



No.275 / January 2009

State Reputation as a Public Good

William Phelan
Trinity College Dublin



IIS Discussion Paper No. 275

State Reputation as a Public Good

William Phelan

Disclaimer

Any opinions expressed here are those of the author(s) and not those of the IISD.
All works posted here are owned and copyrighted by the author(s).
Papers may only be downloaded for personal use only.

State Reputation as a Public Good

William Phelan

Trinity College Dublin

ABSTRACT

A state's concern for its reputation is widely considered the most powerful mechanism for inducing rational egoist states to comply with costly commitments. A state with a diversity of interests will accept costs on organised groups in the expectation of future benefits derived from a reputation for meeting its international commitments. Although the scope of the effectiveness of this argument has been qualified by subsequent scholarship, reputational incentives remain a central causal mechanism in institutionalist approaches to international relations. This paper introduces a new, more fundamental criticism: a state's reputation for complying with international obligations is a public good so far as diverse politically influential domestic constituents are concerned: each constituent has an incentive not to accept costs towards the maintenance of a states' overall reputation for fulfilling its obligations. We should therefore expect that states will not, in general, fulfil costly obligations out of respect for their reputation, unless gains from reputation can be reliably internalised in the form of private goods or where domestic politics provides reliable solutions to the relevant domestic collective action problems.

Introduction¹

State reputation is the central mechanism driving rational functionalist explanations of international cooperation. Reputation provides a reason for rational states to comply with costly commitments in the anarchy of international relations, allowing cooperation without friendship between egoists. States accept costs on their domestic society as required by their international commitments in order to maintain their reputation for future instances of cooperation on other issues. Given that reputation provides incentives for states to comply with costly commitments, Coaseian-style bargaining can provide Pareto-improving solutions to the externalities of state policies, where transactions costs are sufficiently low.

However, despite the widespread influence of this argument, there are significant problems with the claim that states will accept costs on domestic constituents in order to maintain their international reputation. A state's reputation for complying with costly agreements is a public good, available to different parts of society to solve a wide possible range of international cooperation problems in the future. As a public good, however, issue-specific organised interests within states have incentives to decline to reliably accept costs for its production. Indeed, as with public goods in general, the general expectation should be that the public good of a state's international reputation should be persistently underprovided. The most widely accepted explanation for international cooperation between rational egoist states

¹ This project is funded by a Small Research Project Grant from the Irish Research Council for the Humanities and Social Sciences (IRCHSS). For their advice and suggestions, I would like to thank Ben Ansell, Mark Copelovitch, Andrew Moravcsik, Stephanie Rickard, Jonathan Slapin, and participants at a seminar at Trinity College Dublin's Institute for International Integration Studies in November 2007 and the Dublin Political Economy Workshop in October 2008. I am also particularly grateful for generous comments from Robert O. Keohane on an earlier draft of this paper.

should therefore not be expected to provide reliable compliance with costly obligations.

Reputational concerns can however be expected to affect state behaviour where such incentives can be reliably internalised, for example where gains from state reputation can be considered a private good for organised interests bearing costs, or where domestic politics provides can prioritise the production of diffuse public goods even at the cost to private interests. In other words, in well-defined circumstances reputational incentives for state behaviour can indeed be compelling.

This paper should be of interest to the widest community of scholars of international politics because of the widespread influence of functional regime theory in contemporary scholarship as well as its importance in the development of modern approaches to international relations. The theoretical discussion it advances suggests a new emphasis for empirical work relying on reputational incentives on state behaviour as well as offering new perspectives on other debates including the impact of democracy on international relations.

This paper proceeds as follows. The first section outlines functional regime theory's argument, influentially advanced by Robert O. Keohane, that rational egoist states accept costs to maintain their reputation for international cooperation, as facilitated by international institutions that provide information and reduce transaction costs between states. The second section outlines existing criticisms of state reputation as a causal mechanism for state behaviour. The third section sets out reasons to consider a state's general reputation for complying with costly obligations as a domestic public good, which will therefore not be reliably provided by domestic constituents. The fourth section outlines important implications that accepting state reputation as a public good has for wider scholarship in international relations. The

fifth section outlines two broad sets of circumstances where states will reliably internalise reputational incentives. The final section concludes.

State Reputation and International Cooperation

The currently dominant theory of international cooperation is functional regime theory, sometimes also referred to as ‘neo-liberal institutionalism’ or just plain ‘institutionalism’.² It is an approach to the explanation of international relations which is widely understood to rest very considerably on state reputation as a mechanism for influencing state behaviour. Brooks and Wohlforth write, “To say that reputation plays an important role within institutionalist theory is an understatement”.³ Simmons writes of rationalist approaches to state compliance with costly international obligations: “The central mechanism for securing compliance is related to reputation”, emphasising long-run costs of failure to comply.⁴ Similarly, international lawyers now frequently base their understanding of the effects of treaty obligations entirely on rationalist approaches to reputation.⁵ Dai can even summarise the scholarly literature on international institutions as a whole in the following way:

“Since the mid-1980s work on international institutions has been largely influenced by one simple model: the repeated Prisoner’s Dilemma (PD). In the light of this model, international institutions are seen as resolving the collective action problem by providing compliance information and thereby facilitating compliance mechanisms such as reciprocity or reputation”.⁶

The reputational approach to understanding state behaviour adopted by functional regime theory has its counterparts in approaches to studying cooperation without hierarchy outside international relations, as Downs and Jones - and elsewhere Keohane - emphasise:

² Keohane 1984.

³ Brooks and Wohlforth 2008, 155.

⁴ Simmons 1998, 81.

⁵ E.g. Guzman 2008.

⁶ Dai 2002, 405.

“In the past decade, a growing preoccupation with international cooperation and its analytical underpinnings have combined to increase the theoretical centrality of reputation. In the wake of works such as those by Robert Keohane, Robert Axelrod, and Paul Milgrom, Douglass North, and Barry Weingast, it now stands as the linchpin of the dominant neoliberal institutionalist theory of decentralized cooperation”.⁷

The central argument of functional regime theory is widely known and indeed routinely relied upon by scholars making progress on a diverse range of topics in international politics. It may even seem that further consideration of the underlying theoretical logic of functional regime theory may no longer be necessary. However, the very pervasiveness of reputational approaches to international politics in the empirical literature makes continued examination of the theoretical underpinnings relevant to a great many contemporary scholars. Empirical work cannot be separated from theoretical scholarship because theoretical understandings of state behaviour set the terms for the sort of evidence that empirical studies are expected to provide; reconsideration of theoretical approaches can therefore suggest reorientation of strategies for empirical studies. Furthermore, given that experiments are often difficult to perform in the study of international politics, scholars frequently observe a limited range of states’ behaviour in equilibria derived from various incentives. Thus theoretical discussions frequently have a strong impact on the interpretation of observations in international politics.

Before advancing to an alternative and more fundamental difficulty, it is worth reiterating both functional regime theory’s central argument and prominent current criticisms. Despite the many hundreds of papers derived one way or another from functional regime theory, the argument as set out by Keohane, while much discussed and critiqued, has not been superseded or comprehensively restated. Furthermore, Keohane’s original text was admirably and unusually clear about alternative

⁷ Downs and Jones 2002, cf Axelrod 1984; Milgrom, North et al. 1990. Similar connections are drawn in Keohane 2002, S313, footnote 16.

approaches to rational international cooperation, in particular isolating the reputational mechanism from other incentives, such as direct retaliation. As a result, this paper will primarily draw on the arguments advanced in *After Hegemony*.

In functional regime theory, the problem of international cooperation is understood as one in which unilateral state behaviour imposes negative externalities on other states. Whereas within domestic society, where political control of authoritative state institutions allows, actors imposing externalities can be obliged by taxation or compulsory regulation to internalise the external costs of their behaviour, such compulsion is not possible in international relations. Of course, international agreements may be entered into in order to achieve Pareto-improving outcomes for participating states. Indeed, functional regime theory builds on the Coase theorem to argue that international institutions can improve the ability of states to make Pareto-improving bargains.⁸ The Coase theorem claims that rational actors will bargain to internalise the externalities of their behaviour, producing efficient outcomes assuming that liabilities can be defined and transactions costs overcome.⁹ So, for example, ranchers whose cattle damage local crops will be able to come to an efficient agreement with neighbouring farmers even in the absence of government regulation and coercion. Assuming transaction costs were zero, all externalities would be dealt with in a Pareto-efficient manner. In the same way, states in international anarchy have Coaseian incentives to seek bargains to internalise the externalities of state behaviour. In this analysis, the function of international regimes – seen as clusters of international agreements in particular issue-areas – and of international organisations is to reduce the transactions costs of bargains. As such, the Coase theorem has been

⁸ Conybeare 1980.

