socio-economic reproduction. A multi-dimensional definition of the genealogy of liberal democratic nation states was given by Poulantzas:

“This State realizes a movement of individualization and unification; constitutes the people-nation in the further sense of representing its historical orientation; and assigns a goal to it, marking out what becomes a path. In this oriented historicity without a fixed limit, the State represents an eternity that it produces by self-generation. It organizes the forward course of the nation and thus tends to monopolize the national tradition by making it the moment of a becoming designated by itself, and by storing up the memory of the people-nation” (ibid, 2003, p.77; similar Taylor 2003b, p.106).

However, the movement of organization could not fully be understood without some sense-making explications that bind structurational change to individual reasoning. Gramsci delivered such a binding element with his concept of “state spirit”, which he took from Hegel. This spirit is defined as creating a notion of cohesion, mutual responsibility and duration and therefore forms the basis for any particular change or event:

“it presupposes that every act is a moment in a complex process, which has already begun and which will continue. The responsibility for this process, of being actors in this process, of being in solidarity with forces which are materially ‘unknown’ but which nevertheless feel themselves to be active and operational – and of which account is taken,

⁵⁴ Gramsci himself also uses “party spirit” to describe the perceived unity of a certain group that follows a concrete “collective will” or political program and whose leaders seek the consensus of their subordinates.

as if they were physically ‘material’ and present – is precisely in certain cases called ‘state spirit’” (Gramsci 1971, p.146).

One example of this kind of spirit is the nationalism that Benedict Anderson discussed extensively in his book *Imagined Communities* (1991). While acknowledging the preconditions of certain material, technical and linguistic developments, Anderson stressed the mediating effect of shared experience and worldviews. Diffused through the media, this joint “religion”, as he defined it, explains the feeling of comradeship between decentralized individuals living under highly unequal conditions. Such ideologies and narratives deliver a sense of the experienced and contextualize one’s own sufferings, sacrifices or gains and joy in a broader cosmos of being and fate. Through cognitively identified and communicated regularities, tendencies and prognoses, as well as through socially established practices, rules and institutions, a feeling of continuity, responsibility and interdependence emerges. “It is the magic of nationalism to turn chance into destiny” (Anderson 1991, pp.7-12). Anderson also points to the effects of this unification: “regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship” (Anderson 1991, p.7).

This spirit reveals three paradoxes shared in Gramsci’s understanding of state spirit and used to explain hegemony. The original Hegelian notion of progress had not yet problematized these: first, from a historian perspective, nations are objective modernities, while they appear as subjective antiquities in the eyes of nationalists (perpetual paradigm). Second, the universality of nationality as an uncontested socio-cultural standard (form) is paired with another apparently universal set of organizational logics and structurations (content). Third, the political power of nationalism is surprising in light of the philosophical poverty and even shallow conceptual coherence of this concept or worldview (Anderson 1991, p.5). To me, the last point incorporates the other two and is also the reason why Anderson preferred the overarching term “religion” or “kinship” for the imaginary bond to more concrete versions like “liberalism” or “fascism” (ibid). However, Gramsci had pointed out that the awareness of duration will only prevail if the Spirit “has a quite precise, historically determinate meaning” (1971, p.146). The reproductive dualities I develop below will concretize the three abstract paradoxes so that they have a currently determinate meaning.

3.6.2 The image of current state spaces

State spaces are common reference points in political strategies. They bind social, economic and cultural activity. Their rules and procedures define and anchor contested social relationships in a historically specific way (Smith 2004, pp.228-9). Such state spaces are

neither understood as platforms on which life is constructed nor as unilaterally ordering agents. State spaces “encompass the territory-, place-, and scale-specific ways in which state institutions are mobilized to reorganize and regulate (albeit temporarily) the social and economic relations of capitalist society” in “tangled, contested, and rapidly changing scalar hierarchies” (Brenner et.al. 2003, p.7 & p.4). Anderson’s definition of a nation complements this definition: these “cultural artefacts” are a

“spontaneous distillation of a complex ‘crossing’ of discrete historical forces; but that, once created, they became ‘modular’, capable of being transplanted, with varying degrees of self-consciousness, to a great variety of social terrains, to merge and be merged with a correspondingly wide variety of political and ideological constellations“ (Anderson 1991, p.4).

Thus, the procedural scale-concept depicts states as *three-dimensional nodal points* at which social struggles culminate and that therefore play important roles in the mapping (or remapping) of world orders (see Table 4).

State space in the narrow sense	Refers to the state’s distinctive form of spatiality. This comprises the changing organization of state territoriality in the modern inter-state system; the evolving role of borders, boundaries, and frontiers; and the changing intra-national geographies of state territorial organization and internal administrative differentiation.
State space in the integral sense	Refers to the territory-, place-, and scale-specific ways in which state institutions are mobilized strategically to regulate and reorganize social and economic relations and, more generally, to the changing geographies of state intervention into social and economic processes. This includes non-territorial as well as territorial modes of state intervention.
State space in the representational sense	Refers to competing spatial imaginaries that represent state and political spaces in different ways as a basis for demarcating states from each other, demarcating the state from the wider political system, and demarcating the wider political system from the rest of society. These spatial imaginaries also provide an important basis for the politics of representation, for the mobilization of territory-, scale-, and place-specific forms of state intervention and for territorial politics within (and against) the state.
Table 4: Dimensions of state space (Brenner et.al. 2003, p.6)	

These three dimensions are similar to Gramsci’s integration of structure, agent and worldview that I discussed in Part I. Gramsci himself proposes this ontological tri-partition, though he uses the term “religion” like Anderson (the ordering here is also worldview-structure-agent): “The three elements – religion (or ‘active’ conception of the world), State, party are indissoluble, and in the real process of historico-political development there is a necessary passage from one to the other” (Gramsci 1971, p.266).

Thus, in order for an institution to become and remain an ontological entity with agential status, it is dependent on the support of collective wills. These collective wills need to promote an ideological vision that “makes sense” in reference to the reality experienced by its members. This reality, then, is framed by the existing structurations and institutions. Such processes of reproduction are never definitively organized and regulated but remain rather in continual flux. Gramsci’s own words describe this circuit in the following:

“a party is such – integrally, and not, as happens, a fraction of a larger party – when it is conceived, organised and led in ways and in forms such that *it will develop into a State* (an integral State, and not into a government technically understood) *and into a conception of the world (...)* into a *total and molecular (individual) transformation of ways of thinking and acting, reacts upon the State and the party, compelling them to reorganise continually* and confronting them with new and original problems to solve” (Gramsci 1971, p.267, my emphases).

Procedural institutionalism complements Gramsci’s processual notion of leadership: *temporal socio-spatial fixations* of political programs embed the *continuous becoming* of socio-economic solutions and are changed by them.

System-maintaining paradigms and worldviews, on the other hand, conflate form with content, thus reifying a particular image of states – the liberal democratic nation state – as the “normal” collective actor in IR. The Weberian definition of “a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory” is clearly hegemonic and is reproduced in most IR approaches (Weber 1946, p.78, quoted by Brenner et.al. 2003, pp.1-2).⁵⁵

I would like to give a brief overview of the four reasons why procedural scholars eschew this definition. First, the idea of states as territorially self-enclosed actors with sovereign control over their borders is rejected as a fictitious geographical trap: it depicts different states as mutually exclusive and fixed entities, even though history shows frequent amendments in the definitions of borders. Second, the assumption that geographical borders can congruently enclose political and economic processes results in a static and ahistorical mosaic conceptualization of our world: geographically defined boxes interact in anarchy or according to some positional ordering. Third, this box-metaphor constructs a binary opposition between “domestic” and “foreign” as a fixed feature of the modern interstate system. This opposition makes the domestic national scale an ontologically necessary foundation for political life - even though any other constitution in a community could be imaginable as well (Brenner et.al.

⁵⁵ Another definition by Weber is depicts the same image: “A compulsory political organization with continuous operations will be called a ‘state’ insofar as its administrative staff successfully upholds the claim to the monopoly of the legitimate use of physical force in the enforcement of its order” (quoted by Shaw 2003, p.118).

2003, p.2; Taylor 2003a, p.50). Fourth, an agential misperception lies in the idea of a detached “human community” that “successfully claims rule”. Governments are not unitary or hermetically sealed entities acting autonomously from their population; they do not “do” anything, per se (Robinson 2004, pp.94-5).

Quite to the contrary, the successful hegemonic or legitimate rule of liberal national democratic governments depends on a certain degree of public participation. Gramsci argued that particularly representative democracies support hegemonic rule: flexible governance mechanisms for the calibration of functional social compromises support the duration of the general politico-economic structure:

“Democratic centralism offers an *elastic formula, which can be embodied in many diverse forms*; it comes alive in so far as it is interpreted and continually adapted to necessity. It consists in the critical pursuit of what is identical in seeming diversity of form and on the other hand of what is distinct and even opposed in apparent uniformity, in order to organise and interconnect closely that which is similar, but in such a way that *the organising and the interconnecting appear to be a practical and ‘inductive’ necessity, experimental, and not the result of a rationalistic, deductive, abstract process*” (Gramsci 1971, p.189, my emphases).

This elasticity will be exemplified by the more concrete reproductive dualities that I turn to now.

3.6.3 Reproductive dualities in state space transformations

Even though Gramsci saw state spirit as an expression of the “general concept” of hegemonic leadership, I have not found reference to this concept in Neo-Gramscian approaches. One of the reasons may be that Gramsci’s elaboration of the concept remains very fragmented. My theoretical goal is therefore to provide analytical tools that can be used to investigate the representational dimension of current state spaces, their “spatial imaginaries that represent state and political spaces in different ways” (Brenner et.al. 2002, p.6; for an overview of all three dimension of state spaces see [Table 4, p. X](#)). I have compiled and systematized the various aspects of state spirit mentioned throughout Gramsci’s *Selections* and then abstracted terms that could be used as analytical tools regarding actual global polity formation. The distinguished three *reproductive dualities* of liberal democratic nation-statehood specify fictitious⁵⁶ particularities that Gramsci observed as showing “state spirit.”

⁵⁶ This term was chosen because Polanyi used it when showing how labor, nature and money became “fictitious commodities” under capitalism: they are thought of and treated as marketable goods even though this status obviously does not represent their “real” conditionality (see *ibid*, 1957). Constructed concepts may

The analytical abstraction of these concrete observations allows for the identification of reproductive dualities in other state spaces such as the WTO. The term “dualities” was chosen to express the idea that the general state function in ensuring persistence of a capitalist society will generate tension that has to be accommodated by the binding spirit. Thus, neither of the extremes of each duality can become too dominant without destabilizing the balance necessary for hegemonic reproduction. One could test the effectiveness of these three pairs in combination with other modes of production and possibly also use each pair by itself. However, the socio-economic underlaboring of capitalism with its particular social relations forms an integral part of representative democratic processes today. The separation of the dualities therefore only serves clarifying and analytical purposes.

The term “reproductive” indicates that I seek to conceptualize core elements of a political trend fostering the maintenance and expansion of capitalist tendencies over time. This trend is the *Liberal Democratic Nation-State*. The reproductive dualities of this institutional image or *social myth* help in understanding the path of global polity development. We find a *strategic* duality in the fictitious separation of the private from the public realm as *liberal* economics promote; an *operational* duality exists between formal and informal influence in *democratic* parliamentarianism; the *educational* duality of consensus and coercion maintains the communal spirit fostered by the impression that an autonomous body acts for the sake of the entire *nation*. These dualities provide an institutional image that supports the described cooptation tactics of negotiation (in brackets in the following subchapter titles) and the establishment or maintenance of leadership by consensus.

3.6.3.1 Strategic separation of the private and the public in liberal orders (“divert to a role different from the usual or original one”)

As previously stated, state apparatuses do not simply implement a consensus formulated in civil society and its institutions. States remain strategic terrains for political battles over influence and struggles between different political projects continue within the political society (state) even after the first formation of coalitions in the civil society (Ougaard 2004, p.64). This can hinder efficient ruling immensely: too many interests need to be considered in forming compromises. Therefore, the key process in the modernization of state power

“concentrated on developing methods and techniques aimed at making the bureaucratic and administrative apparatus function more efficiently, permitting more effective control of the territory and the population, but it also involved expending considerable energy

become socially established to the extent that they are perceived as “social fact” and their fictitious origin tends to be forgotten or systematically ignored.

developing methods of broadening and legitimizing the power of the state as well as gathering information regarding the different aspects of the social and natural reality both inside and outside the geographical boundaries” (Escobar 2003, pp.29-20).

One of these methods problematized in part I was the “liberal art of separation” that separated economics from politics (Walzer, quoted by Cutler 2001, p.138). In market societies, the production and exchange of goods are ends in and of themselves and no longer a means to an end as defined by cultural traditions or social customs. The organization of the political community and public issues is discussed and justified separate from the sphere of economic competition and free enterprise (Cutler 2001, pp.138-9).

Gramsci exemplifies the strategic effect of this separation when criticizing the “ideas of Free Trade movements”. The depiction politico-juridical organizations as solely safeguarding the public order and respect for laws is fictitious in character: “But since in actual reality civil society and State are one and the same, it must be made clear that *laissez-faire* too is a form of State ‘regulation’” (ibid). In a different chapter, he continues to criticize this image of a Night-Watchman State as a disguise: “The fact is glossed over that in this form of régime (which anyway has never existed except on paper, as a limiting hypothesis), hegemony over its historical development belongs to private forces, to civil society - which is ‘State’ too, indeed is the State itself” (Gramsci 1971, p.261). Thus, the fictitious splitting of a private zone driven of *individual* economic interests from a political zone of *universal* public interests muddles the fact that a liberal capitalist hegemony works *through* states (Joseph 2002, p.30).

From the point of view of a philosophy of praxis, then, this “erroneous” separation clearly comes with social effects. It allows for drastic inequalities and overt egoism in “economic” or “private” relations while all individuals have an equal say or vote in the “political” or “public” sphere in which a general interest negotiated and safeguarded. The promise of *absolute* prosperity benefiting everyone and implemented through *universal* codes of conduct allows for the political society to “give the impression that it is working actively and effectively as an ‘impartial force’” (Gramsci 1971, p.148). Gramsci referred to this aspect of the state as the “traditional function of the institution of the Crown”. It couches in the elastic formula of democracy:

“the constitutional formula of the king, or president of the republic, who ‘reigns but does not govern’ is the juridical expression of this function of arbitration, the concern of the constitutional parties not to ‘unmask’ the Crown or the president, (...) safeguarding certain conceptions – the unity of the State; the consent of the governed to State action – whatever the current personnel of the government, and whichever party may be in power” (ibid, 1971, p.148).

This unifying and cohesive function of the political society or state is captured in the Weberian image or ideal of a separated, impartially benevolent agent with monopolized coercive power. Claire Cutler summarizes the resulting social myth as follows: “Most importantly, the state was both reified as a ‘subject’ and deified through objectification of the law” (Cutler 2001, p.136). Such a deified image delivers on the “subsequent need to provide a notion of obligation to an external agent, usually in terms of a sovereign or a state (or both) so as to account for, or at least give theoretical pretext for, the ideological cohesiveness of a society fractured by inequality” (Golding 1992, p.xiii). Meanwhile, shifting definitions of which issues are economic (trade) and which are political (social and environmental concerns) also shift regulative power from public to private actors and vice versa.

3.6.3.2 Operational black parliamentarianism in representational democracy (“appoint to membership of a committee or other body by invitation of the existing members”)

“The ‘normal’ exercise of hegemony on the now classical terrain of the parliamentary regime is characterised by the combination of force and consent, which balance each other reciprocally (...) *to ensure that force will appear to be based on the consent of the majority*” (Gramsci 1971, p.80, fn49, my emphasis). This co-optive mode of positive integration has been discussed above. Institutionally speaking, this means that the participating individuals must perform in congruence with the procedures within the constituted system, including the political apparatus. These procedures are established by the leading groups and typically cater to their particular composition of forces and worldviews. This includes a certain type of necessary knowledge, the numbers of delegates needed to participate in all decisive meetings or even the monetary resources necessary to even send a delegate to summits.

The fictitious level playing field of a formal input-democracy obscures the underlying power inequalities that influence outcomes. Marx criticized the proclaimed equality in liberal capitalist constitutions as the fetish of the *citoyen* (Hirsch 2001, p.41). This fetish is reflected on the global scale as the *myth of national sovereignty*. Nevertheless, representational democratic procedures support the acceptance of those outcomes. The equal right to vote for a delegate that represents one’s own interests seems to ensure that political outcomes are compromises between all interests in a society.

The image of general interest is most convincingly supported by consensual agreements that seem to most reliably ensure that all relevant interests are addressed within the outcome. This outcome then seems to signify a universally beneficial progress - parties would otherwise not have agreed to them. In theory, consensus decision-making ensures that not one participant

can be overruled, but operationally, it does also imply highly coercive effects: minorities cannot uphold a divergent position without ending up in the position of blocking seemingly universally beneficial progress for all. Consensual agreement to a declaration also entails that alternative views are not explicitly expressed in voting results. Future negotiations take place on the transformed grounds that every member seems to have actively supported. Prevailing criticism can now be “exposed” as inconsistent with one’s own position and non-compliance sanctioned.

Another aspect often ignored in system-maintaining analysis is that “private” differences between individuals also determine the degree to which certain policies affect one’s own situation. As Gramsci summarizes, “the idea that complete and perfect political equality cannot exist without economic equality (an idea to be found in other political writers, too, even right-wing ones...) nevertheless remains correct” (Gramsci 1971, p.258).

Thus, differences in forces and privileges are operationally very influential and not only in intra-state processes. Many decisions are pre-formulated in other committees before they enter the public arena. Gramsci called this “a ‘tacit’ party system, i.e. a ‘tacit’ and ‘implicit’ parliamentarism ... which functions like ‘black markets’ and ‘illegal lotteries’ where and when the official market and the State lottery are for some reason kept closed” (ibid, 1971, p.255). In the 1930s, he envisioned it to “be a theme which should be developed quite extensively”. These complex side-arrangements of political influence “reveal the points of least resistance, at which the force of will can be most fruitfully applied; they suggest immediate tactical operations; they indicate how a campaign of political agitation may best be launched, what language will best be understood by the masses, etc.” (Gramsci 1971, p.185). Giovanni Arrighi points to a similar aspect when discussing hegemonic leadership on a global scale: “the capacity of capitalist rulers to manage the balance of power to their own advantage depended crucially on a quasi-monopolistic knowledge of, and capacity to monitor, the decision-making process of other rulers” (ibid, 1993, p.157).

Part of this balancing act also pointed out by Gramsci is a preemptive public self-criticism that seeks to prevent “free” political struggle in an open exchange between political groups that could bring about unanticipated reproaches. Further, an explicitly self-induced consultation with experts and stakeholders demonstrates responsibility and interest in other points of view in the formulation of the general interest. Here it is important to note that conscious reflection on one’s own behavior in general is certainly not disregarded; Gramsci judged this performance in the particular context of competitive relations. According to calculating market logics, self-criticism often degrades into public relation strategies:

“But this is the nub of the matter; that the surrogate should be applied seriously, that the self-criticism should be operative and ‘pitiless’ – since its effectiveness lies precisely in its being pitiless. In reality it has turned out that self-criticism offers an opportunity for fine speeches and pointless declarations, and for nothing else; self-criticism has been ‘parliamentarised’” (Gramsci 1971, 255).

Such a preemptive and superficial demonstration of state spirit also mixes well with the co-optive mode of adopting an idea for one’s own use. It can provide a background that makes free or real political struggle appear unnecessarily slow or critical parties as overly hostile.

To sum up,

“theoretically the important thing is to show that between the old defeated absolutism of the constitutional régimes and the new absolutism there is an essential difference (...) Theoretically it seems to me that one can explain the phenomenon [of black parliamentarianism] with the concept of ‘hegemony’, with a return to ‘corporativism’” (Gramsci 1971, p.255).

Meanwhile, the transformation into an electoral instead of an appointing system did increase the interaction between the people and their legislators. Political parties needed to change from parliamentary clubs into vote-getting organizations. In order to mobilize voters, their policies must be aware of the concerns of ordinary citizens and offer a response to them. The essence of these new political systems was to “treat the people of a state as a society, a cohesive social grouping that constituted a moral and practical social system” (Taylor 2003b, p.107).

3.6.3.3 Educational reification of the state as the head of a community (Adopt (an idea or policy) for one’s own use)

The central mandate and objective of a state remains the cohesion and persistence of the society. To fulfill this mandate, a state combines coercive and consensual measures: it provides control of compliance and emergency intervention *ex post* while it provides concessions and preparatory intervention *ex ante*:

“every State is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level, a level (or type) which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes. The school as a positive educative function, and the courts as a repressive and negative educative function, are the most important State activities in this sense” (Gramsci 1971, p.258).

Constantine Tsoukalas provides a concrete example when pointing out that “[t]he first preoccupation of state intervention is thus to ‘convince’ people of the developmental ineluctability of ‘modernization’ via technocratic deregulation” (Tsoukalas 2004, p.184).

Gramsci called this “ethical” aspect of states their “positive” educative role. Military and police may enforce obedience or (temporarily) exclude non-conforming individuals from society, but educative programs train individuals to incorporate the established canon of knowledge and social logics into their own worldviews. As a result, they govern or self-discipline themselves accordingly. Those that cannot reproduce themselves in line with the established circumstances may be subjected to supportive programs, put into place by the government that should lead to the reintegration into the “normal” path of individual reproduction (Gramsci 1971, p.260; Poulantzas 2003, p.58; Robinson 1996, p.28).

This structural educational power of states provides a different form of control and coercion than the Weberian military monopoly. Forceful subordination necessarily involves direct surveillance and physical intervention. Compliance is guaranteed as long as immediate control is in place – or at least as long as the likelihood that nonconformity will be detected is high. Michael Mann distinguishes this “despotic power” from “infrastructural power”: “The first sense denotes power by the state elite itself *over* civil society. The second denotes the power of the state to penetrate and centrally coordinate the activities of civil society through its own infrastructure” (ibid, 2003, p.55). The latter refers to the ability to organize society through various logistical and qualitative strategies. Throughout the societal realm, particular political decisions are implemented in the form of educational programs and the selective support of relevant civil society projects. States control which type of educational system is publicly provided and which type of research is publicly sponsored, how many children will be trained in which subjects and for how long. Other educative measures include financial support or tax reductions for those subscribing to certain models of living such as monogamist marriages or full-time employment. Others explicitly designed for training purposes are, for example, courses for migrants or counseling of start-ups.

I am not saying that educational programs for individuals that struggle to behave in conformity with a society are bad; from a hegemony perspective it is crucial to point out, however, that conforming to a society does involve coercive moments and does translate into the active support of potentially exploitative relations. Gramsci recognized the way in which educational programs for subordinates support the image of benevolence on the part of the state while increasing conformance to the dominant social logics and worldviews. The result

is a strengthened unity supporting the functional compromise that the state safeguards and depends on.

The examples above describe the reproduction process of a particular world order and its corresponding worldview.

Charles Taylor points out that this reproduction also includes apparently neutral empirical research. According to Taylor, an “incestuous relation between social science and nation states” involves the entire practice of “state-istics” that directs societal research: quantifications and ratings are typically conducted along nation state borders, comparing one “box” to another. The data to be interpreted are often collected by state agencies that search for indicators and prognoses they can use in the design of *national* policies. “Basing ‘big social science’ on state-istics means that the state defines the basic dimensions of the leading-edge, ‘macro’ social research and therefore the framework within which most social research is conducted” (Taylor 2003a, p.57). Thus, the Western ideal of positivist, logical science helps the image and ontological justification of nation states to be reproduced through an *embedded statism* in our actual knowledge generation.

The modern ideal of synthesis instead of distinction attributes to a streamlining of new phenomena through the simple emulation of the established “scientific analysis” and problem-solving reform (see Taylor 2003a, pp.53-7). Particular forms of knowledge are stripped of their contingency “through the active simplification of the complex reality of places [and territories] in favour of controllable geopolitical abstractions” (Agnew and Corbridge 1995:48-9, here Brenner et. al. 2003, p.9). Government bodies actively participate in the cultivation of the national spirit in which the state’s general mandate and image resides.

As Poulantzas put it, “[t]he State does not confine itself to perfecting national unity, but sets itself up in constructing this unity – that is, in forging the modern nation. The State marks out the frontiers of this serial space in the very process of unifying and homogenizing what these frontiers enclose” (ibid, 2003, p.73). As a result, people feel they are adhering to the representation of a given community, though they are actually continuously establishing and reproducing or transforming this community in terms of its particular order, characteristics and scope themselves (Lefebvre 2003, p.87). Members subordinate themselves to the common good and the shared culture that drives the community towards a joint destiny. Such infrastructural power is typically strong in democratic orders that show little despotism.

Anderson also pointed to the socializing cultural-economic preconditions behind the “assembling process” of the national community: “What, in a positive sense, made the new communities imaginable was a half-fortuitous, but explosive, interaction between a system of

production and productive relations (capitalism), a technology of communication (print), and the fatality of human linguistic diversity”. The bridging “print-languages” less elitist than Latin and more sophisticated than spoken vernaculars laid the bases for unified fields of communication and comprehension that fostered the development of national consciousness (ibid, 1991, pp.43-4).

Such unified fields of communication and comprehension are of fundamental importance for the general function of states: “only in connection with this particular religion can this particular political constitution exist” (Hegel, quoted by Gramsci 1971, p.146, fn 31). Thus, “this Spirit of a People is a *determinate* and particular Spirit, and is (...) further modified by the degree of its historical development. It constitutes the basis and substance of those other forms of a nation’s consciousness” (Hegel, quoted by Gramsci 1971, p.146, fn 31). Every modification must have historically determining, meaning:

“What the idealists call ‘spirit’ is not a point of departure but a point of arrival (...) it is the moving towards concrete and objectively universal unification and it is not a unitary proposition“ (Gramsci 1971, p.446). “This organic continuity requires a good archive, well stocked and easy to use, in which all past activity can be reviewed and ‘criticised’. The most important manifestation of this activity are not so much ‘organic decisions’ as explicative and reasoned (educative) circulars” (Gramsci 1971, p.196).

Meanwhile – possibly even more important for the feeling of comradeship within a community - prominent powerful players explicitly support educative measures, adding to the impression of benevolence and virtue that Gramsci stressed for hegemonic leadership:

“In view of the fact that the identity State/class is not easy to understand, there is something strange about the way in which a government (State) is able to reflect back upon the class it represents, as a merit and a source of prestige, the fact that it has finally done what should have been done for fifty years and more – and which should therefore be a demerit and a source of shame. One lets a man starve until he is fifty; when he is fifty, one finally notices him. In private life, such behaviour would warrant a good kicking. In the case of the State it appears as a ‘merit’” (ibid, 1971, p.269).

This paragraph should neither be understood as condemning joint codes of conduct, canons of desirable education, certain criteria for self-discipline, nor as portraying educative efforts as betrayals. From a philosophy of praxis perspective I do find it important to reflect on the origin and effects of such educative means, though; they may empower recipients to make deliberate decisions but can also keep them on a level of pure conformity.

Gramsci, for example, saw laissez-faire liberalism as the crucial worldview that allowed for intra-leadership coalition changes without challenging the overall control of capital owners:

“What is at stake is a rotation in governmental office of the ruling-class parties, not the foundation and organisation of a new political society, and even less of a new type of civil society” (Gramsci 1971, p.160). The “function of the Crown” remains untouched while the content of educative programs and coercive measures are changed along with the socio-economic restructuring.

