

Introduction: The Interaction of International and Domestic Institutions

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Following the third wave of democratization, several prominent international relations scholars predicted a growing sensitivity to the preference of domestic actors in world politics (Simmons 1995; Moravcsik 1997). With a larger role for public opinion and interest groups to play in the crafting of foreign policies, fewer states would be prepared to incur significant domestic costs for the sake of international cooperation (Milner 1997). Robert Putnam's (1988) two-level games approach stressed that domestic institutions could block agreements that diverged too much from their preferences. In short, the primacy of domestic politics would lead to a fraying of multilateral collaboration.

The events of the past decade suggest that life has not been this simple. Across the globe, there are examples of recalcitrant domestic groups acquiescing to costly international obligations. President Clinton dispatched ground troops to Haiti, Bosnia, and Kosovo to enforce UN Security Council resolutions, despite significant congressional resistance and tepid public support (see Schultz, this volume). European Union (EU) governments, in order to meet the Maastricht Treaty's criteria for the European Monetary Union, pursued painful contractionary fiscal and monetary policies in the face of double-digit unemployment (Rotte 1998). In the Pacific Rim, several countries reformed their financial sectors and curtailed cheap loans to corrupt elites to comply with International Monetary Fund (IMF) conditionality requirements (Haggard 2000). Despite significant domestic political costs, most of these states have adhered to most of the IMF policies. When a moderately popular coup d'état occurred in Paraguay, the relevant officers backed down when threatened with exclusion from the regional free-trade association, MERCOSUR (see Pevehouse, this volume).

What accounts for the trumping of domestic interests by international institutions? The question is not a trivial one; the growth of complex interdependence (Keohane and Nye 1978) and the continued globalization of heretofore domestic issues (Goodman and Pauly 1993; Vogel 1995; Cerny 1995; Rodrik 1997; Slaughter 1997; Braithwaite and Drahos 2000) imply more conflicts between international and domestic institutions in the near future. In the last decade, the growth in the literature on the interaction between domestic and international politics has been impressive (Rogowski 1989; Snyder 1991; Cowhey 1993; Evans, Jacobson, and Putnam 1993; Keohane and Milner 1996; Pahre and Papayoanau 1997; Milner 1997; Moravcsik 1998). Beginning with Putnam (1988), both comparative politics and international relations scholars have investigated how the global system empowers and constrains domestic interest groups, how domestic interests affect a state's international bargaining position, and how Janus-faced decision makers mediate between the second and third images of politics (Waltz 1959).

Despite all this attention to domestic-global interactions, significant gaps remain in our knowledge. While international organizations (IOs) have acted as effective crowbars to override the preferences of domestic institutions, these institutions' responses to multilateral pressure have varied from acquiescing to standing firm. What explains this variation? How are international institutions used to influence domestic politics?¹ Which domestic actors use IOs in this capacity? Under what conditions will such attempts at influence be initiated? Under what conditions will they be successful? What are the long-run implications for the distribution of authority between domestic and international institutions?

The goal of this book is to address these questions and to suggest some answers. It does so by parsing the interaction of domestic and international institutions along two dimensions. The first dimension is the way in which international institutions are used to influence domestic politics. The chapters here explore three possible avenues of influence: contracting, coercion, and persuasion. The second dimension defines the actors who use the international institution to advance their ends. External actors will often use IOs as a means of influencing the domestic politics of another country. Just as often, however, domestic agents within the nation-state will use the international institution as a way of circumventing domestic opposition.

The potential value that this volume adds to the existing body of knowledge is considerable.² It offers a clear typology of transnational

institutional interactions and provides a useful analytic lens on the subject. It fleshes out the variety of functions that international institutions have in domestic-international bargaining. It provides a fuller description of how domestic institutions are responding to globalizing pressures. It adds a number of (non-European) cases to the body of evidence on the interaction between the second and third images of politics. Finally, it puts forward a set of testable hypotheses distinct from the extant literature.

This introduction will set the theoretical table. For all of the research on political institutions, there has been surprisingly little work on how institutions from different levels of analysis bargain with each other, what resources they bring to the negotiating table, and what determines the outcome of these bargains. A look at the different causal mechanisms through which international organizations influence domestic institutions, as well as the motivations behind the actors using these IOs, will help to frame the rest of the chapters in this volume.

The introduction is divided into five sections. The first section surveys the existing literature on the subject and points out gaps that need to be addressed, while the second section lays out the common assumptions of the chapters in this volume. The third section describes the typology of interactions between democratic and international institutions. The fourth section posits some initial hypotheses on the relationship between international and domestic institutions. The final section previews the rest of the chapters in this volume.

The Literature

The relationship between domestic and international institutions has not gone unexplored in political science. The two-level games approach has made great strides in the study of domestic-international interactions, helping to bridge the intellectual gap between the studies of international relations and comparative politics (Milner 1998). The neoliberal institutionalist approach emphasizes the role of international institutions and their ability to foster international cooperation in the face of domestic impediments (Moravcsik 1991). The constructivist paradigm demonstrates how international regimes can construct norms that permeate domestic structures (Klotz 1995; Finnemore 1996b). Each of these efforts has its drawbacks, however. Puzzles and paradoxes remain.