⁹ Coase 1960; Williamson 1985.

described as ‘the centrepiece of modern functional theory of international cooperation’.¹⁰

In a simple Prisoners’ Dilemma model, however, states have incentives to unilaterally defect or free-ride even on Pareto-improving costly international commitments regardless of the behaviour of other states, and, in the anarchy of international relations, sovereign states cannot be prevented from adopting domestic laws and policies contrary to international obligations, if necessary by requiring their domestic courts to apply rights and obligations contrary to treaty provisions.

However, given repeated interaction and a sufficiently low discount rate, the rational egoist state has incentives to avoid free-riding. Strategies of contingent cooperation – most prominently, tit-for-tat – can provide mutual incentives for cooperation in anarchy.¹¹ In this way, international cooperation between states is modelled very similarly to other forms of social organisation supported by tit-for-tat reciprocity, such as the behaviour of firms in oligopoly and dinner party invitations.

The costs that rational states avoid by failing to free-ride on their costly obligations are three-fold. The first possibility, of course, is that the free-riding state may face direct retaliation by other states engaged in the international agreements. However, direct retaliation is not emphasised in functional regime theory, on the basis of the correct observation that many international regimes have no, or very limited, retaliatory mechanisms:

“Yet retaliation for specific violations is not a reliable way to maintain international regimes: indeed, the GATT provisions for retaliation have been invoked only once, and then ineffectively. Individual governments find it costly to retaliate. Familiar problems of collective action arise: if a given state’s violation of a particular rule does not have a large effect on any one country, retaliation is unlikely to be severe, even if the aggregate effect of the violation is large. If international regimes depended

¹⁰ Moravcsik 1998, 58.

¹¹ Axelrod 1984; Axelrod and Keohane 1985.

entirely for compliance on specific retaliations against transgressors, they would be weak indeed.”¹²

A second restraint on state defection is the concern about the precedent that such defection may provide for other states. This argument is also rejected, however, as a ‘weak reed’ incentive, on the grounds that states have no incentive to internalise the ‘collective bad’ to the regime when compared to their individual benefit from breaking the rules.¹³

Instead, functional regime theory emphasises a third incentive to comply, the concern of states with their reputation, particularly the impact of reputation on the ability of the state to enter into international agreements in the future:

“In the absence of specific retaliation, governments may still have incentives to comply with regime rules and principles if they ... believe that their reputations are at stake. The dilemmas of collective action are partially resolved through the device of reputation. ... [T]he costs of acquiring a bad reputation as a result of rule-violations are imposed specifically on the transgressor. As long as a continuing series of issues is expected to arise in the future, and as long as actors monitor each others’ behaviour and discount the value of agreements on the basis of past compliance, having a good reputation is valuable even to the egoist whose role in collective activity is so small that she would bear few of the costs of her own malefactions.”¹⁴

The importance of monitoring provides a role for international organisations to shape state behaviour, not by acting as governments with the power to coerce, but by providing information which allows self-interested states to respond to the behaviour of other states.¹⁵ International organisations therefore help address the credible commitment problem in international politics. This argument for the influence of international institutions has been extremely influential to subsequent scholarship.

It is important to note that this approach to state reputation relates to diffuse and general responses from other states and unspecified future consequences for wider

¹² Keohane 1984, 105.

¹³ Keohane 1984, 105.

¹⁴ Keohane 1984, 105, 2005, xvi.

¹⁵ Keohane 1984, 13.

domestic interests among a diversity of state constituents, to be contrasted with specific retaliation within a regime. Keohane gives the example of how acceding to the demands of ‘nuts and bolts manufacturers’ for quotas contrary to treaty obligations might put possible trade deals for ‘semi-conductor exports’ at risk, and talks generally about how free-riding “may prevent a government from being able to make beneficial agreements in the future”.¹⁶ The state accepting short-run sacrifices does not know what future benefits will flow.¹⁷ Dai, similarly, notes the broad nature of these reputational incentives when she writes that “to the extent that a state’s compliance with international agreements is driven in part by the desire to acquire a good reputation, the international benefit of compliance may go to the entire country”, although of course the benefit may fall to a more restricted range of interests (such as those affected by a particular treaty).¹⁸

This emphasis on reputation as the restraint that prevents states from free-riding on their international obligations has been shared by many other scholars writing in or about the rationalist intellectual tradition. As was alluded to above, functional regime theory in international relations has intellectual affinities with wider work in political science and the other social sciences on the creation of order without the routine coercion available to the Weberian state. In political science, it has been claimed that the ability of the ‘law merchant’ to monitor merchants’ reputations facilitated long-distance trade in medieval Europe.¹⁹ In anthropology, as noted by

¹⁶ Keohane 1984, 103, 259.

¹⁷ Keohane 1982.

¹⁸ Dai 2006, 695, footnote, also 694; also Dai 2007, 21.

¹⁹ Milgrom, North et al. 1990.

Keohane, it has been argued that order is maintained among small groups in ‘primitive societies’ through the concern for individual reputation.²⁰

In the study of international law, reputational incentives have long been argued to influence state behaviour, including (but not only) in formulations influenced by rational choice and functional regime theory approaches.²¹ More interestingly perhaps, reputational incentives – rather than state enforcement – as the solution to the difficulties of social order have been widely applied in the study of ‘law and economics’ with the emphasis on equilibria in repeated games where, assuming that information and discount rate requirements can be satisfied, players are willing to forgo present profits in exchange for a good reputation that will yield higher future profits.²² Among prominent examples of this broad class of scholarship, each of course with its own distinctive emphasis, a study of contractual relations among diamond dealers argues, ‘it is primarily the fear of damage to reputation that maintains discipline in the diamond trade, not the bourse’s board of arbitrators or the procedural right to appeal arbitrated decisions in court’ and an interpretation of dispute settlement among the Nuer people of the Southern Sudan claims that the influence of the ‘leopard-skin chief’ as arbitrator, despite the striking absence of ‘Weberian stateness’, derives not from moral considerations but from the chief’s ability to serve as a communication device to facilitate bargaining and orchestrate individual, self-interested behaviour into socially coherent outcomes.²³ All these

²⁰ Colson 1974; cf. Keohane 1984, 94 (footnote), 106.

²¹ e.g. Machiavelli 1985 [1532]; Schelling 1960; Henkin 1979; Slaughter Burley 1993; Chayes and Chayes 1995; Guzman 2008.

²² E.g. Heymann 1973; Klein and Leffler 1981; Ellickson 1986.

²³ Bernstein 1992, 152; Bates 1983, 11-12.

examples of social order without state enforcement are easily understood by the international relations scholar versed in functional regime theory.

To summarise therefore, functional regime theory, with its emphasis on Coaseian bargains between states and reputational incentives for compliance, has been part of a broad trend in social science towards the understanding of circumstances where reputational incentives can produce social order, particularly when combined with mechanisms to reduce transaction costs and monitor behaviour. It has proved enormously influential.²⁴ Functional regime theory was an important step forward in the application of economic reasoning to international politics and a central part of Keohane's enormous contribution to the development of modern international political economy.²⁵

Criticisms of Functional Regime Theory

Functional regime theory's scholarly success has always coexisted with very considerable dissent. *After Hegemony* was most fiercely criticised by realist scholars who argued that the fundamental restriction on international cooperation was state concern for relative gains of potential adversaries.²⁶ Even where Pareto-improving bargains were possible and proofed from incentives for unilateral defection, states have incentives not to cooperate if cooperation could lead to changes in the balance of power. Other critics plausibly argued that distributional concerns and rent-seeking are frequently more important than efficiency concerns, both where some states use credible threats of exclusion to force others to accept international regulations which

²⁴ E.g. Simmons 2000; Tomz 2007.

²⁵ Alt 1986; Moravcsik forthcoming.

