The Institutional Dynamics of International Political Orders

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Introduction

Students of international organization try to understand how and when international political orders are created, maintained, changed, and abandoned. Many of the key questions belong to a wider class of difficult questions about the dynamics of social order and development. How can order develop out of anarchy? What stabilizes an order? When and how does a stable order fall apart? How does peaceful change occur? Why do peaceful relations sometimes find themselves drawn into less peaceful confrontations? How is the search for order among collectivities linked to the search for order within them?

In this article we address such questions, though our ambitions are considerably less than might be imagined from such an agenda. We consider a few stylized ways of thinking about the history and possible future of international political organization and elaborate one of them, something that might be called an institutional approach to such thinking. The article is written from the perspective of students of organizations, thus with deference to, but without pretense of extensive knowledge of, the literature of international political relations.

Change and Continuity in International Orders

The history of political orders is written in terms of changes in domestic and international political relations.[1] At some periods in some areas, political life has been rather well organized around well-defined boundaries, common rules and practices, shared

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1. See Krasner 1983a; Smith 1996; and Remmer 1997.

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causal and normative understandings, and resources adequate for collective action. At other times and places, the system has been relatively anarchic. Relations have been less orderly; boundaries less well-defined; and institutions less common, less adequately supported, and less involved. As political institutions experience their histories, political life achieves or loses structure, and the nature of order changes.[2]

The Westphalian Order of Nation-States

Although the history of international political order long antedates the seventeenth century, only in the last three or four hundred years has anything approximating a single world order developed. The Treaty of Westphalia (1648) reflected and proclaimed a conception of international political order that gradually extended itself from its European roots to encompass most of the world. It was a conception built around the central importance of a particular type of political actor—the territorial, sovereign state. By the end of the twentieth century, the idea of the nation-state and a world geography defined by national boundaries had evolved to a position of conceptual dominance, as had principles of international relations built upon them.[3] Such principles and the conceptions on which they were based were never all-encompassing. Indeed, states are still developing in some parts of the world as the twentieth century draws to its close,[4] and state authority and control have been weakened in other parts. Nevertheless, most contemporary writing portrays the world as partitioned into mutually exclusive and exhaustive territorial units called states.

This Westphalian nation-state order makes a fundamental distinction between domestic political spheres characterized by institutional density, hierarchical relationships, shared interests, and strong collective identities, and an international political sphere characterized by a lack of strong institutions, few rules, conflicting interests, and conflicting identities. The state imposes unity and coherence on domestic society,[5] a coherence based on a national identity that suppresses or subordinates competing identities and belongings and on an elaborate set of rules (laws) and institutions. National identity and other political identities are fundamental to structuring behavior, and rules of appropriate behavior and institutions associated with those identities both infuse the state with shared meaning and expectations and provide political legitimacy that facilitates mobilization of resources from society.

International political life, on the other hand, is seen as much less institutionalized, much more anarchical. Individual states are imagined to act rationally in the service of coherent goals, to form mutually beneficial coalitions with others, to seek understandings that are mutually satisfactory, and to use all available resources to maximize the attainment of separate national objectives. Such attainment is limited primarily not by explicit rules regulating international encounters but by the simultaneous competitive efforts of other states to maximize their own objectives. Although some

2. See Dewey 1927; Eisenstadt 1987; and March and Olsen 1995.
3. Hall 1996.
4. Mann 1993.
5. Habermas 1996, 1.

understandings are common within the international community and some rules are recognized, norms and institutions are weaker, less widely shared, and less taken for granted than they are within individual states. International institutions are generally seen as requiring explicit rationalization in terms of the current interests of current states in order to secure their force and effectiveness.

As a result, many contemporary theories of international politics (like many theories of economic systems of business firms) embrace a two-stage conception of organization. In the first stage, domestic political activities, including political socialization, participation, and discourse, create coherent state actors out of the conflicts and inconsistencies of multiple individuals and groups living within the boundaries of a single state. In the second stage, those coherent systems compete and cooperate, pursuing state interests in international spheres that recognize few elements of collective coherence beyond those that arise from the immediate self-interests of the actors. Political order is defined primarily in terms of negotiated connections among externally autonomous and internally integrated sovereigns. Although such a two-stage conception has frequently been questioned by writers who see domestic and international politics as richly interconnected, it remains the most common approach to thinking about international relations.

Contemporary Changes in the Nation-State Order

The nation-state order has never been static and is unlikely to become so.[6] According to most observers, in fact, change has accelerated in recent times. The possibility of the emergence of a distinctively different post-Westphalian order is a serious topic for contemporary discussion.[7] Moreover, traditional concerns with formal agreements reflected in treaties are being supplemented by attention to changes in a wide range of practices and relations.[8] In particular, three kinds of changes are commonly noted: First there have been relatively rapid changes in national boundaries, constituting and reconstituting the basic units of the international order. The disintegration of some states and the (re)integration of others are changing state borders. These splits and mergers do not directly challenge the Westphalian order. European nation-state history since 1648 is replete with border changes and state reconstitutions. Still, frequent changes are uncomfortably accommodated within theoretical approaches assuming stable and unitary actors.

Second, many contemporary states seem to be characterized by increasing fragmentation and disintegration. In the last decade, a number of developing countries have lost critical elements of statehood as their central governments have broken down.[9]

6. See Bendix 1968, 9; and Bull 1995, 21.
7. These were issues to be discussed at the International Conference to Celebrate the 350th Anniversary of the Peace of Westphalia 1648–1998: ''From Pragmatic Solution to Global Structure,'' Münster, 16–19 July 1998. However, part of this conference was cancelled and part of it was moved to Twente, The Netherlands.
8. Stone 1994, 448.
9. See Jackson 1990; and World Bank 1997.

Internal (as well as external) processes of differentiation are making the state ''centerless'' or multicentered. Ethnic, religious, linguistic, regional, functional, and class identities have created solidarities that do not coincide with nation-state boundaries. The state seems to be evolving into a less coherent and less tightly coupled unit.[10] These resurgences of substate and supranational identities have renewed interest in concepts like culture and identity as fundamental to understanding international relations.[11] At the end of the twentieth century, many states show symptoms of incoherence and disintegration somewhat reminiscent of an earlier time when political life involved confusing, overlapping, and conflicting demands on individual allegiances; and when polities were organized around emperors, kings, feudal lords, churches, chartered towns, guilds, and families.[12]

Third, substantial increases in international and cross-national connections and institutions are challenging an international order dominated by monocentric, hierarchical, and unitary states.[13] State autonomy and sovereignty have been compromised in fundamental areas such as security, capital regulation, migration, ecology, health, culture, and language. Institutional barriers to interaction across nation-state boundaries have been weakened or removed, making integration based on voluntary exchange easier. This ''negative integration''[14] includes relaxed borders and barriers to exchange. Numerous economic, cultural, and intellectual transnational networks have formed to link individuals across state boundaries,[15] responding to changes in the ease of communication, transactions, and travel across nation-state borders.[16]

At the same time, there has been considerable increase in the number and importance of international institutions, regimes, laws, organizations, and networks[17]; and the Westphalian principle of nonintervention in internal affairs has been eroded by interventions in the name of dispute resolution, economic stability, and human rights.[18] Some rudiments of an international polity seem to be emerging, including instruments of opinion and will formation[19] and institutions for applying rules, making and implementing policies, and *kompetenz-kompetenz*, or the ability to change the scope and character of one's own authority.