Robert Putnam's (1988) original article on the two-level games

approach has provided a plethora of useful hypotheses. However, his primary focus is on how domestic political opposition affects the ability of leaders to bargain at the international level. Putnam says remarkably little about the reverse effect: how policy initiators can use international bargaining to affect domestic politics. He does provide two ways in which international negotiations can affect the domestic political environment—synergistic linkage across issue areas and the reverberation of international norms into the domestic stage—but these remain underspecified (446–47, 454–56). How exactly can international actors use persuasion to change domestic constituencies' minds? When is issue linkage possible, and when is it not? Follow-up work has fleshed out the two-level games approach (Evans, Jacobson, and Putnam 1993) but as Moravcsik (1993, 5–9) acknowledges, this effort has not really focused on how international institutions can affect the domestic political terrain.³

The two-level games approach suffers from three additional flaws. First, the scholarship on domestic-international linkages generates a curious picture of the relevant actors in world politics. The work on two-level games presumes that nation-states are the primary actors in international bargaining, albeit occasionally constrained by domestic politics. The case studies in Evans, Jacobson, and Putnam (1993) primarily describe states making bargains with each other in the face of domestic constraints.⁴ No doubt, much of international politics consists of interstate bargains, but much of it consists of bargaining with international organizations. Negotiations with IOs are qualitatively distinct from negotiations with other nation-states. The distinction arises from negotiating over the distribution of power versus the distribution of authority (Claude 1966; Milner 1991; Hurd 1999). Interstate bargains are frequently discrete, one-shot affairs. Their impact may be lasting, but unless new regimes are created through these bargains, it is rare for these negotiations to strip domestic institutions of their authority or legitimacy. Bargains with international organizations, however, permit a greater intrusion into the domestic affairs of nation-states. Historically, states have ceded sovereign powers to international regimes, including the monitoring of human rights conventions, exclusive economic zones, and conditionality requirements on loans made by international financial institutions (Krasner 1995a, 1999).

International organizations derive, from their very existence, some form of collective legitimacy. Public opinion polls in the United States have shown that, *ceteris paribus*, there is greater support for

foreign military action when the action is taken under the auspices of an international organization (Kull 1996; Sobel 1996). Even Hans Morgenthau (1985, 34) has acknowledged the legitimacy of IOs as well as its effects:

legitimate power has a better chance to influence the will of its objects than equivalent illegitimate power. Power exercised . . . in the name of the United Nations has a better chance to succeed than equivalent power exercised by an “aggressor” nation or in violation of international law.

Beyond the United Nations (UN), other international organizations gain legitimacy through a reputation for expertise (such as the IMF) or through recognition of its ability to set global standards (such as the Basle Committee on Banking Supervision). It is conceivable that in granting IOs concessions domestic institutions also relinquish authority. Bargaining with international organizations is intrinsically distinct from bargaining with other nation-states because it involves the legitimacy of different authorities.

International organizations are distinct from nation-states in another way. The constructivist (Checkel 1997; Klotz 1995) and sociological (DiMaggio and Powell 1983; Ikenberry and Kupchan 1990) paradigms endow IOs with the added power of altering the identities of constituent actors. Repeated interaction between IOs and domestic institutions can lead to new forms of intersubjective understanding. Andrew Cortell and James Davis Jr. (1996) observe that domestic actors will appeal to international norms as a way of pushing their domestic agenda. Mower (1964) has shown that IOs will actively attempt to inculcate norms into the domestic politics of member states; in this volume, Jon C. Pevehouse and Alastair Iain Johnston demonstrate that IOs can transmit or reinforce norms to domestic actors.

A second flaw in the two-level games approach is that there is a lack of imagination about the role that international actors can play in domestic bargaining. Issue linkage and moral suasion are important roles for international actors. But there are a plethora of possible roles. International organizations can provide a way for states to display credible commitments because they wish to avoid the costs in reputation of renegeing from a multilateral commitment. In a world of uncertainty, international actors provide a means of signaling preferences and/or outcomes. Through the promotion of epistemic communities, international actors can provide expertise and knowledge to

uninformed domestic actors. International institutions affect multilateral bargaining through the threat of coercion or the proffering of targeted bribes. IOs can also provide domestic actors with a source of legitimacy and/or a source of socialization that leads to greater intersubjective understandings. This variety of roles for international actors extends well beyond Putnam's typology or that of neoliberal institutionalists (Keohane 1984).

Finally, another flaw in the two-level games approach is its emphasis on the ratification of major agreements and not on the more routine forms of interaction between international and domestic institutions. Theoretically, there would appear to be no need to distinguish between the two. Empirically, however, there is a significant difference. For most regimes where domestic politics are relevant, the calculus of compliance changes drastically after the ratification of an agreement. As Peter Cowhey (1993, 302) observes, "Divided powers make it harder to initiate commitments and also harder to reverse them."⁵ The threat of exit from an international regime after its creation is often a hollow one. Domestic institutions or interests might voice their discontent at adhering to a regime norm, but this rarely translates into action. For example, multilateral economic sanctions lacking the support of an international regime easily fall apart if domestic political forces prefer to trade with the targeted country. Sanctions supported by an international regime experience few defections because these domestic groups are deterred by the authoritative presence of an international organization (Drezner 2000). EU governments have been able to invoke the Maastricht Treaty's goal of European monetary integration to impose harsh macroeconomic policies with reduced domestic political costs (Rotte 1998). Attempts by U.S. trade bureaucracies to circumvent the U.S.-Canada Free Trade Agreement were thwarted (Goldstein 1996). Recalcitrant domestic groups can still subvert policies pushed by IOs, but their ability to do so must be placed in the context of an iterated series of bargains with the international organization that are not disrupted by the threat of exit. Examining how domestic institutions interact after treaties have been signed is just as important as studying their pre-ratification role (Underdal 1998).