²⁶ Grieco 1988; Baldwin 1993; Mearsheimer 1994/1995.

were welfare-diminishing, and where state officials use international institutions to shirk domestic accountabilities and more easily provide inefficient policies²⁷

Others have more directly discussed reputation itself as a mechanism. Many scholars – often while accepting that states have incentives to maintain their reputations – have emphasised the inherent ambiguities associated with the concept of reputation. States may have different reputations for different issue-areas, may value a reputation for toughness as well as a reputation for cooperation, and may value other goals more highly.²⁸ Others – correctly in my view – have suggested that it may be better to focus only on ‘reputation for compliance’ (or ‘reputation for cooperation’) and group other, sometimes contradictory, reputational incentives among the other variables that can also affect state behaviour in a multivariable setting.²⁹

More broadly, it has been argued that the conditions for reputational effects are not well specified and as such reputation as a mechanism is almost a *‘passe-partout’* – a skeleton key which apparently opens every lock.³⁰ Certainly, many scholars notice that reputational incentives do not always seem to influence state behaviour or even to influence state behaviour as reliably as the compelling basic theory would suggest³¹.

²⁷ Vaubel 1986; Krasner 1991; Oatley and Nabors 1998; Moravcsik 1998.

²⁸ E.g. Downs and Jones 2002; Keohane 1997; Goldsmith and Posner 2005, 103. Note that this paper provides reasons why reputational incentives may be more or less influential in different issue-areas, but also provides an explanation why some states might be more cooperative across many issue-areas, or put a different way, have political incentives to reliably submit to costs from derived international cooperation even where such costs fall on many diverse organised interests.

²⁹ Guzman 2008, 115-117.

³⁰ Hasenclever, Mayer et al. 1997, 174-176, 210.

³¹ Although some scholars place great reliance on reputation e.g. Tomz 2007, a sceptical view of reputational incentives is widespread e.g. Goldsmith and Posner 2005; Brooks and Wohlforth 2008. It is worth noting that the frequently limited influence of reputation in practice has been acknowledged by its most influential

An important limitation of functional regime theory is its very limited consideration of domestic politics, a subject to which this paper will return. Of course the modelling of the interaction of domestic and international politics has advanced a great deal in recent years.³² Some of this literature has even started to directly integrate domestic politics and reputational concerns: for example Tomz argues, “A good reputation will be of special value to groups that profit from international exchange but bring little utility to groups that prefer autarky or isolation. Thus, domestic groups do not share equally in the reputation gains from respecting international agreements”.³³ Nevertheless, although functional regime theory adopts a simple approach towards modelling domestic politics, by casting international cooperation as a Prisoners’ Dilemma it does not appear to avoid discussion of ‘hard’ cases where there are domestic incentives for unilateral defection.³⁴

Finally, the versions of anarchy, state egoism, and state rationality adopted by functional regime theory, which fit into the broad approach of rational institutionalist understandings of behaviour, where self-interested actors follow rules for instrumentalist reasons, are rejected by scholars who adopt more sociological

theoretician, R.O. Keohane: “In *After Hegemony* I relied heavily on reputation as a motivation for compliance with international commitments (pp. 105-106). Indeed my next research project was an attempt to demonstrate the importance of reputation for compliance. Research, however, has an interesting way of revealing the unexpected, and what I found did not match my expectations. In examining U.S. compliance, of lack thereof, with its international commitments, I found more noncompliance than I have expected (extending over the history of the United States between 1776 and 1989). Reputational concerns, though genuine, seemed to have less impact on policy than I had expected. Since I have not yet invented a theory that would compellingly account for the great variations in compliance that I found, much of this research has not led to publication. But it has made me wiser, and more cautious, about reputation as an incentive for compliance.” in Keohane 2005, xvi.

³² E.g. Moravcsik 1997; Milner 1997; Milner 1998.

³³ Tomz unpublished, 3.

³⁴ E.g. Stein 1982; Guzman 2008.

approaches to institutions, finding the requirements for reputation to provide reliable restraint on rationalist egoists so restrictive that they provide no expectation of compliance with costly obligations.³⁵

To summarise, therefore, scholarly criticism of functional regime theory falls into several different and important categories: those that limit the scope of the theory because of relative gains and other distributional concerns; those that – while accepting the influence of state reputation – nevertheless maintain that reputation needs further specification to be a useful causal mechanism; those who broadly reject rationalist approaches to institutions, including international institutions; and finally those who emphasise functional regime theory’s very limited incorporation of domestic politics.³⁶ In general, apart from the more fundamental concerns of the sociological institutionalists, criticisms tend to bound the scope of applicability of functional regime theory, with a frequent emphasis on the difficulties of providing information on state behaviour in practice, rather than reject its central argument. To the contrary, functional regime theory’s explanation for cooperation by rational, egoist states with diverse economic interests which have incentives to bargain to ensure the efficient production of externalities and which comply with costly international bargains because of a concern for reputational benefits in the future forms the foundation for many hundreds of papers in international relations scholarship.

³⁵ Kratochwil 1989, 108-109; cf. Hall and Taylor 1996; for a survey in relation to international regime theory, see Hasenclever, Mayer et al. 1997, 136-210; more recently, e.g. Sharman 2007.

³⁶ These criticisms are acknowledged in Keohane 2005.

State Reputation as a Public Good

The rationalist approach to compliance with international agreements based on state concerns for reputation is widely accepted. However, there are good theoretical reasons, entirely within the rationalist/ collective action theory tradition and separate from the scope limitations advanced by existing scholarship, why the reputation based approach does not provide a basis for reliable international cooperation. Even where there are no relative gains concerns, and where relevant state behaviour and reputations can be clearly observed, states should not be expected to prioritise their reputational concerns.

Consider the problem described above, where ‘manufacturers of nuts and bolts’ are seeking a quota on imports. This is a trade problem, a fitting example since functional regime theory is in many ways the generalisation of a certain understanding of the GATT international trading regime.³⁷ The central political economy problem of trade is commonly thought to be made up of two parts. First, concentrated economic interests tend to be politically powerful compared to diffuse interests such as consumers or taxpayers.³⁸ Second, concentrated economic interests have incentives to pursue income transfers regardless of externalities imposed on society as a whole.³⁹ Small groups pay 100% of costs accepted to provide public goods, while reaping only tiny benefits, while they gain 100% of gains from inefficient rent-seeking while suffering only a tiny proportion of overall efficiency losses. Small groups are therefore associated with both disproportionate political power and incentives to demand inefficient redistribution of income: that explains both the political

³⁷ Keohane 2005.

³⁸ Bastiat 1965 [1845-1848]; Schattschneider 1935; Olson 1965; cf. Keohane 1984, 211.

³⁹ Olson 1982, 44.

effectiveness of the ‘manufacturers of nuts and bolts’ and the nature of the policy goals they seek.

Let us consider therefore two alternatives. First, consider a world where the manufacturers demand a quota from a government which has not entered into an international agreement. Under such circumstances, governments will balance the political power of the protectionist interest against the interests of consumers and gains in economic efficiency from free trade. In such circumstances, to put it at a minimum, one cannot expect that consumer interests and economic efficiency will be politically successful. The long and diverse history of protectionism tells as much. The theoretical reason is that aggregate consumption and economic efficiency are public goods from which the concentrated economic interest has incentives to decline to accept costs to support.

Now consider an alternative world where the manufacturers demand a quota from a government that has entered into an international agreement with other states which forbids a quota for nuts and bolts imports. To be sure, in the anarchy of international relations, the government cannot be prevented from unilaterally adopting domestic laws contrary to international obligations. As far as incentives are concerned, however, functional regime theory claims that the international agreement adds an additional element to the government’s cost benefit analysis: the possible cost to state reputation of free-riding on its international commitments. In this second scenario, the government will add to aggregate consumption and economic efficiency the long-term damage to possible agreements in a variety of other issue-areas, and balance those against the political power of the concentrated protectionist interest.

The point to note is that the structure of the domestic problem in this second situation is extremely similar to that in the first. In both cases, the concentrated

interest is being weighed against public goods. For – particularly in the adoption of the definition of state reputation incentives as something distinct from avoiding direct retaliation – the gains accruing to the state deriving from a reputation for compliance with costly obligations, even if they are as powerful as the gains from economic efficiency associated with unilateral free trade, are diffuse – ‘going to the whole country’, or to all the groups which might benefit from the effectiveness of a particular treaty. As such the gains from state reputation are a public good, and there is no reason to expect the concentrated economic interest to accept costs to support such gains, nor is there any reason to assume that it will be politically possible to suppress the political influence of such concentrated economic interests seeking to ‘selectively exit’ from treaty obligations, any more than to assume that groups seeking economic inefficiency are likely to be politically suppressed.⁴⁰ To be sure, the concentrated economic interest using its political power to obtain the violation of an international trade agreement would be disrupting even more public goods than the concentrated economic interest merely obtaining inefficient transfers of resources where these would not disrupt international cooperation. Concentrated economic interests have frequently shown themselves capable, however, of simultaneously imposing multiple costs on wider society.