Intergovernmental and supranational institutions, including bureaucracies, courts, parliaments, and enduring committees, have elaborated to a point where they are creating their own systems of rules and identities. Institutional complexity and the coexistence of different partial orders, each considered legitimate in its sphere, seem

10. See Marin and Mayntz 1991; Luhmann 1982, 253–55; Teubner 1993; Habermas 1996, 393; Ladeur 1997; and Rhodes 1997.
11. Lapid 1996, 3, 5.
12. March and Olsen 1995, 70.
13. Ladeur 1997.
14. Scharpf 1996, 15.
15. See Risse-Kappen 1995b; and Joerges, Ladeur, and Vos 1997.
16. Deutsch et al. 1957.
17. See Krasner 1983a; Keohane 1983a, 1984, 5, 1996; Kratochwil and Ruggie 1986; Haggard and Simmons 1987; Young 1989, 13, 1994, 1996; Mayer, Rittberger, and Zürn 1995, 403; Levy, Young, and Zürn 1995; and Hasenclever, Mayer, and Rittberger 1996, 1997.
18. Checkel 1997.
19. Habermas 1996, 475.

to have become permanent features of the international scene.[20] These institutions link states (and their components) in structures of shared norms and expectations that impinge on nation-state autonomy and make it hard to maintain sharp distinctions between foreign and domestic politics.[21]

Understanding and Anticipating Change in Political Orders

Theories of political development are attempts to understand and anticipate such changes in political orders. In part, such theories presume that a political order is reformed by intentional design. Organization is seen as purposeful and the creation of organization as stemming directly from the desires of political actors. In part, the theories assume less intentional mechanisms by which changes in international environments lead to changes in a political order. They trace the organizational consequences of such things as economic and technological globalization, mass migration, changes in material or political power, or changing military capabilities. And, in part, theories of international political development assume that local processes of growth, adaptation, elaboration, cooperation, conflict, and competition within and among political units lead to new political orders. For example, they examine the international consequences of internal state dynamics associated with the long historical development of the West European state.

From the perspective of such theories, it is not at all clear how contemporary changes in the nation-state and relations among them will affect the Westphalian, territorial, nation-state order with which we are familiar. Are we observing only minor modifications of an international order based on sovereign states with exclusive authority over a population within territorial boundaries and interstate relations based on anarchy, intergovernmentalism, balance of power, and hegemony? Or are we witnessing a major transformation of the constitutive principles and practices of international political life and the beginnings of a new form of political order and governance?[22] Although there is no question that the nation-state political order has changed and will change,[23] a reading of recent studies in international relations and comparative government, politics, and law suggests that there is little agreement about the scope and significance of new elements of international order.

There is somewhat more agreement about the historical processes that will be involved in any changes that may occur. Nearly everyone agrees that wars, conquests, and foreign occupations will contribute significantly to the elaboration and modification of the international political order, as they have in the past.[24] And nearly everyone agrees that more peaceful, gradual changes will come about because such

20. Mayer, Rittberger, and Zürn 1995, 401, 405.
21. Lake 1996, 30.
22. See Krasner 1983b; Keohane 1983a, 1984, 5, 1989a, 9; Young 1986, 109, 1996; Rosenau and Czempiel 1992; Krasner 1995a, 150; Mayer, Rittberger, and Zürn 1995, 293–94, 397–98; Risse 1997, 18; Stokke 1997; and Olsen 1997a.
23. See Buzan 1993, 351; and Jepperson, Wendt, and Katzenstein 1996, 74.
24. See Tilly 1975, 1993; and Giddens 1985. But see also Kaysen 1990.

changes match the changing interests of powerful political actors and the changing demands of the environment. We do not disagree with such judgments, but we think that these intuitive notions of ''interests,'' ''power,'' and ''environmental fitness'' require considerable elaboration, qualification, and supplementation to provide much help in understanding international politics.

As a step in that direction, we wish to explore some ideas drawn from an institutional perspective. Research on international institutions became somewhat unfashionable during the 1970s, but recently it has become common to argue that a better understanding of how institutions are structured; how they work; and how they emerge, are maintained, and change may contribute to a better understanding of international political life.[25] In the course of this recent resurrection of a ''new institutionalism,'' the term has acquired somewhat expanded and confusing definitions that strain its linkage with the ''old institutionalism,''[26] but there is a core set of ideas that is fairly broadly shared. In the remainder of this article, we examine the main features of one variety of an institutional perspective and illustrate its application to interpreting the dynamics of international order.

An Institutional Perspective

The term *institutional* has come to mean rather different things in different contexts and disciplines in recent years.[27] In a general way, an ''institution'' can be viewed as a relatively stable collection of practices and rules defining appropriate behavior for specific groups of actors in specific situations. Such practices and rules are embedded in structures of meaning and schemes of interpretation that explain and legitimize particular identities and the practices and rules associated with them.[28] Practices and rules are also embedded in resources and the principles of their allocation that make it possible for individuals to enact roles in an appropriate way and for a collectivity to socialize individuals and sanction those who wander from proper behavior.[29]

Institutionalization refers to the emergence of institutions and individual behaviors within them.[30] The process involves the development of practices and rules in the context of using them and has earned a variety of labels, including structuration and routinization, which refer to the development of codes of meaning, ways of reasoning, and accounts in the context of acting on them.[31] An institutional approach is one that emphasizes the role of institutions and institutionalization in the understanding of human actions within an organization, social order, or society.

25. See Krasner 1983a, 1988, 1995a, 145; Keohane 1984, 1988, 380, 1989a, 2; Young 1986, 1994, 1996; Stone 1994, 464; and Goldmann 1996.
26. Stinchcombe 1997.
27. March and Olsen 1996, 260, n. 2.
28. DiMaggio 1997.
29. See March and Olsen 1984, 1989, 1995.
30. Olsen 1997a, 159–60.
31. See Weber 1978; and Giddens 1984.

Such definitions are consistent with the general terminology of current discussions in the literature, but they are broad enough to encompass things as varied as collections of contracts, legal rules, social norms, and moral precepts. To narrow the range somewhat, we define the perspective in terms of two grand issues that divide students of the dynamics of social and political action and structures.

Issue 1: Bases of Action

The first issue concerns the basic logic of action by which human behavior is interpreted.[32] On the one side are those who see action as driven by a logic of anticipated consequences and prior preferences. On the other side are those who see action as driven by a logic of appropriateness and senses of identity. As in most cases of arguments among students of decision making, the argument has both normative and descriptive elements. The normative question is whether one logic leads to a better society than the other. In this spirit, histories of Western democracies have been interpreted as reflecting a tension between the virtues of ''bourgeois'' calculating and taking care of personal interests and the virtues of ''citoyen'' service in the name of civic identity.[33] They reflect an argument between those who believe that an exclusively calculative, consequential approach undermines laws and institutions[34] and those who see the durability of laws and institutions as resting on their contribution to the calculated interests of rational actors.[35]

The descriptive question is whether (or when) one logic is more likely than the other to be observed as the basis for actual behavior. It is this descriptive question that primarily concerns us here. The two questions are, of course, not entirely separate, either objectively or in the mind of any particular discussant; but this article is addressed primarily to the descriptive value of two specific logics of action in interpreting the history of international orders.

Logic of expected consequences. Those who see actions as driven by expectations of consequences imagine that human actors choose among alternatives by evaluating their likely consequences for personal or collective objectives, conscious that other actors are doing likewise. A consequential frame sees political order as arising from negotiation among rational actors pursuing personal preferences or interests in circumstances in which there may be gains to coordinated action. Political integration represents a collection of ''contracts'' negotiated among actors with conflicting interests and varying resources. Whether coordination is achieved and the terms of coordination (for example, who adopts whose system) depend on the bargaining positions of the actors.