Domestic institutions will be concerned about ceding power to international sources of authority. Congress has long been wary about presidents' using North Atlantic Treaty Organization (NATO) or UN authorization to bypass congressional approval of the use of force. Judith Goldstein (1996) has shown the resistance of U.S. trade courts and

bureaucracies in response to the U.S.-Canada Free Trade Agreement. David Vogel (1995) has documented the resistance of regulatory agencies in EU countries to cede their authority to the supranational European Commission. Nonexecutive political institutions within developing countries are finding their powers greatly constrained by the stringency of IMF structural adjustment loans. As other issues such as environment protection, intellectual property rights, tax evasion, money laundering, and labor standards require international negotiation and cooperation, domestic agents will have their own reasons to care about the relationship between international and domestic institutions. Kal Raustiala (1997a) notes that the structure of these domestic institutions determines the extent to which a country complies with international regulatory regimes. More research is needed on how domestic institutions react to international pressures.

The two-level games approach does a fair job of characterizing the power and preferences of domestic actors but leaves the international dimension underspecified. The neoliberal institutionalist and constructivist approaches have focused more on the role of international organizations in world politics, but their weakness is the absence of domestic politics from their stories. Both approaches offer explanations for the purpose and power of international institutions. For liberals, international regimes reduce transaction costs and can act to monitor and enforce agreements (Axelrod and Keohane 1985). However, the neoliberal approach presumes either that the nation-state is a unitary actor (Keohane 1984) or that domestic actors can only fashion national preferences in a once-off maneuver (Moravcsik 1997). How different domestic institutions respond to international regimes remains an unanswered question.

The constructivist approach has done a better job of relating how international institutions can disseminate norms that permeate domestic institutions (Finnemore 1996b; Cortell and Davis 1996; Klotz 1995). However, there are three drawbacks to the constructivist approach. First, this paradigm has a great deal of difficulty describing why (or when) certain norms are successfully transplanted across nations while others are unsuccessful. For example, why has the chemical weapons taboo spread but the prohibition of napalm has not? Second, there is a disturbing lack of agency in the constructivist literature. In part this is because this approach relies more upon structural forces than agency to explain change. However, a central tenet of this approach is the mutual interactions of structures and agents (Wendt 1987; Checkel 1997). There is little in the constructivist paradigm

about why domestic actors might embrace certain norms but reject others. Finally, the causal mechanisms for the spread of norms are too passive. Finnemore (1996b, 1996c), for example, assumes that domestic institutions mimic accepted global practices without understanding the logic of those practices. The act of persuasion, so important to the prevalence of certain norms, is more complex than this (see Johnston, this volume).

International relations scholars do appreciate the importance of both domestic and international institutions, but their studies of them have bifurcated. The two-level games approach does an able job of describing the effect of domestic institutions on international bargaining but leaves the international dimension underspecified and has a limited explanatory domain. Neoliberal and constructivist approaches do a better job of describing the role of international institutions but fail to examine how these institutions handle their domestic counterparts.

These flaws in the literature have not gone unnoticed. As Lisa Martin and Beth Simmons (1998, 747–49) observe, “in privileging the state as an actor, we have neglected the ways in which other actors in international politics might use institutions . . . and the ways in which the nature or interests of the state itself are potentially changed by the actions of institutions. . . . Overall, as we work towards a more sophisticated specification of the causal mechanisms through which institutions can influence behavior, we will have to pay much more attention to domestic politics than studies of international institutions have thus far.” The goal of this volume is to take that challenge seriously.

The Common Assumptions

Clearly, more work is needed on the interactions between international and domestic institutions. There are several ways to tackle this problem. The contributors to this volume will address this issue from a set of common assumptions. This does not mean, however, that the authors have a common set of views with regard to the issue. Rather, the authors take as given the following set of simple propositions to narrow the areas of debate to a manageable range.

The first and driving assumption behind this project is that the growth of global interactions has created a situation of complex interdependence (Keohane and Nye 1978), outstripping the capacity of most nation-states to unilaterally regulate their own affairs. In economic affairs, technological innovations as well as political steps to-

ward economic liberalization have led to an explosion of cross-border transactions, a ten thousandfold increase since 1980. This increase in international interactions has generated a concomitant rise in global externalities. These externalities range from the standardization of product labeling to the enforcement of copyright and patent law to environmental pollution. Most states are unable to manage these externalities without multilateral coordination, resulting in an increased demand for global policy coordination (Braithwaite and Drahos 2000; Keohane 1983). This increased demand for regimes has not been confined to economic matters. The proliferation of weapons of mass destruction, and the improvement in delivery mechanisms for those weapons, has increased the demand for security regimes as well. Globalization does not mean the demise of the nation-state, but it may imply that nation-states are more constrained in their ability to pursue autonomous policies.⁶