After Hegemony’s influential discussion of rationalist mechanisms for compliance therefore requires careful reading. The tit-for-tat solution to the Prisoners’ Dilemma is robust, where the necessary conditions hold, but obvious applications of this argument – direct retaliation, imposing costs on clearly identified domestic groups that would otherwise be receiving benefits – are not much emphasised in practice; the importance of restraint based on reputation in the hope of diffuse future

⁴⁰ On 'selective exit', see Weiler 1985.

gains is emphasised in practice, but no similarly robust model is developed to explain such restraint, for which the Prisoners' Dilemma appears ill-suited because the current costs are concentrated and future gains are diffuse.

This is where the analogy between functional regime theory and wider approaches in political science and the other social sciences to the production of social order through reputational incentives has been misleading. The reputations generated by the behaviours of the tribesman, the merchant in medieval Europe, and the contemporary diamond dealer, discussed above, are all *private goods*. The same actor – individuals, sometimes firms or families – assume both the costs and the benefits, and have incentives to internalise a stream of future benefits in their decision to accept present costs. The reputation generated by state behaviour in functional regime theory is a *public good* as far as individuals or organised groups are concerned where costs fall to particular groups but benefits are diffuse and unknown. As a result, no individuals or organised groups have incentives to internalise the advantages of state reputation and thus no individuals or organised groups have incentives to internalise the stream of benefits that self-restraint may bring. These are very different circumstances. Although such comparisons can be stimulating, order in international relations cannot therefore be directly compared with social order among medieval merchants or modern tribesmen, because international relations is not the study of the behaviour of individuals operating in anarchy, but the study of the behaviour in anarchy of organisations whose policy is directed by some fraction – often a very small and changing fraction – of large and diverse populations.

The problem here is the same as that discussed in relation to the very limited incentives for state restraint deriving from damage to a regime as a whole or from the precedent that a defection may provide for other states: the lack of incentive to fully

internalise these benefits. Damage to state reputation is a ‘weak reed’ as far as incentives for individuals or groups are concerned, from whose standpoints the proper comparison is not between the benefits of rule-breaking to them and its total costs to society as a whole, but between its benefits and its costs to them as individuals or groups. The domestic collective action problem militates against a priority for state reputation, *even where* a strong reputation for cooperation would provide considerable benefits and where non-contribution therefore creates a collective bad.

The highly relevant literature on *collective* reputational incentives in economics finds that even in the presence of collective gains rational individuals and firms fail to invest in reputation-enhancing behaviour. For regional or speciality product producers, such as Washington apple growers, in the absence of mechanisms to trace products to particular producers – that is, in the absence of making contributions to collective reputation a *private* good – or to collectively regulate minimal standards, individual firms have incentives to choose quality levels which are suboptimal for the group as a whole.⁴¹ More generally, mechanisms to exclude non-contributing individuals from collective reputation-holding groups are necessary to ensure optimal production of reputation, because individual and collective rationality are at odds.⁴² Even the famous example of tit-for-tat-based mutual restraint in World War One’s trench warfare required compatible collective action solutions within the opposing armies.⁴³ Arguments for the effectiveness of state reputational incentives need to find similar explanations for the priority given to state reputation by firms and individuals in national politics, where cost-shifting and rent-seeking is a pervasive incentive.

⁴¹ E.g. Winfree and McCluskey 2005; Pouliot and Sumner 2008.

⁴² Tirole 1996.

⁴³ Axelrod 1984.

This discussion of the theoretical difficulties associated with functional regime theory's argument that state reputation acts as a powerful mechanism for states to accept costs for international obligations is further supported by recent discussions of the Coase theorem. Recall that functional regime theory derived intellectual support from the Coase theorem's suggestion that, in the presence of suitable liability conventions and sufficiently low transactions costs, rational actors can bargain to achieve efficient accommodation of externalities. Applied to international relations, this suggested that international regimes and institutions helped governments achieve their Coaseian bargains by defining liabilities and lowering transactions costs between states whose policies create externalities for other states. Indeed, transactions costs are seen as the central difficulty preventing international Coaseian bargains.

In this sense, functional regime theory is part of a wider intellectual movement seeking to apply Coaseian concepts to politics.⁴⁴ With sufficiently low transaction costs, perhaps because institutions lower the costs of transactions, Pareto-improving political bargains are possible. However, these Coaseian approaches to politics have undergone repeated and telling criticisms. Where the number of individual actors involved is large, there is no expectation that Coaseian bargains are possible. The problem is not (only) that transactions costs rise as numbers increase, but rather that free-riding becomes pervasive.⁴⁵

Indeed, it has been influentially argued that Coaseian bargains cannot be sustained where externalities fall on a sufficiently large group of participants, even if there are no transactions costs hindering Coaseian bargaining: "Individuals will try to cut themselves out of Coaseian bargains even if transactions costs are zero", because

⁴⁴ E.g. Wittman 1995.

⁴⁵ Olson 1965; Hardin 1982; Sandler 1992; Olson 2000.

receiving the benefits of a Coaseian bargain without contributing towards its costs is preferable to the Coaseian bargain itself.⁴⁶

So, on the assumption that states contain a variety of different interests, one of which is called upon to accept costs to support state's reputation for reliable cooperation to provide future diffuse gains, the fundamental problem is one of free-riding among domestic interests, not of transaction costs between states. The problem is not solved if only a small number of states are the key actors in international regimes.⁴⁷ Rather, the mechanism for the influence of international regimes, whether seen as institutions which can reduce transactions costs between states or even reduce transaction costs among firms and groups within cooperating states, is dependent on solution of demanding domestic collective action problems among the diversity of interests *within* states.

To conclude this section then, functional regime theory claims that rational egoist states can produce cooperative behaviour in costly issue-areas where gains from cooperation exist and the presence of low transaction costs and sufficient information on behaviour of other states is combined with repeated interactions because of reputational incentives to accept costs on particular interests in favour of diffuse long-term gains. This approach to international politics has been very widely accepted. Nevertheless, it is not convincing. There is an unexamined assumption of a solution to domestic public goods problems in the argument. Given that state reputation – considered as the willingness to accept costs in the interest of unspecified future gains from international cooperation – is a public good, then, as with other

⁴⁶ Olson 2000, 84; Dixit and Olson 2000.

⁴⁷ cf. Keohane 1984, 258.

public goods, the general expectation must be that state reputation will be persistently undersupplied.

Implications of State Reputation as a Public Good

There are many implications for research on international relations, international cooperation, and international regimes which can be derived from understanding state reputation as a public good. Several are worth particular emphasis.

First, and most important, state reputation *per se* does not provide a reliable explanation for state compliance with costly international obligations. Even where significant externalities exist, transactions costs are low, monitoring of state behaviour is reliable, and discount rates are low, the correct expectation is that there will be no reliable international cooperation if states are expected to accept costs on particular interests in return for diffuse future gains, whether diffuse gains for the country as a whole or diffuse gains for a more restricted set of interests affected by a particular regime.

Second, distinct from the previous point, state reputation as a mechanism does not provide an explanation for *any particular level* of actual compliance by states with international obligations. States which have reputational incentives to accept costs on particular interests may comply fully, partially in many permutations, or not at all. To argue that states will accept costs on particular organised interests in the expectation of reputational gains is to state that they will behave in that way ‘to the degree that domestic public goods problems can be overcome’ or, alternatively, ‘assuming that diffuse gains are prioritised in domestic politics’. As such, reputation as an incentive for state behaviour does not provide any reason for any particular outcome in international politics. It is compatible with all outcomes.