For the performance of a state, this “capacity to hide its own shaping effects on social relations is absolutely essential to its operations of sociospatial regulation, control and domination” (Lefebvre; referred to by Brenner et.al. 2003, p.11). It allows for the necessary perception of “duration” that feeds state spirit and the willingness for personal sacrifice for a greater good (Gramsci 1971, p.146; also Taylor 2003a, pp.52-56, Robinson 2004, p.91). The hegemonic Weberian image of liberal democratic nation-states contributes to this spirit. Gramsci deconstructs its social effectiveness as follows:

“A collective organism is made up of single individuals, who form the organism in as much as they have given themselves, and actively accept, a particular hierarchy and leadership. If each of the individual members sees the collective organism as an entity external to himself, it is evident that this organism no longer in fact exists, it becomes a phantasm of the mind, a fetish. (...) The individual expects the organism to act, even if he does not do anything himself, and does not reflect that precisely because his attitude is very widespread, the organism is necessarily inoperative [in his original intent]. Furthermore, it should be recognised that, since a deterministic and mechanical conception of history is very widespread (a common-sense conception which is related to the passivity of the great popular masses), each individual, seeing that despite his non-intervention something still does happen, tends to think that there indeed exists, over and above individuals, a phantasmagorical being, the abstraction of the collective organism, a kind of autonomous divinity, which does not think with any concrete brain but still thinks, which does not move with specific human legs but still moves etc” (Gramsci 1971, p.187, fn 83).

3.6.4 Summary

The above discussion has shown that procedural institutionalism conceptualizes states as institutionalizations of power-biased social relations. These organizations have the mandate to organize human co-living in a manner that guarantees societal persistence. In relative autonomy from civil society legislators, democratic governments issue political strategies whose adequacy or necessity are publicly justified. This mode of rule is also characteristic of universal international organizations that operate through consensus amongst formally equal partners. The *general* function of states is therefore transferable to these bodies: increasingly

transnational social relations and multinational collective wills create and use international organizations as spaces for policy making and rule establishment. Though not as developed bureaucratically as nation states, currently emerging global polity nevertheless holds a similar mandate of cohesion. As Lefebvre sums up, “each state claims to produce a space wherein something is accomplished - a space, even, where something is brought to perfection: namely, a unified and hence homogeneous society” (1991, p.281 - here Brenner et.al. p.9). Such a homogeneous society or imagined community can be created and cultivated on any defined scale of political action.

“The assertion that the State can be identified with individuals (the individuals of a social group), as an element of active culture (i.e. *as a movement to create a new civilization, a new type of man and of citizen*), must serve to determine the will to construct within the husk of political society a complex and well-articulated civil society, in which the individual can govern himself without his self-government thereby entering into conflict with political society – but rather becoming its normal continuation, its organic complement” (Gramsci 1971, p.268, my emphasis).

The three reproductive dualities have pointed to agential, knowledge-based, and structural mechanisms effective in these processes. The discussion has also pointed out that state forms “are liable to change over time through measures to reduce or increase the number, scale, and scope of administrative and political units and/or to redesign and allocate their tasks and responsibilities” (Brenner et.al. 2003, p.9). As historical institutionalists argue, “the same formal structure may certainly endure, albeit infused with a different meaning by value change” (Peters/Pierre 1998, p.270). This means that the same legitimized institutional images may be upheld, albeit now being carried out with different practices. Referring to state spirit in the sense of perceived unity once more, it is at once the precondition and outcome of such processes: it “presupposes ‘continuity’, either with the past, or with tradition, or with the future” (Gramsci 1971, p.146). Concretely, this means that negotiation and institutionalization processes continuously *transform the entire framework for action for future development* - even though well-established and legitimated structurations and images may appear to remain unchanged. The discussed reproductive dualities of statehood are procedures that ease gradual, calibrating shifts in the content of the agreements without questioning the general form and its image. They support the general mandate of cohesion and help to explain why consensual leadership prevails in unequal communities.

The missing ingredient needed to complement the unique characteristics of states and their role in hegemonic leadership is their gatekeeping function as discussed in the chapter on hegemony. These decide who can exert law in the name of law:

“the problem of assimilating the entire groups to its most advanced fraction; it is a problem of education of the masses, of their ‘adaptation’ in accordance with the requirements of the goal to be achieved. This is precisely the function of law in the State and in society; through ‘law’ the State renders the ruling group ‘homogeneous’, and tends to create a social conformism which is useful to the ruling group’s line of development. (...) In practice, this problem is the correspondence ‘spontaneously and freely accepted’ between acts and the admission of each individual, between the conduct of each individual and the ends which society sets itself as necessary - a correspondence which is coercive in the sphere of positive law technically understood, and is spontaneous and free (more strictly ethical) in those zones in which ‘coercion’ is not a State affair but is effected by public opinion, moral climate, etc.” (Gramsci 1971, p.196)

3.7 Legalization to armor particular programs

Organizations “are particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities” (Cox 1981/1996, p.99; also 2004 pp.309-10). Although the creation of institutions implies compromise, their goals and procedures will reflect power relations at the inaugural moments: dominant enactors will have influenced the constitutive processes according to their particular worldviews and interests which the resulting laws and rules then stabilize. The established political procedures have a selective impact on what appears viable, justifiable and desirable – be it the conduct of political negotiations or the content of political proposals. Once established rules and laws become common references for solving future contradictions.. The Gramscian expression “armoring by law” therefore refers to the moment at which a particular collective will or party succeeds in promoting its interests so that they become officially institutionalized as government program:

“We need to remember that the global dispersal of production, distribution, and consumption is taking place with the active participation of legal actors and legal forms. These processes of global marketing and restructuring are constructed, and can only be constructed, with the collaboration of law” (Silbey 1997, p.227).

The effect of legalization from a hegemonic perspective therefore includes legitimacy, enforcement and management.

Legitimacy has two canonized meanings that are telling in this context: “allowed by law or rules” (Oxford Dictionary 2001). If something is considered wrong according to the law, it is also likely to be perceived as damaging or negative for the entire society’s wellbeing. The idea of *adjudication* refers to these aspects: decisions are more likely accepted if they draw on universally valid parameters and are issued by a third party without stakes in the conflict.

From a liberal democratic perspective, then, conflict solution is additionally de-politicized through postulated neutrality, the autonomy of the legislative body and an individual equality in front of the law (see List/Zangl 2003, pp.272-5). Processual scholars criticize these positive law assumptions for the same reasons that they reject the split of economic markets from socio-political life.

“Just as nineteenth-century political economy elevated markets to the status of the paramount institution for distributing rewards on a supposedly neutral and apolitical basis, so too private law came to be understood as a neutral system for facilitating voluntary market transactions and vindicating injuries to private rights” (Horowitz 1982, quoted by Cutler 2001, p.138).

The 19th century liberal art of separation expanded into further disciplines: subjective private actor behavior is differentiated from the objective exercise of jurisdiction. Empirically, however, legal texts do not exert themselves impartially, but are interpreted by a human being whose decision is impacted by his or her broader, continuously changing framework for action.

The second definition of legitimacy has more of such a process-character: “able to be defended with reasoning” (Oxford Dictionary 2001). Here the intersubjectively constituted explications of what is appropriate, right or wrong are given attention and remind us that, after all, laws are socially constructed out of a contextually specific “necessity”. Silbey concisely summarizes the constitutive and processual elements in legalization:

“Because legal action is not rule bound but *situationally responsive*, it involves extralegal decisions and actions; thus, all legal actors operate with discretion. (...) In exercising this inevitable discretion, legal actors respond to situations and cases on the *basis of typifications* developed not from the criteria of law or policy but from the *normal and recurrent features* of social interactions. These ‘*folk*’ categories are used to typify the variation in social experiences, in an office, agency, or professional workload and to channel appropriate and useful responses. These typifications function as *conceptual efficiency devices*” (Silbey 1997, p.231, my emphases).

Even though the chosen terms are different here, they resemble the forces that Neo-Gramscian scholars discuss in changing “frameworks for action”: institutions, ideologies, practices material capabilities and institutions.

Gramsci himself illustrated the fraudulence of universal objective law assumptions using a theatre metaphor: “different readers according to changing circumstances can generate alternative readings of a text, but the text itself – the ‘printed’ book form – has an independent existence separate from its readership” (Morton 2003, p.125, referring to Gramsci 1985,

pp.140-2). This is why critical scholars encourage a differentiation between justice and legalization. The former may seem to serve as a norm for holding jurisdiction accountable for its performance, but it remains “an elusive and slippery gauge”. Claims of justice can both challenge and underwrite legal power and notions of justice and normative correctness have varied with different social and legal orders (Young & Sarat 1994), here Silbey 1997, p.209). Procedural scholars therefore urge the differentiation between the structural *form* of legalization and the ideological *content* that these rules defend: “armoring” biased policies by law should not be sanctified through the universal normative desirability of “rule-based” relations. Further, universal one-size-fits-all definitions of rights and obligations are (dis)advantageous for individuals to differing degrees, with regulation for some often translating into deregulation for others: national governments may appear to lose governing authority, but this authority does not evaporate; it is simply taken over by private “legislators”. A discussion of *justice* through legalization therefore should not separate form from content. This is why procedural scholars call for output-legitimacy in the sense that policies should be judged by their social effectiveness.

In scholarly debate, however, the normative criticism concerning neglected output legitimacy has been countered with arguments such as the challenge through constructivism (see part I). Once more, Keohane uses an undifferentiated abstracted concept of economics – trade as a public good – to provide a normative ethical justification of legitimacy:

“Legitimacy in terms of outputs – *liberalized trade, widely beneficial to all, including the poor* – may be inconsistent with legitimacy in terms of inputs, involving transparency and accountability. It is still unclear what form of governance on issues related to trade could be developed that would be sufficiently transparent and participatory to be legitimate, yet effective enough to solve pressing problems of inefficiency and the poverty that is accentuated by inefficiency” (Keohane 2002, p.16).

This definition eradicates the concept of output legitimacy of any *substantive* empirical, normative or political meaning. In practice, this philosophy enables leaders confronted with output criticism to turn the argument on its head: instead of questioning the premises of the dogma and norm of neoclassical trade, the lack of benefits is assumed to be the result of inadequate governance. The dogma and content are unequivocally legitimate, merely the form of their implementation may threaten universal progress. Many discussions of transparency and accountability have been silenced by this neoliberal efficiency-democracy trade-off argument.

Unlike in rivalry approaches, legitimacy here is seen as a qualitative element of governance procedures in which form and content are continuously calibrated. Rules in and of themselves

are neither just nor do they automatically favoring a particular individual but remain integral parts of political strategies. We see that definitions of realms of influence and authority continually shift between the public and the private. Generally speaking though, regime-makers tend to benefit more from established rules than regime-takers. Giorgio Agamben points to such structural power differences between rule-makers and –takers in drawing a distinction between *representation* and *presentation*. The former is reduced to a formal membership and the right to vote for one of the proposed alternatives. The latter is truly integrative and would necessitate participation in the processes generating the proposals. Moreover, only presentation during constitutional phases would ensure that the design of the political procedures and structurations reflects individual differences so that equal chances to assert interests can emerge (ibid, 1998, p.22).

In summary, the conflation of universal legalization with justice is equally superficial as the conflation of law existence with objective jurisdiction:

“Although human experience of law and justice are variable, each of the differing stories told about law and justice claims to describe a single uniform phenomenon, erasing the plurality and heterogeneity that may be a source of the depth and durability of legal institutions” (Silbey 1997, pp.210-1).

Integrating again the stories or worldviews with agents and structures, dominant positivist law assumptions support the hegemonic leadership of the enacting norm entrepreneurs. The modern image of an impartial authority constituted for the safe-guarding of general interests helps to legitimize the output of these institutions. Yet, the interventions of these collective agents are guided by their image and in this way tend to reproduce it. Power-based instrumental views on transnational regulation do not acknowledge this relative autonomy of states and therefore underestimate the complexity of political struggles. Convergence approaches, on the other hand, similarly subscribe to positive-law assumptions and underestimate the streamlining effect of supportive *management* systems that “help” new members to comply. Recently, however, even rational mainstream scholars have mentioned that legal standards, procedures, norms, etc. not only limit the behavior of powerful agents, but also provide constitutive measures that *enable* certain practices for certain actors (see List/Zangl 2003, p.365).

3.8 International organizations as state spaces in leadership struggles

As Marx noted, “the relations of production in their totality constitute what are called the social relations, society, and specifically, a society at a definite stage of historical development” (Marx 1962, p.90, here Clarke 1991, p.84). Individuals are born into such

relations, including all institutions bombarding them with rules and norms that will mold and constrain their activities and behavior. These institutions are not separate from social collectives but instead depend on the activities and thought patterns of individuals for their reproduction. “Institutions are perpetuated not simply through the convenient coordination rules that they offer. They are perpetuated because they confine and mold individual aspirations and create a foundation for their existence upon the many individual minds that they taint with their conventions” (Hodgson 2006, p.7). The resulting self-reinforcing effect is not an automatic one: any social structuration is ontologically dependent on human action and acceptance. Thus current superstructural moments are an essential part of the overall capitalist production process: constitutions and regulations provide and secure specific preconditions for capitalist accumulation and reproduction and are subject to struggles over control and influence in societal development (Jessop 2005a, p.6).

3.8.1 State spaces as fixations of functional compromises

States are political institutions that fulfill the general function of securing societal cohesion and serving as universal reference points for the organization of cooperative coexistence. In order to mediate conflicts between members or to suppress attempts at disobeying the general rules, states hold a monopoly on legitimate coercive intervention. For nation states this is defined as the use of physical force and military, while broader definitions of coercion would include monetary sanctions or other compulsory measures as well. Irrespective of the concrete measures, state power always rests on a constitutionally defined agential authority that fulfills the given mandate in relative autonomy from other actors. Mann therefore defines state power as originating from “necessity”: in addition to normative codes of conduct, some central rules were fundamental for the implementation of a particular division of labor; “most societies seem to have required that some rules, particularly those relevant to the protection of life and property, be set monopolistically, and this has been the province of the state”. Therefore, “necessity is the mother of state power” (ibid, 2003, p.58). This “necessity” should not be equated with an evolutionary or power-blind learning perspective, however; to processual scholars, the definition of what is necessary or of general interest is an integral part of social reproduction processes. Commodification, for example, depends on “necessary” definitions of what can and should become a tradable good.

From this point of view, necessity is similar to “justified”. In democratic collectives, state intervention and the application of coercive measures usually must to be justified in reference to established norms and values in order to be accepted. Voluntary obedience to obligations

and rules depends on such legitimating frames (Brand 2006, p.152). Thus, concrete state performance and the means of power remain subject to socio-political struggles driven by continuous changes in collective images, intersubjective meanings, practices and material capabilities in all strata of society. Over time, the importance and impact of certain institutions in these changing frameworks influence their degree of resilience and the likeability of socio-political change. There exists a continuous interaction between strategic scales, coalitions and discourses by which the relative flexibility or fixity of certain elements and forces are determined (Jessop 2005a, p.39).

Bob Jessop (2005) defined the character of state power in a way that I find very suitable for expressing this complexity. It combines macro-necessity with micro-diversity to explain the co-existence of a striking diversity of micro-relations under one overarching macro-social order that organizes their collaboration and cohesion. Every such macro-solution contains and ignores a range of elements that continue to exist within the structured societal realm, provided that they do not challenge the overall functional compromise. Meanwhile, this relative autonomy of micro-relations has its limits, as most are isolated only up to a certain degree: these are usually integrated over longer chains of interdependence that limit their autarky and freedom for change (Jessop 2005a, p.38). From this perspective, any “global” strategy – here meaning integrating or unifying – translates into an attempt to pre-structure the field within which smaller entities may then develop their particular solutions. These “smaller” fixations of political action nevertheless remain potential loci for upheaval and the initiation of strategies challenging the macro-order. Further, every fixated macro-order is only “global” in relation to the smaller units within its scope of influence and may itself be or become a small unit within an even more ambitious strategy (ibid, p.40). This definition of framing embeddedness and the changing degrees of resilience resembles the analytical distinction between macro-, meso- and micro-structurations proposed by Bieler/Morton (2001, p.26) in their Gramscian ontology (for discussion see part I). From this perspective, each state pre-structures the field of possible action for subordinate units. This makes global or universal governmental bodies more influential in global development than smaller institutions. This distinction is similar to that between national governments and civil society organizations in Gramsci’s writings. The former provide rule systems and normative orientations of relevance for the entire society, while civil society organizations (re)produce and promote particular collective wills.. States integrate and relate micro-solutions so that they are unified to an extent that secures the overall reproduction of the defined community.

(Brand 2006, p.304). Gramsci's gradual division of legislative competencies discussed in the chapter on hegemony describes this from an agential perspective.

Poulantzas (1978) first introduced the term meta-governance in his analyses of the nation state, but Jessop referenced the core assumption to current global polity formation:

“For governments (on various scales) are becoming more involved in organizing the self-organization of partnerships, networks, and governance regimes. They provide the ground rules for governance; ensure the compatibility of different governance mechanisms and rules for governance; ensure that compatibility of different governance mechanisms and regimes; deploy a relative monopoly of organizational intelligence and information with which to shape cognitive expectation; act as a court of appeal for disputes arising within and over governance; seek to re-balance power differentials by strengthening weaker forces or systems in the interests of system integration and/or social cohesion; try to modify the self-understanding of identities, strategic capacities, and interests of individual and collective actors in different strategic contexts and hence alter their implications for preferred strategies and tactics; and also assume political responsibility in the event of governance failure” (Jessop 2000, p.14)

We see that this organizational strategy entails coercive as well as consensual or educative aspects. In order for these to be accepted and supported, they must be developed in terms of the contextually specific constellation of forces, including worldviews.

We currently face a re-scaling of political action. Many decisions - though formally led by the national governments – are made in supranational bodies and without the participation of democratically elected leaders. These decisions have a direct impact on regional, national or local levels of policy-making. The installation of transnational reproduction processes requires institutions to establish a global market logic in new geographical areas and in new social dimensions. For this purpose, existent regulations need to be changed – or overwritten.

3.8.2 Neoliberal world order transformation

Our current world order is a temporary combination of thought patterns, material conditions and institutions that both limit and enable human agency. Political decision-making takes place in “a highly disaggregate system of many ‘overlapping spheres of authority (SOAs)’ distinguished by actors, activities, and exercise of authority” (Rosenau 1999, p.295, here Fuchs 2002, p.11). Political leadership in these orders necessarily involves institutionalization, be it dominating or hegemonic in character.

The installation of the neoliberal socio-economic program as the common political path for future development was and is core of the reproduction of capitalist relations under the leadership of Western or US parties. This should be understood as a long-term project still

promoted and defended by way of institutionalization. Gill called the emergence of neoliberal meta-governance on global scale “New Constitutionalism”: “Constitutions define, describe and outline the rights and obligations of citizens; common policy-making institutions with authority over the entire polity; the limits to and the scope of action of these institutions; and of course, enforcement mechanisms and ratification and amendment procedures” (Clarkson 1993, quoted by Gill 2003, pp.132-3). The common worldview for legitimating these changes was best summarized in the 1990s by the “Washington consensus”. This declaration defined how to make the entire world available for capital accumulation and which institutions were required to install and protect this form of reproduction in non-capitalist regions or non-commodified issue areas (Robinson 2004, p.82). The dominance of this collective will and of its supporting political parties has been installed in country after country through selective alliances with privileged subordinates. Advocates of alternatives were often even forcefully subjugated or excluded from the “decisive nucleus” of global policy-making (Murphy 1994, p.237). Transnational networking and the strategic application of forces have supported various movements for targeting national state apparatuses since the 1970s. They prepared the grounds for a greater political transformation during the critical juncture (organic crisis) in the 1980/1990s when economic slow-down opened the political room for more significant changes. Key ministries and bureaucracies in national policymaking, especially central banks and finance and foreign ministries, started to promote the neoliberal paradigm nationally and internationally. Governments began to advance neoclassical interdependence through new global treaties and institutionalization, which involved the restructuring of national societies to integrate them into a global capitalist economy. Additionally, many political restrictions on the choices of economic actors were rolled back, extending the private sphere of negative freedom and legitimate egoistic choice. This development was not the outcome of natural human evolution: “Laws could be changed only if the bodies that passed them were controlled; this meant that in order to take the corporation out of the public sphere and place it in the private one, the industrialists had to enter the public sphere themselves” (Panitch 2004, p.13; also Robinson 2004, p.49). Economic, intellectual and political groups and individuals from various countries sharing similar daily realities and worldviews have become the ruling fractions in a new partition of the world population. Below these transnational elites, supportive capital owners exercise very little real power but are content with their share of growing material wealth. This “mass element” of followers and civil legislators forms a fragile buffer for the deciding generals against the world’s poor majority excluded from cooperative gains (Robinson 2004, pp.75-6).

To avoid the connotation of a conspiracy I wish to note that this is merely a rough description of world order as previously given in the comparative chapters in part II. I do argue that those actors controlling the most valued forces of reproduction are usually those best able to promote their interests. Dominance in one sphere such as economic production, however, does not automatically translate into dominance on other levels, nor does the possession of power automatically translate into benefits from new agreements. Social development is an open-ended yet node-oriented history in which every unique reproductive contradiction determines the concrete constellation of forces, actor coalitions, scales of impact and resulting state spaces. Politics are a reciprocal struggle in which originally weak collective wills may gain momentum through unexpected combinations of forces. Further, such changes may be initiated on the micro-scale and involve highly decentralized coalitions. Meanwhile, all political action is constrained by our current mode of reproduction and its accumulation logics as well as our currently dominant worldviews and their discursive logics.

Thus, many powerful collective wills do not succeed. *Hegemonic strategies* may establish leadership by consensus in a particular global state space, but “what is still an open question is how far this core can be expanded to incorporate more states and interests from the periphery within an emerging transnational historical bloc” (Gill 2003, p.112).

Therefore, when we speak of transnational hegemony, this does not mean that hegemonic power operates in a uniform manner around the globe. The interesting question is *where* influential political decisions are being made and *how* concrete contradictions are mitigated. In order to understand the concrete role and function of particular institutions in this context, it is crucial to recognize how their images influence the legitimacy of the policies they issue. Particularly the image of democratic procedures has become a very powerful force when it comes to the justification of particular solutions. Most mainstream theory and popular discourse celebrates this *form* of politics as best practice and separates it from the *content* of the socio-economic relations that it promotes.

3.8.3 Democratic state spaces and global polity formation

Critical scholars point out that those procedures *labeled democratic* have changed immensely. The originally legitimizing idea behind self-governance of the people is far from our experienced reality.

Today most political participation is reduced to functional processes that allow for effective problem solving with the goal of legitimacy. Politics are only necessary where the market fails or when the jurisdiction is no longer capable of ensuring that the code of conduct suits

the reproduction process. Any emphatic view of democracy as self-governance and auto-centric development has vanished from dominant debate. The question of whether the majority of the world's population supports the path of an integrated world economy and capitalist production logics is also a thing of the obsolete past. The majority of people ultimately affected by the decisions made on the global scale neither follows the negotiations nor actively agrees with their outcomes. The implementation of new programs and the attenuation of resulting conflicts are the responsibilities of traditional governments. Their mandates are redefined to the integration of the national economy into global production circuits. The discourse of national competitiveness plays a crucial role in all capitalist countries in defending coercive means of control and diminishing support for wage-taking groups. Robinson therefore speaks of a system of *polyarchy* in which a small transnational collective will or party engages in New Constitutionalism while the role of the majority of nationally elected representatives is confined to legitimizing the elite outcomes through formal procedures of democratic acceptance (Robinson 2004, p.82). This system of polyarchy shows a pattern of "scattered hegemonies". Competing collective wills comprised of global economic institutions, states, cultural organizations and households pursue their own reproduction and engage in negotiations when this strategy collides with others. Institutions are common referents in those struggles, stabilizing particular compromises. State spaces like international organizations are *anchoring nodes* in a continuously changing world order that facilitate *hegemonic leadership* in competitive relations of reproduction.

The selective inclusion of elitist civil society and publicly engaging with criticism promotes and reproduces the myth of benevolent leaders working for an impartial general interest. Friedrich Kratochwil (2002) summarizes the selective distribution of rights and obligations in liberal democratic communities in the following anecdote:

"Modern networks might select their 'members' differently than previous groups – here place and origin do not play a role, as opposed to interests and affinities – but these networks select nevertheless and perhaps even more decisively so. The old French joke that the modern state guaranteed to the rich and the poor an equal right to sleep under the bridges of Paris has a new twist: by the magic wand of a PC we now can make those under the bridges voiceless and even invisible" (Kratochwil 2002, p.34)

Meanwhile, the conceptualization of states as (independent) subjects facilitates the avoidance of the question of who or what actually conceptualizes or produces policies and law. Processual scholars point out that "the fragmentation of relatively autonomous sovereign territorial political jurisdictions thus corresponds to the interests of deterritorialized capital" (Tsoukalas 2004, p.186).

From a procedural view, then, some currently hegemonic IR concepts have the effect of ideological iron cages. A historically specific political phenomenon for the establishment of social compromises under capitalism – a liberal democratic nation state - is transformed into a fictitious macro-agent and introduced into theory and research as a fixed “scientific” variable. As Anderson puts it, “[t]he great weakness of all evolutionary/progressive styles of thought, not excluding Marxism, is that such questions are answered with impatient silence” (ibid, 1991, p.10). An interpretive reading of Marx combined with the hegemonic scrutiny of state spaces provides some answers for a differentiated analysis of global polity. The following chapters offer some of them.

4 Reading the WTO through a procedural lens

This chapter offers a first analysis with my Gramscian approach. Here I would like to reemphasize that a processual framework of analysis includes the dominant mode of reproduction, the established social practices and ideological frames, central forces and agents and regulatory institutional manifestation and fixation of certain political programs (for discussion see part I and also the introduction to this part). The discussion also refers to the caveats I expressed during the reviews of the mainstream studies in part II. I have condensed the core findings into four points and will discuss these before the empirical exemplification of the Gramscian logic of transformation in chapter 4.4. The first two points explain the way in which the origin of the diagnoses of apparently irrational or inappropriate behavior often lie in the liberal art of separation inherent in perpetual and adaptive paradigms. Points three and four emphasize how this theoretical limitation has led to progress-dispositions in system-maintaining methodologies for analyzing institutionalization. The resulting teleological biases hinder rivalry and convergence approaches from consistently explaining changes in international relations. The caveats I have regarding the system maintaining studies previously are:

1. The theorization of political development separate from or in reaction to economic development. A consistent political-economic view is not applied in explaining cooperation processes.
2. Focus either on the form or the content of cooperative agreements. A consistent and historically sensitive integration of these two components of social order is missing in explaining institutionalization processes.
3. Ontological switches when explaining agreement. To accept free trade as a public good is the necessary central premise if WTO agreements are to be rational self-

interest calculations or general interest normative consensus. Many studies analyze how protectionists can be subjugated or persuaded to accept this perspective: the same claim appears as a fixed variable and as an individual perspective at the same time.

4. Teleological predictions of development and collective actor reifications. Based on structural and normative ideal types, methodologies of deduction and induction lead to tautological circles when explaining cooperation.

With reference to the concepts developed above, several focal points will also be considered: in the search for additional insight pertaining to covered structural, ideological and agential moments. What role does the image and norm of liberal democracy and multilateralism play? How well established is neoliberalism with its general-interest dogma of free trade? Who is claimed to be making what kind of decisions and by which standards is this distribution of authority defined? The first four chapters address these points in the order listed above. My answers are based on a more general historical contextualization and concretely refer to the JSTOR studies on the WTO (Smith 2004, Sell/Prakash 2004, Narlikar 2002, Graz 2004, Wolfe 2004) belonging to the processual paradigm (for selection of studies see part II). The final exemplification of the logic of transformation additionally includes personal observations I made during the WTO ministerial conferences in 2003 and 2005.