The second assumption is that actors can be divided into policy initiators and policy ratifiers. Policy initiators have significant agenda-setting powers. These actors are endowed with the first-mover advantage of proposing a change in the status quo on some policy dimension. Policy ratifiers do not have first-mover advantages, but they do have the ability to veto proposals made by policy initiators. Therefore, initiators must take into account the preferences and powers of ratifiers when they propose policy changes.⁷

This typology of initiators and ratifiers is similar but not identical to the two-level games literature typology of center of governments and policy constituencies (Evans, Jacobson, and Putnam 1993). The two-level games approach presumes that the center of government is a policy initiator. This is frequently true, but there are policy dimensions where the center of government acts like a ratifier. Subnational units might be the policy initiator, needing the approval of executives to have access to international resources (see Blanchard, this volume). Bureaucracies within the executive branch can act as both initiators and ratifiers. Also, there may be states where the initiator and ratifier have such similar preferences that the distinction is uninteresting. Some parliamentary democracies and totalitarian states would fall under this category. However, such unified nation-states are increasingly rare, so the distinction remains a useful one.

The third assumption is that international institutions do not have to be policy initiators to matter in their interactions with domestic institutions. There are clear examples, particularly in the epistemic community literature (Haas 1992a, 1992b), where an international

organization acts as the policy initiator. Nevertheless, even authors who emphasize the importance of nonstate actors generally acknowledge that the policies of international organizations are determined by member states and not through some decision-making process separate from those states (Strange 1996; Moravcsik 1999).

That international institutions do not have to be policy initiators does not render them unimportant. They possess attributes that policy initiators lack on their own. These attributes can include expertise, prestige, legitimacy, material resources, credibility, effective signaling capacities, and enforcement powers. The chapters in this volume will reveal a number of different functions for these organizations. IOs also matter because, even if they are policy implementers rather than policy initiators, they will act in different ways than a great power acting without IO auspices. Neorealists explicitly assume that state leaders can force international institutions into line by fiat (Mearsheimer 1994–95); a constitutional approach assumes command by law. The principal-agent theory (Grossman and Hart 1983; Pratt and Zeckhauser 1985; Tirole 1986) as well as the new economics of organization (Moe 1984, 1991; McCubbins, Noll, and Weingast 1987; Banks 1989) suggest it is not that simple. International institutions promulgate rules that create expectations of compliance by all actors. Even great powers incur costs by violating those rules (Milgrom, North, and Weingast 1991; Ikenberry 2000).⁸ At the very least, international institutions have some degree of insulation from power politics. Indeed, this is often the source of their legitimacy.⁹ With this insulation, IOs alter the range of available bargaining strategies, changing the nature of the interaction. International institutions are thus an important intervening variable, even if not an independent one (Krasner 1983).

These assumptions are plausible enough to be noncontroversial. They are simple enough to generate interesting descriptions of institutional interactions without getting bogged down in needless arcana. With these assumptions in mind, the next section sets up a typology of institutional interactions.

A Typology of Institutional Interactions

There are two variables that help to categorize the range of interactions between domestic and international institutions. The first variable is the identity of the policy initiator. The second variable is the influence mechanism through which the international organization interacts with domestic institutions.

The first relevant variable is whether the policy initiator is a domestic or external actor. External initiators are distinct from domestic initiators because they exist outside the rules, norms, or procedures that govern a given territory and therefore lack the legal or moral standing to employ those mechanisms of governance. A domestic policy initiator will use international institutions as a way of increasing its leverage over the domestic ratifying institution. One reason for this tactic is for states to acquire IO expertise; another might be to acquire its legitimacy (Claude 1996). However, it is possible for the policy initiator to be an actor external to the nation-state in question. The United States' use of NATO to intervene in Bosnia and Kosovo would fall under this category, as would Russia's use of the Commonwealth of Independent States to intervene in the former Soviet republics. Other nation-states, nongovernmental organizations (NGOs), or multinational corporations might use international institutions as a mechanism to influence the target state. External policy initiators choose international organizations because they are denied access through domestic political channels. Acting through an international organization becomes their best option.

Internal and external policy initiators will use international organizations as a means for achieving policy outcomes that would otherwise be unfeasible. There is, however, a distinction between external and internal initiators in the matter of information. Domestic initiators are assumed to have more information about the policy environment of the target country. External initiators often lack the tacit knowledge that only comes through experiencing the political processes of the target country firsthand.

The second relevant variable is the influence mechanism through which international institutions will be used to influence domestic institutions. There are three types of influence that will be explored in this volume: contracting, coercion, and persuasion. These three influence mechanisms have been selected because each presumes some form of strategic interaction.¹⁰

The distinctions between contracting, coercion, and persuasion have been discussed elsewhere (Krasner 1999; Hurd 1999). Nevertheless, it is worth defining these types of interactions.¹¹ Contracting is an interaction in which all of the negotiating parties can be made better off relative to the status quo, with no actor being made worse off. Each possible outcome is Pareto improving. Contracting is therefore analogous to most market transactions, in which either all parties benefit from the transaction or there is no transaction, leaving no

one worse off than before. Actors make their choices based purely on their own calculations of self-interest and do not need to worry about other actors punishing them should they choose not to cooperate. In this type of interaction, actors influence each other through the proffering of incentives, but not through the threat of sanctions.¹²

Contracting is the common mode through which international political economy scholars characterize interactions with international organizations. International institutions enhance their power, prestige, and reputation through the acceptance of their advice by nation-states and the successful creation of common norms. An analysis of the regime governing stratospheric ozone shows that the United Nations Environmental Program (UNEP) enhanced its influence through the acceptance by member states of its scientific conclusions (Haas 1992b). The Montreal Protocol widened the power and influence of the epistemic community that the UNEP helped create. Cooperation also generates a virtuous cycle. As more states cooperate with the relevant IO, chain-ganging behavior increases the incentive of other states to follow suit (Martin 1992; Drezner 2000).