A third implication, a straightforward consequence of the previous two but deserving separate emphasis, is that references to reputation, unsupported by analysis of the political opportunities available to adversely affected interests, cannot possibly provide an explanation for a pervasive, consistent, and reliable compliance with international obligations that impose costs on a variety of organised domestic interests. While perhaps a certain spluttering, on-again/off-again, compliance might result from reputational incentives, consistent with the above statement ‘to the degree that domestic public goods problems can be overcome’, routine obedience to costly obligations cannot be derived from this mechanism, absent further elaboration. For example, widespread claims that states persistently refrain from unilaterally acting contrary to costly European Community law obligations for ‘reputational’ reasons, without elaboration of why affected organised interests acquiesce in such self-restraint, should be considered unpersuasive.⁴⁸ After all, adversely affected organised interests in particular issue-areas have little incentives to accept costs to support the broader public goods derived from the EU regime.

⁴⁸ Many discussions of why EU Member States submit to the stream of obligations derived from European Community law appeal, in the final analysis, to ‘reputation’ as the reason that states do not act unilaterally contrary to European treaty obligations, see e.g. Burley [Slaughter] and Mattli 1993, 50, 54; Pollack 1997, 118; Alter 2001, 194. Note that while European Community law doctrines of supremacy and direct effect claim that national judges must apply European Community law regardless of national legislation, national courts derive the application of European Community law from national legislation (the national laws implementing the European treaties) which national parliaments could unilaterally amend or restrict – see e.g. Hartley 1999, 176-177. As described above, references to the reputation incentive do not explain why EU Member States persistently exercise self-restraint and submit to European Community law, because an explanation for why diffuse gains will be prioritised in national politics is needed to complete such an explanation; the reputation claim is only a starting point, and indeed a starting point better suited to explaining why states would *not* comply with such costs (e.g. it would be entirely reasonable to write, instead of claims that reputation prevents such unilateralism, that concerns for state reputation would be only a limited and unreliable incentive weighing against such unilateralism on behalf of particular interests).

Fourth, recognising state reputation as a public good requires a rethinking of existing literature derived from functional regime approaches to explaining cooperation in international politics. Where intensive international cooperation is observed and states submit to obligations which impose costs on concentrated interests in return for diffuse future gains, whether from particular regimes or international cooperation more generally, functional regime theory's emphasis on information-and-reputation overstates the contribution of low international transaction costs and understates the contribution of domestic politics to this outcome. The equilibrium we observe is one importantly derived from a solution to domestic political problems. Without attempting to control for domestic public goods provision, measures of the impact of information provision, the discount rate to be applied to a stream of future gains, et cetera, on international cooperation will be biased and unreliable. Similarly, where claims for the influence of international organisations as solutions to international commitment problems have been drawn from functional regime theory, the influence of international organisations on state behaviour in these scenarios also relies on a suitable solution to the relevant domestic political problems. Absent such solutions, there is no reason to expect reliable internalisation of incentives for restraint. If the gains from defection are concentrated, and the costs from defection are diffuse, international organisations do not solve the international commitment problem as functional regime theory suggests, because the underlying domestic incentives do not conform to the Prisoners' Dilemma on which the model relies. Put another way, a lot of internal problems must be solved before international institutions can be expected to restrain, even intermittently, state behaviour driven by the political power of small organised groups.

The Internalisation of Reputational Incentives in Domestic Politics

So far this paper has outlined an important theoretical difficulty with state reputation as a mechanism for producing reliable restraint and order between states. The argument of this paper both supports the findings of those scholars who have not found reputational incentives very binding in practice, by supplying the theoretical weakness to match disappointing empirical findings, and suggests that many potential gains from international cooperation are likely to remain unrealised.

Of course, the validity of many existing explanations for international cooperation remain unaffected by the argument advanced above, including international cooperation in ‘coordination’ issue-areas where states lack incentives to defect, or international cooperation organised by a hegemon (or a *k*-group).⁴⁹

Despite this caveat, however, the broad thrust of this paper’s conclusion is that arguments for effective international cooperation cannot be divorced from understandings of domestic politics. Although functional regime theory may appear to provide an all-purpose explanation for international cooperation which can be kept distinct from domestic political assumptions, it is rather the case that no claim to the influence of the basic incentive for state behaviour that functional regime theory relies upon can plausibly be advanced without an accompanying claim about domestic internalisation of costs and benefits. Note that the argument here is not that reputation-based influences on state behaviour should be combined, in a pluralist multivariate manner, with a variety of other potential influences, including domestic political influences, to explain state behaviour. Such pluralism and multi-causal approaches are always welcome, but in the case of the potential impact of state

⁴⁹ Coordination issues: Stein 1982; Martin 1992; Hegemonic cooperation: Olson and Zeckhauser 1966; Kindleberger 1973; Keohane 1980; The *k*-group: Schelling 1978; Snidal 1985; Gowa 1989.

reputation it is not enough: an appeal to the expectation that state reputation will exert *any* influence on state behaviour requires an explicit argument about internalisation of future gains in domestic politics.

Of course, there is already a huge variety of domestic politics explanations for variation in state behaviour, many of which are unrelated to the internalisation of stream of diffuse future gains from cooperation. Even in the area of international economic exchange, state behaviour facilitating trade and investment may result, for example, from the compatibility of dominant but divergent interest groups across states.⁵⁰ The politics of many international economic decisions seems likewise to depend directly on the balance of organised groups or constituencies expecting specific losses or gains on that particular decision, without any evidence of internalisation of how different decisions would impact on a state's future reputation. As such, the argument presented does not reject forms of international cooperation based on direct balances of organised groups within states. The characteristic example would be the GATT, now WTO trade, regime, where states unanimously agree concessions, after careful preparation and calculation, which impose costs particular interests specifically in return for identified gains for other organised interests according to the domestic political calculus, and where states frequently are left with considerable room to accommodate demands for protection by organised interests both within the regime (by raising tariffs within their 'bound rates' for example) and outside it, by persistent unilateralism contrary to GATT/WTO obligations, even to the cost of 'accepting' retaliation.⁵¹ Note, however, that it is this careful balance of concentrated costs and benefits, not any diffuse reputational incentive, which makes

⁵⁰ Broz 1997.

⁵¹ Lawrence 2003.

such a regime restrain state behaviour to the degree that it does, and as such there is no reason to expect unilateralism to be restrained if the domestic balance of organised groups changes, or if costs on particular groups turn out to be more significant than anticipated.

Rather, however, than attempting to summarise the vast literature on domestic politics and international relations, this paper will outline two broad scenarios where the reputation incentives *can* be expected to be reliably internalised in domestic politics.

First, state reputation might effectively be a *private good*. Where the costs of compliance with costly international obligations fall on the same groups that will gain from the future stream of reputational benefits, then under those circumstances, assuming once again that the other criteria – effective monitoring arrangements, repeated interaction, and so on – are met, then the logic of functional regime theory holds convincingly. So issue-specific cooperation between states in relation to industrial policy cooperation where the industry itself will receive the future gains of self-restraint is a scenario where reputation concerns can be reliably internalised. Cooperation in the form of mutual self-restraint among countries with dominant oil companies, or where the cooperation largely relates to the activities of a dominant bank in each country, is entirely plausible, along the lines of the repeated Prisoners' Dilemma. These groups have incentives to cooperate in the manner that functional regime theory explains, although such incentives may, of course, in any particular case be overwhelmed or even intensified by other factors, domestic or international.

To avoid misunderstanding, it may be worth emphasising that international cooperation where reputation is a *private good* is still difficult – there is still an incentive for unilateral defection, which is why Prisoners' Dilemmas are often

considered the ‘hard’ cases for international cooperation. However situations where state reputation is a *public* good are even more difficult conditions for international cooperation, compared to which the Prisoners’ Dilemma model is indeed relatively easy. Assumption of the applicability of the Prisoners’ Dilemma model can therefore tend to understate the difficulties associated with many forms of international cooperation.

Although reputational arguments are plausible where state reputation is effectively a private good, the scope of application of functional regime theory has not previously been allocated to such restricted territory, nor is this explanation a good match for the original reputation scenario which claimed that there were incentives to accept costs on one group in order to provide future benefits for unknown or diffuse others. On the other hand, as we have seen, reputational incentives should not be expected to affect state behaviour where current costs fall on particular groups but future gains are diffuse. In the case of concentrated costs and diffuse benefits, reliable international cooperation can only be expected where the claim is supplemented by a solution to the domestic public goods problems.