The final chapter 4.5 reinterprets two empirically rich JSTOR studies to show that the Gramscian approach can explain an individual narrative consistently. These qualify as “border cases” in my categorization, but their rivalry and convergence elements are more dominant than the procedural ones (Drake/Nicolaidis 1992 and Kapoor 2004). I claim that the dual perspective of Gramscian hegemony can theorize the questions left open by the two dominant schools.

It is once again very important to point out that I do not wish to decry any single author. My goal is to test new analytical concepts and to *problematize our currently hegemonic ideals, standards and paradigms* in terms of their effects on social reality. I side with Ole Weaver in saying that “images of the internal battlelines do exist and they have effects. We should take seriously the question of how they function, what they are, and what could be achieved by trying to reshape them” (ibid, p.7). I acknowledge that other scholars hold different views in this regard and I would be particularly interested in feedback from the authors reviewed here. An extensive field study should then investigate the experienced reality of those directly involved: “The philosophy of praxis is absolute ‘historicism’, the absolute secularisation and earthliness of thought, an absolute humanism of history. It is along this line that one must

trace the thread of the new conception of the world” (Gramsci 1971, p.465). These steps lay beyond the scope of this thesis, however.

4.1 Integrating the economic with the political

This chapter provides a historical-contextual overview of the historical conjuncture in which the emergence of the WTO took place. The following subchapters should all be understood in this context and focus on more particular issues such as legalization, worldviews and the general role of institutions in socio-economic development.

A processual ontology integrates structural and agential drivers of change in the analysis of collective reproduction. Its starting point is the natural state of human existence, the application of labor for the generation of goods. Every *mode* of production determines its own typical *relations* of production and these combine to form a social order (Brand/Raza 2003). THM scholars usually refer to the current order as flexible post-Fordist regimes with instable and often changing work relations. While this may be a certain freedom or “catharsis” for some actors, the majority of the world’s population is part of a group that Cox describes as consisting of “relative disposable short-term, temporary, part-time, subcontracting, putting-out, and underground-economy producers” (ibid, 1991/1996, pp.196-7). He claims that the broader social relations in this order show a pattern of “peripheralization of the core”. The terms “periphery” and “core” originally had a geographical meaning: the core included wealthy nations with a fairly stable political compromise on the distribution of wealth and the periphery included poor countries that showed little autonomous growth and were considered to be dependent on the economic power of the core. Cox now changes this geographic clustering to a social one cutting across territorial boundaries: within every nation, including the rich countries, a relatively small core of worldwide personnel remains closely integrated with the means of production while a fragmented and growing periphery of employees or unemployed lives under precarious income conditions (ibid, 1996, pp.196-7). This means that shared interests and actor coalitions change as well. The proximity of second order interests that emerge from every individual’s personal reality (for discussion see the chapter on collective wills) is as much in flux as the changing relations themselves. Those who initiate cooperation may not think in national terms any longer, as the dominant view on our world order now depicts it as consisting of individualized rational exchanges in potentially global markets. The third subchapter discusses these socio-political and cultural social practices and frames in more detail. Here I want to challenge the liberal art of separation in which markets simply function without the influence of politics. It is a political decision that determines

which resource, good, skill is considered to have value and will therefore be able to generate a price in the market. Further, the notion of a natural state in which non-discriminating competition throughout a global market prevails is highly fictitious and yet underpins the economic calculations that justify demands for market deregulation. The following brief analyses of system-critical scholars draw a more differentiated and highly political picture of our global market. This is an extremely short excursion; for more detailed elaboration I recommend the studies and compilations of Panitch/Leys/Zuege/Konings 2004, Brand/Raza 2003, Saad-Filho 2003, Panitch/Leys 2004.

4.1.1 Economic interests across all boundaries

Financial and thereby productive interlinkage amongst OECD countries has always been greater and continually increases compared to that with the rest of the world - especially between the triad of North America, Europe and Japan. The investment patterns between the core countries, for example, show a high degree of cross-investment, meaning inward and outward direct investment and corporate takeovers in a rather friendly design. Between 1991 and 1998, the US alone has attracted double the amount of Foreign Direct Investment (FDI) than all developing countries together (Robinson 2004, p.24). This is mostly due to a qualitative shift in the pattern of international corporate expansion. In the mosaic world order, nationally oriented firms and reproduction circuits competed in the world market while subject to national political protection. Today, conglomerates invest and generate profits transterritorially - even though their ultimate control remains located in headquarters culturally and politically affiliated to their home countries (Robinson 2004, p.55; Tsoukalas 2004, p.180). Between 1983 and 1995, all of the top 200 Transnational Corporations (TNCs) resided in either the US, Europe and Japan, with Germany making up one third of Europe's 30% (Anderson/Cavanagh 2000, p.8). These *private* corporate entities now have an essential influence on global development, as their share of the Gross Domestic Product (GDP) has increased from 17% in the mid 1960s to 33% in 1995 (UNCTAD 2001, quoted by Robinson 2004, p.55; also Tsoukalas 2004, p.179).

A closer look at the quality of global market exchanges shows that only one third of worldwide trade qualifies as competitive *arm's-length* trade over open markets, while the remaining two thirds are *intrafirm* exchanges among branches of single TNCs or planned trade initiated between TNCs⁵⁷ (Jetto-Gillies 2002, here Robinson 2004, p.28). Thus, even though much of economic theory, such as international trade or price theories, is based on the

⁵⁷ These three types of trade are distinguished by the United Nations Conference on Trade and Development (UNCTAD).

idea that the market operates solely through arm's-length trade, the global economy is a decidedly non-free-market economy determined by competitive forces: it far more closely resembles a planned oligopolistic economy. "The vast majority of largest privately-owned firms operate in transnational networks of production, and in turn *generate lower-level networks of trade and production* that engage in a significant proportion of formal-sector workers everywhere" (Radice 2004, p.169, my emphasis). Regulation for these lower-level networks is predominantly established by transnational firms; private entities that particularly enjoy decisive influence in countries with weak governments or monitoring systems.

Newly emerging proximities of interest and the formation of a new class-for-itself or collective will have also been witnessed: in 1970, transactions in bonds and equities across US borders amounted for 3% of national GDP and reached 164% by 1996. Such foreign direct investments are usually of interest to big capital owners, but more and more small individual investors learned the rationale of shareholder-value by way of portfolio investments and pension funds. In 1985, individual investors held 57% of the shares of North America's largest corporations, with institutional investors accounting for the remaining 43%. Within a decade this number had been reversed, with mutual funds in Canada increasing their value 16-fold during this period (Seccombe 2004, p.204).

These investment models combined smaller chunks of money and applied them in a variety of financial assets and transactions, which led to the situation in which the stock brokerage firms and mutual funds now control immense purchasing power. The service of funds managers are bought with the goal of higher returns on the investments; little interest in any of the firms affected by the transactions is found on the side of the indirect investors or that of competing service providers (Robinson 2004, p.25; Seccombe 2004, p.204). As a result, finance or investment capital exerts control over industrial or production capital: short-term profit maximization and therefore high shareholder returns become the overriding goal of business strategies depending on monetary loans. However, while money managers wield immense power *in* financial markets, the logics *of* these markets restrict the freedom of choice for these actors as well (Seccombe 2004, p.204).

Meanwhile, technological advances and the computerization of long-distance financial transactions have made investment processes faster and easier and were paralleled and pushed by the political deregulation of cross-border capital flows. Today, stock and financial asset exchanges take place around the clock, worldwide and in real time (Seccombe 2004, p.195; Robinson 2004, p.26). The result is a new, globally integrated financial system with financial transactions in the form of equity investments, bond and debt financing, derivatives, stock

option, warrants and convertibles. A so-called third market in which securities on these financial assets are traded already flourishes.

This commodification of financial instruments has led to a dramatic integration of world capital markets that directly influence production processes through growing direct- and equity-investment flows (Robinson 2004, pp.25-7). Such commodification processes, as has been pointed out before, do not simply happen but rather require the identification, classification and institutional fixation of certain resources in order to become tradable goods. While the next subchapter elaborates on this official legislating function of institutions, I would like at this point to turn to the neoliberal expansion of private control over social development.

4.1.2 Re-regulation and private politics

Foreign Direct Investment (FDI) has exploded both in number and influence since the 1960s. FDI increased by 18% in 2001, meaning that it grew much faster than any other economic aggregate such as world production, capital formation or trade (UNCTAD 2001, quoted by Robinson 2004, p.23). Direct investments typically lead to the purchase and installation of fixed plants and equipment. The relocation of capital such as productive investment into other countries also means foreign ownership and thereby control of production capacities in these host countries (Radice 2004, p.157). In addition to the privatization of state enterprises and services, FDI also entails a great number of mergers and acquisitions (M&A) between corporations. Until the 1980s, most M&A activities took place within national boundaries. During “the decade of ‘merger mania’ typified by hostile takeovers, cross-border M&A become more common” and transgress the mosaic national interdependence (Secombe 2004, p.202). As a result, the number of TNCs increased from 7,000 in 1970 to 37,000 in 1993, reaching 60,000 in 2000 This development translates into a concentration of the control over global production processes: FDI is “perhaps the most comprehensive indicator of the growth of transnational production”, as “by definition FDI transnationalizes production“ (Robinson 2004, p.22 & p.24).

Additionally, severe debt crises devastated national economies of numerous developing countries before Structural Adjustment Programs (SAP) prescribed nearly universal liberalization of controls on trade and FDI as conditions for support from the International Monetary Fund (IMF) and World Bank. This liberalization included national control on the foreign ownership of banks and other financial institutions, raw materials, energy, transport, and communication infrastructures (Cerny 2004, p.9). In the 1990s, many of these countries

established or liberalized their stock market exchanges, which played a critical role in integrating their economies into the world market. As critics point out, however, “once these investments become central to development strategy, they serve to tie local capitalists, managers, politicians and bureaucrats to the economic interests of parent TNCs and other foreign investors” (Radice 2004, p.168). Observing where these deciding “parents” live, we see that 40% of the top 200 TNCs in 1999 were of US origin (Cavanagh/Anderson 2000, pp.8-12). Several political decisions, for example the TRIPS agreement, further protect the expansion of this private control by limiting or in some cases even abolishing political and economic decisive autonomy of nation states, especially that of developing countries (Jacobitz 1991, p.16).

The US plays a particular role in the *international* order. It remains the largest national economy protected by the most forceful military power and enjoys exceptional voting rights and decisive positions in global regulatory bodies. The dollar’s function as a currency of last resort (“as good as gold”) additionally grants the US a hegemonic position in the international financial system. Because other currencies relate to it, foreigners even outside of the US hold big reserves of the US dollar, meaning that this country’s balance of payments does not need to be backed by national savings alone: the dollars held and spent by other countries or private entities serve as a backup. This expanded cross-border circulation is similar to an interest-free loan from abroad, allowing the superpower to be the biggest debtor of all countries: US growth today (2003) rests on money assets of which 48% are held by foreign countries or individuals (Dumenil/Levy 2004, pp.265-7, also fn56). This means that the development of the US economy is not only a national interest; a financial crisis would impact the entire world market.

4.1.3 The political behind markets

Finally, I would briefly like to point out that political re-regulation was not limited to institutional adjustments that political players promoted. Changes in the entire concept of “regulation” itself have also been promoted by modern neoclassical science. Previously, “regulation” was viewed as direct or indirect public control of economic sectors. Cerny points out that regulators or legislators in the US, for example - be they government departments or relatively independent agencies – therefore have often possessed considerable discretion for designing and running systems for the provision of goods and services that were seen as prone to market failures. At least they had the mandate to set conditions for the operative planning of various industries. Since the 1980s, this strategy has been reduced to “arm’s-length

regulation”, meaning that such agencies should no longer intervene in order to produce particular market *outcomes*; rather, they should establish and enforce general rules of conduct for market *participation*. Within these quasi-legal frameworks for enforcing contracts and securing private property, primarily private actors operate in an efficient market relations guided by financial performance indicators (Cerny 2004, p.11).⁵⁸ This change of perspective resembles the liberal focus on *input legitimation* in democratic settings. For a detailed investigation on this shift in governance worldview, including the replacement of political personnel, see Scherrer 1999.

This brief detour shows why system critics eschew any separation of the political and the economic, be it in theory or in practice. “The market involves social norms, customs, instituted exchange relations and information networks that themselves have to be explained. (...) In particular, the institution of private property itself requires explanation. Markets are not an institution-free beginning” (Hodgson p.249). Competitive capitalist accumulation strategies cannot reproduce endlessly, as the imperative of capital circulation for profits and growth is eventually limited by human needs and material resources. In this competition, massive differences emerge between the “haves”, who can choose to wait for favorable exchange offers, and the “have-nots”, who need to exchange whatever they possess for almost any price. Therefore, the structure of the current capitalist market is not a level playing field for voluntary exchange, instead entailing the distribution of economic power in society: “Power is not a category external to the logic of the market, but asserts itself within the operation of that logic” (Altvater 1993, p.67).

The developments outlined here provide some insight into what Hanson (1998) in his case study had himself pointed out as necessary changes for the understanding of the successful institutionalization of liberalization in Europe: “a better understanding of the nature and extent of societal and state support for sustaining increased liberalization (...) to acquire a better understanding of the forces driving the increased openness of the international economy, not only in Europe” (ibid, p.81). This perspective also provides some background for explaining Keeler’s (1996) observation that the US aggressively pushed for liberalization, particularly of the European market. A similar deconstruction of agricultural market developments would potentially shed some light on the position, composition and development of European “agro-power”. Meanwhile, Krauss/Reich (1999) concluded that neither a “pluralist” nor a “statist” model of political rule could have predicted the US

⁵⁸ The effectiveness of these codes of conduct for preventing fraud, promoting competition, restricting monopolistic and oligopolistic practices and counteracting “market failures” has been questioned in the light of recent scandals, particularly in transnational corporations.

president's behavior in the Uruguay Round. Their focus on changing ideological convictions also perceives politics not simply as a reaction to markets but as a result of conscious consideration. However, as they themselves note, they do not scrutinize where influential ideologies come from (p.894). A consistent politico-economic perspective could fill these explanatory gaps.

4.2 Linking the institutional form to its socio-economic content

In reference to the socio-economic developments sketched out in the last subchapter, the following part discusses the preconditions and effects of official institutionalization and legalization, and the idea that the liberal ideal-structural equation of general norms with equal rights is flawed. Moreover, the contextualization of agential jurisdiction renders any notion of universality or the equation with justice obsolete. Thus, I once again start with a brief historical outline before I review the interpretations of the Dispute Settlement Body by procedural scholars (Smith 20004, Price 2002) and search for possible answers these may provide for questions left open in the positive-law studies of part II. For more extensive insight see Gill 2003, Boas/McNeill 2004, Murphy 1994, Bieling/Deppe 2003, Appeldoorn 2002, Brand et.al.2003, Barrior et.a. 2003).

Significant institutional and political shifts emerge out of crises; reforms would not otherwise be necessary. In the case of neoliberalism, the organic crisis in the 1970s created numerous instabilities in the prevailing order and debates over the role that certain practices, structurations and ideologies played and should play in this context. These included the legacy of the nation state, its apparent competence overload and incapability to prevent stagflation. New coalitions throughout all levels of society began to gain public support and so did their proposed reshaping of bureaucracies. On the supranational level, the programs of global institutions such as the World Bank, the IMF, the GATT, the UN and coalitions such as the G7 or G77 were questioned, strategically redesigned and became very influential in national policy making, particularly in developing countries. After the fall of the Soviet Union, capitalism was no longer questioned as the global solution for economic development. Scholarly debates since have merely concentrated on which version of capitalism – Anglo-Saxon social-Darwinist laissez-faire or the continental European Rhine-capitalism - would become dominant on the global scale (Cox 1995, p.38). In parallel, especially the US government and transatlantic business organizations pursued an extensive promotion of the neoliberal model through think-tanks and public communication strategies (see Scherrer 1999 for an analysis of discursive strategies). The unification of formerly distinct interests was

possible because the shift towards neoliberal policies and solutions created new opportunities and advantages for several powerful groups. The “bottom line of neoliberalism” can be summarized as open trade and capital flows, ubiquitous financial orthodoxy, privatization and the night-watchman-state. The concrete implications of it in different contexts varied widely, creating nationally or locally specific compromises between the particular interest coalitions at place (Cerny 2004, p.15). As pointed out in the chapter on procedural institutionalization (3.6), capitalist democracies allow for molecular changes and successive changes to the program do not need to completely overthrow the politico-economic system: the function of the Crown is maintained. While many struggles and counterprojects still prevailed during the 1970s, they were increasingly streamlined throughout the 1980s.

However, the dominance of a certain worldview does not suffice to persuade everyone to change privileges and property rights. Thus, institutionalizing neoliberal solutions on multiple scales continuously armored this particular solution to the crisis with general legal force. Gill’s definition of New Constitutionalism explains this politico-juridical lock-in:

“The Washington consensus constrains policies directly through the pressure of international and national financial markets, central banks, credit rating agencies, or conditionality. (...) That is, the explicit or implicit conditionality imposed by international actors is regulating and constraining politics in much the same way as national constitutions” (Gill 1997, p.215).

What has been a great success to the neoliberal collective will – a “catharsis in the Gramscian sense” -, has impacted the majority of the world’s population in a less appreciated manner:

“By the end of the 12-year-long Reagan-Bush era in 1992, the South had been transformed: from Argentina to Ghana, state participation in the economy had been drastically curtailed; government enterprises were passing into private hands in the name of efficiency; protectionist barriers to Northern imports were being radically reduced; and, through export-first policies, the internal economy was more tightly integrated into the North-dominated capitalist world markets” (Bello 2002, p.6).

In summary, the collective will that materialized in the global Washington Consensus and Structural Adjustment Programs of IMF and World Bank exerted meta-governance functions on smaller state spaces.

“Indeed, the most dominant institutions of global economic governance – the G8, WTO, IMF and World Bank Group – are implicated in the initiation, promotion, support and surveillance of neoliberal patterns of ‘good governance’ such that alternative voices, models or understandings of governance are excluded from possible consideration” (Thomas 2001, here Di Muzio 2004, p.8).

This was not a clear-cut top-down process, but rather entailed many inter-scalar struggles. In Europe, the downturn of Jacques Delors' 'Social Europe' began with the Unitary European Act of 1986 and ended with the monetary predominance as defined in the Maastricht treaty in 1992. The WTO constitution and agreements have not only expanded market logics into many new issues of human reproduction, they have also changed the quality of the trade rules, granting the WTO as collective actor a clearly definitive mandate on what are the "right" rules.

4.2.1 The commodification mandate of the WTO

The following review of three case studies on the effect of WTO rules from the procedural perspective will further exemplify that institutionalization processes are both the outcome and input of political struggle.

Their analyses challenge all rivalry and many convergence studies that depict institutions as instruments or arenas in which members decide once on rules that then seem to become effective without further actor involvement. International organizations are not anticipated to have any agential status in either of these processes. The procedural perspective, on the other hand, argues that image and processes of the institutions frame negotiations and that these bodies develop a relative autonomy from the community they regulate. I will also highlight the fact that system-maintaining studies usually ignore political interdependences between state spaces on the same governance level, for example between international organizations. Most cases only look at one IO and its design or differentiate several vertical levels from global to local. Procedural studies start with the crisis and proposed solutions, identify the coalitions promoting them and in which state space their program becomes successfully safeguarded. One IO may serve as a politico-juridical defense against alternative regulations of the same issue by another IO. The studies on private property will illustrate this.

The first study by David Price (2002) on *How the WTO extend the rights of private property* concentrates on the previously mentioned process of commodification by means of political regulation. *Using Ideas Strategically: The Contest Between Business and NGO Networks in Intellectual Property Rights* (2004) by Susan Sell and Aseem Prakash clearly challenges the liberal notion of objective legislation and jurisdiction. The third study by James Smith (2004) is titled *Inequality in international trade? Developing countries and institutional change in WTO dispute settlement* and problematizes the mainstream positive law assumption that power imbalances can be contained by universal rules.

David Price (2002) conducted his study on the significance of WTO trade rules with respect to private property protection. While general discourse holds that the UR only expanded GATT logics to additional sectors such as services, Price also sees this shift as qualitative in nature. In contrast to GATT, the actual content of the new agreements “has ceased to be about barriers to trade in the sense of discrimination against foreign firms and focuses on deregulation pure and simple” (ibid, p.55). He revises several legal cases on environmental protection, GATS necessity tests, Sanitary and Phytosanitary Measures (SPM) and Technical Barriers to Trade (TBT) that were brought in front of the WTO’s Dispute Settlement Understanding (DSU) and concludes that “virtually anything a government does can be construed as trade related since the WTO defines a relevant measure as laws, regulations, rules practices, procedures, requirements, administrative action” (ibid, p.55). This power to interpret rules and, in doing so, to define their concrete implications, is usually not considered by convergence studies. These investigate legalization as a quality-shift from power-based to law-based relations without recognition of the content that is now protected by law. Schloemann/Ohlhoff (1999), for example, see the expansion of rule-based systems as desirable because it “civilizes” disputes (ibid, p.451). This further explains why they view exceptions based on political constraints as loopholes that can be used to escape from jurisdiction (p.426). While there surely is truth to this in some cases, this is not viewed to be an exception to the rule in procedural approaches: they do not separate legalization and jurisdiction from political interests.

In contrast to Schloemann/Ohlhoff, Price therefore points out that law interpreters are “judicially creative”: in the Dolphin/Tuna case, for example, the dispute panel “sought to redefine environmental policy as protectionist and therefore GATT-illegal” (ibid, p.56). This led Price to conclude “it is impossible to settle questions about the *rights* of private property without a *theory* of private property” (ibid, p.61, emphases in original). His assessment after the review of several panels is clear: “Most of the judiciaries that have considered the question in the context of constitutional property have adopted the liberal theory, which emphasizes private rights and minimizes owner’s obligations to society” (ibid). Prevalent social practices and ideological frames have an impact on how “impartial” laws are interpreted in each particular case.

Further, Schoemann/Ohlhoff do not consider that disputes may have emerged because of the rules and their social effectiveness. The proposed normative revision clause pertains to the application of rules but not their content (ibid). A political-economic perspective would not allow for a guiding standard that “must filter out those bases for action that are not motivated

and necessitated by extreme political, as opposed to economic, circumstances or aims, while leaving the areas requiring positive definition by the state concerned untouched” (p.450).

Price’s study particularly points to the political impact of new rules and problematizes the deregulation of capitalist logics in the intensification of already tight competition between highly unequal competitors. Liberalization is often followed by privatization; the examples given concern the services sector with transport, health and education. From the perspective of social relations, privatization translates into the private ownership of formerly public assets and creates private rights to income streams from public services (Price 2002, p.62).

A related development is the increasingly transnational ownership of formerly public assets by large private entities. Price points out that many developing countries have never had strong systems for the protection of property rights. As members of the WTO they are then forced to adopt the standards of the TRIPS agreement based on the US definition. This version of property laws is the strongest protector of private possession rights and its international institutionalization clearly has meta-governing constitutional impacts: while EU legislation so far only recognizes expropriation in the context of physical property, the US Supreme Court defines expropriation as starting when a core property right is destroyed. Once privatized, these commodities are eternally protected as private property (Price 2002, p.62).

4.2.2 Interpretive struggles behind positive laws

In the case of the TRIPS agreement, the socio-economic content of the rules have caused much friction and protests. The study by Sell/Prakash shows that the political cannot be separated from the law by investigating the struggle over the review of the TRIPS agreement. They focus on communication strategies. During its establishment, particularly pharmaceutical lobbies in the US and later transnational business networks promoted the TRIPS with a heavy political campaign linking “patenting” with US-American “competitiveness” (Sell/Prakash 2004, p.154). The US government pursued a double strategy to push for multilateral agreement outside of the World Intellectual Property Organization (WIPO), in which compulsory licensing is considered a legitimate option by the majority of (developing country) members. Additionally, many bilateral cases were filed under the special US trade clause 301 allowing for unilateral “retaliating measures” benefiting US corporations. A representative of the Pfizer corporation expressed the goals of this strategy as follows:

“to secure a favourable investment regime for multinationals with global production needs – which for knowledge industries translated into globally-enforceable intellectual property standards that could protect their knowledge in whichever jurisdiction a

company went – the ‘locus’ where international intellectual property issues were debated (...) had to be shifted away from WIPO” (The Cornerhouse Briefing 2004, pp.12-3, p.7).

However, what once worked extremely well has recently been challenged: the rise of AIDS/HIV has led to heavy criticism of the strong protection of private profit in the face of millions of poor dying people. By linking the issues “copying” a certain protected formula – under TRIPS illegal - with protection of “life” of a human being in their argumentation, NGO networks have campaigned heavily and cooperated particularly with the governments of Brazil and South Africa that had violated TRIPS rules by compulsory licensing and importing generic drugs. However, the US government withdrew its complaint to the WTO and “at the November 2001 WTO Ministerial meeting at Doha, negotiators endorsed the Declaration on the TRIPS Agreement and Public Health (WTO, 2001). The declaration links IPR and public health and affirms member countries’ rights to protect public health and promote access to essential drugs” (Sell/Prakash 2004, p.146).

This might be highly surprising for perpetual scholars because of the massive differences in resources between the still actively lobbying corporate network and the newer alliances. Steinberg, for example, would not have anticipated any such development: the overwhelming power of the US is the result of its market size and would allow it to hinder any amendment to the rules: “Even if developing countries understand exactly why and how the WTO decision-making process leads to asymmetrical outcomes, the analysis above shows there is little they can do about it” (ibid, 2002, p.368).

Adaptive scholars, on the other hand, would still be surprised by how little the massive biases in the TRIPS agreement have changed. Health and access to medication are highly normative issues clearly defined as global general interests, so it seems surprising that a political agreement would protect private profits more than the lives of millions.

From a processual point of view, this development is not an exception to the rule: with its open-ended methodology it identifies changes in the constellation of forces that explain why a new compromise was necessary to accommodate conflict within the community. The case study also provides proof for the view that institutions remain terrains of political struggles.

Smith (2004) shows that differences in influence perpetuate themselves within the governing body through an analysis of the process of jurisdiction in the WTO. Additionally, he shows that hegemony works through the state; the official image of an institution frames its outcomes. The analysis focuses on the impact of the DSU and the legislation Appellate Body in which revision cases are decided. The official image of this body builds on classical positive-law assumptions:

“The first WTO director-general, Renato Ruggiero, promoted them as ‘an important guarantee of fair trade for less powerful countries’. Among academic observers such as Whalley (1995: 315), it was ‘widely believed’ that developing countries would ‘be able to more effectively bring disputes and have them settled in their favor’. These expectations reflected the *conventional wisdom* that moves to establish binding, third-party arbitration in international law generally favor smaller, less powerful states, whose bargaining leverage in specific disputes is enhanced when *impartial judges* publicly endorse their position” (p.543, my emphases).

Smith, on the other hand, takes a perspective in which the Appellate Body becomes its own agent that drives the WTO “by its own convictions” (p.553-4). These would be biased against those of the developing countries because “a more legalistic, rule-oriented system that enhances compliance with rules of little value to developing countries, of course, is no blessing” (Smith 2004, p.547-8). While pointing to similar biases in the selection of impartial judges and ruling processes that I cited from the Steinberg study (2004), Smith additionally criticizes the practice of *amicus curiae* briefs and the participation of third parties in negotiations. These briefs are position papers or studies that allow private actors to submit information directly to the deciding committee. This procedure bypasses the members that should be driving this organization, having been established by the Appellate Body itself and not on the grounds of a member proposal that was consensually agreed to (ibid, 2004, p.543). Smith concludes that differences in resources therefore signify differences in participation, regardless of whether through briefs or directly in the discussions rounds. This holds for third party developing countries and business or non-profit organizations alike (p.555-560, including tables with cases and participating actors). The result is that developing countries are not only disadvantaged in direct negotiations between members states but that already biased rules are interpreted and advanced by an additionally biased third-party agent: “On several significant procedural issues – given deadlock in negotiations among member governments – the Appellate Body has taken the lead in amending WTO rules” (Smith 2004, p.569).