Similarly, nation-states benefit from the reduced uncertainty of cooperation with an IO. One fear of globalization is that states will be forced to engage in race-to-the-bottom tactics to attract investment (Wallach and Sforza 1999; Tonelson 2000). Capital will flow to the areas where it can receive the greatest return on its investment. To some, this means the relaxation of labor, environmental, taxation, and human rights standards. Cooperation at the multilateral level, facilitated by international regimes, can help to prevent this phenomenon (Vogel 1995). Domestic institutions can use international organizations to retain some policy-making autonomy, leading to a win-win scenario for both sets of institutions. States can further benefit in the form of increased multilateral assistance from IOs to ensure cooperation.

Like contracting, coercion is choice theoretic; it presumes actors have clear definitions of their self-interest and will pursue their ends accordingly. The difference, as Hurd (1999, 386) notes, is the ability of other actors to influence decision making: “self-interest [contracting] involves *self-restraint* on the part of an actor . . . whereas coercion operates by *external* restraint.” Coercive exchanges allow for the possibility outcomes that leave at least one actor worse off than the status quo. This does not imply that all coercive transactions end with Pareto-worsening outcomes. Rather, it is the prospect of such an outcome occurring that endows some actors with coercive power (Gruber 2000).

International organizations can use coercive practices to enforce multilateral agreements or to authorize member states to engage in coordinated coercion. The World Trade Organization (WTO) authorizes the use of trade sanctions to combat illegal trading practices. The Montreal Protocol permits member states to sanction countries that violate controls on chlorofluorocarbon (CFC) production. The UN Security Council has authorized both economic sanctions and the use of force to contain rogue states such as Iraq and Yugoslavia. Regional organizations such as the Organization of American States or the Economic Community of West African States have also applied coercive pressure in the interest of maintaining regional stability. Since the 1970s, many of these IOs have used coercive tactics to alter the target state's domestic institutions, through the enforcement of human rights treaties (Krasner 1995a).

Coercion is also a likely tactic when distributional conflicts arise. As Stephen D. Krasner (1991) points out, frequently the problem in international relations is not getting to the Pareto frontier but rather knowing where on the Pareto frontier to be. When states have already cooperated to the point where they are at the frontier, any attempt to increase one's utility comes at the expense of other actors. By definition, this kind of interaction has a coercive component. The question that both international and domestic institutions must ask is whether the joint gains of cooperation are worth the costs of acquiescing on an issue. For the IMF, is sustained cooperation with Russia worth the price to its reputation in the face of repeated Russian defections from agreements?¹³ For the U.S. trade bureaucracy, are the benefits of free trade with Canada outweighed by the transfer of its authority to the binational panels set up to arbitrate trade disputes? At the Pareto frontier, international and domestic institutions face a zero-sum bargaining game where both sides are better off cooperating, but any improvement in their situation comes at the expense of the other.

It would be natural but erroneous to associate contracting tactics with the neoliberal paradigm and coercive tactics with the neorealist paradigm. As neoliberals describe cooperation, most agreements, once made, have a coercive element in order to enforce them. Similarly, realists permit purely contractual agreements between actors; two states agreeing to ally together to balance against a greater power, for example, are engaging in a contractual relationship that benefits both parties. It would be more appropriate to parse contracting and coercion in a temporal sense. Contracting occurs in situations when

actors find themselves in an inefficient equilibrium and try to improve upon it. Coercion occurs postagreement, to ensure that all the actors adhere to the new equilibrium.¹⁴

Unlike contracting or coercing strategies, persuasion allows for the possibility that the internal preference ordering of actors can be changed through new modes of intersubjective understanding.¹⁵ In the contracting or coercive approaches, actors ensure cooperation by manipulating the material external environment of incentives and disincentives. The persuasive approach reorders the internal values of the actor (Hurd 1999). The observed outcome of cooperation might be identical to the outcomes observed through contracting or coercion, but the causal mechanism is distinct.

There are several components to persuasion. For actors to be persuaded, they must be introduced to new concepts or analogies that alter their perceptions of the world. Like the man in Plato's cave, actors that lack information may develop a distorted set of perceptions.¹⁶ If they receive new information, or new methods to process the information, their conceptual tool kit can be expanded, altering their preferences over issues in the process. For example, the initial Soviet resistance to the antiballistic missile (ABM) treaty in the early 1970s was predicated on the belief that defensive weapons were appropriate in an age of nuclear deterrence. Only after the United States altered its nuclear doctrine, and American negotiators persuaded the Soviets that an ABM defense would increase the temptation of launching an offensive strike, did the Soviets change their mind (Nye 1987).