The literature on the politics of public goods production is also too large to be summarised here. Two possibilities are however worth mentioning in particular. First, where a relatively limited group will receive both costs and benefits from maintaining costly commitments, then cartel-like or other bonds of internal organisation may solve the public goods problems for this restricted group.⁵² This scenario is in some senses close to the private goods example discussed above, and it may at times be acceptable for empirical studies to assume that such restricted groups can solve their internal collective action problems, but it also shows the importance of ensuring contributions

⁵² E.g. Lipson 1985; Veitch 1986.

to public good provision even within defined groups expecting to receive a stream of benefits from compliance with costly obligations.

Second, where concentrated costs fall on defined groups but benefits are diffuse in a wider sense, one possible solution for this collective action problem is forms of organisation which have incentives to respond to large constituencies and possess the necessary coordinating authority to effectively impose costs on particular constituents in order to provide public goods for the wider constituency as a whole. In labour market politics, for example, inclusive and centralised trade union federations, with control over firm-level union bargaining and strike activity, have been found to provide higher levels of labour market public goods – lower levels of inflation and unemployment, fewer strikes, etc – than pluralist trade union systems.⁵³ Similar arguments have been advanced that cross-industry enterprise business groups can internalise the benefits of accepting costs on particular industry sectors.⁵⁴ These solutions to collective action problems may offer the sort of explanation required to expect that states will reliably internalise the advantages of prioritising state reputation where doing so requires accepting costs on particular groups in return for diffuse and uncertain gains in other issue-areas. The more reliably that domestic collective action problems relating to prioritising state reputation can be overcome, the more states should have political incentives to comply with costly obligations and perhaps even to accept less ‘gate-keepered’ specification of obligations, such as autonomous international tribunals and majority voting on regime obligations.

Indeed, a robust solution to the relevant domestic public goods problem could provide an explanation for pervasive, consistent, and reliable state compliance with

⁵³ Olson 1982; Schmitter 1981; Calmfors and Driffill 1988.

⁵⁴ Jankowski 1989.

international obligations that impose costs in an ‘un-gate-keepered’ manner on a variety of organised domestic interests in return for diffuse gains, an outcome which neither neoliberal institutionalist claims for the influence of international institutions through information, nor carefully calculated specific reciprocity deals based on a balance of concentrated interests, in the GATT/WTO style, can explain. While of course such collective action solutions may relate to the interests affected by a particular regime, a state might possess domestic institutions which generally address the difficulties of imposing costs on concentrated interests for diffuse gains to the degree that it would prove pervasively reliable in international cooperation across many issue-areas.

Unlike scenarios where state reputation is a private good, where the Prisoners’ Dilemma model holds straightforwardly but which cannot explain the acceptance of costs on one concentrated interests in return for future diffuse gains, these domestic solutions to public goods solutions can indeed explain why costs might be accepted on concentrated interests to secure diffuse gains from a treaty regime or international cooperation more generally, in the manner that the original reputation argument suggested. Note that international cooperation of this sort does not, however, so clearly match the Prisoners’ Dilemma model, because it is internal solutions to collective action problems, rather than the future behaviour of other states, which is primarily driving such state behaviour.

This brief discussion of means of internalising the benefits of state reputation in domestic politics provides only a conceptual starting point for further discussion and development. The important point for future empirical work relying on state reputation for expectations of compliance with costly obligations should indicate whether the future benefits of compliance are likely to fall to the same groups or

individuals who are expected to absorb costs, in which case state reputation can be considered a private good, or whether, alternatively, future benefits of compliance are likely to fall to other, perhaps wider, groups than the groups or individuals who are expected to absorb costs, in which case the general expectation should be of limited compliance, absent the specification of a solution to the relevant domestic collective action problem.

To reiterate, these are not the only possible mechanisms for reliable international cooperation, nor the only possible domestic politics based explanations, but these two broad categories – reputation as a private good and reputation as a public good combined with a solution to the relevant public goods problems – are explanations for reliable international cooperation driven by reputational concerns.

Considering state reputation as a public good may also offer new perspectives on other debates, including for example the impact of democracy on international relations. Many argue – although others disagree – that democracies carry over their respect for the domestic rule of law, compromise, and adjudication, into the international arena.⁵⁵ It may be better, however, to start from the point of view that rulers of democratic states are, by definition, selected by large groups, and so they are likely at the margin to provide their constituents with a mix of services that includes a higher proportion of public goods and fewer private goods.⁵⁶ As a result, entirely for incentives to provide public goods, and not because of any transfer of norms from domestic politics, democratic states at the margin should be expected to take state

⁵⁵ The literature on democracy and international cooperation is too large to summarise. The argument that domestic norms affect democratic behaviour in this way can be found prominently in e.g. Dixon 1993; Slaughter 1995.

⁵⁶ Bueno de Mesquita, Morrow et al. 1999; Olson 2000.

reputation into account more consistently when reputational concerns require the acceptance of costs on particular organised interest in return for diffuse gains.

This argument certainly has its limits however. Even in democracies, politicians frequently seek re-election by providing private goods to concentrated interests. The ability of democratic states to prioritise state reputation is therefore the result of domestic political conflict over public goods, rather than the result of diffuse respect for compromise and adjudication, and issue-specific groups should be expected to demand and frequently obtain defection from costly international obligations.⁵⁷ The same US democracy that provides incentives for politicians to provide overall economic growth through trade liberalisation also provides opportunities for issue-specific economic or organised ethnic group interests to mobilise against accepting costs for diffuse reputational reasons.⁵⁸ Democratic states also vary considerably among themselves in the degree that authoritative political institutions provide political power to small constituencies, with incentives to impose costs on the rest of society, or to broad constituencies, with greater incentives to accept costs for public goods.⁵⁹ In addition, where future gains from cooperation can be considered a private good for particular groups, cooperation may not require the solution to demanding domestic collective action problems. As such, while

⁵⁷ Note that this conflict is not just between those who may gain from international cooperation and those who may prefer autarky, as Tomz indicates *supra*: it is a conflict even among those who gain to avoid contributing to public goods.

⁵⁸ E.g. mobilisation in the US against WTO steel tariff obligations in Devereaux, Lawrence et al. 2006; on Cuban-American mobilisation against the WTO, see Hartley 2004, 98-99; on ethnic group mobilisation and US foreign policy, e.g. Smith 2000.

⁵⁹ For example, it has been argued that, among democracies, unitary states (compared with federal states), parliamentary government (compared to separation of powers regimes), and closed-list PR electoral systems (compared to 'first past the post' election systems), lead to greater production of domestic public goods as opposed to benefits of concentrated interests. See the literature surveys in Gerring and Thacker 2008.

democracy as such does provide incentives for public goods production, it cannot be assumed that democracy as a category will be an especially powerful explanation of compliance with costly international commitments.

Conclusion

There are many features of international politics and even the politics of state reputation that this paper has not addressed. The discussion here is overwhelmingly focussed on the politics of trade where diffuse gains often require the imposition of costs on issue-specific organised groups, rather than the full range of economic issues (foreign direct investment, sovereign lending, etc) where reputational arguments have been employed, let alone topics in security studies and crisis bargaining, each of which may be characterised by different and distinctive domestic collective action problems.⁶⁰ In mitigation, this paper addresses the original and most influential claims made for functional regime theory, and aims to stimulate thinking about the application of reputational arguments to other issue-areas, where reputational incentives also require mechanisms for internalisation. Important topics such as how states update their evaluation of other states' reputation have also been neglected here.

Granted these limitations of scope, this paper has outlined the role of state reputation in functional regime theory, discussed existing criticisms and advanced a more fundamental one, that state reputation should be seen as a domestic public good which should, in the normal case, be persistently undersupplied. The paper has then outlined circumstances where reputational incentives can indeed have a powerful impact, where future gains derived from prioritising state reputation are either private goods accruing to those who accept the costs or where domestic politics provides can prioritise the production of diffuse public goods even at the cost to private interests. In

⁶⁰ Fearon 1994; Mercer 1996; Sartori 2002; Walter 2006; Tomz 2007.

well-defined circumstances, whose essential common feature is that a clear argument can be advanced for the internalisation of a future stream of benefits, reputational incentives for state behaviour can be compelling. Rather than comparing the reputational incentives of states to those of individuals, a better understanding of state reputational incentives may come from comparisons with reputational incentives falling on large and diverse populations with competing internal interests and incentives for cost-shifting and rent-seeking, rather than public goods production.

This paper therefore both helps explain why reputation has often proved of limited effectiveness in explaining state behaviour, and also provides better specificity over the circumstances where it will be effective, no longer as an all-purpose ‘skeleton key’, but instead as a specialised device for particular locks. Understanding state reputation as a public good addresses a difficulty with the currently dominant theoretical argument for international cooperation in a way both that builds on the important work of previous scholars and suggests ways forward for the continuing development of the application of rationalist approaches to international politics.