The important point to make in this subchapter is that legalization and jurisdiction are not separable from political struggle. They are an expression of the interests of the most powerful collective will from their creation onwards and later develop into a contested space as well as an initiating collective actor themselves. After comparing the two political campaigns to change pharmaceutical patenting referred to above, Sell/Prakash show that the seizure of rules is a political option for any collective will, not only the most dominant one at the time being:

“In their own ways, both employed coercive state power to their own ends - businesses through USTR to enforce IPRs [Intellectual Property Rights], and NGOs through South African and Brazilian governments’ compulsory licensing policies to violate firms’ IPRs and to provide low-cost access to HIV/AIDS drugs“ (ibid, p.168).

4.3 Scrutinizing normality

The preceding chapters have hopefully illustrated why proceduralists encourage an integration of the economic and the political and viewing the interplay between form and content in its historical context. Taken together this means ascribing to a methodology of idiosyncratic retrodution. This supchapter will further scrutinize current structurations and guiding worldviews in their inherent ideological frames and social logics. I will also again touch on the connection between theory and praxis in showing that what Gill (2003, p.116ff) referred to as practices of Market Civilizations and ideologies of Disciplinary Neoliberalism also resonate in science. These two concepts describe social and individual guiding mechanisms that underpin New Constitutionalism, the latter being the politico-juridical expression of the same worldview.

The shift to a liberal capitalist mode of economic production entailed a shift in the character and logics of the fundamental pattern of social relations. Nicos Poulantzas identified core differences in the general orientation of production in comparison with pre-capitalist societies. Industrialization, mechanization and the dissociation of producers from the means of production initiated social logics that resemble an atomic time-spatial matrix. The calculation and structuring of time and space is organized through serial segmentation, cellular division and the cumulative gathering of modules or pieces (Poulantzas 2003, pp.69-71& p.76). Such modularized societies are simultaneously homogeneous and fractured in character: they appear homogeneous because everything is divided in commodified pieces. These have exchangeable equivalents and can be easily bought and sold in flexible adaptation to cases of need, conflict or contradiction and are guided by price signals. Meanwhile, the atomic pieces are possessed and controlled in unequal proportions by the participants in the games – a structural power element that does not show in neoliberal game theories. This inequality brings about heavy power biases in valuation processes for determining what is considered to be an exchangeable equivalent.

4.3.1 Market Civilizations

Market civilizations therefore exhibit patterns of social disintegration and selective, exclusionary and hierarchical social relations. The regulatory bodies in these non-level

playing field societies nevertheless work with the premise of equal units again when private property is defended as an apparently uncontested norm of negative freedom; limits to the amount and type of the privately controlled assets are not part of the universal norm (Lefebvre 2003, pp.87-8). Culturally and ideologically, marketization is justified and promoted as universal progress because of “the cumulative aspects of market integration and increasingly expansive structures of accumulation, legitimation, consumption and work” (Gill 2003, pp.117-18). This stands in stark contrast to the experienced realities of many individuals. Its justification is often based on a fictitious split of economic production and market exchange from the question of wealth distribution in a community: the apolitical and equilibrating laws of the market would rule justly and the public needs to host normative debates about the level of compensation for losers.

In addition, neoliberal economic theory and some perpetual assumptions seem to indicate that there is no alternative to this system because markets and humans really *are* as their models depict them. This ignores the entire process of socialization by which humans “learn to behave appropriately” and that incorporates justifications derived from traditional or scientific knowledge. Rouse addresses the same point in *Power and Knowledge*⁵⁹: “Citizens of industrialized capitalist societies are *trained to be rational* – be it over the usage of automatons, over money-based organization of personal reproduction or over the most dominant strands of modern sciences and thought” (Rouse 1987, p.244). System-critical scholars therefore understand the expansion of this mode of social relations as a clearly power-driven and coercive process and problematize its social effects. Gill, for example, points out that Market Civilization “tends to generate a perspective on the world that is ahistorical, economistic and materialistic, me-oriented, short-term and ecologically myopic” (Gill 2003, pp.117-8).

Politically though, the general image of an efficient and level playing field that rewards everyone according to the provided valuable input proves to be highly resilient. Complaints of subordinate groups are frequently rejected as expressions of frustration because their personal incapability keeps them from achieving what is generally available to everyone. Concessions by strong groups in response to criticism can be framed as the benevolent sharing of well-earned wealth and success (Jacobitz 1991, pp.19-23; also Murphy 1994, p.45).

⁵⁹ This book shows why natural sciences with their supposed objective observation of facts and isolated invention of technology also produce knowledge with transformative power. Certain instruments, mechanisms and technical devices influence how humans act and how they perceive the experienced reality. Therefore, although many rational choice advocates claim to use those assumptions about humans closest to what they observe, it is irrational to declare those assumptions as a “natural” universal premise.

Thus, the objectivation of selected social concerns and their naturalization through positivist research ideals provides an effective defense against normative criticism.

This hegemonic social logic and every-day philosophy in liberal democratic nations defines the parameters by which certain forces are valued or devalued. Similarly, it influences the judgment of deserved individual merits and how these can best be achieved (Jacobitz 1991, p.27). Through the price-profit connection, the concrete reality behind a traded good or its use value recedes behind the numerical abstraction of exchange values. Profits depend on the margin between the costs of the offered product and the price it generates. Public discourse today mainly refers to “consumers”, be it in healthcare, education, the arts or environmental protection and predicts that individual purchase decisions are foreseen to guide the economy while competition will boost efficiency and innovation.

4.3.2 Disciplinary Neoliberalism

The Market Civilization reflects back on individual identity: humans are trained to conduct cost-benefit calculations when interacting and making decisions. The self-disciplining influence of our current relations was dubbed “Disciplinary Neoliberalism” by Gill and combines the structural power of capitalist relations with behavioral power through social feedback loops (Gill 2003, p.130). Qualitatively, disciplinary neoliberalism describes a culture in which humans in the broadest sense are perceived as individual competitors in volatile exchange relations. Robinson described some disciplining cultural effects as follows: longing for a satisfying life is channeled into consumption desires, while competitive individualism legitimates and honors any strategy for personal survival as long as it generates returns. The potentially unlimited upward mobility for those who win in competitions undermines collective action, as do the increasingly precarious living conditions of those considered to be less productive human capital. As a result, social behavior is increasingly depoliticized and has been reduced to (responsible) consumption and occasional private donations (see Robinson 2004, p.84). Markets grant everyone the same potential for participation and ensure that personal returns mirror personal effort. Ideological campaigns regularly interpret socio-economic failure as the consequence of individual laziness or lack of skill or “proper” education since competition ensures meritocratic remuneration. Governments justify rollbacks of worker rights, redistributive taxation and social welfare by referring to economic compulsion originating from world market competition. However, these political rollbacks ensure that market logics and disciplinary neoliberalism are strengthened exactly *because of* these politico-juridical changes. This is not to say that groups do not exist

that benefit to an even great extent from flexible market logics; particularly those in possession of large amounts of capital escape the (immediate) disciplining of the market.

System-critical scholars therefore point out that a worldview propagating fictitious individual equality supports a broader political project that secures and justifies existing privileges and exploitative behavior in the current world order. This criticism clearly includes epistemic communities: “the ultimate goal of the liberal internationalists has always been one of securing the global hegemony of a particular class, the cosmopolitan bourgeoisie” (Cox, here referred to by Murphy 1994, p.44).

Some of the rivalry case studies were perfect examples of how the worldview of Market Civilization also influences research. Gawande/Hansen (1999) subsume the complex relations of world trade under games between two rational calculating players. Adserà/Boix (2002) apply the same view within the governmental body itself when they claim that party leaders would freely choose to install a dictatorship if only this political solution was judged to secure votes. While these studies are purely scientific, those of Paarlberg (1997) and Bagwell/Staiger (1999) add clear policy prescriptions based on their modelled economic abstractions. Paarlberg bases his entire argument on the premise that no trade barriers are good and that the quickest path of abolition is therefore the most preferable. The “government welfare function” developed by Bagwell/Staiger as a universal blueprint is built on a premise that was constructed “in a hypothetical world” in which governments only consider their own benefits but “were not motivated by the terms-of-trade implications of their trade policies” (ibid, p.216). All political measures are lumped into one category of “terms-of-trade” with price changes as their sole indicator for measuring welfare maximization. The results deduced from this highly fictitious scenario of a general equilibrium model are nonetheless converted without hesitation into “real” political demands for the abolishment of all special and differential treatment in WTO rules (p.241).

Market Civilization and Disciplinary Neoliberalism are effective even within “neutral” science. Yet, the image of neutrality frames scientific recommendations from this epistemic community as objective - which reinforce neoliberal worldviews in the broader societal context. As Boas/McNeill (2004) continue in a compilation of studies on the framing effect of economic institutions on the issue of development:

“Multilateral institutions, often in association with academia, seek to establish global consensus around certain ideas that they see as important for their policy purposes and international image. (...). Such ideas arise and are developed in the interplay between the two domains of academia and policy making, but they derive their credibility from their basis in the former” (ibid, pp.2-3).

Here we find a first reference to the hierarchizing image transfer of a defined position or institution on the content that the first mode of cooptation grasps: “Legitimacy in the making of development policy is often sought from grounding the proposals in a theoretical base and in supporting empirical analysis” (ibid).

4.4 Contextualizing abstractions

Before I review the framing of the negotiations in the Doha Development Round, I would like to reconnect with part I to review the origins of teleological predictions and collective actor reifications in the other two schools. Deductive and abductive methodologies reproduce those assumptions enshrined in the structural and normative ideal types used in mainstream paradigms. This combination translates into limits as to how the observed can be captured and leads to a reification of the universal representative agents. I would like to briefly review this argument and illustrate it with the help of several open questions from part II. I later introduce my Gramscian retroductive concepts through the analysis of negotiations in the Doha Development Round. I will refer to the three remaining procedural studies (Graz 2004, Narlikar 2002, Wolfe 2004) and my own observations as an accredited NGO representative at the Ministerial conferences 2003 and 2005 for this purpose. While the focus also lies on social practices and ideological frames, it concentrates primarily on the images of structurations and their part in the reproduction of world order.

The structural ideal type in perpetual research designs provides a formula of the possible strategies actors can select. Nation states that have decided cooperation is utility enhancing choose between purely formal-regulatory ideal types, considering which one will facilitate this cooperation best (Martin 1992, pp.765-6). Thus, institutions will only come into existence when they serve self-interest. As a consequence, institutions that no longer deliver benefits will not prevail: every actor having agreed to a solution at least anticipated to benefit from it, albeit in different degrees. This tautological circle translates into what I called the general “progress disposition” in part II, where it is discussed in more detail. Realists may argue that weak players have only agreed because all other agreements would have been worse, but this still means that the institution is utility enhancing, as it prevents worse conditions. All three studies by Steinberg (1997, 2002, 2004) offer perfect examples for this view. The rather superficially defined amount of power (in the WTO the market size) directly translates into control over the institution’s performance and thus the distribution of gains: “judicial lawmaking will not fundamentally and adversely shift the balance of WTO rights and responsibilities against the interests of powerful state, or the Appellate Body will be subjected

to political correction” (Steinberg 2004, p.275). Based on this premise, every study will always find some reason why particular concessions to or the acceptance of WTO rulings have increased the utility of powerful players. This creative interpretation for supporting an a priori fixed actor assumption is what I called a “self-interest escape clause” in part II. The normative ideal type, on the other hand, has a constructivist notion to it, as better structures can change agent identity. It is modified after the observation of a situation and its comparison with its existing theoretical depiction (Ruggie 1998, p.860). However, this ideal type is therefore a selective and deliberately one-sided abstraction of social reality, “intended to tap into and help interpret the meaning and significance that actors ascribe to the collective situation in which they find themselves” (ibid, p.880). This means that the ideal blueprint is developed *after* defining which outcome is normatively desired: consciously constructed solutions should cater to societal betterment. The detailed empirical observation of the institutions’ actual performance informs the search for ineffectiveness and potential for amelioration. This version of the progress disposition originates in the pre-analytical definition of the desirable outcome. In the case of nation states, for example, they are constructed to ensure the desired normative outcome of a democratically established national general interest. Therefore, every synthetic-argumentative solution to conflict means that the desired outcome has been safeguarded or ameliorated. The same is repeated on the global scale: multilateralism protects the general interest of the community of states. The norm of national sovereignty finds its expression in all three organizing principles of the multilateral ideal type: indivisibility of the state community, nondiscrimination between the members and diffuse reciprocity that balances the collaboration between the members (Martin 1992, p.767). Since national sovereignty ensures that no member of the state community can be overruled, consensual agreement translates into the best possible compromise and therefore general interest.

The best example for this conceptualization is a study by Orcalli (2003). She equates “discourse” with a shared economic “theory” between members that convinces them to cooperate. The validity of this “theory” is no longer contested; only the discussion of concrete contract passages may cause smaller disagreements. Orcalli aims to exceed the “goal-driven” assumptions of rivalry studies and holds that the role of the WTO is to provide a stable and fair mechanism that facilitates the identification of “what is mutually acceptable”. Her framework holds that only *because* the mechanisms are stable and fair and distribute costs and benefits as equally as possible is the WTO accepted: “what is the reason for their association to the WTO? The answer is that, historically, *the WTO has searched for rules capable of*

guaranteeing equality and impartiality in international trade” (ibid, 2003, p.146, my emphasis). Orcalli points out that the analysis should further consider “which economic theory prevails and is capable of explaining the rational factors that motivate the creation and compliance with the agreement” (ibid), but does not consider how this may impact the premise of the joint “theory” that the WTO is built on in the first place..

The first idea, that the WTO exists because of the “need to manage conflicting interests” (p.151), resembles the general function of states in procedural views. But Orcalli does not search for empirical explanations for how conflicts develop and are solved, instead turning it into a general positive law assumption: “Nevertheless, conflicting interests can only be settled where a ‘social contract’ is already in place, that is to say the kind of stable agreement which typifies organizations” (Orcalli 2003, p.152) Studies with an adaptive paradigm often fail to differentiate between the time of inauguration and the time of analysis: the once justified need becomes a fixed premise – the teleological bias of the general interest.

We find teleological biases and methodologies in both ideal types. Deducing or inducing from theoretically defined status quo definitions reifies the assumptions on which they were built. The modern liberal version of progress determinism discussed in part II is very supportive of this tautological circle: modern liberal individualism assumes that every human has the same influence once an equal distribution of power prevails or input legitimacy is granted. Agreements will therefore reflect the views of rational actors that would not accept bad outcomes for egoistic or idealistic reasons. On the international scale, states are modelled just as individual actors. The progress determinism resulting from this reflective actor assumption originates in the theoretical definition of what rationale the observed actors will pursue.

Sell and Prakash point to the resulting interpretive biases when criticizing the split between norms and interests in what I called “adaptive thought” in their study on agenda-setting strategies (2004). This would render non-governmental organizations (NGOs) morally superior to business:

“Yet ultimately this distinction between various networks is unpersuasive and overstated. It is rooted in the analytical bifurcation of ‘ideas’ and ‘interests’ (Goldstein and Keohane, 1993) in which principled goals track with ideas or norms, and instrumental goals track with interests. This distinction mirrors the rationalist/ materialist versus constructivist/normative ‘divide’ in IPE scholarship (Katzenstein, Keohane, and Krasner, 1999). Analytically we do not privilege ideas over interests or vice versa. Behind every idea there is an interest (Hall, 1986) and interests are guided by normative ideas“ (ibid, p.148).

The scholars therefore “reject the conception of transnational advocacy networks as something different in kind than interest groups” and conclude that

“success in influencing policy processes lies not in claimed moral superiority of the agenda but in the network’s superior abilities to create and make the most of political opportunities by exploiting a crisis, constructing a problem, mobilizing a coalition, and grafting its agenda onto policy debates“ (ibid, p.149).

The same holds true, I would add, for epistemic communities. Further, many non-profit organizations are still financed by corporations and some strategically use the framing of being a normative actor for their messaging.

Processual scholars therefore begin analyses with a particular conflict on the grounds of which second-order interests, coalition formations and political strategies are identified. They contextualize images as part of the current framework of analysis, as these can be strong forces in processes of persuasion. I deconstruct multilateral organizations based on the assumption that their general function cannot be ideal typed, but must rather be read with reference to the current socio-economic development. state spirit provides an abstract concept that grasps the notion of agreement while explicitly integrating the need for “historically determinate meaning” (Gramsci 1971, p.146). It can adjoin self-interest and general interest explanations in one open-ended concept without teleological premises. Its combination with retroductive reasoning provides for the idiosyncratic concretization of the supportive components in each case.

4.4.1 Co-optive negotiations amongst the world trade community

Leadership by consensus is a strategy for securing existing privileges without the forceful subjugation of others. The following paragraphs will analyze trade negotiations and argue that these are subject to hegemony strategies. Similar to individual rights on the national level, national sovereignty is a strong norm that defines the rights of participation and protection in international polity formation. Hegemonic leadership may arguably be the only way to reproduce a world order of complex interdependence and great inequality between exchange partners without military means. As Gramsci puts it,

“since two ‘similar’ forces can only be welded into a new organism either through a series of compromises or by force of arms, either by binding them to each other or by subordinating one to the other, the question is whether one has the necessary force, and whether it is ‘productive’ to use it. (...) Force can be employed against enemies, but not against a part of one’s own side which one wishes rapidly to assimilate, and whose ‘good will’ and enthusiasm one needs” (Gramsci 1971, p.168).

The organization of cooperation between many such “similar” forces usually leads to the institutionalization in the political sense of an emerging regulatory body. These administrative organs of *intergovernmental* organizations have the image as acting as neutral moderators of member-driven negotiations. Active engagement from their side is defined as limited to the defense or promotion of an agreement reached by its sovereign members. If these officially neutral bureaucrats push a concrete policy proposal, their image of being neutral tends to grant these proposals the status of a compromise reflecting every participant’s interests. Further, the content appears to be congruent with the legitimated mandate of the organization as it is fixed in the constitution.

The WTO, for example, vocally presents itself as a democratic and member-driven institution. Information material designed for the broader public explicitly targets doubts about the legitimacy of its procedures or objections to biased outcomes. Five out of the *10 common misunderstandings about the WTO* explain why its decisions are “accountable and democratic” and that the Secretariat “simply provides administrative and technical support” while “it’s the governments who dictate the WTO” (ibid, p.2). The current Director General (DG), Pascal Lamy, similarly promoted this view following collapsed talks in July 2006: “You can count on me to do everything I can to keep up the pressure for the political movement which would permit a resumption of the negotiations. However, it should remain very clear that this must come from you, the members” (WTO Reporter, July 28, 2006). This image is not only promoted by the organization itself, however, but also by government officials from industrialized – or powerful – member countries. The current European Trade Commissioner, Peter Mandelson, called for US-EU responsibility last year to revive talks in “that most democratic piece of the international machinery mechanisms of, the WTO” (speech at the National Press Club, Washington D.C, 13.09.2005, http://europa.eu.int/comm/commission_barroso/mandelson/speeches_articles/temp_mandels_speeches_en.cfm?temp=sppm053_en, visited 01.09.2006). The Hong Kong Business Declaration⁶⁰ for the ministerial conference in 2005 states that “WTO membership (149 countries and growing) is truly representative of the global community” (ibid, <http://www.keidanren.or.jp/english/policy/2005/087.html>, visited 01.09.2006). However, scrutinizing the actual performance of this body does not quite yield a picture of neutrality and democratic equality. The experiences of delegates and observers indicate that many of these

⁶⁰ A *Call for Substantial Progress Towards Trade Liberalisation* was signed by organizations representing „business from many countries and regions around the world, accounting for 65% of all global trade“ (<http://www.keidanren.or.jp/english/policy/2005/087.html>). It was circulated widely in various formats in November 2005.

neutrally facilitating bureaucrats clearly speak on behalf of some proposals while ignoring others. In an exchange of open letters with Pascal Lamy, non-profit civil society groups working around the headquarters in Geneva criticized such irregularities in the run up to the Hong Kong Ministerial in December 2005: “many developing countries submitted objections to elements of the services text, but those objections were repeatedly ignored by the Chair of the Services negotiations” (Kwa, Sharma and Waghorne, 2005).⁶¹ Furthermore,

“[I]n transmitting the text to Hong Kong, DG Lamy deleted the cover note that had prefaced the December 1 draft ministerial document. Many members agreed to transmit the text to ministers on the belief that the cover note would form an essential part of the draft itself. *The DG decided to remove the cover note without consulting the membership.* The cover note stated ‘the texts in all of these annexes were presented on the responsibility of the respective Chairs. They do not purport to be agreed texts and are without prejudice to the position of any Member’” (OWINFS⁶² public statement, 2005, my emphasis).⁶³

This diversion from the usual or original role is quite common amongst officially administrative personnel. In the following ministerial negotiations, another Chairman helped in crafting a joint text while completely ignoring an alternative proposal tabled by the G90, a Least Developing Country (LDC) coalition. The argument of the Chair was that only 15 countries had opposed the former text while 26 agreed to it. This number resulted out of the fact that “the Minister had counted the G90 as one Member” (OWINFS, 2005). Despite these complaints about the process and also against the official WTO norm that even one country’s objection translates into consensus, the facilitating Chair announced on the penultimate night of the conference “*that if no agreement were to be found in the next 24 hours, I will remove the brackets in the ministerial draft. In addition to removing the brackets, Annex C will remain as it is*” (Kim, cited by OWINFS 2005). Removing the brackets in negotiating texts in intergovernmental bodies signifies the absence of objections. The 90 LDCs, however, had not only voiced bracketed objections, they had tabled an entirely different proposal. Other studies have documented the similarly active engagement of those occupying neutral administrative posts at previous ministerial conferences and during the standing negotiations in Geneva (see Kwa 2003, Wallach/Woodall/Nader 2004, Jhamtani 2005, Wolfe 2004, Narlikar 2002).

⁶¹ These letters were eventually made public on the WTO website www.wto.org, though initially only Lamy’s responses could be found. The entire exchange is documented at www.tradeobservatory.org.

⁶² OWINFS stands for Our World Is Not For Sale and is a worldwide network of currently 45 non-profit civil society groups working on trade issues. For joint public statements and reports see www.ourworldisnotforsale.org.

⁶³ The cover note now enjoys prominent presentation on the website of the WTO among the drafts of the ministerial texts: http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_e.htm

The active crafting of an agreement in line with the dominant collective translates into a diversion from the original role: the official definition of the WTO as a democratic, member-driven, neutral administration fosters “a perception that no single dominant power can control it, that its decisions depend upon a process of consensus in which all powers have a voice, even if not in practice an equal one” (Cox, 2004, p.314). The conscious tactical engagement on the part of leaders or generals to keep up this image helps to increase acceptance and support by the public or the army of allied groups not directly present in the negotiations. Meanwhile, it seems remarkable that out of the 512 persons employed in the WTO Secretariat in 2003, 410 came from industrial countries. The great majority of the personnel, even those from developing countries, is educated and trained in the neoliberal economic perspective (Kwa 2003, p.48). The DG as head of the Secretariat is usually a candidate brought forward by the US and haggled over mainly with the EU. The DG quoted above, Pascal Lamy, accepted the post directly after resigning as Trade Commissioner of the EU.

4.4.2 Appointment to the FIPS by invitation of the core

During times of intense protest against these practices, the co-optive strategy of the selective *appointment to membership* has been a frequently observed. Decision-making in the WTO is described as taking place in “concentric circles”, starting with the US and the EU, which attempt to establish a common position before expanding the circle to Japan and Canada (the Quad), or, more recently, to India, Brazil and Australia (the Fips – Five Interested Parties). Later, more developed countries and “friendly” developing countries that “carry weight” are included by way of positive integration. In the following steps, this dominant core successively promotes its newly formed compromise to other members of “multilateral” institutions. However, “[t]he majority of the developing countries never make it into this circle of decision-making” (Kwa 2003, p.37). This majority of sovereigns in the multilateral community is approached with strategies and tactics of negative integration, with the goal of securing their votes..

Targets are mostly developing country coalitions that formulate a joint position against EU and US proposals by bundling their bargaining power. The *covert* buying of leaders, for example, involves interventions by the presidents of the dominant countries addressing the heads of state of developing countries and urging them to change their delegation’s position. Side-payments or threats of retaliation beyond the immediate trade context are common measures used to achieve these goals (Kwa 2003, p.27). As Aileen Kwa discovered in interviews with delegates, “what broke Africa in the final two days, was when the US and the

EU contacted Presidents and Prime Ministers of some African and Asian countries. As a result, delegations in Doha receiving calls (sic) from their capitals” (ibid, p.27).⁶⁴

For *overt* cooptation strategies, the common “green rooms” in WTO negotiations are very effective: this tactic splits opposing parties or damages their cohesive spirit, as only selected⁶⁵ delegations are allowed to participate in crucial discussions during stalemates. They are named on a list issued by the secretariat (Kwa 2003, p.27). Those not included, even after explicitly requesting to participate feel that “it is humiliating and ridiculous for you to hang around the corridor” while officially representing a country (ibid, p.29). Those invited, on the other hand, carry the burden of having to promote not only their own position – here: national –, but also that of the broader coalition. Many in the coalition must rely on second-hand information. Mistrust is likely to increase amongst its members, particularly when the results of the restricted negotiations seem to favor the country that participated directly. “*Minister Erwin [Trade Minister South Africa] said that this was the best bargain that we could get out of this conference... Others who were familiar with the position of South Africa on ‘new issues’ were obviously furious*” (African trade delegate, quoted by Kwa, 2003, pp.29-30). While the developing country coalition campaigning against these “new issues” crumbled at the Doha meeting in 2001, the following conference in Cancún in 2003 ended without an agreement. The cohesion of the coalition had been intensified by blatant biases in the proposals and promises to improve the fraudulent proceedings that had not been kept.

Decapitation may result in a more permanent coalition transformation in the sense of a fusion between two former antagonistic entities. The example of Brazil and India in the negotiations of the Doha round illustrates an example of such a profound change in the constellation of forces. Together with South Africa and China, Brazil and India were the leaders of a new band of countries that founded the G20⁶⁶ right before the meeting in Cancún in 2003. This group’s main focus lay in trade in agriculture. After the collapse of talks during the ministerial conference, the G20 was seen as having “altered the landscape of international trade relations” as it “has proven a powerful force in the face of traditional ‘heavy-weights’ – the US and EU” (Choike, 2006). Brazil and India were seen as the most outspoken and most powerful leaders of this group during all of 2004 when the negotiations mainly stalled. A new

⁶⁴ This study is a compilation of interviews with delegates from mostly developing country to the Doha ministerial and includes many first original recordings along with phone calls. While the quotes here are taken from a document issued by Focus on the Global South in 2003, further extended research by Kwa has been published as a book in 2004.

⁶⁵ Gramsci also referred to Party spirit with the same connotation of mutual responsibility and duration.