Persuasion can also occur through the creation of social ties that generate nonmaterial incentives to go along with other transnational policy elites. There are multiple examples of persuasion mattering in international affairs. Through the auspices of an IO emanation, the United Nations Conference on Trade and Development's (UNCTAD) Intergovernmental Group of Experts on Restrictive Business Practices, most developing states have altered their preferences on global antitrust policy to fit better with developed world practices (Sell 1998). The UN's provision of new scientific and moral concepts helped to place environmental cooperation onto the global agenda (Haas 1992b). The Financial Stability Forum has promulgated a compendium of international financial standards that has strengthened the supervision and self-regulation of banking sectors across the globe. Persuasion has worked across a wide range of issue areas.

Persuasion, like coercion or contracting, is choice theoretic. Per-

suation requires a greater degree of social interaction than does either contracting or coercion.¹⁷ But persuasion also has important elements of strategic interaction. The persuading actor acts strategically in choosing the forum to engage in persuasion. As Alastair Iain Johnston's chapter notes, there may be a trade-off between forums that are well suited for persuasion and forums that are well suited for contracting or coercion. The actor targeted for persuasion needs to calculate whether there is a sufficient level of intersubjective understanding to warrant a change in the ordering of preferences over ends. If an actor is successfully persuaded, it then acts strategically in deciding whether to persuade other actors within the nation-state or to exploit principal-agent divisions as a way of altering the nation-state's foreign policy outputs. Persuasion requires a higher degree of social interaction, but there are still strategic components.

All international institutions use some mix of contracting, coercion, and persuasion in their interactions with nation-states. Parsing these mechanisms out is useful, however, if for no other reason than to observe the pattern of use and success of all of these mechanisms. The next section develops some preliminary hypotheses on this typology of institutional interactions.

Some Hypotheses about Institutional Interactions

With our typology of interactions, we can consider a more analytical set of questions to answer: Which IO mechanism will policy initiators use to interact with domestic institutions? Are internal or external initiators more likely to succeed in their influence attempts? What is the long-term cumulative effect of the use of international institutions? The full answers to these questions are left to the ensuing chapters. At this stage, however, it is possible to propose some tentative hypotheses that address these issues.

The first set of hypotheses deals with the relationship between state structure and the incentive for domestic policy-initiating institutions to use the contracting process. International relations theory has recognized the importance of state structure in the past but primarily through the variable of state strength. Strong states remain autonomous from societal pressures; weak policy-making states are more susceptible to societal pressures (Katzenstein 1978; Desch 1996). Just as important for our concerns, however, is the autonomy of state institutions *from each other* (Risse-Kappen 1995b; Drezner 2001). In parliamentary democracies, for example, the legislative and

executive branches are closely linked; the policy-initiating and policy-ratifying institutions are essentially fused. In presidential systems, both branches of government must often approve a particular policy; they both have veto points. In federal nation-states, like Brazil, Germany, and the Russian Federation, central governments have much less freedom of movement in some issue areas as compared to unitary states like France, Japan, or Ukraine. Other domestic institutions that can increase the number of ratifying institutions include civil services within bureaucratic units and independent judiciaries.

We define states with multiple ratifying institutions as decentralized and those with relatively few veto points as centralized. In a fully centralized system there is only one veto point, and the initiator and ratifier are the same (for example, the dictator). Centralized states endow great power at the leadership level, but there are few independent sources of governing authority in these states. The simplest case of a decentralized system is with one ratifier and one (different) initiator. Highly decentralized systems have many ratifiers and may have multiple initiators. Decentralized states have multiple, interdependent centers of authority.

How does this state structure affect attitudes toward international institutions? In both types of states, policy-initiating institutions will use the contracting capabilities of IOs but for different reasons. Initiators from centralized states will use international institutions to establish credible commitments. Because centralized states can reverse policies at will, their credibility is limited (North and Weingast 1989). IOs can act as a surrogate ratifying institution when domestic ratifying institutions are weak or nonexistent. Jon C. Pevehouse shows in this volume how this helps democratizing states consolidate their political reforms.

Initiators from decentralized states need international institutions for a different reason. Decentralized states have a greater ability to credibly commit, but policy makers also face more roadblocks to policy implementation. International institutions can provide the necessary resources to implement a policy that would have been impossible in the domestic realm. If the international institution prefers policies that conflict with the ratifiers but not with initiator, the latter will prefer an internationalization strategy. Furthermore, by locking in a policy through an international institution, the initiator helps to increase the costs to a state's reputation of reversing course. With decentralized states, international institutions expand the *ex ante* choice set by reducing the number of *ex post* options.

Domestic state structure affects how policy initiators use international institutions, but so does the organizational structure of international institutions. International relations theory has tended to treat all international organizations in an undifferentiated manner, although this is slowly changing (Koremenos, Lipson, and Snidal 2001). International organizations differ according to whether the membership is open or restricted; whether decisions are made via unweighted voting, weighted voting, or consensus mechanisms; whether the organization has centralized or decentralized resources; and whether the IO is endowed with enforcement powers or not.

IOs vary according to structural dimensions, making them useful in different situations. The ideal IO structure for contracting may differ from the ideal structure for coercion, which may differ from an IO designed for persuasion. Institutionalists, for example, talk about the need for strong, centralized enforcement and monitoring capabilities to coerce wayward actors; as Alastair Iain Johnston notes in his chapter, these qualities may make persuasion much more difficult. Similarly, an IO will be more effective at coercion when the membership is large (Drezner 2000), but this also raises the transaction costs of contracting (Axelrod and Keohane 1985).