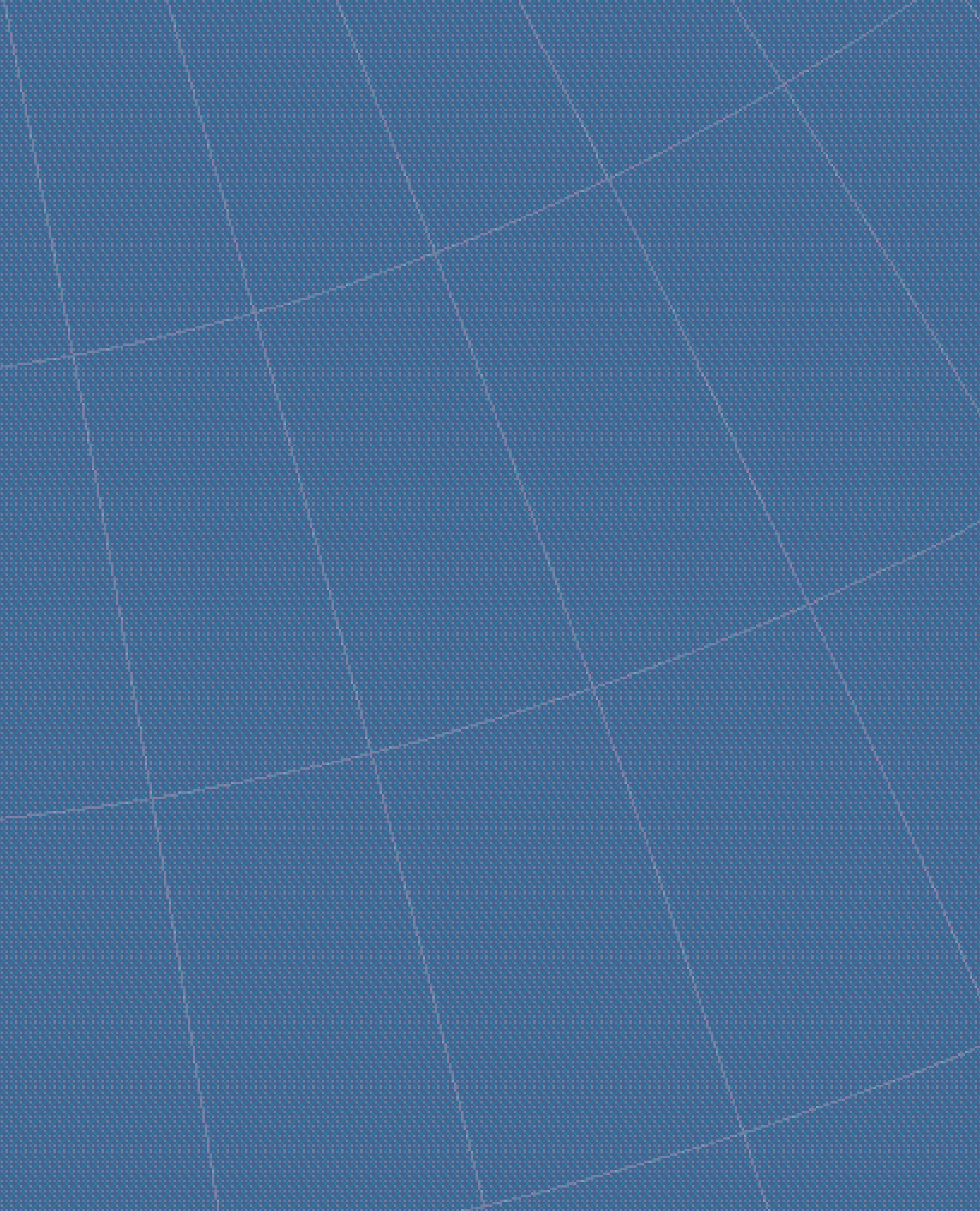
Bibliography

- Alt, James E. (1986). "Review of *After Hegemony: Cooperation and Discord in the World Political Economy* by Robert O. Keohane." *Journal of Economic Literature* 24(1): 107-108.
- Alter, Karen (2001). *Establishing the supremacy of European Law : the making of an international rule of law in Europe*. Oxford, Oxford University Press.
- Axelrod, Robert (1984). *The Evolution of Cooperation*. New York, Basic Books.
- Axelrod, Robert and R. O. Keohane (1985). "Achieving Cooperation under Anarchy: Strategies and Institutions." *World Politics* 38(1): 226-254.
- Baldwin, David A., Ed. (1993). *Neorealism and Neoliberalism: The Contemporary Debate*. New York, Columbia University Press.
- Bastiat, Frédéric (1965 [1845-1848]). *Economic Sophisms*. Princeton, N.J., Van Nostrand.
- Bates, Robert H. (1983). The Preservation of Order in Stateless Societies: a reinterpretation of Evans-Pritchard's *The Nuer*. *Essays on the Political Economy of Rural Africa*. R. H. Bates. Cambridge, Cambridge University Press: 7-20.
- Bernstein, Lisa (1992). "Opting out of the legal system: Extralegal contractual obligations in the diamond industry." *Journal of Legal Studies* XXI: 115-157.
- Brooks, Stephen G. and William C. Wohlforth (2008). *World Out of Balance: International Relations and the Challenge of American Primacy*. Princeton and Oxford, Princeton University Press.
- Broz, J. L. (1997). The Domestic Politics of International Monetary Order: The Gold Standard. *Contested Social Orders and International Politics*. D. Skidmore. Nashville and London, Vanderbilt University Press: 53-91.
- Bueno de Mesquita, Bruce, James Morrow, et al. (1999). "An Institutional Explanation of the Democratic Peace." *American Political Science Review* 93(4): 791-807.
- Burley [Slaughter], Anne-Marie and Walter Mattli (1993). "Europe Before the Court: A Political Theory of Legal Integration." *International Organization* 47: 41-76.
- Calmfors, Lars and John Driffill (1988). "Centralization of wage bargaining." *Economic Policy* 6(1): 14-61.
- Coase, Ronald (1960). "The Problem of Social Cost." *The Journal of Law and Economics* 3: 1-44.
- Colson, Elizabeth (1974). *Tradition and Contract: The Problem of Order*. Chicago, Aldine.
- Conybeare, John A. C. (1980). "International Organization and the Theory of Property Rights." *International Organization* 34(3): 307-334.
- Dai, Xinyuan (2002). "Information Systems in Treaty Regimes." *World Politics* 54: 405-436.
- Dai, Xinyuan (2006). "The Conditional Nature of Democratic Compliance." *Journal of Conflict Resolution*.
- Dai, Xinyuan (2007). *International Institutions and National Policies*. Cambridge, Cambridge University Press.
- Devereaux, Charan, Robert Z. Lawrence, et al. (2006). *Case Studies in US trade negotiation*. Washington, D.C, Institute for International Economics.
- Dixit, Avinash and Mancur Olson (2000). "Does voluntary participation undermine the Coase Theorem?" *Journal of Public Economics* 76: 309-335.