⁶⁶ Member countries of the G20 include five from Africa (Egypt, Nigeria, South Africa, Tanzania, Zimbabwe), six from Asia (China, India, Indonesia, Pakistan, Philippines, Thailand) and eight from Latin and South America (Argentina, Bolivia, Brazil, Chile, Cuba, Mexico, Paraguay and Venezuela).

dynamic developed in 2005, however, largely due to the “July-package” in agriculture adopted by a newly founded group: the Five Interested Parties (FIPs) – EU, US, Brazil, India and Australia. Critical voices saw this compromise as still highly biased concerning crucial G20 questions such as export subsidies and market access. FIP discussions also began to increasingly link agriculture with negotiations in services and market access for industrial goods. The core committee had been changed:

“In the lead-up of the Hong Kong ministerial, Brazil and India’s (sic) new role as power brokers between the developed and developing world was affirmed with the creation of a new informal grouping known as the ‘New Quad’.⁶⁷ This formation, which included the EU, US, Brazil, and India, played the decisive role in setting the agenda and the direction of the negotiations” (Bello, 2006: p.2).⁶⁸

Negotiations in services were reinvigorated – India voiced a clear interest in liberalization – and the Brazilian ambassador hinted that large reductions in industrial tariffs would be acceptable trading chips for an end to export subsidies in agriculture (personal talks in Brussels, November 2005). Negotiation proposals in services and market access in industrial goods were both clearly opposed by LDCs. Some countries in the G20 group including Venezuela, South Africa, Cuba and Nigeria and the Philippines even threatened to walk out of the talks in Hong Kong if services negotiations would not accept the G90 proposal as their basis (personal meetings in Hong Kong, December 2005).

Nevertheless, the talks were concluded on the basis of the other proposal and a higher reduction formula of tariffs on industrial goods also made its way into the Hong Kong declaration. Several long-time trade experts on Developing Country (DC) positions saw Brazil and India as having played a crucial role in the construction of this agreement. From their perspective, “[t]he G20 leaders (India, Brazil, China) went on a persuasion drive to get other developing countries and their groupings to agree to the services text” (Khor, 2005, p.2). Others were more drastic in stating that “India and Brazil have led the developing countries down the garden path in exchange for some market access in agriculture for Brazil, and services outsourcing for India” (Jhamtani 2005). The analysis of Walden Bello as a long-term observer of WTO negotiations carries the title “Brazil and India Join the Big Boys Club” (Bello 2006). Meanwhile, the two states continued to vocally claim to be leading promoters of developing country interests.

⁶⁷ Originally, the big trading countries US, EU, Japan and Canada formed the “quad“ in the Uruguay Round negotiations.

⁶⁸ After Hong Kong, the FIPs has been expanded to a G6 that once again includes Japan. Australia and Canada tend to shift in and out of this.

4.4.3 *The idea of development adopted for laissez-faire*

In the current “Doha Development Round” (DDR) of WTO negotiations, the normatively sanctified goal is the development of poor countries. In 1999, a coalition of developing countries had prepared a set of nearly 100 proposals that became known as *implementation issues* and targeted imbalances in negotiating processes and benefits from WTO agreements. Other clear demands were the broad insertion of *special and differential treatment* (SDT) that leaves more policy space for national legislation and the revision of *non-tariff trade barriers* in strong countries that do not fall under tariff reductions but nevertheless affect market access. The Doha declaration gives “the utmost importance” to these concerns of developing countries – hence the name that was established despite the reluctance of many DCs. Nevertheless, the proposals have been reduced over the last few years to technical and procedural details and largely stripped of their demands to change the more fundamental outskirts of the agreements (Lal Das 2006, p.1; similar Raghavan, 2005, p.1). In the following four years, the concrete agenda and proposals have changed remarkably, while the goal of development is still actively communicated. In Hong Kong in 2005, analysts maintained that “there is no parity so far in the progress made in these three subjects or even in the attention given to them with that in the three areas at the centre stage: agriculture, NAMA and services”, of vital interest for the dominant players (Lal Das, 2006, p.2). In particular those players fostering the change of the underlying agenda were also those to maintain the image of development. All proposals tabled by the EU or US are expressly supportive of “development” - even when the DCs themselves opposed them.

Historical development scholars point out that all currently wealthy countries protected their industries until they were considered strong enough to meet world market competition (Khor, 2005). They encourage the elimination of double standards and withdraw proposals prescribing the rapid, broad and fixated liberalization of developing country markets.

“There is a general consensus among all political economists, engaged in research and study of development, that developing countries need above all large ‘Policy Space’ - ability to use a wider choice of policy instruments than is currently permitted under the rules and practices of international economic organizations - in particular of the WTO, the IMF and the World Bank“ (Raghavan, 2005, p.2).

While proposals currently being negotiated reduce this policy space even further, “development” from the liberal economic perspective does not so much refer to sound political competencies as it has been equated with an attraction to foreign direct investment and export competitiveness. Business associations have also been crucial players in the

adoption of the development idea for their own use. UNICE,⁶⁹ “the voice of business in Europe”, for example, stresses in its “view on development and the post Cancun trade and investment strategy” (2004) its willingness to create jobs in order to alleviate poverty. But business would require a “stable, pro-competitive environment” in order to “prevent a return to protectionism” that would threaten international economic progress (Glania, 2004, pp.1-4). A successful trade round could provide an potential annual income of 600 billion dollars of which a “substantial part” would be “generated” in developing countries. Without any further specification of who would benefit from these income increases, it is clear that “every day, which is not used to bring the Doha Round ahead, is a lost day in terms of development” (ibid, p.2). UNCTAD should provide the “appropriate technical assistance” to countries that struggle with fulfilling their WTO commitments; “Public-Private Partnerships are a very promising new pillar of development co-operation” (ibid, pp.1-3). This speech held at UNCTAD XI leaves some interpretive room for how clearly the term “development” refers to poverty alleviation or whether or not its use includes general economic progress. EU Trade Commissioner Mandelson, however, clearly emphasizes the connection to poverty alleviation: “Forget the doctrines of those who think poor countries can develop successfully behind protectionist walls. The only credible way forward is progressive liberalisation, domestically and internationally” (Mandelson 2005). To Mandelson, Doha is “the big prize for the global economy and for the next big boost of poverty alleviation” (ibid).

The Competitive Enterprise Institute (CEI),⁷⁰ a “non-profit, non-partisan public policy organization” in Washington D.C., promotes the immediate connection between WTO-led liberalization and development in the form of poverty reduction even more enthusiastically. Its press release *WTO Can Give World’s Poor Reason to Hope* in Cancún (2003) sees “Anti-Globalizers” on the retreat from their quest to sabotage change in developing countries: “Increasingly though, the hopes of the world’s poor are being heard above the shouting by those who want to deny poor countries the opportunities offered by increased trade” (Smith, president of CEI, 13.09.2003). In the end, though, it was DC negotiators that ended the talks in Cancún. They perceived the proposed texts as too heavily biased in favor of US and EU

⁶⁹ UNICE was founded forty years ago to foster solidarity between the central industrial federations in Europe. Its mission is to encourage a Europe-wide competitive industrial policy by “acting as a spokesperson body to the European institutions.” It had 39 members from 33 countries in 2006 and a staff of 45 working permanently in Brussels (www.unice.org/content/Default.asp?PageID=212, visited 01.09.2006).

⁷⁰ Founded in 1984, “CEI has grown into a \$3,000,000 institution with a team of over 20 policy experts and other staff” and is “dedicated to advancing the principles of free enterprise and limited government” (www.cei.org/pages/about.cfm, visited 01.09.2006). It does not see itself as a “traditional ‘think tank’, but as an active promoter and defender of these principles over “groundbreaking research on regulatory issues” and their communication (ibid).

positions and missing implementation issues that from their perspective were the crucial steps for encouraging poor countries' development.

Western players dominate the definitive struggles surrounding *concrete policies*, while it is rather the normative image of development that is cultivated: the active participation of DC negotiators in the definition of what is important to the development of their own countries remains negligible. During the Hong Kong ministerial in 2005, the EU and US offered a heavily advertised "development package" on the condition that DCs would agree to the rest of the agreements. This package was supposed to foster the *better implementation of WTO rules* with the technical and material assistance for DCs and allowed Least Developed Countries (LDCs) trade preferences and duty-free/quota-free market access. While this package was promoted as a great concession from the powerful countries, critical trade experts saw it as an empty promise; offers made by the EU were already part of other, regional trade agreements, while the funds would not entail new but rather shifted money. In the case of the US, Congress must approve any tariff and quota decision outside of the official negotiating mandate - and had opposed every such proposal in the past (Ling, 2005). The judgment of civil society observers concerning the benefits for DCs was therefore quite distinct from that of its proponents: "The 'development package' tries to hide how, in spite of the rhetoric, the current Round of negotiations is not about development but about the offensive economic interests of developed countries" (S2B, 2005). Behind the public rhetoric, however, developing countries' negotiators in Hong Kong indicated to NGO representatives that they planned to walk out of negotiations on texts that continued to ignore their own proposals and opinions (own experience).

The Doha Ministerial Declaration originally stated in Paragraph 16 that the support of the DCs would "include appropriate studies and capacity-building measures to *assist least-developed countries to participate effectively in the negotiations*" (WTO 2001, my emphasis). The idea that "effective" participation should mean having an equal say in what is considered to be development-friendly *content* of the policies is not addressed: the assistance or education seeks to assure conformity to the given standards.

To sum up, the collective will of neoliberal economic transformation runs across all official boundaries and the contextual interpretation of how far the boundaries of particularly well-established images such as impartiality, democracy or development can be stretched is an integral part of co-optive persuasion processes.

4.4.4 Expansion of private legislations by the public WTO

The WTO's commodifying and often indirectly privatizing effect was part of the study by Price discussed (2002) in chapter 4.1.2. As this chapter focuses on ideologies and social practices, I will put some emphasis on the discourse that justifies these effects as efficient developments. At its core lies the separation of "economic" issues from the "political" ones. The expansion of laissez-faire private socio-economic control worldwide involves strategies in which powerful collective wills, including government representatives from industrial countries, try to establish their policies of re-regulation standards in several state spaces at the same time. The goal is to meta-govern or even overrule prevailing national standards and policies, with each international state space providing a potential terrain for such rule-making. The UR agreements established market logics in highly sensitive areas like food sovereignty, education, biodiversity, medicine and cultural heritage. Most other constitutions had defined and protected these issues as basic human rights or public goods with genuine use value. Protests against this loss of democratic control and equal provision under the market logic were countered with justifications building on the separation of the economic from other social concerns: "It is old wisdom in many cultures that you cannot kill two birds with one stone. (...) So, the correct policy solution is to fix the environment through an appropriate environmental policy and to maintain open trade to maximize the gains from trade and hence economic prosperity" (Sutherland et.al. 2004, p.14).

Processual scholars contextualize this old wisdom and do not see neoclassical trade and socio-ecological concerns as two separate entities but rather as two sides of the same coin. The armouring of neoclassical trade policies with enforceable rules for them shows a clear challenge to all existing Multilateral Environmental Agreements (MEAs) and the type of policies that were formulated in those state spaces

"[B]y embedding the principles of liberal trade theory in an international regime, the individuals and governments (...) not only built an institutional mechanism for the supposed reduction of trade conflict among member states, they also heightened their commitment to liberal trade theory to almost a constitutional level. (...) In moving free trade principles to a higher place of authority, a buffer was constructed not only against protectionism pressures, but also against most other attempts at reform of the international trade regime" (Boas/Vevatne 2004, p.99).

Moreover, to pretend that WTO competencies and trade regulations will not overlap with those of MEAs is neither possible nor that which observers of negotiations in both state spaces report. The cited observers of trade-environment relations clearly identified a strategic political struggle between regulatory alternatives: "when the idea of a world trade

organization was placed on the agenda in the latter part of the Uruguay Round, the increased scope, permanence and rule-making authority of the proposed organization alarmed environmentalists and other civil society actors” (Boas/Vevatne 2003, p.101). Once contextualized, we see that the UN World Summit on Sustainable Development in 1992 had pushed socio-environmental issues high onto the global policy agenda and ended with a resolution for stronger regulation and protection. The WTO impacts many of these attempts and such overlaps were neither unknown nor unavoidable..

Jean-Christophe Graz (2004) therefore argues that the different constitutions should be seen as part of what he calls “transnational mercantilistic thinking”. His study *Transnational mercantilism and the emergent global trading order* investigates the socio-economic significance of WTO agreements and points to a similar privatization trend also acknowledged by Price (2002): “In addition to the hierarchy of the market in intra-firm trade, private authority in international trade regulation also arises from the devolution of authority made possible by the WTO rules, in particular in health, safety and environmental matters” (ibid, p.612). In order to understand the actual impact of these rules he urges one to “reconceptualise the politics of trade by reference to three major claims: the articulation between the economic and political spheres, the intimate connection between domestic and international realms, and the embeddedness of trade policy within broader political economy concerns” (ibid, p.611). The “concrete manifestations of these categories and their relations are not given but socially and historically produced” and therefore “[w]hat is trade impacts not only on the fulfilment of a freer non-discriminatory trade, but also on the embeddedness of trade in state-society relations, in the natural environment and in the spatio-temporal structures of capitalism” (ibid, p.612, emphasis in original).

It is therefore interesting to note that the simplistic rhetoric of the two-stone metaphor stems from the official “expert report”⁷¹ on *The Future of The WTO* that General Director Supachai Panitchpakdi had ordered for the 10th anniversary of the organization in 2005. Such ideological justifications provide the mythic frame for particular behavior and structurations in the conscious construction of coalitions and functional compromises for institutionalization.

⁷¹ The report is also called the “Sutherland Report” since Peter Sutherland chaired this epistemic expert community. He was the founding Director of the WTO. Today he is a board member of several transnational corporations and a member of the Trilateral Commission – the central protagonist in Gill’s broadly received *American Hegemony and the Trilateral Commission* (1991). The other seven experts all have economic backgrounds and with one exception were all trained in US institutions. They work in elite positions associated with the Bretton Wood system, educational institutions or business associations. Despite mounting critique since the Seattle ministerial in 1999, no representative from outside the elite community of liberal economic market rationalists has participated in the study. The report can be downloaded from www.wto.org.

4.4.5 Green rooms as black parliaments

Within the world trade community, leaders work to ensure that sanctions appear to be based on the consent of the majority. Since many examples such as the green rooms have already been mentioned, I would simply like to refer to some additional examples and observations. Walden Bello summarizes the characteristics of the processes as a proto-type of black parliamentarianism:

“Formally speaking, the WTO is a one-country, one-vote system. Yet actual decision-making is done by a process called “consensus,” in which the big trading powers impose a consensus arrived at among themselves on the rest of the body. In the WTO, formal parliamentary sessions where decisions are made in democratic institutions are reserved for speechmaking. Real decisions are made in backrooms by informal caucuses whose members are not determined by formal rules and votes but by informal agreement among significant players” (Bello, preface in Kwa 2003, p.5).

The procedure of consensus establishment carries such a powerful legitimating image that many of these preceding steps are excused by it. I therefore would like to quickly elaborate on its effect on the humans participating in it. Particularly when many issues are pre-negotiated in the exclusive meetings and then linked into one final package-adoption, special interests or minority concerns are very likely to be crushed by the pressure for overall agreement. Martin Khor, another decade-long observer of trade negotiations explains the process of consensual decision-making in the WTO as follows:

“The system of decisions by consensus is also odd in its implementation. On issues where a majority of developing countries, who form the vast majority of overall WTO membership, may agree, it is said that ‘there is no consensus’ should even a few developed countries disagree with the majority, and the issue concerned is practically killed or have no chance of being successfully (sic) dealt with. However, should the major powers (especially US, EU, Japan) agree on a particular issue, whilst a sizable number of developing countries disagree with them, and a large number remain silent, the major powers are likely to embark on a process which they call ‘building a consensus.’ In reality this means a process (sometimes prolonged) of wearing down the resistance of the outspoken developing countries until only a few or even one or two remain ‘outside the consensus.’ It is then relatively easy to pressurize these few remaining countries to also agree, to ‘join the consensus’” (ibid, 2002, p.3).

The judgment of Amrita Narlikar (2002) is similar in her study on *Decision-Making Processes and Developing Countries in the World Trade Organization*. She additionally highlights the strategic communication of the WTO’s normative desirability. She identifies “four tenets of WTO decision-making” of which the first three are used to propagate the

democratic character of this state, with the fourth comprising co-optive negotiations and black parliaments: “One-member one-vote, consensus decision-making, member-driven character and the importance of informal procedures in holding these features together. Each one of these features is fraught with problems for developing countries” (ibid, p.182). In addition to the previously mentioned consensus-preparation outside of official parliaments, she also points out that the frequency of meetings makes it impossible for many poor countries to even send a representative to all negotiations and that the level of technical detail in the individual negotiating texts would necessitate experts in each issue area in order for them to be fully understood. Here it is important to know that absence is equated with the absence of objections in the WTO statutes (Narlikar 2002, p.173). Therefore, despite forming the majority of WTO members, developing countries are explicitly disadvantaged by the heavily propagated norm of consensus. Because of “an elaborate network of informal processes that can beat consensus into shape”, this form of decision-making diminishes the potential power that DCs would hold in a system of majority voting (ibid, p.174).

“While the principle of one-member-one-vote and possible representation by all members—strong or weak—in all levels of the organization suggest a high degree of egalitarianism that would work in the interest of developing countries, developing countries themselves show little evidence of having utilized the power of large number” (ibid, p.173).

Martin Khor summarizes this final disguise succinctly: “This reality is in stark contrast to the image of equal participation by all members through ‘consensus’ that the WTO tries to protect” (ibid, 2002, p.19, my emphasis).

From a hegemonic perspective it is interesting to note that “many of these problems have worsened with the expanding mandate of the WTO” (Narlikar 2002. p.182). Public self-criticism and the propagation of its egalitarian procedures are carried out mostly by the Secretariat itself. WTO employees as other state personnel do seek as individuals to carry out their official mandate and to shield from criticism. Staff or administrative legislators are also bound by their worldviews and most will promote their particular proposals out of personal conviction or out of the urge to fulfil their official role. Thus, the neoliberal technocratic nexus within the established procedures becomes very effective politically and the dogma of free trade as a public good attaches normative power to it. The myth of universal benefits for “all” through neoclassical trade is used to legitimate the WTO mandate in public and becomes instrumental when exerting direct psychological pressure on critical negotiators:

“We are made to feel that we are holding up the rescue of the global economy if we don’t agree to a new round here [Doha 2001]. This is a view I don’t subscribe to. I don’t think

negotiations will come to fruition in time to offset any recessionary tendencies in the global economy. Nor do I feel that this is going to be a signal to financial markets. In addition, we feel that this meeting has no connection with the fight against terrorism. And all these things have been put to us in a way that if we don't agree, we are not committed to those goals, which is certainly not the case" (Dr. Richard Bernal, Jamaican Delegate to the Doha Ministerial 2001, quoted by Kwa 2003, p.22).

The image of global general interest and input legitimacy is very strong and, as Gramsci pointed out, "reflects back" on the powerful parties that participate in it (see chapter 3.6.6): hegemony works through the state.

4.4.6 Reification of the WTO as an impartial protector of global welfare gains

The central function of the WTO is to secure the cohesion and persistence of the neoliberal world trade community. It combines coercive and consensual measures for this purpose on a continual basis, as its members are engaged in standing negotiations. In the WTO, the Trade Policy Review Mechanism (TPRM) as one example monitors member trade policies to identify potential conflicts with WTO rules even before disputes arise. The personnel's task is then to "initiate dialogues to amicably" solve them in advance (List/Zangl 2003, p.379, my translation). This preemptive measure does not necessarily signify less control; it means that the administrative body encourages an incorporation and implementation of the hegemonic program through educational training. Additionally, informal pressure to comply remains high in light of this generosity. Exclusion remains the potential threat for those not appreciating the canonized norms and laws. Developing countries therefore "say that they are importers of rules that do not necessarily reflect their needs" and do not see how such purely educative measures on how to adapt to those rules will change the general course they see to be problematic (Wolfe 2004, p.588). Even the Trade-Related Technical Assistance (TRTA) provided by UNCTAD and the WTO for increased participation is seen as highly selective. This assistance is given in fields that are relevant to industrial countries such as the new Singapore Issues or Environment but not in those areas of long-standing vital interest to poor countries like agriculture or intellectual property.

Wolfe (2004) points out in his aforementioned study on negotiation processes that this strategy is "reasonable" from the point of view of the dominant countries. These seek "to help developing countries meet governance standards OECD countries have designed" (ibid, 2004, p.588). Special and Differential Treatment (SDT) takes the form of concessions allowing the DC members to "be flexible about how fast they do that" (ibid). This state-controlled training

of course does not encourage alternative opinions within the community, instead containing any detours from the prescribed path of trade policy.

Addressing the broader public, educational state material of the WTO cultivates the unprecedented progress of unification and the state spirit within the new global community. The “need” or desirability of the existence of this body is necessarily part of the message. *The Future of the WTO* (2005) renders this organization as the most remarkable manifestation of the dedication to joint progress:

“It is clear that, for the first time in history, the world can embrace a rules-based system for economic coexistence, the essential principles of which are generally agreed. Even the inspired period of institution building that followed the Second World War did not result in such a truly common endeavour. No longer divided by the Iron Curtain, or any other fundamental ideological difference, in economic matters at least, a large community of WTO Members has given practical expression to an understanding that institutions of a multilateral character have an indispensable role in maintaining this unique cohesion” (Sutherland et.al. 2004, p.5).

Criticism must then be based on lack of education or hostility towards the worldwide well-being and should be considered to be isolated from the enlightened majority; “[the] enormous increase in membership demonstrates what the *world community really thinks* of the value of the institution and *is the most eloquent riposte to its detractors*” (ibid, p.9, my emphases).

WTO publications also seek to persuade people of the institution’s high quality of performance with regards to global growth and prosperity. The explicit integration of diverse opinions is growing in light of mounting criticism. As DG Supachai states in the foreword of the Annual Report 2005:

“The increasing public interest in the WTO’s work since its creation in 1995 has been matched by a growing demand for more information about the organization and the multilateral trading system. The WTO Secretariat has worked to meet this expectation by expanding its information activities to include a broader range of publications, an extensive internet site and numerous outreach activities” (www.wto.org).

These activities are documented in the *Annual Report* in the first half of the year with information about the institution and its achievements, including an “address where we can do better”, the *World Trade Report* at mid-year with research and analyses of “problems and issues which currently confront the global trade system” and detailed *International Trade Statistics* (www.wto.org - research - publications). Further, the *World Trade Review* as an “independent peer-reviewed journal which addresses trade issues from economic, legal, political and interdisciplinary perspectives” was introduced in 2003 as a “joint initiative of the

WTO Secretariat and Cambridge University Press” (www.wto.org - resources – publications). It publishes three volumes each year and provides a perfect forum for self-criticism. All further publications are grouped in the “research” section and include special studies, WTO discussion papers, WTO staff working papers, books, a newsletter and an online correspondence course online (www.wto.org). The mentioned “outreach” includes a “close cooperation with the Institute for Training and Technical Cooperation” to build “working relationships with the academic community in developing countries, *with a view to strengthening* the home-grown trade-related analysis to support decision-makers” (Annual Report 2005, p.161, my emphasis). Joint research is planned with “partner developing country academic institutions and individuals” and “in some cases with other international institutions” and up to twelve PhD students from DCs receiving funding to conduct research in the Secretariat. “On the research side, we also work with ITC and funding from the Doha Development Agenda Global Trust Fund (DDAGTF) to *promote trade-related research of relevance to the WTO* which is disseminated to interested developing country governments” (ibid, my emphasis). While Supachai sees that “the standing of the WTO Secretariat as a legitimate and important source of analysis of trade policy issues has yet to be accepted in some quarters” (Annual Report 2005, p.162), he is also clear on why it is crucial to cultivate and promote one’s own perspective:

“Denial of freedom for the Secretariat to make this contribution weakens the standing of the WTO as an institution and the effectiveness of international cooperation in trade policy. *It also yields the field to other institutions and individuals that do not always contribute positively to constructive engagement*” (ibid, my emphasis).

Information material therefore emphasizes how the world trade volume has “risen exponentially” “since the creation of the GATT”, “most of the time with trade outpacing GDP” (WTO 2003, 12). This outpacing of output growth is frequently stressed in other reports as well that also differentiate by sector, region or country – but never by social strata. The *Trade Statistics Report* also includes prognoses of trade volume increases but does not bother to explain why simply a higher growth in trade – the exchange of goods across borders – rather than the higher output of total produce is universally and permanently beneficial. Also, these statistics do not consider the social or environmental costs of globalized trade and transport of goods around the globe. This publication shows the qualities of what Charles Taylor observed for the state-istic reports of nation states. Another one is *Understanding the*

WTO⁷², for example, that uses highly simplistic causalities to explain the uncontested benefit of competition and world trade for everyone:

“The data show a definite statistical link between freer trade and economic growth. (...) In other words, liberal trade policies – policies that allow the unrestricted flow of goods and services – sharpen competition, motivate innovation and breed success. They multiply the rewards that result from producing the best products, with the best design, at the best price” (WTO 2003, p.12).

Experts in the report on *The Future of the WTO* therefore lament the fact that the still weak coercive mandate provides “limited assurance about the future” and demands more competencies and authority for this important state:

“The intensification of competition in trade matters broadly defined is both *inevitable* and is *evidenced* by new and *positive dynamics for growth*. The institution that *in significant respects protects this potential* is not by any means fully equipped for its tasks” (Sutherland et.al. 2004, p.5).

System-critical scholars like Wolfe, on the other hand, conclude that “[i]f Members are to avoid a two-tier trading system, however, the real challenge for development is to think about how countries can have comparable obligations that are translated in differing ways into their own governance context” (ibid, 2004, p.589).

This is not likely to happen any time soon, though. Approximately 75% of the current administrative personnel in this organization comes from industrialized countries and usually promotes proposals of the influential member states (Kwa 2003, pp.20-27 & p.38). Additionally, leading personnel of other institutions that publish influential reports on world trade – particularly the Bretton Woods institutions and UNCTAD – tend to share a similar education and therefore knowledge background. The global administration of economic development therefore qualifies as an epistemic community that leads meta-governing state spaces. Switching positions between them is common practice: in 2005, Supachai Panitchpakdi left his post as DG at the WTO to seamlessly take over the same role UNCTAD, while the EU trade commissioner Pascal Lamy became his successor in the WTO. The promise of this leadership coalition is no less than the most ideal outcome for everyone whose program is eventually accepted as a global standard. An additional quote “explaining” the WTO to the public illustrates this point nicely.⁷³

⁷² The cited brochure here is now in its 3rd edition and called *Understanding the WTO*. Its title was formerly *Trading into the Future*.

⁷³ I sincerely encourage every reader to look at the “basic information documents” provided and updated yearly on the WTO website www.wto.org. It is simply amazing how ignorant these publications are to alternative points of view on theory and practice. Interestingly, this document and the *10 Misunderstandings* and *10 Benefits* are referred to as “pamphlet series” in the document itself (p.8).

“The result is assurance. Consumers and producers *know* that they can *enjoy secure supplies and greater choice* of the finished products, components, raw materials and services that they use. Producers and exporters know that foreign markets will remain open to them. The *result* is also a *more prosperous, peaceful and accountable economic world*. Decisions in the WTO are typically taken by consensus among all member countries and they are ratified by members’ parliaments. Trade friction is channeled into the WTO’s dispute settlement process where the focus is on interpreting agreements and commitments, and how to ensure that countries’ trade policies conform with them. That way, the *risk of disputes spilling over into political or military conflict is reduced*. By lowering trade barriers, the WTO’s system also *breaks down other barriers between peoples and nations*” (The WTO in Brief, 2005, p.7, my emphases)

This provides an example of state spirit building on the past, archiving shared history, but also affecting scenarios of what is to come: it “presupposes ‘continuity’, either with the past, or with tradition, or with the future”, according to Gramsci for at least one generation in each direction (Gramsci 1971, p.146). This is the result of unifying processes that are never finished: unification requires a continual process of persuasion that responds to changes in the framework of action.