That said, there are certain traits common to the successful use of international organizations by policy initiators. For example, the more select the membership criteria, the more valuable the IO becomes. Selectivity can give an international organization enhanced stature to its members, making its actions more relevant. The importance of selectivity can be seen in Jon C. Pevehouse's emphasis on "democratic" IOs or in Alastair Iain Johnston's emphasis on the small size of the Association of Southeast Asian Nations (ASEAN) Regional Forum. Another useful trait for contracting, coercion, and persuasion is a well-respected secretariat. If an IO staff is held in high esteem, it will be easier to achieve consensus among the organization's members in dealing with the targeted state. This can be seen in Jean-Marc F. Blanchard's chapter in this volume on the role of the United Nations Development Programme (UNDP) in the formation of the Tumen River Area Development Programme (TRADP).

Another hypothesis concerns the relationship between the location of the policy initiator and the likelihood of a successful bargain. A relatively straightforward prediction would be that, *ceteris paribus*, external policy initiators will have less success in their interactions with domestic institutions than will domestic policy initiators. There are three reasons for this. First, a domestic policy initiator should possess

more accurate information about the preferences of policy ratifiers, the relevant interest groups, and public opinion in general. It should therefore make fewer errors than an external policy initiator. Second, an external policy initiator must overcome the perception that it is intruding into another country's sovereignty; otherwise its pressure could be perceived as illegitimate. Such a scenario would incur rally-round-the-flag effects in the targeted state. This issue is one reason why external policy initiators will work through international institutions to manipulate another state's domestic institutions. Even with this shielding, however, external initiators will usually lack the legitimacy that domestic policy initiators have.¹⁸ Third, an external policy initiator has no guarantee that any domestic interest groups or institutions will share their preferences. When a domestic policy initiator internationalizes its approach, this implies that a segment of the targeted state supports a change in policy. The same cannot be presumed when the policy initiator is external to the state.

The final hypothesis deals with the long-term effects of the interaction between international and domestic institutions. Repeated interactions should inevitably enhance the power of policy initiators at the expense of ratifying institutions. Why? The transfer of authority from domestic to international institutions has an asymmetric effect on the domestic institutional balance. The governance structure of most international organizations apports voting power to member states. Policy-initiating institutions within these states often control these votes. These institutions will also have enhanced influence and knowledge gained through their day-to-day interactions with the international organization. Thus, although the transfer of authority from domestic to international institutions weakens the power of all domestic institutions, policy initiators will retain more influence over the international organization through their voting power and routinized interactions. To be sure, ratifying institutions can influence the behavior of international organizations through the denial of funding or through restrictions on how country representatives should vote on particular issues.¹⁹ However, this influence is indirect and constrained by principal-agent problems. Over the long term, there should be a burgeoning "democracy deficit" as more power shifts away from ratifying institutions.

This hypothesis, combined with the work done on bargaining and two-level games, highlights a central irony about the power of foreign policy leaders. Schelling (1960), Putnam (1988), and others have pointed out that foreign policy leaders can use the recalcitrance of

domestic ratifying institutions as a way to extract more concessions from other negotiating partners. This volume suggests that leaders can also use the resources of international organizations to force acquiescence from domestic ratifiers. The irony is that, although numerous scholars have highlighted the increasing power of subnational actors and international organizations, foreign policy leaders can play these new actors off each other as a way of enhancing their own power.

The hypotheses in this section are tentative at best, but they provide a useful flashlight with which to illuminate the presentations in this volume.

The Rest of the Book

As noted previously, a great deal has been written on the interaction between domestic and international politics. However, this volume distinguishes itself from the previous literature in several ways. First, it pushes beyond the use of two-level game metaphors and generates more concrete theories on how the interaction between second-image and third-image institutions affects international relations. Second, it creates a useful typology of institutional interactions. Third, because the topic addresses issues that have been handled in a variety of methodological and theoretical ways, the contributors run the gamut in terms of their approaches. Fourth, the chapters run the empirical gamut, from the use of military force to regional economic development.

Finally, the cases discussed are non-European. While the EU is a phenomenon worthy of extensive study, there is an unfortunate tendency to generalize from a case with extreme values for some of the relevant variables. This type of approach can lead to flawed generalizations (Collier and Mahoney 1996). The cases under discussion in this volume include studies of North America, East Asia, and newly established democracies. These areas have been neglected in studies of institutional interaction.

The first two chapters look at the ability of policy initiators to exploit the contracting capabilities of international institutions. Jon C. Pevehouse examines how policy initiators within democratizing states use international organizations as a means of consolidating the reform process. Pevehouse observes that initiators will use international institutions as a means of locking in reforms and as a means of compensating elites that are out of power, reducing the temptation to seize

power by extraconstitutional means. Not all international institutions can perform this function, but those with an essentially democratic character and membership are well suited to this task. Pevehouse argues that international institutions raise the costs of defections from democracy in the future and guarantee that all elites within a democratizing society benefit from the reform process.