In more complicated versions, the actors themselves are coalitions of rational actors and the negotiation goes on at several different levels simultaneously. Within the

32. See March and Olsen 1989; and March 1994a.
33. See Sabine 1952; and Friedrich 1963.
34. Habermas 1996, xi, 8, 26–29.
35. See North 1981; Shepsle 1989; and Coleman 1990.

consequentialist perspective, politics is seen as aggregating individual preferences into collective actions by some procedures of bargaining, negotiation, coalition formation, and exchange.[36] Society is constituted by individuals for the fulfillment of individual ends. The only obligations recognized by individuals are those created through consent and contracts grounded in calculated consequential advantage.

From this perspective, history is seen as the consequence of the interaction of willful actors and is fully understood when it is related to expectations of its consequences and to the interests (preferences) and resources of the actors. Individual actions are ''explained'' by identifying consequential reasons for them. Foreign policy is ''explained'' by providing an interpretation of the outcomes expected from it. The behavior of individuals or states is influenced by providing consequential incentives.

The idea that action by individuals, organizations, or states is driven by calculation of its consequences as measured against prior preferences has been subject to numerous criticisms.[37] In particular, presumptions of omniscience in anticipating consequences seem far from descriptive of actual human behavior in actual organized systems.[38] And presumptions of stable, consistent, and exogenous preferences seem to exclude from consideration the many ways in which interests are changing, inconsistent, and endogenous.[39] Theories of bounded rationality and ambiguity have resulted in significant modifications in the classical theory of rational instrumental action;[40] but like the theories they criticize, they assume, for the most part, a logic of consequences.

Theories of consequential calculation tend to ignore problems of exogenous uncertainties by using some variation on an assumption of rational expectations. In some versions, it is assumed that estimates about the future are on average accurate. In other versions, it is assumed that there are differences among actors in their abilities to predict, and competitive pressures eliminate those with lesser abilities until the population is reduced to those with the best abilities.

Similarly, theories of consequential action simplify problems of preference complexity and endogeneity by seeing politics as decomposing complex systems into relatively autonomous subsystems, most commonly by linking them hierarchically. In a hierarchical decomposition, many potential interactions are eliminated, and the problems of preference integration are restricted to relations among hierarchical equals. Thus, an engineering problem can be divided into subproblems, each of which is similarly divided. At each stage in the process, the solution to a prior problem is taken as given. It is a powerful device of problem solving, but one that is known for its failures as well as for its successes.

The equivalent hierarchical organization in international relations involves first integrating the relations of groups of people (for example, nations) and then integrat-

36. See Downs 1957; Riker 1962; Coleman 1966; March 1970; Niskanen 1971; and Hechter and Kanazawa 1997.
37. See Elster 1979, 1983; and March 1988, 1994a.
38. See Simon 1955, 1956.
39. See March 1978; and Elster 1986b, 1989c.
40. See March 1992, 1996.

ing across groups—what we have called earlier a ''two-stage'' conception of order. The constitution of the interests of a nation is taken as established before negotiations among nations begin.[41] Thus, the existence of coherent nations is taken as unproblematic in studying relations among states. However, the assumption of nation-state coherence, like the assumption of hierarchical problem structure, is a heroic one. It has been estimated, for instance, that over the last decades there have been more intrastate than interstate armed conflicts, and more people have been killed in such internal conflicts than have been killed in conflicts between states.[42]

A view of action as driven by expectations of its consequences constitutes the most conventional frame in interpretations of international political life. Stories built around such a frame are readily given credence as prima facie believable. Constructing stories of specific historical events within the frame is made easy by its flexibility in fitting events of the past into such an interpretation and by the familiarity and acceptability of such explanations to political actors. From this point of view, the coherence and significance of the nation-state in international relations is explained as the result of efforts of political actors to find structures favorable to their individual objectives. The major elements of the nation-state are assumed to thrive because they serve the interests of key actors. The interests of political actors come first; the interests of nation-states are derived from them. Within such an interpretation, changes in international institutions are the outcomes of local adaptation by political actors pursuing well-defined interests. For example, it is assumed that the European Union will prosper to the extent to which it increases the efficiency of collective decision making and strengthens national governments.[43]

Logic of appropriateness. Linking action exclusively to a logic of consequences seems to ignore the substantial role of identities, rules, and institutions in shaping human behavior. Within the tradition of a logic of appropriateness, actions are seen as rule-based. Human actors are imagined to follow rules that associate particular identities to particular situations, approaching individual opportunities for action by assessing similarities between current identities and choice dilemmas and more general concepts of self and situations. Action involves evoking an identity or role and matching the obligations of that identity or role to a specific situation. The pursuit of purpose is associated with identities more than with interests, and with the selection of rules more than with individual rational expectations.[44]

Appropriateness need not attend to consequences, but it involves cognitive and ethical dimensions, targets, and aspirations. As a cognitive matter, appropriate action is action that is essential to a particular conception of self. As an ethical matter, appropriate action is action that is virtuous. We ''explain'' foreign policy as the application of rules associated with particular identities to particular situations. We ''explain'' behavior by determining the identities that are evoked and the meaning given

41. See Moravcsik 1991, 1993, 1997.
42. See Heldt 1992; Rummel 1994, 1995; Holsti 1996; and Wallensteen and Sollenberg 1997.
43. See Milward 1992; and Moravcsik 1993.
44. See March and Olsen 1989, 1995.

to a situation. We influence behavior by providing alternative interpretations of the self and the situation.

Like the logic of consequences, the logic of appropriateness is explicitly a logic of individual action. It is specified as a mode of action or justification for an individual actor. Thus, it is as individualistic in structure as is the logic of consequences. In practice, however, the two traditions differ in their treatment of the relation between the premises of action and society. Scholars committed to a consequentialist position tend to see an international system of interacting autonomous, egoistic, self-interested maximizers. Preferences are usually taken as given, and expectations of consequences are taken as determined by the state of the external world and the biases (if any) of the individual.

Scholars committed to an identity position, on the other hand, see political actors as acting in accordance with rules and practices that are socially constructed, publicly known, anticipated, and accepted.[45] They portray an international society as a community of rule followers and role players with distinctive sociocultural ties, cultural connections, intersubjective understandings, and senses of belonging. Identities and rules are constitutive as well as regulative and are molded by social interaction and experience.[46]

Relationship between the two logics. Although there is some tendency for society to be divided into separate spheres, each based primarily on either consequential calculation or rules,[47] the two logics are not mutually exclusive. As a result, political action generally cannot be explained exclusively in terms of a logic of either consequences or appropriateness. Any particular action probably involves elements of each. Political actors are constituted both by their interests, by which they evaluate their expected consequences, and by the rules embedded in their identities and political institutions. They calculate consequences and follow rules, and the relationship between the two is often subtle.

There are four major interpretations of the relationship between the two logics. The first assumes that a clear logic dominates an unclear logic. When preferences and consequences are precise and identities or their rules are ambiguous, a logic of consequences tends to be more important. When identities and their implications are clear but the implications of preferences or expected consequences are not, a logic of appropriateness tends to be more important. In this vein, Geoffrey Garrett and Barry Weingast suggest that ideational factors (such as norms and identities) will be important ''the lesser the distributional asymmetries between contending cooperative equilibria and the smaller the disparities in the power resources of actors.''[48] The impor-

45. Cerulo 1997.

46. See Ruggie 1983b; Kratochwil and Ruggie 1986; Wendt and Duvall 1989; Young 1989; Thomas et al. 1987; Kratochwil 1989; Buzan 1993; Wendt 1994; Risse-Kappen 1995b; Katzenstein 1996c; Chayes and Chayes 1995; Finnemore 1996a,b; Wæver 1997, 20; Risse 1997; and Hasenclever, Mayer, and Rittberger 1996, 220, 1997.

47. Habermas 1996.

48. Garrett and Weingast 1993, 186.

tance of rules may also increase when the consequences of agreements are unclear or relative capabilities difficult to determine.