We see that such an open-ended framework with the dual perspective of hegemony can, for example, explain why Rhodes’ self-interested states that have been educated towards more cooperative behavior suddenly turn in light of the norm of liberal trade to defective strategies. It can also explain why the content of the norm of liberal trade has changed or why some limitations appear as “voluntary restraint agreements” while others are “subjugation to threats of retaliation”. Thinking about rational choice and identity changes together helps to prevent ontological inconsistencies. Foullieux (2004) and Van den Hoven (2004), for example, both work with the strategic use of normative legitimacy effects in explaining the agreement of weak states while dominant players seem immune to such strategies.

Convergence studies with a focus on the design of interaction often explain the constructed quality of some variables, but the construction phase seems to have ended with their analysis. Dunning (2004) interprets one concept of capital – the social or relational one – as the result of human interaction, while intellectual capital seems to exert itself and drive the economy. Meanwhile the “yours-or-mine” philosophy is socially effective but its potential origins fail to be further investigated.

Another open question in Kohler’s study (2004) on the diverse “rationales” of different actors can be nicely solved from a hegemony perspective. So far Kohler has assembled diverse observations of differing rationales but does not explain their genealogy or interlinkages

consistently. First, he criticizes the purely economic “GATT-think” of several theorists (Bagwell/Staiger). He then emphasizes that this also cannot explain negotiating partners’ decisions, as their goals are to advance the economic wellbeing of their countries’ citizens at large *while* catering to special interest groups in order to secure their own status (p.320). He demonstrates why it may be rational for these groups to behave irrationally from a purely economics perspective. To bolster the argument on “enlightened” governments, he then accredits the WTO with the mandate of facilitating welfare gains by guarding these “against special domestic interest groups that would otherwise be stumbling blocs for these governments in their sincere attempts to pursue national welfare (see Krugman (1993))” (p.332). But if not based in GATT-think, on the grounds of which economic rationale do politicians negotiate within the WTO? The previously mentioned studies compiled by Boas/McNeill (2004) have all exposed what they call a “technocratic nexus” and the dominance of a neoliberal worldview within those bodies.

“In order for ideas to be used in such organizations they must be translated into terms which can be operationalized. This, we suggest, (together with the importance of achieving consensus), tends to involve a process of ‘depoliticization’, and a tendency for economics to become the dominant discipline. In short, we suggest that ideas that challenge the conventional wisdom become distorted” (ibid, p.2).

In the concluding chapter, they quote one participant’s experiences on how “theories opposed to the wisdom of neoliberalism have often been treated (...) ‘with the bemused condescension usually reserved for astrological charts and flat-earth manifestos’” (ibid, p.214).

In addition, as has been shown above, communications with the public and information material of the WTO contain GATT-think as help in justifying its own mandate. While Kohler (rightly) criticizes GATT-think and its promoters, he does not ask why it has emerged and why it remains so prominent. The free trade dogma functions as a social myth in the Sorelian sense around which collective wills form, crossing all formal borders. This includes science: Bagwell/Staiger were the most cited authors in the studies I came across.

4.5 Procedural re-reading of WTO cases

Since independent field studies exceed the scope of this thesis, this subchapter is based on the evidence of other scholars. The scope of information in the JSTOR case studies of William J. Drake and Kalypso Nicolaidis (1992) and Ilan Kapoor (2004) provides formidable grounds for a procedural Gramscian interpretation; I more or less amend these interpretations. As a side-effect, the biases in the selection of empirical evidence are widely excluded, as this research was conducted by *non*-processual scholars. Their underlying paradigms fall into

perpetual (Drake/Nicolaidis) and adaptivist (Kapoor) thought. Neither of these cases is very extreme in its assumptions, however, and focus on the seemingly contradictory interplay between theoretical expectation and observed practice, or – as they are thought to be distinct units – between worldviews and interests. I will show that a hegemony interpretation bridges these apparent inconsistencies.

This chapter summarizes the studies' analytical frameworks, their core empirical findings and additional insight as well as some inconsistencies that I perceive in them. I conclude by applying the procedural criteria of institutionalism to the given narratives and showing how these help to “make sense” of the evidence. Generally, both studies provide examples for all my central concepts. *Ideas, Interests and Institutionalization: Trade in Services and the Uruguay Round* (1992) by Drake/Nicolaidis provides more insight on the definitive processes of issue valuation and co-optive coalition formation. *Deliberative Democracy and the WTO* (2004) by Kapoor deciphers the institutional characteristics of the WTO and exemplifies its reproductive dualities and state spirit. While I can only extract essential parts here, I would encourage everyone to read the articles in their entirety.

4.5.1 Building consensus for the GATS agreement

Drake/Nicolaidis prepared an exhaustive 63-page review of the emergence of the GATS agreement on services. It was published in 1992 in *International Organization* with the goal to “explore the interplay of new ideas and interest in the institutionalization of trade in services on the international agenda” (ibid, p.38). The authors use the concept of epistemic communities – “a group of experts with shared causal and principled beliefs, shared validity tests, and a common policy project”. This collective actor's “influential analyses” have resulted in “governments [that] changed their minds and redefined their interests” (ibid). This progressive convergence concept is applied to an underlying rational choice paradigm of economic interest, however, and the analysis does not contest the competitive mosaic world order. The center of attention is the impact of collective images, but Drake/Nicolaidis start the introduction with a description of economic parameters in the 1970s. They point to the massive quantitative and qualitative importance of services in general and for business in particular. Approximately 70% of GDP in the industrialized and up to 50% of GDP in much of the developing world is linked directly or indirectly – as production infrastructure - to the services sector. The growth of services activities was stated to have been a crucial feature of ongoing global economic restructuring. The 1980s were marked by heavy political discussions; “whether services would remain governed according to traditional regulatory

regimes or be governed instead by the sort of market-based rules embodied in GATT was recognized to have critical implications for the world economy as a whole” (Drake/Nicolaidis 1992, pp.37-8). A multilateral trade solution was made possible by a service community, “a new grouping, broader and more intellectually and professionally diverse than the traditional trade policy profession” (ibid, p.40). While the authors recognize that powerful U.S.-based TNCs had begun to push for greater freedom by the mid-1970s, they hold the position that “states could have managed these pressures by adapting regulatory rules on an industry-by-industry basis” (ibid, p.38). Drake/Nicolaidis assume that the major change in regulation would not have been considered

“if new ideas had not *emerged*: ”It was only when analysts *showed* that diverse cross-border transactions in telecommunications, finance, management consulting, construction, and so on *had* the common property of constituting ‘trade’ that comprehensive liberalization on a pan-industry basis became an issue on the global agenda” (p.38, my emphases).

The choice of words in this paragraph indicates that “ideas” are used here very differently than in the strong constructivist position; they are equal to the discovery of new insight or additional information and therefore remain external parameters that influence political calculation. While the authors see the “shift to a trade discourse” as “a revolution in social ontology”, they do not look more closely at the process of *how* this knowledge and discourse changed.

Instead, the analysis distinguishes three consecutive stages of change, each demarcated by a “turning point event” and recognizable qualitative changes:

1. 1972: Experts met for the first time under the auspices of the OECD to discuss the trade-like properties of services and their importance to the world economy. This stage ended in 1982 when services were brought to the GATT ministerial meeting and beliefs on the benefits of multilateral liberalization found broad support in the community.
2. 1982: GATT members conducted an initial assessment of the issues. After a phase of “issue consolidation”, existing GATT principles were considered to be useful as the baseline for a new regime. This stage ended with the initiation of the Uruguay Round in 1986 that included services.
3. 1986: The Uruguay Round embarked on negotiations of modalities and community members came to agree that GATT principles are not directly applicable to all services industries. The search for modification or new principles as supplements was not yet complete when this analysis ended in 1991 (ibid, pp.38 & 40).

Over the course of this decade, the epistemic community's membership grew in size and diversity and "the scope of its common beliefs increased". The degree of commonality was "greater on causal than principled beliefs" – liberalized trade was commonly seen as desirable, but how exactly it would be achieved remained a matter of more diverse opinion. Even at the end of the UR there remained some disagreement on the latter. These concerned, for example, the precise balance between trade and regulation in certain industries or the scope of exceptions for LDCs (ibid, p.40). "Nevertheless, these differences do not threaten the underlying consensus on tradability of services and on the need for multilateral principles" (ibid).

The analyzed agent, the epistemic community, is conceptualized across official boundaries, combining experts with the "desire to understand services issues and propose solutions" (ibid). It is comprised of "two tiers" showing distinct motivations: individuals "who work for organizations with direct interests in alternative policy solutions" and "in contrast" academics, lawyers, industry specialists and journalists "whose stakes, if any, are more purely intellectual or a matter of professional entrepreneurship" (ibid, p.39). The causal beliefs of the second tier would "appear to *external* policymakers to be 'scientifically objective' and susceptible to *truth* tests and also appear to benefit the international *community* as a whole, rather than solely particularistic interests" (ibid, my emphases). Since it is generally claimed that no consensual interest definition would have been possible had "recognizably biased" policies or positions been involved, support by the scientific tier fosters legitimacy of the proposals of the first tier. The possibility of selective representation of the "facts" is limited to conscious attempts of manipulation through "recognizably biased" proposals (ibid, p.40). While a broad range of civil society is represented in the community, this group remains separated from the political society. Governments consult neutral experts in order to determine the best strategies for their *independent* perpetual material interests. The process is summarized in its entirety in a figure that I have reproduced here in order to provide a simplified overview:

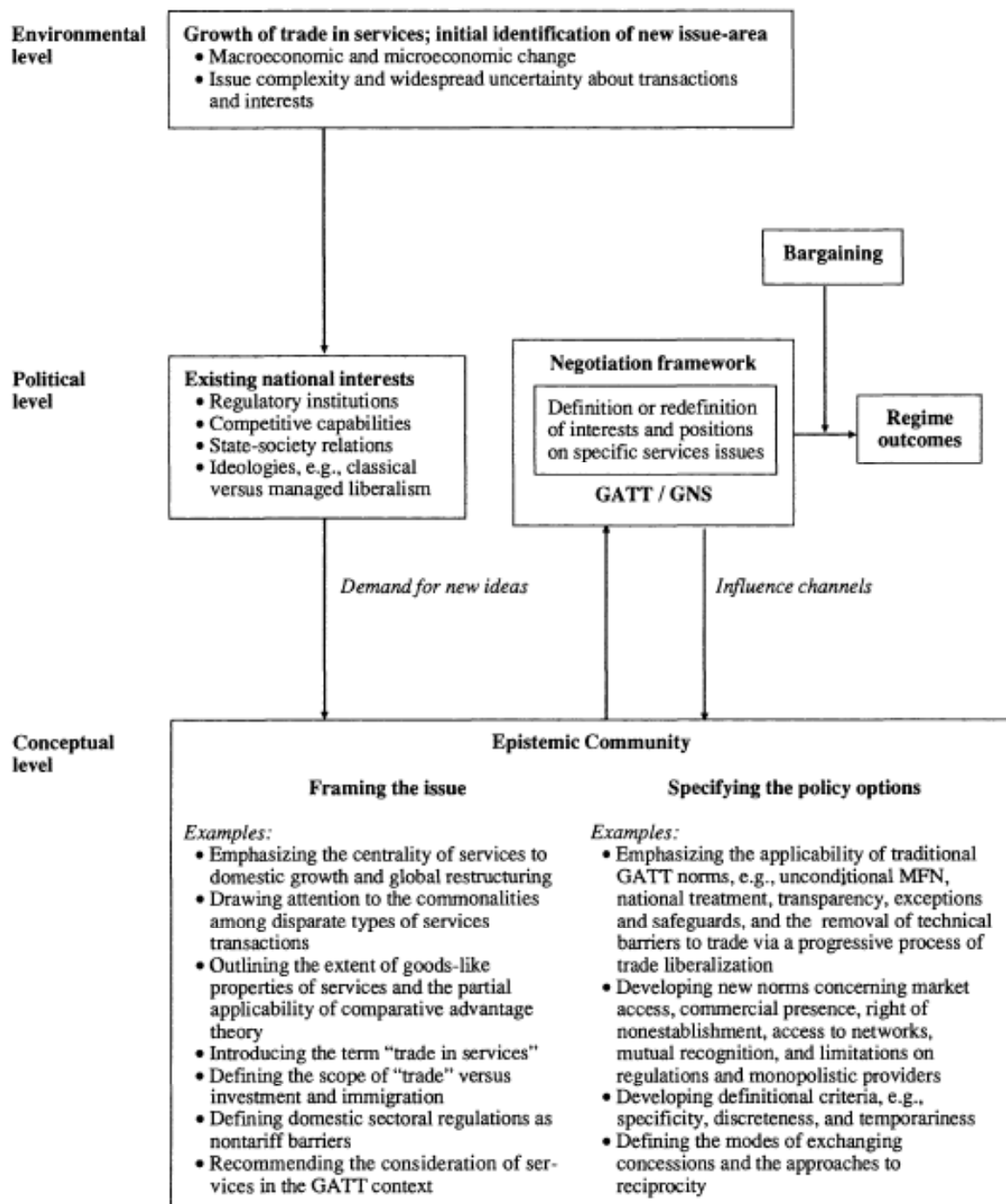


Figure 3: The role of the trade in services epistemic community, Drake/Nicolaidis 1992, p.42.

We see that this agential framework reduces “ideas” to information and strategizing; the revolution “redefined how governments thought about the *nature of objectives and principles* according to which they should be governed” and it took a “fundamental change of mind-set.” But this revolution did not exceed the organization of the external parameters; once

“uncertainty had been reduced through analysis, material interests crystallized and policymakers picked from and modified the menu” (Drake/Nicolaidis 1992, pp.38-9).

This perspective excludes power plays from knowledge production. As with most rivalry studies, they are timed as consecutive stages: a definitive process of “why collaborate” (p.39) precedes negotiations on “how cooperate”. The process of institutionalization is treated as the “dependent variable” in “the interplay of supply and demand forces in the *intellectual marketplace*” (ibid, p.39, my emphasis; see the box *Regime outcomes* to the far right of the figure). In addition, the “environmental level” of economics is detached as a fixed variable to which the actors respond (see figure). As the ontological result, the epistemic community develops “*ideas*” that reduce the overall uncertainty in the issue on a power-free “conceptual level” that is detached from the “political level” where negotiations are impacted by particular *interests*. The eventual “bargaining” that leads to *institutionalization* is completely separate (see box in the figure).

To sum up, the authors “seek to explain the form and substance” (ibid, p.38) of the process leading to the GATS agreement, but they do not *integrate* their three ingredients - ideas, interests and institutionalization - mentioned in the title (also see the summarizing table, p.98, reproduced below). Their empirical research, on the other hand, clearly reflects this interplay: “Trends in community thought were identified and shown to have filtered into the GATS process through direct first-tier participation and second-tier consultations, as well as through a variety of indirect avenues, including conference participation and publications” (p.98).

I argue that this analytical inconsistency is due to the conceptualization of knowledge as objective information. Agential and structural conditions and biases that *impact the genealogy* of supplied and demanded knowledge are excluded: who can supply and demand knowledge is not analyzed at all. I wish at this point to briefly reiterate why a Gramscian hegemonic perspective considers this conceptualization to be problematic. I will then show that Drake/Nicolaidis themselves *do* observe these biases – but *do not* theorize them.

Every individual develops his or her worldview in reference to the experienced reality; it may be worthwhile to pay some attention to that of the member of the episteme. A community comprised of “services experts, period” (Drake/Nicolaidis, 1992, p.40) is likely a gathering of individuals that live under similar and rather privileged reproductive conditions. These do not represent all affected strata of society and therefore cannot deliver representational knowledge, even in their best attempts. The members of the epistemic community here were governmental representatives, executives of TNCs, think-tank researchers and representatives of international organizations (see the composition of members as summarized by the authors

in the table reproduced below). I consider it a safe guess that these individuals enjoy wealthy lifestyles and experience an elitist reality.

In a second point related to the first, the framing effects of the personal expertise itself are ignored. The economic lens of the trade community imposes limits on which policies and positions resonate as “relevant” or “having a stake” in the issue. The selection of members and the “scope of shared beliefs” in Table 5 (p.350) provide good grounds for this assumption. This personal “filter” does not necessarily mean that individuals are ignorant towards other perspectives, but it should not be ignored, either.

Third, a trans-disciplinary combination of lawyers, journalist, academics, business leaders, etc. does not necessarily guarantee a plurality of perspectives. If these individuals have been trained in similar educational systems, merely mixing private, public and scientific backgrounds need not translate into *intra-disciplinary theoretical diversity*. While this cannot be derived from the data given in this study, several books (Boas/McNeill 2004, Scherrer 1999, Gill 1991, Robinson 2004, van der Pijl 1998, Appeldoorn 2002; Brand et. al. 2003) have extensively traced a neoliberal shift in many of the organizations mentioned as community participants (USTR, OECD, GATT, ICC, think-tanks, UNCTAD). This shift started in the same decade observed here and included personnel rotations, budgetary decisions and strategic concerted discourse creation.

Fourth, it appears unrealistic to assume that uncertainty-reducing “ideas” are defined in an interest-free void. Members of the epistemic community are subject to framing effects and establish standards that determine how members joining the group need to “translate” their viewpoints so that they can be perceived as adaptable and relevant. Further, the new members must accept the operational procedures established by the initiating group. Therefore is it relevant to note that “at the outset, the epistemic community consisted primarily of American and, to a lesser extent, British members and included more analysts from the first tier than independent observers and academics from the second” (Drake/Nicolaidis 1992, p.49). The following Table 5 (below) by Drake/Nicolaidis shows how the community expanded in concentric circles to liberal democratic OECD countries, only in its last phase including LDC elites. Not-for-profit civil society organizations are not listed as participants.

Drake/Nicolaidis do address all of these biasing effects throughout their 65 pages of “thick description and process tracing” (ibid, p.98) of institutionalization. *They are simply not theorized* and remain completely ignored in the conclusion.

<i>Community attribute</i>	<i>1972-82</i>	<i>1982-86</i>	<i>1986-91</i>
Membership	First tier consists of staff members of U.S. government offices, especially that of the USTR; a small group of analysts from U.S.-based TNCs; and trade specialists and transborder data flow analysts from the OECD. Second tier consists of analysts from London's Trade Policy Research Centre and a small group of Anglo-American trade and "services economy" theorists	First tier expands to include trade and industry analysts from OECD member governments and a widening multinational network of analysts from TNCs. Second tier expands, with rapid growth in the number of academics and investigators from think tanks.	First tier continues to expand as nontrade experts are drawn in from national and international government organs with regulatory functions and as UNCTAD and a growing number of LDC government bureaucrats become active. Second tier grows enormously to include greater numbers of academics and analysts from think tanks and research groups.
Scope of shared beliefs	Members are in broad agreement on questions concerning the movement of services, the trade-like properties of services, regulatory barriers, and the potentials benefits of trade liberalization. Members are less in agreement concerning the applicability of extant trade principles and GATT competence.	Members are in growing agreement that application of GATT trade principles is possible and desirable. But as membership expands, there are more doubts about whether existing principles can be applied without modification.	Members reach widespread agreement on general trade principles and on new concepts, such as market access and preferred mode of delivery, coupled with slow but steady progress in translating and modifying general principles as detailed sectoral rules.
Influence dynamics	Internal balance is skewed toward primarily U.S. advocacy of sweeping liberalization. External influence on policymakers is limited to U.S. policymakers in the 1970s but begins to spread to others at the turn of the decade.	Internal balance is still skewed, but members begin questioning applicability of classical liberalism. External influence on policymakers grows rapidly as the services issue reaches GATT and governments must formulate their initial position.	Internal balance shifts from the support of U.S. classical liberalism to the support of managed liberalism, which is advocated by the EC and is compatible with LDC antidependency views. External influence of second-tier members declines as state interests become clearer and bargaining begins.

Table 5: Evolution of the Trade in Services Community (Drake/Nikolaidis 1992, p.96)

The summary provides a clear-cut neo-institutionalist worldview. The outcomes have proven that epistemic communities influence policymakers and consist of “four straightforward assertions” (Drake/Nicolaidis 1992, p.41):

1. Under circumstance of complexity and uncertainty, a “fluid space” emerges in which epistemic communities are formed “to clarify the issues and suggest solutions”. Governments consult with the experts to determine “their national interests regarding negotiations and a regime”.
2. “The level of an epistemic community’s influence depends on the extent of its access to top policymakers.”
3. Governments’ prior interests (economic and trade policies) do not “translate readily into issue-specific interests” (services). Epistemic communities can limit the “range of defensible policy options” by “bridging the gap between the two required analyses”.
4. The influence of epistemic communities declines “once ideas and interests have been clarified” and “power and bargaining dynamics determine which ideas put forward earlier will be selected and how they will be modified and embodied in the future regime”.

This brief observation only begins to acknowledge the rich empirical insight delivered by this study. It is therefore disheartening to find the final conclusion completely eradicated of the potential for theory development and leaping back into a rivalry interpretation:

“In sum, none of the major steps towards a GATS – issue definition, clarification of mutual benefits, agreement to negotiate, or agreements to certain principles but not others – could be readily explained without reference to the epistemic community and its ideas. However, despite its centrality to institutionalization, the community may be at best an intervening variable in explaining the final bargained regime outcome. Whatever issue framing and policy suggestions brought them to the negotiating table, states will select final moves commensurate with their material interests” (Drake/Nicolaidis 1992, p.100).

The perpetual self-interest actor reappears and all “revolutionary” proposals and norms are reduced to calculated external parameters. However, this conclusion needs to be contextualized in scientific development, as well: the constructivist turn was only in its infancy in 1992 and research is limited by the hegemonic standard. The authors acknowledge for example that “formulating arguments about ideas as covering law explanations with cleanly falsifiable hypotheses” is difficult. Their argument therefore “falls short of many political scientists’ preferences for deductive and generalizable propositions” (ibid, p.100).

Thus, I agree with the authors that they have provided valuable insight into “a reasonable way to render somewhat empirical the diffusion and internalization of new ideas” (p.98). The

following Table 6 illustrates how the same evidence is interpreted with a procedural institutionalism lens. Since I do not wish to become redundant, I will cease to discuss the comparative criteria and provide instead the procedural column from Table 2 (see p.129) that summarizes the institutionalism schools. I have inserted extensive quotes from the study for each central assumption.

Institutionalism Criteria as in Table 2, Part II, p.129	Analytical Concepts and Mirroring Quotes from Drake/Nicolaidis 1992
Actor Motivation <i>(Re)production of World Order</i>	<p>Market civilization: “Without detailed consideration of the unique properties of cross-border transactions, the group took a huge leap by suggesting tentatively that the transactions in services could be considered trade, that the principles and norms for trade in goods might apply, and that the challenge in the emerging transition was to avoid ‘protectionism.’ (...) ‘The decision to include a chapter on trade in services was largely due to several individuals associated with the preparation of the report,’ most of whom were economists” (pp.45-6).</p> <p>Disciplinary Neoliberalism: “The ‘consciousness raising’ campaign was aided by technological and market trends. As a provider of financial services, a domestic bank might benefit from protectionism. But as a user of telecommunications, advertising, management consulting, and similar services, it also wanted to purchase and apply the best of these without restrictions so as to compete with other banks. The international coalition-building strategy therefore emphasized the common plight of TNCs as services users, especially when, as in civil aviation or telecommunications, the protected suppliers were state entities. Moreover, many users were becoming producers through the externalization of internal functions” (p.49).</p>
Goals of Behavior <i>Securing of Hegemony</i>	<p>Sorelian Myth: “The scope of common beliefs was substantial because of the relatively small and highly interactive membership. The historical assumptions noted above were being revised on the conference circuit, in public and private sector meetings, and in a handful of publications. For example, services and, in particular, business services were increasingly viewed as a productive new locus of wealth creation; as independent outputs in lucrative markets instead of derivative inputs to goods production; as measurable in value; as continuous, rather than ephemeral and temporary, since ongoing buyer-seller relationships were common; as separable and storable in networks and physical media (for example, computer discs and electronic circuitry); as traded between different entities, rather than jointly provided by cartel members; as moving across borders through identifiable delivery paths (via networks or via the movement of suppliers); and, above all, as a coherent class of activities subject to similar regulatory NTBs and meriting liberalization under a common set of general trade principles” (p.51).</p> <p>Collective Will: “For American-based TNCs, the ‘trade’ category had a dual appeal. Internally, it rolled together a new political coalition of companies from diverse industries by underscoring their common problems and</p>

	<p>justifying their individual demands. Externally, it gave them each a potent discursive weapon with which to advance these demands by redefining industry-specific policies as ‘protectionism,’ a charge that was less easily ignored by foreign governments than were ad hoc appeals for regulatory flexibility. For the Office of the U.S. Trade Representative (USTR), it provided a means to bring new and powerful firms into a broader GATT-oriented constituency, thereby partially offsetting the manufacturers’ wavering commitments to free trade. For high-level politicians, it promised new economic vitality and balance-of-trade surpluses in an era of declining competitiveness and excess capacity in traditional industries. Moreover, the intellectual environment of the early 1970s provided fertile ground for these assessments. The information revolution and the rapid growth of the services sector were becoming palpable, and a book on the emergence of a ‘post-industrial’ society attracted an unusual degree of attention inside the beltway for an academic treatise”(p.46).</p> <p>Party Spirit: “In sum, by the mid-1980s there was a large and still expanding multinational ‘trade in services mafia,’ as some participants jokingly referred to themselves. The joke is telling, for it underscores their regularity of interaction and increasing similarity of perspective. This ‘epistemic community,’ as we refer to the participants, indeed self-consciously shared causal and principled beliefs, validity tests, and a policy project. There was a symbiotic relationship between the first- and second-tier members, who cultivated their connections and regularly jetted off to pleasant locales for what some called ‘collective brainstorming exercises’ designed with policy relevance in mind. There was a real sense of excitement in these meetings and in the expert network generally, as participants were intrigued by the conceptual and bargaining challenges and pleased to be seen as involved in a ‘cutting edge’ issue (p.61)</p> <p>Passive Revolution: “The first-tier members of the growing epistemic community, who pushed for services negotiations, cultivated a two-way flow of ideas with the second-tier analysts to pursue symbiotically linked objectives. In the outward flow, they promoted their views in the published literature and on the conference circuit, so that the independent second tier would pick up, elaborate on, and legitimate these views as ‘scientifically objective ‘ and correct. In the inward flow, they brought the second tier’s assessments directly into the meeting room as evidence of the growing consensus among experts who did not stand to gain materially from liberalization. That trade experts and service industry analysts almost uniformly favored some sort of new regime, they argued, underscored the need for negotiation” (p.55)</p>
<p>Gains from Cooperation <i>Selective</i></p>	<p>Concentric “zero-plus: “From a developing country’s perception, [the Americans] are now trying to have a new outlet with services so that they can expand their trade to areas where they think they still have comparative advantage. On the other areas they are on the defensive” (Interview with delegate from Brazil, here p.52).</p>

<p>Modes of Negotiation</p> <p><i>Consensus and Coercion</i></p>	<p>Cooptation 1- Divert to a role different from the usual or original one:</p> <p>“The fundamental assumptions of the earlier Anglo-American debate-the assumptions, for example, that services were productive, measurable, separable and storable, crossed borders, and comprised a coherent class of activities subject to NTBs-provided an unchallenged frame of reference. Analysts were now taking the next logical step: rather than reinventing the wheel to accommodate services transactions that had trade-like properties, they were using general trade theory as the conceptual baseline for further evaluation of the issues at hand” (p.62).</p> <p>But: “In essence, the community members were defining trade in services as a new issue-area, different from but linked to trade in goods. This issue framing derived from the character of the epistemic community, which was professionally and intellectually more diverse than the trade profession” (p.64).</p> <p>Cooptation 2 – Appoint to membership of a committee or other body by invitation (assimilation and decapitation): “Negotiation proponents realized that if they could satisfy the LDCs on these points, their unity would dissolve. Doing so meant bringing more LDCs directly into the substantive discussions, demonstrating the benefits of liberalization, noting that some regulations were legitimate and that key commitments might be phased in over time depending on a country’s situation, and foreswearing goods for services retaliation if an agreement were reached while at the same time leaving open what would happen if it were not. It also meant pursuing the strategy of divide and conquer. In this regard, the United States and its allies began to differentiate publicly between the ‘moderate’ majority of LDCs and the ‘radical’ or ‘hard-line’ minority. (...) As the preparatory committee and Jaramillo Group discussions proceeded, a growing number of ‘moderates’ found their de facto association with the ‘hard-line’ position uncomfortable. The G-77 was quietly breaking down” (p.65).</p> <p>Cooptation 3 – Adopt (an idea or policy) for one’s own use: “And in part, it was a function of the discussion’s ‘hegemonic’ cast (in the Gramscian sense): there was little to be gained professionally from aligning with a dissident view at the margins” (p.64).</p>
<p>Logic of Institutionalization</p> <p><i>Cooptive Transformation of Compromise</i></p>	<p>Strategic Liberal Duality 1 - Liberal Art of Separation: “At the Bonn summit meeting in May 1985, the seven key industrialized countries endorsed a new trade round, with services to be at the top of its agenda. In contrast, most LDCs with stated positions on the issue still opposed services talks. Nothing had convinced them that, however tradable services might be in theory, liberalization would be to their advantage in practice” (p.57).</p>

Strategic Liberal Duality 2 - Imagined Communities: “In January 1987, the GNS [Group on Negotiations on Services] agreed to a five-part work program dealing with definitional and statistical issues, concepts and principles, sectoral coverage, existing international instruments, and policies expanding or limiting trade in services. The national delegates and GATT staff members were largely the same core group of first-tier members who had been together in the prenegotiations. However, the GNS also had significantly increased representation from the LDCs, and this expanded the number and pluralism of members thinking through conceptual issues. (...) The GNS also invited a number of second-tier members to present their analyses. This routinized the contacts, increased the epistemic community's sense of collective identity, and placed directly on the table concepts developed in the literature and conference circuit” (p.70).