- Dixon, W.J. (1993). "Democracy and the management of international conflict." *Journal of Conflict Resolution* 37(1): 42-68.
- Downs, George W. and Michael A. Jones (2002). "Reputation, Compliance, and International Law." *Journal of Legal Studies* 31: S95-S114.
- Ellickson, Robert C. (1986). "Of Coase and Cattle: Dispute Resolution Among Neighbours in Shasta County." *Stanford Law Review* 38: 623-687.
- Fearon, James D. (1994). "Domestic Political Audiences and the Escalation of International Disputes." *American Political Science Review* 88: 577-592.
- Gerring, John and Strom C. Thacker (2008). *A centripetal theory of democratic governance*. Cambridge, New York, Cambridge University Press.
- Goldsmith, Jack L. and Eric A. Posner (2005). *The Limits of International Law*. Oxford, Oxford University Press.
- Gowa, Joanne (1989). "Rational Hegemons, Excludable Goods, and Small Groups: An Epitaph for Hegemonic Stability Theory." *World Politics* 41(3): 307-324.
- Grieco, Joseph (1988). "Anarchy and the Limits of Cooperation." *International Organization* 42(3): 485-507.
- Guzman, Andrew T. (2008). *How International Law Works*. Oxford, Oxford University Press.
- Hall, P. A. and R. C. R. Taylor (1996). "Political science and the three new institutionalisms." *Political Studies* 44(5): 936-957.
- Hardin, Russell (1982). *Collective Action*. Baltimore, London, Published for Resources for the Future by the Johns Hopkins Press.
- Hartley, Trevor C. (1999). *Constitutional problems of the European Union*. Oxford, England ; Portland, Or., Hart.
- Hartley, Trevor C. (2004). *European Union law in a global context: text, cases and materials*. Cambridge, Cambridge University Press.
- Hasenclever, A., P. Mayer, et al. (1997). *Theories of International Regimes*. Cambridge, Cambridge University Press.
- Heymann, Philip B. (1973). "The problem of coordination: bargaining and rules." *Harvard Law Review* 86(5): 797-877.
- Jankowski, Richard (1989). "Preference Aggregation in Firms and Corporatist Organisations: The Enterprise Group as a Cellular Encompassing Organisation." *American Journal of Political Science* 33(4): 973-996.
- Keohane, R. O. (1980). The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967-1977. *Change in the International System*. O. Holsti, R. Siverson and A. L. George. Boulder, CO, Westview: 131-162.
- Keohane, Robert O. (1982). "The Demand for International Regimes." *International Organization* 36(2): 325-355.
- Keohane, Robert O. (1984). *After hegemony : cooperation and discord in the world political economy*. Princeton, N.J., Princeton University Press.
- Keohane, Robert O. (1997). "International Relations and International Law: Two Optics." *Harvard International Law Journal* 38(2): 487-502.
- Keohane, Robert O. (2002). "Rational Choice Theory and International Law: Insights and Limitations." *Journal of Legal Studies* XXXI(1): S307-S319.
- Keohane, Robert O. (2005). Preface to the 2005 Edition. *After Hegemony*. Princeton, Princeton University Press: i-xx.
- Kindleberger, C. (1973). *The World In Depression, 1929-1939*. Berkeley, University of California Press.

- Klein, B. and K. Leffler (1981). "The role of market forces in assuring contractual performance." *Journal of Political Economy* 89: 615-641.
- Krasner, Stephen (1991). "Global Communications and National Power: Life on the Pareto Frontier." *World Politics* 43: 336-366.
- Kratochwil, Friedrich V. (1989). *Rules, Norms and Decisions: On the Conditions of Practical and Legal Reasoning in International Relations and Domestic Affairs*. Cambridge, Cambridge University Press.
- Lawrence, Robert Z. (2003). *Crimes and Punishments? Retaliation under the WTO*. Washington, D.C, Institute for International Economics.
- Lipson, Charles (1985). "Banker's Dilemmas: Private Cooperation in Rescheduling Sovereign Debts." *International Organization* 38(1): 200-225.
- Martin, Lisa (1992). "Interests, Power and Multilateralism." *International Organization* 46(4): 765-792.
- Mearsheimer (1994/1995). "The False Promise of International Institutions." *International Security* 19(3): 5-49.
- Mercer, Jonathan (1996). *Reputation and International Politics*. Ithaca, NY, Cornell UP.
- Milgrom, Paul, Douglas C. North, et al. (1990). "The Role of Institutions in the Revival of Trade: The Law Merchant, Private Judges, and the Champagne Fairs." *Economics and Politics* 2(1): 1-23.
- Milner, H. V. (1998). "Rationalizing politics: The emerging synthesis of international, American, and comparative politics." *International Organization* 52(4): 759-+.
- Milner, Helen V. (1997). *Interests, Institutions, and Information: Domestic Politics and International Information*. Princeton, Princeton University Press.
- Moravcsik, Andrew (1997). "Taking preferences seriously: A liberal theory of international politics." *International Organization* 51(4): 513-553.
- Moravcsik, Andrew (1998). *The choice for Europe : social purpose and state power from Messina to Maastricht*. London, UCL Press.
- Moravcsik, Andrew (forthcoming). Robert Keohane: Political Theorist. *Power, Interdependence and Non-State Actors in World Politics: Research Frontiers*. H. Milner and A. Moravcsik. Princeton, Princeton University Press.
- Oatley, Thomas and Robert Nabors (1998). "Redistributive Cooperation: Market Failure, Wealth Transfers, and the Basle Accord." *International Organization* 52(1): 35-54.
- Olson, Mancur (1965). *The logic of collective action : public goods and the theory of groups*, Harvard U.P.; Oxford U.P.
- Olson, Mancur (1982). *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. New Haven, Yale University Press.
- Olson, Mancur (2000). *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*. New York, Basic Books.
- Olson, Mancur and Richard Zeckhauser (1966). "An Economic Theory of Alliances." *Journal of Economics and Statistics* 48(3): 266-279.
- Pollack, Mark A. (1997). "Delegation, Agency and Agenda Setting in the European Community." *International Organization* 51: 99-134.
- Pouliot, Sébastien and Daniel A. Sumner (2008). "Traceability, Liability, and Incentives for Food Safety and Quality." *American Journal of Agricultural Economics* 90(1): 15-27.
- Sandler, Todd (1992). *Collective Action: Theory and Applications*. Ann Arbor, University of Michigan Press.

- Sartori, Anne E. (2002). "The Might of the Pen: A Reputational Theory of International Disputes." *International Organization* 56(1): 121-149.
- Schattschneider, E. E. (1935). *Politics, Pressures and the Tariff: A study of free private enterprise in pressure politics, as shown in the 1929-1930 revision of the tariff*. New York, Prentice-Hall.
- Schelling, Thomas (1978). *Micromotives and Macrobehavior*. New York, Norton.
- Schmitter, Philippe (1981). Interest Intermediation and Regime Governability in Contemporary Western Europe and North America. *Organizing interests in Western Europe: pluralism, corporatism, and the transformation of politics*. S. Berger, A. Hirschman and C. Maier. Cambridge, Cambridge University Press: 287-327.
- Sharman, J.C. (2007). "Rationalist and Constructivist Approaches on Reputation." *Political Studies* 55: 20-37.
- Simmons, Beth (1998). "Compliance with International Agreements." *Annual Review of Political Science* 1: 75-93.
- Simmons, Beth (2000). "International Law and State Behaviour: Commitment and Compliance in International Monetary Affairs." *American Political Science Review* 94(4): 819-835.
- Slaughter, A-M. (1995). "International law in a world of liberal states." *European Journal of International Law* 6: 503-538.
- Smith, Tony (2000). *Foreign attachments: the power of ethnic groups in the making of American foreign policy*. Cambridge, MA., Harvard University Press.
- Snidal, D. (1985). "The Limits of Hegemonic Stability Theory." *International Organization* 39(4): 579-614.
- Stein, Arthur (1982). "Coordination and Collaboration: Regimes in an Anarchic World." *International Organization* 36: 299-324.
- Tirole, Jean (1996). "A Theory of Collective Reputations (with Applications to the Persistence of Corruption and to Firm Quality)." *The Review of Economic Studies* 63(1): 1-22.
- Tomz, Michael (2007). *Reputation and International Cooperation: Sovereign Debt across Three Centuries*. Princeton, Princeton UP.
- Tomz, Michael (unpublished). "Interests, Institution, and the Domestic Politics of International Agreements."
- Vaubel, R. (1986). "A Public Choice Approach to International-Organization." *Public Choice* 51(1): 39-57.
- Veitch, John (1986). "Repudiations and Confiscations by the Medieval State." *Journal of Economic History* 46(1): 31-36.
- Walter, Barbara F. (2006). "Building Reputation: Why Governments Fight Some Separatists but Not Others." *American Political Science Review* 50(2): 313-330.
- Weiler, J. H. H. (1985). "Alternatives to withdrawal from an International Organization: The case of the European Economic Community." *Israel Law Review* 20(2-3): 282-298.
- Williamson, Oliver E. (1985). *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York, Free Press.
- Winfree, Jason A. and Jill J. McCluskey (2005). "Collective Reputation and Quality." *American Journal of Agricultural Economics* 87(1): 206-213.
- Wittman, Donald A. (1995). *The Myth of Democratic Failure: Why Political Institutions Are Efficient*. Chicago and London, University of Chicago.



Institute for International Integration Studies

The Sutherland Centre, Trinity College Dublin, Dublin 2, Ireland