The second interpretation distinguishes major decisions from minor refinements of them. The argument is that one logic is used to establish fundamental constraints for a decision, and the other logic is used to make refinements within the constraints. One version of this interpretation associates a logic of consequences with big decisions and a logic of appropriateness with refinements. In this version, rules are ''weak causes'' of human behavior. In order for institutions to affect macro issues, rather than the minor elaborations of them, decisions have to be shielded from ''strong causes'' of behavior such as personal interests and known consequences.[49] A second version, as might be expected, reverses the roles of the two logics. Rules are seen as the preconditions of calculation and the unfolding of consequential rationality. Only after important sources of contingency have been resolved by rules are the remaining (relatively minor) contingencies susceptible to resolution by deliberate rational calculation of alternatives.[50]

The third interpretation sees the relation between consequential action and rule-based action as a developmental one. As it is usually discussed, the distinction between consequence-based (instrumental) action and rule-based (identity) action is seen as reflecting a stable difference either among actors or among scholars. Alternatively, suppose that the basis of action changes over time in a predictable way. In particular, suppose that action becomes more rule-based in a specific situation the greater the accumulated experience in that situation. Rules and standard operating procedures supplant and constrain instrumental-calculative action in a given situation as result of experience. Actors enter into new relationships for instrumental reasons but develop identities and rules as a result of their experience, thus shifting increasingly toward rule-based action, which they then pass on to subsequent actors. By this mechanism, instrumental modes of action can be seen to be self-limiting, whereas rule-based modes are seen to be self-reinforcing.

The fourth interpretation sees either logic as a special case of the other.[51] Students of action who are wedded to a logic of consequences, for example, believe that all action is consequential. They picture rules as instruments resulting from prior consequential negotiation.[52] From this point of view, rules and identities are simply devices that minimize transaction costs in the implementation of consequential action. Students of action who are wedded to a logic of appropriateness, on the other hand, assume that all action involves rule following.[53] They see consequential logic and personal interest calculations simply as rules of a particular form that are associated with specific identities and situations.[54]

Despite these interconnections, we believe that the two logics are sufficiently distinct to be viewed as separate explanatory devices. They involve different explana-

49. Stinchcombe 1986, 158.
50. Offe 1996, 682.
51. March 1994a, 101–102.
52. See Coleman 1986; and Shepsle 1990.
53. Searing 1991.
54. See Taylor 1985; and Nauta 1992.

tions for action and different bases for institutional change. This is especially important in the modern era of international relations in which explanations based on a logic of consequences are ubiquitous and explanations based on a logic of appropriateness have been relegated to a considerably less significant role.

Issue 2: Historical Efficiency

The second grand issue that divides students of the dynamics of social and political action and structures is the question of historical efficiency. On the one side are those who see history as following a course that leads inexorably and relatively quickly to a unique equilibrium dictated by exogenously determined interests and resources. On the other side are those who see history as inefficient, as following a meandering path affected by multiple equilibria and endogenous transformations of interests and resources.

Efficient histories. For those who see history as efficient, the primary postulated mechanism is competition for survival. Political actors compete for resources and primacy, and the resulting equilibrium eliminates actors who fail to achieve optimal resource allocations and strategies. In one version, mutually satisfactory trades are arranged until the system locates a position on the Pareto frontier. The point that is located depends critically on the initial preferences of the actors and on the initial distributions of resources, although it is not uniquely determined by them. In a second version, coercion is used by dominant actors to impose explicit or implicit agreements that are not (in a meaningful sense) voluntary for weaker actors but stem from differences in initial conditions. In both versions, history is determined by, and predictable from, prior conditions of the environment.

Efficient history perspectives see the outcomes of politics, including the dynamics of political order, as implicit in environmental constraints. Competition for survival is seen as compelling social structures to be consistent with environmental conditions. Different environments dictate different orders. Because optimality is required for survival, predicting the equilibrium order does not depend on any specific knowledge about the actors beyond the initial interests and resources that are imposed on them by the environment. The presumption is that political bargains adjust quickly and in a necessary way to exogenous changes, and changes in orders are explained as stemming from exogenous changes in interests and resources. As a consequence, there is little independent role for institutions. Institutions are simply products of a history that is exogenously determined.

Inefficient histories. Those who see history as inefficient emphasize the slow pace of historical adaptation relative to the rate of environmental change, thus the low likelihood of reaching an equilibrium. Even more, they emphasize the existence of multiple equilibria and internal dynamics that make it difficult to escape local optima. Thus, a view of history as inefficient portrays the match between political institutions and their environments as less automatic, less continuous, and less pre-

cise than does a view of history as efficient. The pressures of survival are sporadic rather than constant, crude rather than precise, and environments vary in the extent to which they dictate outcomes. Institutions and identities are pictured as sometimes enduring in the face of apparent inconsistency with their environments, sometimes collapsing without obvious external cause. In short, neither competitive pressures nor current conditions uniquely determine institutional options or outcomes.[55] There are lags in matching an environment, multiple equilibria, path dependencies, and interconnected networks for the diffusion of forms and practices.

In such a world, institutional development depends not only on satisfying current environmental and political conditions but also on an institution's origin, history, and internal dynamics.[56] Inefficient history perspectives also place more emphasis on the interactive effects of an ecology of interacting locally adaptive actors. Consider in this regard the tradition of models of majority voting by rational actor citizens. A common focus of such studies is the way in which majority voting schemes lead to outcomes not uniquely determined by prior conditions but also dependent on procedural or institutional factors (for example, the order of voting on alternatives). In that spirit, for example, simple economic and majority vote models have been used to show how the institutions and procedures of a democratic political process might fail to achieve a system of nation-states and boundaries among them that is uniquely implicit in economic exchange considerations.[57]

Environments adapt to institutions at the same time as institutions adapt to environments. Institutions and their linkages coevolve. They are intertwined in ecologies of competition, cooperation, and other forms of interaction. Furthermore, institutions are nested, so that some adapting institutions are integral parts of other adapting institutions. Finally, ideas of inefficient history place a greater emphasis on the ways in which the unfolding results of history transform the premises of action. Identities, resources, values, norms, and rules guide action, but they are simultaneously shaped by the course of history.[58] From this point of view, individual identities and preferences are both premises of politics and products of it,[59] and the development of competencies makes institutions robust against external pressures for change. These features of action and its outcomes form a foundation for a variety of quite different stable equilibria.

The complications tend to convert history into a meander.[60] Rules and institutions become locally stable. Historical branches tend to be irreversible. The direction taken at any particular branch sometimes seems almost chancelike and subject to minor intentions, but the specific direction taken can be decisive in its effect on subsequent history.[61] As a result, the course of history can sometimes be changed by relatively

55. See North 1981, 1990.
56. See Berman 1983; March and Olsen 1989, 1996; and Olsen 1992.
57. See Alesina and Spolaore 1997; and Bolton and Roland 1997.
58. March 1994b.
59. Sandel 1982, 1984.
60. March 1994b.
61. See Brady 1988; and Lipset 1990.

small, timely interventions. The ability to create change, however, does not guarantee either that any arbitrary change can be made at any time, that changes will turn out to be consistent with prior intentions or interests,[62] or that the outcomes will be stable.

Four Perspectives

These two issues of the logic of action and the efficiency of history divide studies (and to a lesser extent students) of international political dynamics into four relatively distinct groups. The first group of studies emphasizes a view of action based on a logic of consequences and a view of history as efficient (upper-left quadrant of Figure 1). This is the most common perspective in international political studies. Scholars in this group see history as resulting from interactions among consequentialist individuals, groups, organizations, or states, each seeking to realize as much as possible in terms of individual preferences but collectively confronting the fact that not everyone can have everything desired. In the resulting conflict, negotiation, warfare, and debate, outcomes are largely implicit in the environmental conditions that produce them.