Operational Democratic Duality 1 - Myth of Level Playing Fields: “However, the balance remained skewed the North-South axis. While UNCTAD was raising important concerns, there were precious few studies by Third World analysts or Northerners sympathetic to an antidependency perspective (...). As a result, this critical phase of the prenegotiations failed to produce a widespread, intellectually informed oppositional discourse of the sort evident in the debate about the new international economic order and the debate about the new international information order, which had both taken place in the 1970s. In 1984, many LDCs remained opposed to services negotiations, but they did so on a shaky intellectual ground. During the next few years, that ground would progressively give way (p.64).

Operational Democratic Duality 2 - Black Parliamentarianism: “At the same time, Brazil and India were making the headlines in the world press by opposing the plan to begin services negotiations. Given the GATT's tradition of unanimous consent on new rounds, it was therefore impossible to formally include services in the preparatory committee's mandate or to draw an institutional link between the committee and the Jaramillo Group. But GATT members did issue a statement inviting the Jaramillo Group to continue its work and prepare recommendations to be considered in the next session of the Contracting Parties. This procedural compromise coupled with an implicit recognition that the preparatory committee delegates could still make unofficial, unilateral statements on services” (p.65).

Educational Community Duality 1 - Compatibility Training: “Hence, the LDCs maintained that services had many complex sociopolitical dimensions that were not captured fully by the narrow criterion of whether a given policy restricted trade. Within the confines of this mandate, the Secretariat's services group assembled seminars with outside experts and began to generate detailed analyses that were widely circulated among the LDCs. UNCTAD staff members closely coordinated their activities with those of the GNS; held seminars bringing together Third World academics, research institutes, and firms; and launched a technical assistance

	<p>program to help LDCs undertake internal assessments of their export capabilities and related issues” (p.78).</p> <p>Educational Community Duality 2 - General Interest (Re)production: “Intellectual convergence among individuals was also promoted by the increasing involvement of and interaction among organizations that sponsored research and conferences on services and advocated common policy positions. In the private sector, Coalition of Services Industries in the United States and the Liberalization of Trade in Services Committee in Britain had been launched in 1982, and they continued to play leading roles throughout the 1980s. By mid-decade they were complemented by organizations in other countries, by established business alliances, such as the International Chamber of Commerce, and by new alliances, such as the Conference of Services Industries. In the public sector, there was also increased activity and interchange. (...) Contacts were initiated and sustained among the services staff members of such organizations as the OECD, GATT, UNCTAD, the International Civil Aviation Organization and the International Telecommunications Union” (p.60)</p>
<p>Reason for Legalization <i>Legitimacy, Enforcement, Management</i></p>	<p>Armoring by Law: “On the American side, the USTR's office was feeling pressure to show quick gains before domestic opposition solidified. Substantively, it advocated a classical liberal approach designed to forcefully and visibly eliminate barriers to American firms. The popular beltway discourse on ‘fair trade’ was interpreted to mean that discrimination was the chief problem and that national treatment was the primary solution. Procedurally, the USTR proposed that a framework agreement be reached ahead of schedule and be presented at the 1988 midterm review and implemented before the round's planned conclusion in 1990” (p.77).</p>
<p>Function of International Organizations <i>State Spaces for Leadership</i></p>	<p>State Spirit: “From January to May 1986, the preparatory committee met every month, but progress on the draft declaration was slow. During the April meeting, however, they did agree that the ministerial session launching the round would be held in Punta del Este, Uruguay, and would begin on 15 September 1986. The negotiations would thus be referred to as the Uruguay Round. The symbolic gesture was to assure the LDCs that their special development needs would be duly noted and their active participation sought. For many, this lessened the fears that the industrialized countries would try to ram services down their throats and also made it easier to think about the issues in a less threatening light” (p.65).</p> <p>Meta-Governance: “Given the institutional setting and issue framing, it was logical to begin with existing trade principles as the takeoff point. Negotiators agreed rapidly that the principles of unconditional MFN, national treatment, and transparency were central politically for what was now referred to as the GATS. But in light of previous analyses, they recognized that GATT principles would sometimes have to be modified because of the unique properties of services” (pp.70-1).</p>

Nodes of Hegemonic Rule: “The move from the issue institutionalization stage to the negotiation stage was altering the nature of epistemic community influence in three ways. First, community members in the national and intergovernmental bureaucracies were becoming far more important than their second-tier contacts. This bureaucratization process made a comparatively small number of experts in the GNS and on the GATT, UNCTAD, and OECD staffs the main source of the specific kinds of new ideas needed to carry the policy project to a conclusion. Second, while the first-tier bureaucrats continued to participate in conference discussions and read the literature, they served as a transmission belt for concepts from a narrower range of second-tier members than before—those who were intimately familiar not only with services issues but also with the GATT legal framework. Third, the space for pure intellectual innovation was beginning to narrow” (p.76).

Logic-of-Transformation: “In parallel, the early lack of development analyses gave LDCs little reason to reexamine their assumptions about the intentions of the Americans and American-based TNCs and about the biases built into the discussion. That the LDCs, including the last of the hard-liners, later embraced the project was especially striking and was in large part a function of the increased community attention after 1985 to the link between development and expanded services trade. To be sure, there is no doubt that for some LDCs, particularly those at the lower end of the income scale, whether services were tradable or not mattered little. Their support for negotiations had less to do with the substantive issues than with implicit tactical linkages to progress on goods; that is learning, but not the kind we are concerned with here. Nevertheless, it would be a gross mistake to underestimate the depth and breadth of the intellectual conversion among Third World state and business elites, the effects of which are most notable in the increasingly serious attention and effort they are devoting to the negotiations and the broader questions of services and development. Indeed, the mastery of the conceptual issues has in several cases given the LDCs a degree of issue power we might not otherwise expect. At a number of key junctures in the process—the decision on the GATS structure, the inclusion of labor mobility, and so forth—the LDCs used epistemic community insights to help win important battles” (p.99).

Table 6: Procedural Interpretation of the GATS Institutionalization Process

4.5.2 *The legitimizing image of the WTO*

The study by Ilan Kapoor (2004) addresses the WTO as an institution and “examines the rule-making process in the successive trade Rounds that led up to the WTO, as well as the politics of the organisation’s rule-application and consensus-making practices” (p.522). He uses Habermas’s concept of deliberative democracy as a normative ideal type in a way that “helps reveal how inadequate legitimating rules and lack of rational deliberation in the WTO yield power politics, coerced decision-making and unjust outcomes” (p.523). In this concept, politics are depicted “as a type of conversation, grounded in legitimating rules and reasoned dialogue” with an input legitimacy based on “the communicative presuppositions that allow the better arguments to come into play in various forms of deliberation and from the procedures that secure fair bargaining processes” (Habermas 1996, here p.523). These preconditions are what Habermas dubbed the “ideal speech situation” that ensures “free and uncoerced conversation”. They should be:

1. “inclusive, i.e. no one is excluded from articulating topics relevant to her/him, and no relevant information is left out;”
2. “coercion free, i.e. participants engage in arguments free of domination or intimidation;”
3. “open and symmetrical, i.e. each participant can initiate, continue and question the discussion on any relevant topic, including the very procedures that govern the discussion” (Habermas 1990/1976, here Kapoor 2004, p.523).

To Kapoor, the Habermasian standard exhibits the ideal conditions that enable joint progress:

“‘Rational consensus’ is reached through a ‘*higher-level intersubjectivity of communication processes*’ (1996a: 28). In this case, every participant enters the public space with her/his individual preferences, and through reasoned debate, arrives at an expanded view that seeks the good of all” (p.525, emphasis in original).

Equipped with this benchmark, the study mostly concentrates on a juxtaposition of theory and practice. Kapoor provides excellent examples of how concrete negotiation processes reduce the Habermasian ideal to a facade image, a social myth for legitimization purposes. His conclusion holds that weak actors in the WTO “may well find that the WTO has created the illusion of fair rules (democracy) and outcomes (trade or market liberalization), from which powerful (and mainly western) states derive substantial advantage” (p.535).

Interestingly, Kapoor calls this approach “proceduralism” and his criticism concerning the status quo resonates with my urge to scrutinize the social effectiveness of normalized myths. He also defends the applicability of Habermasian concepts developed in the territorially

bound nation state against the same reproaches that Gramscian scholars are met with in IR debates. The remarks are similar to my arguments in the hegemony chapter:

“As several analysts have argued (e.g. Bernstein, 1993; Calhoun, 1992: 31–2, 40; White, 1984: 32), deliberative democracy is precisely about finding a ‘transcendental basis for democracy’ (Calhoun, 1992: 32). Besides, a public space is not necessarily place- or space-bound; it occurs anytime and anywhere political actors cohere and engage in debate (as indeed states do through their representatives at the WTO)” (Kapoor 2004, p.525).

This study, however, sticks with a Hegelian synthetic paradigm that envisions a universal normative ideal *form* for polity design (embodying “communicative rationality”) without further considering the *content* that this ideal form brings about. Gramscian proceduralism seeks to integrate the form and content, think the political and the economic together. Another crucial difference lies in the conceptualization of knowledge and worldviews, similar to the case above. Once again, biased consensual outcomes are seen as the consequences of intentionally misrepresented information, direct threats or false consciousness:

“[c]orporate and state interests can often coerce legitimacy and public consensus through domination, manipulation or commodification of culture. Such depoliticisation, such removal of critical discourse and limitation of social choices, yield what Habermas calls ‘ideology’ (1976: 80ff). The ideal speech situation is aimed precisely at minimising ideology and maximising decision making by civil society. Not surprisingly, of late he emphasizes the need to institutionalise through legal and constitutional means the formal conditions of the ideal speech situation so as to both reduce systematically distorted communication and better regulate, guarantee and expand the public sphere (1996b)“ (p.523).

Corresponding positive law assumptions complement the liberal separation worldview. A procedural theory of practice, on the other hand, rejects a priori normative images of particular social entities. It further prohibits a *systematical theorizing of the deviance between image and reality*.

In sum, Kapoor delivers a very valuable deconstruction of the political processes vested in an image of liberal democratic community states. These include the suppression of diversity in a consensual system (p.537). When it comes to explaining the deviances from this ideal, however, his analysis falls back on simple power-play explanations. Similar to Drake/Nicolaidis, the jump between consensus and coercion is explained in chronological sequences. Kapoor refers to the rival study by Steinberg (2002) presented in part II that distinguishes the law-based inauguration of trade rounds from the increasingly power-based conclusion phases of the same (p.529). Consequently, Kapoor has to rely on an economic-structural argument in order to explain why developing countries voluntarily repeat this cycle:

“it is improbable that in today’s globalised economy, any country enjoys the choice of staying out of the WTO, no matter whether it perceives the WTO as democratic or not. Few countries – and certainly no small country – can risk being isolated from the organisation’s powerful and growing economic and trade ambit” (p.536).

While a Gramscian approach would surely not negate the impact of economic tendencies, it would also look at their actual pattern instead of automatically applying a mosaic *international* worldview. The logic of transformation holds that changing boundaries and borders of social units and relations are part of the puzzle that analyses seek to understand. Grouping Kapoor’s findings into Gramscian categories (Table 7 below) sheds light on the concrete rationale behind the observed processes. Some of the evidence provided in his study comes from the researchers I reviewed in the last chapter. The passages cited here draw on additional sources.

Institutionalism Criteria as in Table 2, Part II, p.129	Analytical Concepts and Mirroring Quotes from Kapoor 2004
Actor Motivation <i>(Re)production of World Order</i>	<p>Market civilization: “Levelling the playing field in trade and other global economic realms may well be the function of the WTO, but under conditions of coerced decision making and (historically and structurally) unequal trading relationships, levelling the playing field amounts to westernisation. An illustration of this is to be seen in the TRIPs and TRIMs agreements, which read as though developing countries can pay for and have easy access to technology and investment, and as though developed countries do not already dominate the global market in these areas (Bello, 2000: 76)” (p.535).</p> <p>Disciplinary Neoliberalism: “However, the presence of coercion and exclusivity at the WTO sells knowledge short. The relative depoliticisation of the multilateral sphere means that it is that information and those arguments that most benefit the western countries and MNCs – economic and technological information and arguments – that tend to prevail. (...)The prevalence of neoliberalism at the WTO or elsewhere serves well, for instance, the primarily western MNCs wanting to enlarge their global markets in such areas as technology culture, or health and drugs” (pp.533-4).</p>
Goals of Behavior <i>Securing of Hegemony</i>	<p>Sorelian Myth: “The claim that free trade, liberalised markets and technology is beneficial to all WTO members may be convincing, but given that the prevailing power relationships are tipped precisely in favour of those who stand to (and do) benefit most from this claim, the conviction appears to be little more than what Habermas calls ‘ideology’ (i.e. the suppression of generalisable social interests through systematically distorted communication)” (pp.533-4).</p> <p>Collective Will: “The reason for such a strong presence is that MNCs have much to gain or lose from WTO negotiations: in 1999, they accounted for a third of all global exports, with a handful of them virtually controlling such global sectors as telecommunications, pesticides, commercial seed and computing (McMichael, 2000: 468; Raghavan, 2000: 497; Shrybman, 2001: 3). They also have much to gain or lose from WTO/DSB rulings, as illustrated for example by the recent EU–US disputes over bananas and the foreign sales corporation tax” (pp.530-1).</p> <p>Party Spirit: “Deliberative democracy is important in helping understand the links between deliberation and issues of power, legitimacy and justice, so that when Mike Moore (or his successor) defends his organisation as democratic and contends that the ‘WTO is not imposed on countries . . . No country is forced to sign our agreements’ (quoted in Kwa, 2002: 14), his claims do not stand up well to scrutiny” (p.356).</p>

<p>Gains from Cooperation <i>Selective</i></p>	<p>Concentric “zero-plus:” “Of course, this imbalance may not always happen along western/non-western lines: there may be occasional losers within the West, for example as a result of the continuing US–EU dispute over agriculture (although even here, until the dispute is settled, it is developing-country farmers who end up bearing most of the brunt, from being shut out of western markets); and there will be exceptions, such as for instance the decision at Doha by the US to finally relent on allowing developing-country generic drug production in the case of epidemics such as HIV/AIDS. Overall, however, the WTO regime will tend (and has tended) to be advantageous to the West” (p.535).</p>
<p>Modes of Negotiation <i>Consensus and Coercion</i></p>	<p>Cooptation 1- Divert to a role different from the usual or original one: “To conclude this section, let me briefly recapitulate the far from ‘ideal speech situation’ that reigns at the WTO. Despite an outwardly democratic process upholding sovereign equality, the organisation lacks legitimating procedures or rules to minimise power inequalities and curb power politics. In fact, its very privileging of national sovereignty tends towards exclusion” (p.533).</p> <p>Cooptation 2 – Appoint to membership of a committee or other body by invitation (assimilation and decapitation): “Just as there is a politics of inclusion and exclusion that goes on within the WTO’s multilateral sphere, there is one that goes on outside it. Multinational corporations (MNCs) have had a significant presence in, so to speak, the ‘shadows’ of WTO deliberations. Scholte et al. report that ‘In a rough ranking, conformers like business associations [as opposed to nonconformers like many environmental NGOs] have usually had easiest access. Thus, for example, 65 percent of the civic organisations accredited to attend the Singapore Ministerial Conference represented business interests’ (2001: 118)” (p.530).</p> <p>Cooptation 3 – Adopt (an idea or policy) for one’s own use: “The resistance to amore significant NGO presence appears to be based on the argument that they are unelected and hence illegitimate. For example, in an interview with the Financial Times during the Seattle stand-off, Mike Moore, the outgoing WTO director-general, asks how NGOs, who ‘never [get] a vote and [don’t] actually do anything can come out and attack [the WTO for being undemocratic]?’ (quoted in Smith and Moran, 1999: 68). The problem with this line of thinking is that it exclusivises the nation state and territorially-rooted electoral politics as politically legitimate. It ignores that many civil society movements and organisations have arisen out of state exclusion and oppression or the failure of electoral politics to adequately represent their issues (Esty, 1998; Held, 1995: 267)” (p.531).</p>
<p>Logic of Institutionalization <i>Cooptive Transformation of Compromise</i></p>	<p>Strategic Liberal Duality 1 -Liberal Art of Separation: “If economic and technological arguments are mostly in, then social or environmental ones are mostly out. This exclusion is related in part to the relative lack of access to the WTO by NGOs, many of which represent socio-environmental interests, including communities</p>

that are negatively affected by trade and economic liberalisation or privatisation. They are critical of not only their restricted access to WTO meetings, but also the absence of public scrutiny of the DSB“ (p.534).

Strategic Liberal Duality 2 - Imagined Communities: “The WTO’s claim to being a democratic organisation is based on the fact that there is sovereign equality (i.e. it has a one-country, one-vote decisionmaking system). However, since the late 1950s, virtually all decisions have been taken by consensus (Steinberg, 2002: 344). During most of the period covering the General Agreement on Tariffs and Trade (GATT, 1948–1994), consensus making was common practice; but since the creation of the WTO in 1995, this practice has been formalised. Article IX of the Marrakesh Agreement Establishing the WTO stipulates that all decisions are to be taken by consensus, which is to say that unless a member present formally objects to a proposed measure, it carries. If and when a consensus cannot be reached, a decision is taken by a majority vote (of two-thirds or three-fourths, depending on the nature of the decision) (WTO, 1994). Each WTO member has the right to attend meetings, make or withdraw proposals or legal briefs, suggest amendments, and approve or oppose the consensus. Thus, the principle of sovereign equality applies, but within a mainly consensus-making system“ (p.526).

Operational Democratic Duality 1 - Myth of Level Playing Fields: “An important structural issue, putting many developing countries at a disadvantage, is their lack of resources, capacity and/or expertise for effective deliberation. Sampson writes that ‘most small delegations do not have the appropriate resources either in Geneva or in their capitals to service the negotiating process and thereby participate meaningfully in what could be meetings of primary importance for their national interests’ (Sampson, 2000: 1100). Half of all sub-Saharan African countries (15 of a group of 30 countries) do not even have a delegate resident in Geneva, this compared to an average of five delegates per mission, and a higher number for many developed countries (Blackhurst et al., 2000: 498–9)” (p.529).

Operational Democratic Duality 2 - Black Parliamentarianism: “It may well be unrealistic and impractical to expect all countries to be represented at all caucus meetings. Moreover, southern countries do organise their own informal caucuses (Sampson, 2000: 1100). However, it is the repeated and systematic exclusion or neglect of many developing countries in key caucus meetings that is troubling. The main problem is that there are no clear and transparent (and dialogically generated) rules regulating such caucuses, ensuring for instance that all members are at least invited to them, or if not, spelling out the criteria for inclusion and exclusion” (p.529).

Educational Community Duality 1 - Compatibility Training: “The universal harmonisation envisaged in TRIPs and TRIMs thus translates into the rest of the world conforming to western patent/copyright and investment regimes. True, developing countries have been granted transition periods to implement these

	<p>agreements; but Walden Bello is quick to point out that ‘Although the GATT-WTO Accord does recognize the ‘special and differential status’ of the developing countries, it does not see this as a case of structurally determined differences but as one of gaps that can be surmounted by giving developing countries a longer adjustment period than the developed countries’ (2000: 74)” (p.535).</p> <p>Educational Community Duality 1 - General Interest (Re)production: “After all, it is not as though deliberative democracy imposes ex nihilo the question of political legitimacy on the WTO. The WTO has itself instituted a multilateral sphere which it touts as democratic and consensual“ (p.536, first emphasis in original).</p>
<p>Reason for Legalization <i>Legitimacy, Enforcement, Management</i></p>	<p>Armoring by Law: “Whereas, as mentioned earlier, GATT rulings on disputes were imposed only with collective consent, WTO/DSB rulings have been judicialised; and judicialisation, Diamond and Hart contend, ‘has taken rule-making out of the hands of members and made it appear distant and unaccountable’ (2000: 25; cf. 34; Clarkson, 1999; Keohane and Nye, 2000: 33; Krajewski, 2001: 171). Now from the perspective of developing countries, DSB adjudication could be an insurance against the unilateralism of the powerful western states. However, given the power/knowledge inequalities mentioned earlier, this is not likely to be the case. Furthermore, judicialisation reproduces earlier resource inequalities, giving states with good legal resources an advantage and thus substituting western negotiating power with western legal power (Barfield, 2001: 75; Gabilondo, 2001)” (pp.535-6).</p>
<p>Function of International Organizations <i>State Spaces for Leadership</i></p>	<p>State Spirit: “Given these often weak and arbitrary legitimacy links, therefore, it is difficult to defend the notion that sovereign states by themselves can or do adequately defend or represent local, national or global interests at the WTO” (p.532).</p> <p>Meta-Governance: “Moreover, DSB panellists [sic] are mostly trade experts, economists and corporate lawyers, with little or no knowledge of non-trade issues (Barfield, 2001: 5; Conca, 2000: 485). The NGOs are thus correct in claiming that non-economic and non-technocratic arguments (such as environmental, labour or consumer oriented ones) are unlikely to be seriously entertained at the WTO. In fact, to date, DSB decisions have been pro-trade liberalisation and anti-environmental almost without exception (Conca, 2000: 486, Esty, 2000). This in spite of principles and clauses in WTO agreements that could be interpreted as pro-environmental” (p.534).</p> <p>Nodes of Hegemonic Rule: “These representatives are usually appointed diplomats and bureaucrats, although at times they are elected government ministers (Krajewski, 2001: 175). After they negotiate and sign WTO agreements, they present them to parliament for consent. However, with the exception of the more rigorous US congressional review process, to date most parliamentary oversight of these agreements has tended to amount to a rubber-stamping exercise, many parliamentarians investing little time and discussion (Barfield, 2001: 17ff.;</p>

	<p>Bellmann and Gerster, 1996” (p.523).</p> <p>Logic-of-Transformation: “The point that economic and technological claims prevail over others is not meant to convey that the WTO is a monolithic bastion of neoliberalism and westernisation. It does, after all, have a multilateral sphere, where dissenting views and non-economic and anti-westernisation arguments are held and sometimes aired by national delegates, even in the absence of critical NGOs. The point is that power fixes or privileges certain types of knowledge, and ignores and suppresses others, so that it is the knowledge claims of the dominant participants that tend to get naturalized” (p.534).</p>
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Table 7: Procedural Interpretation of the WTO State Space

5 Résumé: The importance of worldviews

“Our actual actions are not necessarily motivated by interests and aspirations that an observer can infer; they are motivated by the concrete goals and world-views we have learned. Our interests and aspirations may shape our learning even to the extent that the different ideologies that guide us over time may asymptotically approach our interests, but narrow individual interests by themselves are not a good predictor of actions, especially since members of a class can just as ‘realistically’ be convinced to act on the basis of their long-term, collective aspirations, motivations that might take them in a very different direction.”

(Enrico Augelli/Craig Murphy 1988, pp.122-6, here Craig Murphy 1994, p.41)

Processual thought rejects the approach to model globalization in ideal types – be they structural or normative. Current global restructuring is approached as a complex and open-ended process in which certain structural tendencies, behavioral trends and nodal points of political action can be observed and analyzed. Instead of using globalization as the antecedent cause that engenders certain phenomena which politics need to react to, procedural analysis conceptualizes politics as the integral driver of this process. Moreover, politics are not restricted to the official governmental sphere but also include all institutions in which decisions concerning socio-economic development are made. Collective wills form around similar second-order interests, *originating in similar experienced realities*, regardless of where these realities are located geographically. Instead of developing the analysis to mirror the strategy of any a priori defined actor, processual approaches use a particular politicized situation, a *critical juncture* or contradiction as the starting point for analysis. Concrete coalitions are identified and their strategies reconstructed, including the creation or transformation of state spaces.

Philosophers of praxis decipher how demands, positions and changes are justified and seek to identify the premises underpinning such explications; their power-sensitive view holds that “fixed variables”, “natural” characteristics and “universal” concepts in theoretical and political debate always translate into the definitive valuation of one interpretation over another. Knowledge or worldviews are seen as corresponding structures and agents as integral third element of social reproduction. Therefore, processual deconstruction should not be mistaken as a pedantic criticism of single concepts or as destructive antagonism. It is its *own tradition of thought* that is *“creative also in the sense that it teaches that reality does not exist on its own, in and for itself, but only in an historical relationship with the men who modify it”* (Gramsci 1971, p.346, my emphasis).

In this ontology, any enrolment in negotiations has a *transformative effect* on worldviews and coalitions, even if no formal agreement for changing the rules has been reached. Interaction between social groups does not leave the battlefield of collective images, allies and power potentials untouched; future interaction is always impacted. This historical understanding of continuous change marks a core difference from the rivalry strand. The acknowledgement of structural power is a central difference from the convergence strand: regime “enactors” already enjoy a hegemonic position since they define the contextual parameters of negotiations.