Jean-Marc F. Blanchard looks at the transnational politics behind the TRADP, a regional organization in Northeast Asia bordering China, Russia, and North Korea. China has been eager to develop the borderland, and the project has received assistance from the United Nations Development Programme. However, Russia has proven to be a stumbling block to development. Blanchard shows that this is not due to resistance from Moscow but rather to resistance from the Primorski Krai region of Russia that is directly affected by TRADP. The governor of the region, as the ratifier, has vetoed further development because of the threat to his own power base and the region's mistrust of China's motives. In this case, the external policy initiator cannot overcome the resistance of the domestic ratifier, despite the Pareto-improving outcome.

The next two chapters develop game-theoretic models to demonstrate how the contracting and coercion techniques can be used. Eric Reinhardt looks at how domestic policy initiators can use their knowledge of General Agreement on Tariffs and Trade (GATT)/WTO procedures as a way of getting protectionist ratifiers to liberalize trade rules. Reinhardt uses a game-theoretic model to show that initiators are capable of using an international institution's implicit threat of coercion by its members to extract concessions from an otherwise recalcitrant legislature. However, this comes at a price; initiators will also be forced at times to acquiesce to ratifying institutions because it does not want to incur the transaction costs of the WTO's adjudication process. Contrary to the claim of neoliberal institutionalists, in some cases high transaction costs in international organizations help to strengthen cooperation. Reinhardt backs up these hypotheses with compelling statistical evidence.

Kenneth A. Schultz looks at how the Clinton administration was able to use international organizations to blunt congressional opposition to participation in armed humanitarian interventions. He argues that the resort to IOs helps to commit the president to military action by bolstering popular support for an operation and by increasing the costs of backing down. This commitment device magnifies the president's power by forcing congressional opponents to choose between

stopping an ongoing operation—thereby risking blame if things go badly—or taking only symbolic steps. Thus, international institutions can help the policy initiator expand its policy menu in the face of opposition from the ratifier.

The next chapter explores the persuasion mechanism more fully. Alastair Iain Johnston examines how China's membership in the ASEAN Regional Forum and the UN have altered Chinese foreign ministry's perceptions of security issues. Johnston first explores the microprocesses of how persuasion works. He then shows that China has acquired a new understanding of important Western security concepts through the ASEAN Regional Forum and demonstrates how foreign ministry bureaucrats have adopted these concepts in the crafting of foreign policy. China's participation in UN negotiations of a Comprehensive Test Ban Treaty has socialized Chinese diplomats to the point where China has been willing to cooperate with other states in the region on nuclear testing to a surprising extent.

The concluding chapter by Duncan Snidal and Alexander Thompson reviews the lessons learned from the models and cases presented in the volume. It evaluates the contributions made by this volume to our understanding of transnational institutional interactions. The hypotheses posed in these chapters are evaluated in light of the empirical support, and avenues for further research are mapped out.

Notes

1. In the interest of style, I will use the terms "international organization," "international regime," and "international institution" interchangeably. This comes at some cost to analytical precision, but the distinctions between these terms have been previously discussed in the literature. On the distinction between international regimes and international organizations, see Young 1980, Krasner 1983, and Keohane 1989. As used here, the term "international institution" encompasses both regimes and organizations, which is why it will be the dominant term in this text.

2. The concluding chapter by Duncan Snidal and Alexander Thompson addresses the extent to which this potential is fulfilled.

3. Schoppa (1997) is an exception, but he confines his bargaining analysis to the U.S.-Japan relationship, restricting the generalizability of his approach.

4. Kahler 1993 is a notable exception.

5. See also Drezner 1998 and Underdal 1998, 18–19.

6. It should be pointed out that the effect of globalization is unequal across nation-states. States with sufficiently large internal markets and security forces are less vulnerable to the dictates of global markets. Less developed

countries, on the other hand, have fewer independent resources to cope with globalization and are thus more likely to seek out the support of international organizations.

7. There are other roles that actors can play in the policy process, including facilitation and implementation. These roles are discussed but not stressed in this volume.

8. For example, despite the United States' preeminent role in NATO, the United States felt compelled to play by NATO's rules during the Cuban Missile Crisis (Risse-Kappen 1995a) as well as in the decision to intervene in Bosnia (Holbrooke 1998).

9. This suggests an intriguing paradox. For great powers, the more autonomous the IO, the more useful its legitimacy. The more autonomous the international institution, however, the less influence the great power has over its policy.

10. This is not an exhaustive typology; Finnemore (1995), for example, discusses mimicking, a different causal mechanism from those listed here.

11. It should be stressed that particular influence attempts combine elements of each of these ideal types.

12. Note that this criterion does not exclude the possibility of one actor offering additional incentives to ensure cooperation. A Pareto-improving agreement implies that winners receive sufficiently large benefits such that they can compensate any other agent's losses and still increase their own utility.

13. See Stone 1997 on this very conundrum.

14. Fearon (1998) uses a similar typology.

15. As used in this introduction, the term "persuasion" encompasses both the persuasion and the social influence mechanism discussed in Johnston's chapter.

16. This does not imply that actors with complete information cannot develop different perceptions. However, persuasion is of little use in this scenario.

17. Coercion and contracting have elements of social interaction (Wendt 1999). Coercion and contracting strategies require some degree of intersubjective understanding, such as the mutual recognition of interdependence and common knowledge of the game structure.

18. For an exception, see Schoppa 1997.

19. Examples of this include U.S. legislation in the 1970s authorizing U.S. representatives in multilateral development banks to vote against aid to countries that violated certain human rights practices.