This group comprises a number of somewhat different categories of studies. For example, studies by neoliberal institutionalists define international institutions and regimes as stemming from attempts by individual actors to achieve control and counteract the inadequacy of their own resources. Fluctuations in the number or strength of international institutions and regimes reflect the calculations of self-interested actors (primarily states) trying to resolve collective-action problems and gain efficiency through voluntary exchanges, contracts, and treaties. Outcomes depend on the ability to find and implement Pareto improvements, counteract market failures, reduce transaction costs, and overcome conflicts of interest. A core question is how alternative institutions and regimes affect the chances of discovering mutual benefits.[63]

On the other hand, studies by realists portray states as less concerned with Pareto improvements and more concerned with clashing interests, strategic interaction, alliances, coercion, relative power, distributional aspects, and relative gains. States are the important actors, and international institutions are less likely and less important. Because such elements of order reflect the interests of powerful states, they are more likely when power is concentrated in the international system—for instance, when a hegemon or a stable coalition of dominant powers sees an institutional arrangement as maintaining or increasing the ability to exercise power. Changes in order result from changing powers and material capabilities.[64]

While studies in the (neo)liberal institutional tradition and the (neo)realist tradition are often characterized as being in opposition, their differences are relatively

62. See March 1981; and Rothstein 1992.
63. See Keohane 1983a, 1984; Stein 1983; and Young 1996.
64. See Strange 1983; Grieco 1988; Keohane 1989b, 8; Mearsheimer 1994, 7, 13; Stone 1994, 449; and Krasner 1995a, 115.

Conception of history	*Assumed logic of action: Logic of consequences*	*Assumed logic of action: Logic of appropriateness*
Efficient history	Functional rationality	Functional institutionalism
Inefficient history	History-dependent rationality	History-dependent institutionalism

FIGURE 1. *Four-fold division of perspectives on the dynamics of international political order*

narrow. They place different emphases on the role of voluntary exchange and dominance, and they specify utility functions differently, that is, the relative importance of absolute and relative gains.[65] They also locate rationality at a different level. The realist assumption of states as unitary actors is different from the neoliberalist assumption of rational individuals calculating the personal benefits of alternative memberships and policies.

Nevertheless, the two approaches share consequentialist assumptions about action and conceptions of history as efficient. Both traditions account for changes in the international order by describing calculating egoists acting in a history-free world. Actors are opportunistic and always look for individual advantage. They never honor contracts out of a sense of obligation. There are no intrinsically valuable forms of association and cohesion.[66] And although there is some recognition of a possible role of institutions in creating the preference functions of egoists,[67] for the most part, the creation of preferences and interests is seen as exogenous to the politics they affect.

The second group of studies emphasizes a view of action based on a logic of consequences but within an inefficient historical process (lower-left quadrant of Figure 1). This group includes many economic and evolutionary studies of search and local feedback.[68] Outcomes of actions taken at one time depend on factors of attention allocation and probabilistic interaction that are not predictable from environmental conditions. Those outcomes, however, determine subsequent paths of history in a way that makes a consequential history path dependent. In addition, interests and resources evolve from the outcomes of history. The premises of history are not fixed but coevolve with their consequences.

65. See Hasenclever, Mayer, and Rittberger 1996, 196, 202, 205, and 1997; and Wæver 1997, 19.
66. Lake 1996, 12, 13.
67. Keohane 1989a, 6.
68. See North 1981, 1990; and Arthur 1989.

The third group of studies emphasizes a view of action based on a logic of appropriateness and history as efficient (upper-right quadrant of Figure 1). This group includes many works by institutional economists and some by institutional sociologists.[69] For them, action is rule-based. Institutions and norms are important. Individual actors seek to fulfill their identities. However, the rules, norms, identities, organizational forms, and institutions that exist are the inexorable products of an efficient history. The principles are the principles of comparative statics. Surviving institutions are seen as uniquely fit to the environment, thus predictable from that environment.

The fourth group includes those studies that emphasize a view of action based on a logic of appropriateness but see history as inefficient (lower-right quadrant of Figure 1). Much of the time, our own work is located within this group.[70] So also is the work of evolutionary economists who emphasize the process of evolution rather than any necessary outcome.[71] The rules, norms, institutions, and identities that drive human action are seen as developing in a way that cannot be predicted from prior environmental conditions. They coevolve with the worlds in which they act. They are subject to local positive feedback that traps them at local optima. Rules are understandable only by understanding their histories.

Studies of international political orders draw from all four of these scholarly traditions to make sense of international organizations and politics, but they do not draw equally from each. The overwhelming inclination of interpreters of international politics is to favor consequentialist, efficient history accounts over accounts that emphasize appropriateness and inefficient histories. This preference is hard to justify strictly from historical observations. Any of the interpretations can claim a certain amount of confirmation in the historical record, but none is unambiguously dominant over the others on that basis. It is not obvious that any one approach is superior to the others in capturing the complexities of change. There are several stories to be told and a necessary humility associated with the telling of any one of them.

Given, however, that recent efforts to understand political orders have emphasized consequential action and efficient histories, either jointly (the upper-left quadrant of Figure 1) or individually (the lower-left and upper-right quadrants), we believe a perspective based on the lower-right quadrant may be useful in identifying otherwise overlooked or underestimated phenomena. Consequently, in this article we emphasize the perspective of the fourth group of studies. We examine some aspects of the inefficient historical processes by which identities, rules, resources, capabilities, and institutions of international political orders develop over time. The approach is not remarkable and provides no extraordinary magic of interpretation, but it may not be entirely foolish.

69. See Meyer 1980; Thomas et al. 1987; Finnemore 1996a,b; and Jepperson, Wendt, and Katzenstein 1996.
70. See March and Olsen 1989, 1994, 1995, 1996.
71. Nelson and Winter 1982.

Coevolution of Politics and Institutions

If history were efficient, political practice would adjust immediately and uniquely to current, exogenously determined desires and capabilities. We have argued that history is not efficient in that sense; that, indeed, institutions are relatively robust against environmental change or deliberate reform and that desires and capabilities coevolve with the practices that reflect them. As a result, history is path dependent in the sense that the character of current institutions depends not only on current conditions but also on the historical path of institutional development.

Change and stability are linked to definitions and redefinitions of the self and the situation. Those definitions are partly the result of deliberate policies adopted by existing authorities. Our interest, however, is more in the consequences of the ordinary course of political history as individuals, groups, and states act with only incidental concern for grand issues of international organization. Identities and competencies are shaped by political activities and interactions. They arise partly in the context of politics and become embedded in rules, practices, beliefs, and institutions. As illustrations, we consider two mechanisms of historical path dependence in the evolution of political order. The effect of engagement in political activities on the shaping of identities and the effect of engagement on the development of competence and capability.

Illustration 1: Engagement and the Development of Identities

Students of international politics tell three different exaggerated stories about the effects of political interaction on the premises of politics. In story 1 political identities arise in ways unconnected to political life. They are social products of broader cultures of belief that are beyond the reach of politics.[72] Sociocultural bonds, preferences, identities, internalized principles, codes of appropriate behavior, and political resources are all important, but they are formed outside of politics and prior to political interaction.[73]

In story 2, in contrast, political actors are pictured as malleable within politics. The emergence, development, and spread of understandings, identities, interests, and institutions are shaped by interaction and involvement in political activities.[74] Interdependence, interaction, and communication lead to shared experiences and hence to shared meaning, to a convergence of expectations and policies, and to the development of common institutions. As a result of either calculated strategy, learning, or socialization, actors are induced to act differently from the way they would act in

72. Cerulo 1997.

73. This mainstream view is discussed and criticized by Wendt 1992, 1994; Risse-Kappen 1996a,b; Buzan 1996; and Wæver 1997. See also Mayer, Rittberger, and Zürn 1995, 424; and Hasenclever, Mayer, and Rittberger 1996, 181, 184.