Gramsci criticized the oppressive potentials of structurations built to suit an arbitrarily defined “representative” actor in terms of gender discrimination. Even though the *Selections* are completely negligent of gender issues,⁷⁴ a speech in 1916 addresses this bias in reference to the emancipation of women (Hoare/Smith in Gramsci 1971, xxxi). Gramsci took Ibsen’s play *The Doll’s House* as a cue, which criticizes the traditional roles of men and women in Victorian marriages; these would prefer to reduce women to dolls instead of granting them the status of equal partners. Ibsen himself writes in an introduction to the play that “[t]here are two kinds of moral law, two kinds of conscience, one in man and a completely different one in woman. They do not understand each other; but in matters of practical living *the woman is judged by the man’s law, as if she were not a woman but a man.*” He therefore concludes that “[a] woman cannot be herself in contemporary society, it is an exclusively male society with *laws drafted by men, and with counsel and judges who judge feminine conduct from the male point of view*” (www.answers.com/topic/a-doll-s-house, 25.05.2005, my emphases).⁷⁵ This is but one example of the innate discrimination that is part of any standard of judgment that was built by some to govern all. As even Keohane acknowledges, “[i]nstitutions have paradoxical effects: they are essential for the good life, but they may also institutionalize bias in ways that make the good life impossible to attain for many people” (Keohane 2002, p.16). Many observers including myself view the WTO as a Western neoliberal capitalism society with

⁷⁴ This seems even more troublesome in Gramsci’s case than in those of most other critical writers in the first half of the century: his concept of hegemony puts such emphasis on ideology, culture and discourse. But then again, no one can tell for sure which additional writings may not have passed by the censorship of the prison.

⁷⁵ The main protagonist of the play, Nora, starts to revolt against the role of a doll or “squirrel” appointed to her by her husband. After an “improper act”, faking the signature of her father in order to save her husband’s life, the latter is blackmailed and promises to lock her away, more concerned about his reputation than about her. Instead of leaving her to wallow in subordination, this action leads her to leave not only him but also the children behind. “Depressed and confused by her faith in authority, she loses faith in her moral right and in her ability to bring up her children” (Ibsen, quoted by www.answers.com/topic/a-doll-s-house, 25.05.05). The play was a scandal when it came out in 1897 and some theatres refused to play it; Ibsen was pressed to provide an alternate ending. In distress about this censorship, he occasionally submitted last-minute corrections to the actors on opening nights.

laws drafted by a neoliberal collective will and with counsels and judges who observe and understand all members' conduct from this neoliberal point of view.

Once established, procedural principles, rules and goals and material structures are socially effective even without direct actor influence; they define what is the norm and become a general reference point for argumentation of what is normal, legal, desirable, justifiable. The effect of institutionalization from a hegemonic perspective therefore resembles the Hegelian "ethical code" in convergence institutionalism. However, processual scholars also include the limiting effects of this code on what can be achieved or thought. The materialist notion further points to self-reifying tendencies and trends that lie beyond individual human control. Rouse gives a very broad example for material underlaboring that I find illustrative and therefore quote at length: modern

"laboratory practice and understanding" have "created or transformed our most ordinary, daily rituals (think of washing one's hands to prevent infection, organizing and coordinating activities from the seasonal patterns of daylight, taking and keeping track of medication, and checking the chemical and nutritional composition of foods). *This extension of the laboratory has also led to the institution of massive social and technical systems for utilizing newfound scientific understanding and its capacities for manipulation and control (think of our arrangements for drilling, transporting, refining or recombining, and distributing petroleum products; for creating, distributing, and using alternating-current electricity; for maintaining medical capabilities to monitor, intervene in, and control birth, trauma, and disease; and for providing year-round, nonlocal availability of produce, meat, and dairy products that have been treated and inspected for contamination, spoilage, and quality). These systems demand constant service from us (e.g., supply, maintenance, operation, consumption, accounting) if they are to function readily and reliably; they have become so integral to our everyday practices that we cannot afford to let them break down.* Even as individuals, we can hardly avoid using them, since alternative practices, skills, knowledge, and equipment have often disappeared or been institutionally restricted, or else have become inadequate to what we would demand of them. *They impose constraints upon us and compel actions from us in ways arguably far more extensive and intensive than the more traditionally recognized forms of political domination*" (Rouse 1987, pp.245-6, my emphases).

Institutions become reference points in the political struggles between collective wills. They are state spaces in as far as their narrow or spatial dimension includes the definition of geographical and organizational borders and competencies. Their integral dimension refers to strategic mobilization of these definitions by collective wills that seek to trigger an initiative of ruling intervention in favor of their political position. The Gramscian approach has paid

particular attention to the third representational or imaginary dimension of institutions that is crucial for the acceptance of their definitive authority, legitimacy and interventions. Such state spaces become anchors or nodal points in political struggles, the “overlapping spheres of authority” in Rosenau’s definition of our current world order (see p.2)

For processual institutionalism scholars, one “core theoretical concern” in research practice is therefore

“to dereify the state by reverting the focus to social classes and groups operating historically in and out of formal state institutions in political societies as collective historical agents. Only such a focus – a dereification of the state/nation-state – can capture the current dynamics of transnationalization” (Robinson 2001, p.227).

Once research investigates the actual procedures of structural developments, it becomes possible to use hegemony concepts for institutionalization processes on any scale and involving even several state spaces. Gramsci’s elaborations on nation states and in particular his previously little-considered concept of “state spirit” provide the outset to deconstruct the *image of liberal democratic communities*. Broken down into three concrete mechanisms of institutionalization that foster political cohesion under conditions of inequality, the concept provides analytical categories applicable to all state spaces.

The theoretical goal of this chapter was to test the explanatory value of the distinction of worldviews as their own methodological elements. The analyses of current negotiation processes and of theory guiding this practice have shown that the reproductive dualities of statehood support the establishment and maintenance of leadership by consensus. These reviews also support my argumentative goal of demonstrating that the Gramscian understanding of hegemony provides consistent explanations for consent to biased outcomes – the issue of persuasion. Persuasion processes do not leave the framework for action untouched: material compromises, actor coalitions, rules, institutions, canons of knowledge and therefore experienced realities change continuously as parts of this framework. The logic of transformation clearly makes global polity formation an integral part of current socio-economic development.

6 Final Résumé and Outlook

“In scientific discussion, since it is assumed that the purpose of discussion is the pursuit of truth and the progress of science, the person who shows himself most ‘advanced’ is the one who takes up the point of view that his adversary may well be expressing a need which should be incorporated, if only as a subordinate aspect, in his own construction. To understand and

to evaluate realistically one's adversary's position and his reasons (and sometimes one's adversary is the whole of past thought) means precisely to be liberated from the prison of ideologies in the bad sense of the word – that of blind ideological fanaticism. It means taking up a point of view that is 'critical', which for the purpose of scientific research is the only fertile one."

(Antonio Gramsci 1971, p.344)

The research questions in this thesis emerged from the empirical puzzle of why socio-environmental changes that everyone claims to support are not in fact implemented in concrete politico-economic decision-making. As the result of personal experience, this interest became more concrete in the case of the WTO as one of the currently most contested international organizations. The search for insight concerning its role and effect in globalization processes further led me to the theoretical puzzle of why IR theories offer contradictory interpretations to explain this. Specifically, the dominant schools of Neo-Institutionalism and New-Institutionalism are both confronted with heavy exceptions to the rules that their analyses uphold:

“Why would powerful entities, like the EC and the United States, support a consensus decision-making rule in an organization like the GATT/WTO, which generates hard law? (...) And if such powerful states dominate GATT/WTO decision making, why have they bothered to maintain rules based on the sovereign equality of states, such as the consensus decision-making rule?” (Steinberg 2002, pp.340-1).

And, I would add, why does this multilateral democratic institution generate such biased outcomes? And why do the norms established by the most developed states have so little validity for the norm entrepreneurs?

The central quest therefore became to explore the origins of blind spots or predictive inconsistencies in prominent institutionalism theory. First, my research identified central concepts that explain the origins, drivers and outcomes of cooperation and institutionalization. I then embarked on a critical review of *what these concepts are actually supposed to explain*, before developing a third system-critical alternative to each one of them. Guiding questions in this theory development concerned the resilience and acceleration of socio-economic change: what role and function do institutionalization processes and international organizations as collective actors have in the success of political programs? Which socio-economic drivers and logics or tendencies underpin formal organization? What are typical characteristics or political trends in global polity formation? The emerging research design did not aim to provide universal characteristics or general predictions to challenge those of the other two paradigms. Gramscian thought explicitly distances itself from all ahistorical or teleological claims and

keeps an open-ended perspective on continually transforming social relations. Theory development and knowledge are additionally seen as integral parts of human reproduction processes and political struggles through their historically and contextually specific organization.

Thus, the theoretical research aim of this thesis was to confirm whether such a framework of analysis can overcome the previously mentioned explicatory contradictions. Concerning the empirical puzzle, I sought to develop a consistent understanding of why an exploitative path of development remains the chosen one.

6.1 Summary of the outcomes

Part III has shown that the procedural analytical framework does overcome several of the “inherent problems in institutional theory” identified by other institutionalist scholars (Peters and Pierre 1998, p.265-67):

1. There occurs no *structure-agency problem in explaining change*, as structures are not presumed to be stable and agents are not taken to be autonomous, nor are structural agents such as regulatory bodies seen as autonomous. Adding a third analytical category – worldviews – provides the necessary glue between material or materialized elements and human agents: *change becomes a continuous phenomenon* whose visibility, scope and velocity changes. .
2. *Differences in the degrees and type of impact of an organization* over time are not surprising and should rather be expected. Regulatory bodies are not seen as independent from the broader setting of political struggles nor as stuck in a fixed definition of tasks or as repeatedly intervening in an identical manner. Regulatory bodies are conceptualized as *integral parts of the general framework of action in which human reproduction processes are organized and continually transformed*.
3. *Performative deviation of organizations* from the interests of dominant states or from the common interest that constitutes their mandate is not a theoretical puzzle. Organizations are neither perceived as adjustable instruments nor as facilitating moderators but as political collective actors that *generate a relative autonomy from their members to fulfil their mandate of cohesion of the collective*.

Summing up the different findings of the chapters, this thesis has shown the validity of two primary claims:

First, the two dominant institutionalism schools exclude important socio-political drivers and relations from their perspectives on international cooperation, which results in system-

maintaining interpretations of the nature of cooperation. Specifically - even though the focus lay on GPE approaches - they fall short in truly integrating political governance with economic governance and thereby fail to grasp the complexity of the drivers and coalitions in socio-economic control. Further, both institutionalisms show a progress-disposition in the methodological premises of institutionalization analysis. For the explanation of unexpected results, the concepts of “self-interest” in rivalry methodological individualism and “general-interest” in convergence methodological structuralism are stretched to an ontologically inconsistent extent. This produces biases in the interpretation of why a given agreement was achieved; only if it serves the benefit or normative conviction of the cognizant agents involved can it prevail.

Second, a system-critical institutionalism can accommodate seemingly contradictory aspects of global cooperation by beginning processual analyses on the level of human reproduction itself, resulting in the consistent theoretical integration of economic underlaborings with political regulation. Additionally, natural, universal or general characteristics of social reality are explicitly rejected and cooperation conceptualized as an *open-ended process* for organizing human co-living but without a priori connotations of progress. Dominant worldviews and normalized explications become analytical variables in the interpretation of why agreement was achieved and are problematized concerning their inscribed social effectiveness.

Two ideas proved to be essential in the course of developing a procedural institutionalism: the *relational* understanding of materialized structures and the scrutiny of *worldviews* that generate acceptance of some solutions rather than others. The Gramscian concept of *hegemony* provides the basis for both of these aspects. Understood as a *particular quality of political processes*, it integrates consensual and coercive elements when explaining consensus on unequally beneficial outcomes. From the procedural perspective, institutions are an *integral part* of the continuous reproduction and modification of socio-economic relations. Through the fixation of certain rules and the interpretations of their necessity, they become reference points in political struggles and therefore influential even if not directly involved in a particular conflict. Institutions therefore have an instrumental character for its members and an agential character as collective actors. Their intervention is performed in relative autonomy from those affected by it, though its concrete impact also depends on the acceptance of the organization’s mandate and authority. Concretely this means that the *popular image of institutions and negotiation procedures* directly impacts their social effectiveness. Worldviews are a mediating link between agents and structures and highly relevant in

processes of persuasion: they maintain and frame the justifications of certain decisions and political programs so that they are either perceived as beneficial or unavoidable, that sanctions appear legitimate with individual sacrifices contributing to general progress.

From such a procedural point of view, the most adequate definition of institutions is that of state spaces:

“dynamically evolving spatial entities that continually mold and reshape the geographies of the very social relations they aspire to regulate, control, and/or restructure. This continual production and transformation of state space occurs not only through material-institutional practices of state spatial regulation but also through *a range of representational and discursive strategies through which the terrain of sociopolitical struggle is mapped and remapped* by actors who are directly involved in those struggles” (Brenner et al. 2003, p.11, my emphasis).

Therefore, part III examined the popular image of the WTO and its governance procedures. Since this multilateral organization is officially conceptualized as meeting the liberal democratic standard of the Western capitalist world, Gramsci’s analyses of nation-statehood served as a starting point. In contrast to the other two paradigms, *statehood* from this processual perspective describes particular characteristics and the general function of universal or general regulatory bodies that issue rules for a larger community of heterogeneous groups.. The elaborations of Nicos Poulantzas and current processual state theorists were added to help further develop this view. Gramsci’s observations of the liberal democratic nation state of Italy were compiled and abstracted into concrete analytical tools for understanding multilateral cooperation and international institutionalization. The resulting reproductive dualities point to current images of policy-making procedures that tend to obscure and legitimate coercive elements in multilateral negotiations between sovereigns. They facilitate leadership with least resistance for the dominant agents that benefit from the status quo. However, every interaction has a transformative effect on the current framework of action and its constellation of forces and hegemony can only prevail when enough forces stand behind the leading political program. The procedural *logic of transformation* summarizes this need and process of continuous calibration for maintaining a functional compromise. Institutionalization here is seen as integral element of these leadership struggles. The discussion of hegemonic institutionalisms in parts II and III shows the teleological biases enshrined in their theoretical framework. Because of these, both system-maintaining schools tend to overlook that established ways of doing something implicitly hinder alternative proposals and that every negotiation changes concrete relations and worldviews - even if no *official* agreement is installed. In these discussions, extra attention was given to the issue of

legalization and the customary image of jurisdiction that is often conflated with justice. Such positive law assumptions prevail in both system-maintaining institutionalisms: the rule of law is better, as it protects everyone equally from power dominance. Gill's concept of New Constitutionalism, on the other hand, looks at the content - *what* and *who* is actually protected - and the social effects of the observed laws. With this lens one discovers that legalization may be a particularly good means for exercising power in globalization processes.

The final part therefore not only applied the previously developed concepts to WTO negotiations but also sought to decipher the way in which hegemonic theory as depicted in part II resonates in the observed reality. As a result of this undertaking, I see both of my main hypotheses as successfully defended; Gramscian institutionalism with "leadership by consensus" can theorize how conflicts are negotiated and compromises institutionalized so that voluntary subordination prevails – even if inequality is not overcome. In this context, the methodological distinction of worldviews delivers *additional insight* on the concrete experienced reality of negotiating actors and shows that hegemony works in all disciplines, from states to academia.

This last point also became clear through my detailed analysis of the numerous cases studies. Criticizing other scholars' work was not an attempt to position my own approach as superior but instead aimed to support my second main claim that worldviews have a very powerful impact on social development and that science is an integral part of this development. I side with Ole Weaver: "images of the internal battlelines do exist and they have effects. We should take seriously the question of how they function, what they are, and what could be achieved by trying to reshape them" (ibid, p.7). My subgoal was therefore to *problematize the effects of our currently hegemonic ideals, standards and paradigms* in knowledge production.

6.2 Acknowledged caveats and recommendations for further research

This thesis covers a wide range of thought and authors and additionally engages in a historical differentiation. Therefore, I expect many objections from those who are experts in the issues that I was only able to touch on briefly. Many will find the distinction and presentation of the paradigms and institutionalism schools to be too blunt or the claimed differences to be inflated. This is perfectly acceptable; I would be equally irritated if my approach was represented in a non-exhaustive manner and then criticized. However, my research goal was to *explicitly expose* the main differences and to root them in central assumptions. I would cordially invite all scholars working in perpetual and adaptive thought to respond to my criticism- after all, the basic assumptions behind the system-critical perspective have a tradition similarly long as that of the mainstream. Thus, I deem ignorance or even eradication

from the scholarly canon, as currently observed in German IR (for examples see general introduction), unacceptable. I will elaborate on this point in the next chapter.

Generally, I would expect the majority of criticism to come from the THM, interpretive Marxist and Neo-Gramscian camps themselves. The system-critical paradigm is the most diverse and also the most contingent in its ontology. Particularly my very restricted and highly selective depiction of Marx's view on capitalism and democracy will likely be ripped to pieces when viewed from a more economic perspective. However, my research interprets the interaction between humans in negotiating processes establishing new institutional compromises and rules on the global level and material-economic production was therefore not the center of attention. My engagement with the THM or processual paradigm concentrates on socially constructed valuation processes, their legitimation and institutional stabilization.

I am aware also aware of the fact that the selection of thinkers presented here only reflects a "Western" point of view. Since I am working in a Western country and my research focuses on a field that is dominated through and through by this point of view, my primary concern here was to expose the differences that exist within apparently united communities or shared convictions. The selective inclusion of processual scholars is due to the fact that I did not engage in an intra-paradigm debate but still wanted to juxtapose the three big strands. To me, the existence of such massive differences in theoretical explanations - and therefore policy recommendations - posed the more intriguing puzzle to research than getting into the finite details of some particular aspects or concept.

Further research with the approach developed here should consider the positions developed under completely different experienced realities. In terms of empirical research, I would find it very interesting to investigate whether differences exist in the perceived legitimacy of the liberal democratic role model.

Some may find my particular focus on choosing the right terminology pedantic or irritating. However, I search for differences in the interpretation of universal norms or popular terms in order to see where a positive image is used to legitimate solutions that are quite distinct from those originally associated with it.. This focus was very likely influenced by my first degree in media- and communications studies, where the challenge of delivering the right message is a common topic. Further, in combining the research of scholars from different disciplinary backgrounds, the deconstruction of what the central terms actually signify in each approach seemed important. It may be that those concepts that I personally am most familiar with have not always received the same attention and discussion.

Particularly the discussion of Gramsci-based thought lacks the historical review of debates as I presented for the two dominant institutionalism schools. I did not feel this was necessary as I propose a *new* combination of Gramsci's original writings with concepts of current approaches rather than providing an overview of the status quo in the academic debate. Thus, most of the chapters on procedural institutionalism *introduce my personal Gramscian approach*.

I tend to believe that the analytical tools and concepts developed here should be applicable in any liberal democratic setting. Even though they are based on Gramsci's nation state observations, they focus on the legitimating procedures of ruling in order to theorize voluntary subordination to biased solutions – something that deterministic views cannot deliver consistently. As Benedict Anderson puts it, “[t]he great weakness of all evolutionary/progressive styles of thought, not excluding Marxism, is that such questions are answered with impatient silence” (Anderson 1991, p.10).

An interpretive reading of Marxism combined with the hegemonic scrutiny of state spaces provides answers. It highlights “the differential effects of newly emergent political and state spaces on the structural and strategic capacities of the state, the mobilization of social forces, and the dynamics and effectivity of political struggles” (Brenner et.al 2003, p.1). The concept of state spirit is a historically and contextually sensitive concept that involves the notion of functional compromises in the sense that they allow for the cohesion of a social collective. It is an elastic explanation of cooperation that identifies the particular constellation of forces instead of drawing on the self-interest or general-interest escape clauses that underpin system-maintaining approaches. I expect more caveats to be voiced concerning these answers but even scholars from the system-maintaining schools (Burnett/Coleman 2005, Peters 2001, Keohane 2002) claim that a broadening of perspectives is urgently needed. Concerning the empirical exemplifications provided here, I do recognize that some may criticize them as rather superficial. However, this is a thesis on theory development. I mainly aim for an intra-academic dialogue and do not claim that my analysis of the WTO provides any striking empirical insight.

The thorough interpretation of the original interviews conducted by Aileen Kwa (2002) could be a next step. These only cover the perspective of negotiating delegates, however, while the analysis of worldviews and their effectiveness should also entail the perspective of members of the dominant party - especially as their political counterparts often see them to act hypocritically. Since the collective actors of an international organization have not been subject to much theoretical and empirical research (except Barnett/Coleman 2005), it would

be particularly interesting to focus on the personnel of the WTO. This would allow for the substantiation of “state spirit” and its reproductive dualities with direct observations.

To sum up, the design of this thesis was set up to *demonstrate the worldview* that resonates in each of the trains of thought and how this tends to be reproduced by its respective analytical tools. This seemed a very viable first step in deciphering the popular justifications that drive it in order to shed some light into the complex interdependence of current polity formation. I agree enthusiastically with Gramsci (and Morton): “The search for the leitmotiv, the rhythm of thought, [is] more important than single, isolated questions” (Gramsci 1996, p.137; quoted by Morton 2003, p.123). Thus, this abductive approach offers new thought and concepts; extensive empirical validation is the logical next step. I feel to have offered enough evidence for the goal of a theory-enhancing dialogue, however.

6.3. Concluding remarks on the praxis of philosophy

Having experienced the discourse and reality of international trade negotiations myself, I could not conclude this journey without briefly turning to the practical impact of the sciences on our lives. I agree with Gramsci and many processual scholars who argue for acknowledgement of the fact that “stories of globalization not only describe how social relations are organized globally; they also construct ethical claims about the way the world should be organized and how social relations should be governed. Each globalization narrative reveals a particular construction of justice and its possibilities” (Silbey 1997, p.211). This means that theoretical claims are not detached from practical decision-making. Theory exerts a constitutive impact on policy and “[s]cholars and practitioners alike are constantly shaping social contexts in ways that support particular definitions of societal interests” (Widmaier 2003, pp.106-7). This argument is in fact not endemic to THM thought, but shared by great thinkers of Realism and Liberalism; “Theory embodies principles on the basis of which actions can be justified or subject to an inquisition, it serves as an ‘intellectual conscience’ (Morgenthau 1993 p.28); “The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else” (Keynes, here Klosko 1995, xiii).

System-maintaining schools deliver helpful insight on cooperation - the rivalry approaches in particular on decision-making moments and the convergence approaches primarily on the social processes preceding these moments. But neither convinces me when it comes to explaining the role and effect of institutionalization on socio-economic reproduction in a more holistic fashion. Rivalry and convergence approaches take the status quo as an analytical

starting point - be it to prove and extrapolate upon what is universally natural about humans and our socio-economic systems, or to determine which ideal conditions have to be established so that best knowledge can most convincingly “diffused”. Western research standards aim to reduce complexity and contingency into causalities that allow for linear predictions. I follow Silbey in her judgment of the oppressing and limiting effects this may have:

“Although the Enlightenment and market narratives are commonplace and conventional tales, they succeed in part because they are banal. They draw on commonplace understandings of the world; their familiarity enhances their power because the unstated implications are unquestioned, their assumptions and elisions unrecognized” (Silbey 1997, p.229).

While commonplace understandings may be important guides in every-day life, I do not think they can or should be the goal of scientific endeavor and responsible political decision-making. Further, cultivating certain assumptions about social reality does have a very concrete impact on its reproduction and development. Therefore, the goal of system-critical scientific design is to understand, “under which circumstances which ideas become material factors” (Demirovic, p.73); a task that brings us back to the basic processes of human reproduction: valorization, valuation and devaluation not only of goods, services, socio-cultural practices and individual characteristics, but also of that of collective images and theories.

Intellectual discourse and dialogue are integral parts of the political struggles concerning human co-living. Contradictions may simply be logical in character within scientific discourse, but they are also of concrete historical character: human beings acquire self-consciousness and the capacity to understand and reflect on historical situations and potential contradictions (Gill 2003, p.22, fn 2). From of this viewpoint, Gramsci placed emphasis on the role of intellectuals and drew a distinction between “traditional” intellectuals “whose position in the interstices of society has a certain inter-class aura about it” – and “organic” intellectuals, “the thinking and organising element of a particular fundamental social class” and a “function in directing the ideas and aspirations of the class to which they organically belong” (Hoare/Smith, in Gramsci 1971, p.3). The current organization of the globalization of knowledge and research standards, practices and ideals falls into the second category. Educational measures in developing countries usually equip the selected (elite) individuals with skills for participating in the Western capitalist market; they seldom support the development of indigenous traditions or autonomously generated knowledge. But science and reasoning in the Western world is becoming increasingly economized and many “public”

educational services are subject to severe financial cuts despite exponential GDP increases. This mostly affects humanities and social sciences – with the notable exception of economics. Budgetary distributions clearly prioritize “usable” – meaning marketable - content development and efficiency-oriented methodology. Overall, funding for research and education is becoming increasingly privatized and students are urged to finish their “academic training” as quickly as possible.

Such socio-structural logics have severe short-term consequences for individual professional decisions and mid-term consequences for the diversity of knowledge. Malcom Williams (2005) discussed this development in the case of Sociology:

“Some kinds of research will advance the careers of sociologists (thus permitting more research) than others. In one sense sociologists are free to pursue any form of investigation they wish, but it is a constrained freedom. The kind of research that sociologists do is enabled and constrained at this level and consequently so are decisions about objectivity” (ibid, p.112).

He also points out that the criticism of this development is often brushed away by referring to the Western research ideal of a Popperian Open Society in which everyone wishing to do so can voice his or her objections. Those standards and outcomes finding many supporters must therefore be the best ones – an equally superficial depiction as that of democracy criticized in part III:

“Such a state has never existed and is unlikely to do so in the near future, but what we actually have in Western liberal democracies are states which de jure favour such ideals, but de facto, either through directed research programmes (such as the ESRC in the UK) or through necessity and constraint will prioritise other objectives” (Williams 2005, p.112).

Williams also points out that “[t]his does not necessarily mean that decisions about funding regimes or priorities are capricious, irrational or immoral”, but they should nevertheless be acknowledged and openly discussed (ibid).

This is the point that I would like to make as my conclusion: I do not wish to blame and shame but rather to *problematize our current praxis of philosophy*. None of these developments encourage self-guided reflection or encourage individuals to contest the canonized knowledge – especially not young researchers. But it is exactly a broad and critical dialogue that contributes most to the search for knowledge – especially in times in which complex interdependence could enable us to exchange an unprecedented diversity of views! This is why I second David Campbell in his call for a “critical ontology of ourselves”: “an attitude, an ethos, a philosophical life in which the critique of what we are is at one and the

same time the historical analysis of the limits that are imposed on us and the experiment with the possibility of going beyond them” (ibid, 1998, p.215). From my perspective, we need an open discussion of the limits that our current mode of economic production and its theoretical counter-part impose on all of us.

In the overall division of labor within a society intellectuals are given the role to thoroughly think about all humans’ needs, potentials, characteristics and about diverse possibilities for organizing our societies. We are per role definition leaders in the construction of our current knowledge and worldviews and can arguably develop these most sophisticatedly if we listen to each other and consider contradictions between paradigms rather than ignoring them. The goal of this thesis is not to discard other approaches of the IR agenda, but to widen and deepen it; after all, processes of reasoning are never completed and from my perspective it is past time to jointly challenge the intellectual iron cages that modern linear research ideals have imposed on social sciences – and praxis.

For this purpose, the revisiting the premises is crucial:

“In the formation of leaders, one premise is fundamental: is it the intention that there should always be rulers and ruled, or is the objective to create the conditions in which this division is not longer necessary? In other words, is the initial premiss the perpetual division of the human race, or the belief that this division is only an historical fact, corresponding to certain conditions?” (Gramsci 1971, p.144).

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