74. See Mayer, Rittberger, and Zürn 1995; Hasenclever, Meyer, and Rittberger 1996, 211; and Wendt 1992, 1994.

one-time encounters.[75] Long-term contacts create habits of working together, friendships, group loyalties, and knowledge about others. They create convergence, mutual confidence, and positive trust spirals.[76] They alter political competencies, augmenting skills at political compromise.

In story 3, as in story 2 but not in story 1, political actors are seen as created by their political interactions, but contact is portrayed as exacerbating international differences. Contact contributes to exposing and sharpening differences rather than eliminating them and to reinforcing antagonisms, contradictory world views, and stereotypes rather than extinguishing them.[77] Whereas ignorance of differences allows cooperation, knowledge of those differences stimulates actions that accentuate them and encourage hostility. Whereas inexperience in international political relations makes political actors cautious about political adventures, experience breeds risky adventures justified by a sense of competence and control. In this view, extensive political involvement, contact, and experience do not facilitate understanding, but rather make conflict more likely.

The mechanisms involved in each of the three stories are well-established ones. The outcomes of each are easily imaginable, and history provides numerous occasions interpretable as consistent with any of them. Each of the stories clearly captures part of observed histories. In particular, we think it is clear that story 2 describes a significant mechanism involved in the development of international orders. The idea that contact and involvement in joint political activities among the individuals of different states will lead to a more stable and inclusive political order needs to be qualified in significant ways to fit history; but understandings, identities, interests, and institutions can mold the behaviors of political actors and through them the outcomes of politics. The nation-state secures much of its coherence from a sense of belonging among citizens that translates into a set of obligations of citizenship. Individuals within a state are sometimes capable of empathy, confidence, trust, goodwill, shared norms, and bonds of cohesion, that is, ''civicness'' or ''social capital.''[78] Nation-states secure their legitimacy and permanence from shared conceptions of an orderly rule-based life.[79]

Creating international identities deliberately. Some proponents of international order believe that the processes that sustain national civic identities and thereby reconstitute nation-states can be used deliberately to create some kind of international civic identity. Advocates of the European Union have argued that a common market and federal legal order were ''not sufficient to bind the member states and the peoples of Europe together as the EU began to impinge on key attributes of state authority.''[80] Europeans are invited to ''imagine'' a number of different ''Europes,''

75. See Axelrod 1984; Buzan 1993, 349; Mayer, Rittberger, and Zürn 1995, 394.
76. See Slaughter 1995, 530; and Tonra 1996.
77. Allport 1954.
78. Putnam 1993.
79. See Habermas 1996, 139; and Eriksen and Weigård 1997.
80. Laffan 1997a, 4.

to remember some identities and common ties, and to forget identities that tend to create cleavages and conflicts.[81] This emphasis on the importance of a European identity and constitutive belongings tends to be paired with a view of communication, joint reasoning, and argumentation as necessary conditions for international cooperation, civilized conflict resolution, and political order.[82] Hopes for such a transformation are buoyed by the observation that even if genuine identity-related discourse is rare in world politics,[83] pockets of such discourse can be found, for instance, around themes like human rights[84] and environmental sustainability.[85]

Enthusiasm for achieving new identities through political engagement cannot entirely negate either the pessimism about the political molding of human identities that typifies story 1 or the dangers of interaction highlighted by story 3. There are ample grounds for caution in anticipating a sudden burst of global definitions of self. The difficulties involved in trying to develop a European identity, citizenship, and culture deliberately are manifest. Attempts by EU authorities to use cultural and media policies to construct collective identities and a common European communicative space confront highly diverse and conflicting existing identities and allegiances.[86]

The world views, values, desires, commitments, and capabilities necessary for more inclusive political orders can be quite inaccessible to political experience and learning, but an elementary fact of the past two hundred years is that humans have civilized their lives within the nation-state context by developing institutions and rules that regulate their relations. They have created identities that often restrain passions and interests, inducing individuals to follow rules of conduct that are both taken for granted and oriented to collective obligations.[87] Whether a similar program can accomplish a similar integration at an international level is certainly in doubt, but when organizations such as the OECD call attention to differences between ''leaders'' and ''laggards'' among countries in terms of their willingness and ability to adopt what is defined as a modern, democratic, and economically efficient public sector, they modify the reference groups of national bureaucrats, their aspirations, and their behavior.[88]

Creating international identities unintentionally. The mechanisms of education, socialization, and participation that develop, maintain, and undermine shared identities are obviously more weakly developed at the international level than within individual nation-states.[89] That situation will not change quickly, but it can change

81. Schlesinger 1991, 178, 182.
82. Risse 1997.
83. Risse 1997, 19.
84. Eide and Hagtvet 1992.
85. World Commission 1987.
86. See Schlesinger 1993, 1994.
87. Elias [1939] 1994.
88. Olsen 1997b.
89. See Krasner 1995a, 117; and March and Olsen 1996, 259.

gradually without much in the way of conscious intention.[90] To explore how this might happen, consider two mechanisms that contribute to making international institutions and identities imaginable:

First, it is possible that international identities will evolve from a ''spillover'' of domestic democratic orientations and identities into international politics. The tendency of democratic states to deviate from strictly consequentialist international actions has been noted by students of international relations. Scholars have observed that democracies rarely go to war against each other.[91] In bilateral relations, democracies appear generally to treat each other in a somewhat more rule-based manner than do nondemocratic regimes. Rules of appropriateness are sometimes followed even in critical cases of societies living on ''the security knife-edge.''[92] For example, the (Norwegian, not British) historian Odd-Bjørn Fure observes that in a war involving an existential struggle, Britain refrained in 1940 from using its sea power against German transportation of iron ore from Northern Norway in Norwegian waters. Such attacks were seen to be against international law, and British authorities apparently acted less from a calculation of military or political consequences than out of concern for what could legitimately be done in international affairs. Fure also observes that similar concerns inhibited Britain from using force in disputes with Norway over sea territory and fishing rights in 1933–36.[93]

Moreover, although they also often calculate consequences, democratic states are likely to import democratic norms and decision-making rules into international encounters, for example, norms of transparency, consultation, and compromise. Since such internal norms and rules tend to be shared among democratic states, their generalization to international relations is unsurprising, although hardly assured in all instances. In turn, experience with shared rules facilitates the development of rule-based international institutions and makes the creation of a collective identity more likely.[94] At the same time, democratic norms are contagious. They spread through international contact to countries with less secure democratic traditions. For example, participation in the EU has been portrayed as contributing to the construction not only of a European identity but also of a domestic democratic political identity in countries such as Greece and Spain.[95]

In these ways, rule-based versions of democratic identities and action, negotiation, and collective behavior have been extended to international institutions. The extension is, however, neither reliable nor assured for the future. In addition to the complications already noted, it should be observed that the idea of political institutions based on democratic rules has been somewhat eroded in modern market-based societies by conceptions that place greater emphasis on consequence-based action and

90. See Wendt and Duvall 1989; Buzan 1996, 59; and Wæver 1997, 10.

91. See Doyle 1983a,b; and Gleditsch 1992. This phenomenon, as one might expect, has also been given an interest-based, consequential interpretation. See S. Chan 1997; and McMillan 1997.

92. Keohane 1996a, 470.

93. Fure 1996, 247, 349.

94. See Slaughter 1995; and Risse-Kappen 1996b, 397, 399.

95. See Pérez-Díaz 1993; and Katzenstein 1996c, 520.

market exchange mechanisms for collective choice, that is, by introducing into politics the basic rules and practices of markets. Thus, the spillover of democratic political identities from domestic politics to international politics is counterbalanced by the spillover of individualistic identities of competitive self-interest in the other direction.

Second, international identities may evolve from the practice of expert cooperation around specific tasks. The tension between expertise and politics has been a familiar theme of democratic political theory since the days of the Greek city-state. Those discussions are primarily concerned with the difficulties that expertise and specialized knowledge create for democratic control over public policy and the difficulties that democratic control create for intelligent use of expertise. Those issues remain in the international sphere, along with the difficulties of defining boundaries between expert and lay domains. Partly because modern democratic processes are primarily organized around and within the nation-state, international political issues tend to be defined as issues of nation-state interests, bargaining, negotiation, and conflict. Some issues are, however, defined as ''nonpolitical'' in the sense that national interests are not treated as overwhelmingly compelling. In particular, ''modernization'' emphasizes notions of instrumental performance and efficiency, rather than local traditions or interests. Such issues allow more room for experts, technical considerations, and professionalism. The boundary shifts with changing political pressures, but there is always a domain for expertise and technical problem solving, and this domain tends to be organized along transnational lines.

Concepts of expertise stimulate associations and collaborations that recognize national boundaries but tend to subordinate them to shared professional concerns. These ''epistemic communities''[96] and international networks of experts and bureaucrats define problems, construct conceptions of causal knowledge, and create frames for action that integrate across nation-states.[97] Their activities and associations lead to bonds that can develop into international identities. Concepts and codes of appropriate behavior, traditionally the province of local schools and civic education, become a product of international contact, institutions, allegiances, and organizations. As international identities and contacts among experts become more dense and specialized, these linkages contribute to definitions of problems as international in scope and of identities and meaning as cutting across state boundaries.

This mutual reinforcement of associations, identities, and perceptions of problems leads to an elaboration of international connections, making them more pervasive, more overlapping, and more embedded in definitions of expertise.[98] The process can be described simply: stage 1: ''non-political,'' technical issues create occasions for participation across borders; stage 2: frequent and long-term participation in discussing technical issues fosters more general familiarity, shared identities, and mutual trust; stage 3: trust, shared identities, and familiarity encourage further contact, fur-

96. Haas 1992a.
97. Hill and Wallace 1996, 11.
98. Young 1996, 1, 20.

ther integration, an expansion of the number of topics viewed as appropriate for discussion and the development of common definitions of problems and appropriate actions.[99]

The resulting order is characterized by functional networks of people often organized around representatives of ''sister-institutions,'' like central banks, professional associations, courts, and bureaucracies operating at the national and international decision-making levels.[100] This pattern of organization stimulates and supports new transnational identities. This suggests that the institutions of expertise associated with the World Bank, UNESCO, OECD, the EU, and other similar organizations have to be seen as creators of meaning in general and more specifically of identities.[101] That is, they are not only decision-making institutions but also institutions for socializing individuals and creating meaning and for promoting specific concepts of the nature and role of the state, markets, human rights, and international organizations.

Illustration 2: Engagement and the Development of Capabilities

Political actors accumulate experience with existing institutions, practices, and rules as they try to track and adapt to their environments and to changes in them. Capabilities for using institutions, practices, and rules are refined through mundane processes of learning, interpretation, reasoning, education, imitation, and adaptation. As a result, involvement in political activities not only changes identities. It also builds and directs political capabilities.

Competency traps and multiple equilibria. Political arrangements become more efficient as the rules are refined and as actors become more competent in operating within them. Efficiency, however, easily becomes the enemy of adaptiveness. As particular rules are used repeatedly, political actors become more familiar with them and more competent operating within them, thus encouraging their further use. This local positive feedback[102] produces what has been called a competency trap—the tendency for a system to become firmly locked into a particular rule-based structure by virtue of developing familiarity with the rules and capabilities for using them.[103] These refined capabilities strengthen a system in the short run and make it resistant to change. By developing competence with rules, institutions stabilize their norms, rules, meanings, and resources so that many different procedures can exhibit surprising durability.[104]

The accelerating development of competence with particular institutional arrangements and practices is a major feature of institutional history and is one of the more

99. Haas 1958.
100. See Egeberg and Trondal 1997; and Joerges, Ladeur, and Vos 1997.
101. See Finnemore 1993, 1996a,b; and Olsen 1997b.
102. See Arthur 1989.
103. See Levitt and March 1988; and March 1991.
104. See Stinchcombe 1965; and Starbuck, Greve, and Hedberg 1978.

obvious reasons why history is path dependent. The local optima produced by competence elaboration are resistant to new opportunities. For that reason, they are also potential precursors to long-run obsolescence[105] and to the discontinuous, contested, and problematic change[106] associated with ''punctuated equilibria,''[107] ''critical junctions,''[108] and ''performance crises.''[109]

The competency trap is a variation on a standard problem in adaptation: The exploitation and refinement of known technologies, practices, and rules tend to drive out the exploration of possible new ones. As competence grows with established rules and practices, the disadvantage of new rules and practices increases. As that disadvantage increases, experiments with new rules are decreased. And as experiments with new rules decrease, the chance of finding a good new alternative or gaining competence on one that might be superior becomes smaller.

Social, economic, and political systems are all prone to competency traps and to at least moderate jerkiness in fundamental transformations. They typically have difficulty sustaining experimentation. From any immediate perspective, this is not because they are stupidly rigid, but because they are intelligently efficient. For them to pursue new alternatives makes little apparent sense. The returns to exploration tend to be less certain and less immediate than the returns to exploitation. They also tend to be more distant, less localized in their realization to the immediate organizational neighborhood of the exploration. This is partly because new ideas tend to be poor ones, and it is partly because even good new ideas have returns that are more distant in time and space than those realized from current ideas. It is not easy for an organization to justify experimentation that, at least in the short run, does not make sense in terms of immediate local return. What is required is a willingness to engage in experimentation that is unlikely to succeed and particularly unlikely to be rewarding in the temporal and spatial neighborhood of the experiment. Unfortunately, although too little experimentation is likely to be disastrous in the longer run, too much experimentation is likely to be disastrous immediately.

Few organizations do well with the problems associated with balancing exploitation and exploration,[110] and there is little reason to think that international organizations will be particularly clever about it. There is an obvious difficulty in producing a requisite level of exploration in an organizational world dedicated to responding to short-run feedback or maximizing local expected return. It seems very likely that rather little of the experimentation in international organization occurs because of a conscious organizational intent to experiment. It occurs because of identities associated with experimentation, because of conflict, because of ideologies of experimentation, and as an unintended byproduct of instrumental action.[111] For example, some

105. Levinthal and March 1993.
106. See Skowronek 1982; and Orren and Skowronek 1994.
107. Krasner 1984.
108. Collier and Collier 1991.
109. March and Olsen 1989.
110. Levinthal and March 1993.
111. March 1994a, 40–54.

scholars have argued that core democratic identities require that citizens have a ''hypothetical attitude'' toward existing institutions and forms of life and should seek to restructure the institutions, rules, and manners of living together.[112] This tendency to legitimize change introduces a bias that often seems perverse in the way it overturns functioning practices. For example, democratic politics is sometimes an annoyance to experts in law, who seek coherent and unified legal hierarchies of norms and values.[113] To a limited extent, however, a bias for change is a way by which democracy becomes a source of experimentation in political relations,[114] making continuous processes of integration, disintegration, and reintegration more likely and less dependent on external pressures alone.

Not surprisingly, institutions are particularly likely to be changed when they are seen to fail. On the whole, people are less likely to follow institutional rules if they believe that the rules produce poor results.[115] If institutions miss their targets or aspiration levels, the failure creates a loss of confidence in existing rules and a search for new alternatives.[116] Since experience frequently improves performance, failure would not produce much experimentation in a highly competent system were it not for the fact that definitions of ''success'' and ''failure'' are notoriously subject to updating of aspirations, bias, and noise. If success and failure were reliably determined, the development of competence would make institutions more stable than they are. Unreliability in assessment of success and the insatiable character of aspirations are quite likely to lead political institutions to experiment at the right time for the wrong reasons.

Competence and the transformation of objectives. The development of competence in the service of existing institutions and objectives is primarily a stabilizing force. But it also creates foundations for new institutions and new objectives. Organizations not only become better and better at what they do, they also see new things to do. Having the capability of doing new things leads, in turn, to seeing their desirability. Capabilities stimulate recognition of the salience of problems to which they can provide solutions.[117] By transforming capabilities, therefore, competence transforms agendas and goals.

Of particular relevance to present concerns is the way competence is developed in the context of concrete activities and then becomes the basis for expansion of objectives to a wider range of concerns. In their early stages, European states developed competencies as an artifact of solving immediate practical problems and taking care of local interests. Those competencies gradually were transformed into institutions and political practices that used them. Nation-state builders started with instrumental motives, such as winning a war or collecting taxes; over time they discovered that

112. Habermas 1996, 468.
113. Stone 1994, 442.
114. Shapiro and Hardin 1996, 5–6.
115. Stinchcombe 1986, 166.
116. Cyert and March 1963.
117. See Cyert and March 1963; and Cohen, March, and Olsen 1972.

they had built the foundations for strongly institutionalized states.[118] In a similar way, the development of military and economic competencies and institutions using them poses a persistent threat to nonmilitary and noneconomic political institutions. The existence of capabilities is converted into an inclination to discover goals the abilities might serve, perhaps in competition with the political system. Thus, the elaboration of tasks is as much a consequence of competence as a cause of it.

The EU has numerous arenas for interaction, argumentation, and collective problem solving and conflict resolution for bureaucrats, experts, representatives of organized interests, and elected politicians. The process of *engrenage* exposes participants to new arguments, new perspectives, and new identities.[119] More importantly perhaps, it develops capabilities for mutual engagement. Considerable experience with acting together is accumulated, and a significant amount of mutual influence between the EU and domestic institutions and actors is taking place, with no clear-cut borderline between the ''national'' and the ''European.''[120] The number of meetings in the context of the EU, together with meetings in the context of other international institutions, during some periods actually make ministers, bureaucrats, and experts interact as much with colleagues from other countries as with their domestic colleagues.[121]

The changes these contacts have produced were neither particularly well anticipated by, nor the result of the will of, any easily identifiable group of political actors.[122] The elaboration of international capabilities is part of a long historical transformation of the West European state, reflecting as well as contributing to the erosion of state autonomy.[123] That transformation continues, and predicting the direction it will take is not easy. For example, the EU is still an unsettled constitutional order, in terms of geographical reach, institutional balance, decision rules, and functional scope. Efforts to deepen European integration and create a European polity, or even society, are balanced against nation-states protecting their autonomy and the potential fragmentary tendencies of enlargement of the EU.[124] Even within expert domains, there are conditions that encourage a balkanization of expertise. Developments occur through learning in small (though not always consistent) ways in many places.

The resulting institutional structure more closely resembles a marble cake than a hierarchy,[125] but it is not the same as it used to be. Involvements in highly instrumental and technical activities in the EU have created organizational capabilities for international collaboration that translate into a more general international institution and make more elaborate international coordination possible. The EU has become the most highly institutionalized international organization in history, in terms of

118. Tilly 1975.
119. See Hill and Wallace 1996, 1; Rometsch and Wessels 1996; and Laffan 1997b, 9.
120. See Rometsch and Wessels 1996, 329; and Jachtenfuchs and Kohler-Koch 1996.
121. See Wessels 1990; and Hill and Wallace 1996, 7, 11.
122. Stone 1994, 425.
123. See Flora 1983; and Wessels 1997, 22–24.
124. Laffan 1997a.
125. Jachtenfuchs and Kohler-Koch 1996.

depth as well as breadth, yet without becoming a federal state.[126] Participation in the EU has, indeed, altered the nation-state itself. For example, EU citizens and corporations can, and do, invoke EU law against other individuals and their national governments. The Europeanization of law and the increased significance of norms in international politics[127] clearly have compromised the identity of territory and authority[128] in ways that owe much to the gradual accumulation of experience and the resulting gains in competence.

A Different Emphasis

The two examples illustrate some differences between a perspective (which we have called an institutional perspective) that assumes identity-based action and inefficient history and a more conventional perspective that attributes action to calculations of consequences and environmental constraints. The latter interprets changes in an international political order primarily in terms of exogenously specified interests and capabilities, rational actors, expectations of consequences, and environmental pressures. The former sees changes in a political order more as involving the construction and evocation of rules, institutions, and identities, the development of capabilities, and the path-dependent meanders of an inefficient history.

The illustrations are drawn from a universe that includes others, but they are not randomly drawn from that universe. Although the illustrations themselves are brief and incomplete, they are chosen not only to exemplify institutional modes of thinking in general but also to identify two of the more important specific contributions to the study of international relations that might be drawn from institutional perspectives. Understanding the ways in which political identities, rules, and capabilities evolve within a political order and the ways in which the evolution of identities, rules, and capabilities serves to create, sustain, or corrupt an order may be important to understanding histories of international political order.

Conclusion

The historical processes by which international political orders develop are complex enough to make any simple theory of them unsatisfactory. An interconnected and interdependent world produces histories in which changes in environmental conditions are not automatically or unambiguously reflected in changing political orders and institutional arrangements. Nor is it possible to describe the evolution of international political orders in terms of any simple notions of intentionality and design at the nation-state level. History is created by a complicated ecology of local events and locally adaptive actions. As individuals, groups, organizations, and institutions seek

126. See Hill and Wallace 1996, 12; Haas 1967, 331; Keohane 1996a, 467; and Laffan 1997b.
127. Stone 1994, 473.
128. Krasner 1995a, 134.

to act intelligently and learn in a changing world involving others similarly trying to adapt, they create connections that subordinate individual intentions to their interactions. The locally adaptive actions that constitute that ecology are themselves based on subtle intertwinings of rational action based on expectations of consequences and rule-based action seeking to fulfill identities within environments that influence but do not uniquely dictate actions. Expectations, preferences, identities, and meanings are affected by human interaction and experience. They coevolve with the actions they produce.

Such ideas do not encourage aspirations for applying standard experimental design or hypothesis testing in conventional form to the naturally occurring histories of international relations. Nor do they provide justification for expecting to predict specific events such as the end of the Cold War, the fall of the Wall, the ebbs and flows of European integration, or the renewed strength of ethnic nationalism. The study of international relations, like much of social science, is a branch of history, and the history of history discourages grandiose predictive hopes. Historical interpretations of the development of international orders are made difficult by the necessity of learning from small samples of uncontrolled conditions.

We accept the implications of that difficulty and thus the implausibility of proclaiming a bold new direction built on institutional representations of international political orders. Nevertheless, we think it may be useful to consider conceptions of history that build on the lower right-hand quadrant of Figure 1, supplementing ideas of consequential action, exogenous preferences, and efficient histories with ideas of rule- and identity-based action, inefficient histories, and institutional robustness. Used to interpret careful historical observations and descriptions of behavior and events, such a perspective provides a basis for intelligent compromises between simple renderings of history that are inconsistent with reality and complex renderings that are inconsistent with human capacities for comprehension.