

## THEORIES OF CHANGE IN INTERNATIONAL ORGANIZATIONS

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[The following excerpt is adapted from a forthcoming article, *Understanding Change in International Organizations: Globalization and Innovation in the ILO*, 59 Vand. L. Rev. \_\_ (2006)]

Nation states frequently turn to international organizations (IOs) to address the myriad collective action problems that transcend national borders.<sup>1</sup> For more than two decades, political scientists have sought to understand why states create IOs and why they select particular design features from the rich matrix of available alternatives.<sup>2</sup> Scholars have advanced three major theories to answer these questions: (1) rational design; (2) neofunctionalism; and (3) historical institutionalism.<sup>3</sup> These three theories are partly grounded in different strands of international relations scholarship, most notably rational choice and constructivism.<sup>4</sup> But they are also central to other disciplines in the social sciences (such as sociological, resource dependence, and organization theories) that study the workings of domestic institutions or that use a comparative perspective to explain why actors in similarly situated countries choose different institutions to address analogous problems.<sup>5</sup>

These theories have made significant progress in explaining why states turn to IOs to help them establish and maintain cooperative relationships. As Michael Barnett and Liv Coleman have recently written: “We know a lot about the conditions under which states establish IOs, why states will design them the way they do, and some of the conditions under which states will grant

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<sup>1</sup> See Charlotte Ku, *Global Governance and the Changing Face of International Law*, 2 AUNS Rep. & Papers 5, 24 (2001) (“A census of international institutions tells us that at the end of the 20th century there are more than 250 conventional international governmental organizations . . . , more than 1500 other international bodies and roughly 3700 other institutions of special types, making a total of almost 5500.”) (internal quotations omitted); see also See José E. Alvarez, INTERNATIONAL ORGANIZATIONS AS LAW-MAKERS 4-17 (2005) (reviewing different definitions of IOs).

<sup>2</sup> Serious study of cooperation via IOs and international regimes is generally traced to the publication of works by Robert Keohane and Stephen Krasner. See Robert O. Keohane, AFTER HEGEMONY: COOPERATION AND DISCORD IN THE WORLD POLITICAL ECONOMY (1984); Stephen D. Krasner, *Structural Causes and Regime Consequences: Regimes as Intervening Variables*, in INTERNATIONAL REGIMES 1 (Stephen D. Krasner ed., 1983).

<sup>3</sup> I include within historical institutionalism a family of related theories that includes sociological institutionalism and constructivist institutionalism and organization theory. (A fourth variant, rational choice institutionalism, is more easily subsumed under a discussion of rational design.) These variants of historical institutionalism share a basic premise—that political action is shaped and constrained over time by historically constructed institutions that exhibit surprising durability notwithstanding changes in their economic or political environment or shifts in actors’ preferences. For a more detailed discussion of the different variants of historical institutionalism, see Peter A. Hall & Rosemary C.R. Taylor, *Political Science and the Three Institutionalisms*, 44 Pol. Stud. Q. 936 (1996).

<sup>4</sup> For an analysis of the intersection between constructivism, rational choice, and historical institutionalism, see Thomas Risse, *Constructivism and International Institutions: Toward Conversations Across Paradigms* in POLITICAL SCIENCE: THE STATE OF THE DISCIPLINE 597, 604-07 (Ira Katznelson & Helen V. Milner, eds. 2002) [hereinafter “STATE OF THE DISCIPLINE”].

<sup>5</sup> See, e.g., COMPARATIVE HISTORICAL ANALYSIS IN THE SOCIAL SCIENCES (James Mahoney & Dietrich Rueschemeyer, eds. 2003); THE NEW INSTITUTIONALISM IN ORGANIZATIONAL ANALYSIS (P. Dimaggio & W. Powell eds., 1991); W. Richard Scott & John Meyer, ORGANIZATIONAL ENVIRONMENTS: RITUAL AND RATIONALITY (1983); Jerald Hage, *Organizational Innovation and Organizational Change*, 25 Ann. Rev. Socio. 597 (1999); Paul Pierson & Theda Skocpol, *Historical Institutionalism in Contemporary Political Science* in STATE OF THE DISCIPLINE, *supra* note \_\_, at 693.

autonomy to IOs.”<sup>6</sup> But for most scholars, the story of IOs ends where it ought to begin—with their founding. What these institutions do once they have been created remains unexamined and undertheorized.

This omission is a significant and consequential gap in our understanding. Most IOs possess at least a modicum of autonomy; many are given substantial independence as a deliberate strategy to hold states fast to their cooperative commitments or to confer greater legitimacy upon subsequent actions taken through them. Yet this autonomy, whether great or small, creates opportunities for IOs (or, to be more precise, for the autonomous actors operating within them) to develop preferences and goals that diverge from those of their founders.

If little is known about how IOs behave once they have been created, the causes of change in IOs are even less well understood. The issues to be addressed include such foundational questions as

who or what catalyzes such formal or informal change of/in IOs and how is a consensus on the direction of change attained (if at all)? Is this fundamentally driven by principals in response to changes in rational interests or shifting domestic/global norms? Or do IOs, as bureaucratic actors, strategically initiate specific reforms in anticipation of challenges in their external environments? . . . [W]hat enables or constrains principals and/or IOs themselves from changing the formal and/or informal rules that drive organizational actions?<sup>7</sup>

These questions reveal the wide expanse of theoretical and empirical terrain yet to be traversed. However, by looking beyond the specific topic of IOs to social science theories of institutional change more generally, it is possible to identify hypotheses about IO change that build upon the foundations of different theoretical traditions.

In the next sections, I undertake this analysis for rational design, neofunctionalism, and historical institutionalism. I analyze the actors who found IOs, their goals, the mechanisms used to achieve those goals, the nature of change each theory predicts after an IO’s founding, the responses to those changes, and the expected outcomes. A table at the end of these sections summarizes the key points of the analysis and the strengths and weaknesses of each theoretical framework.

#### A. Rational Design and Exogenous Institutional Change

Rational design theory provides a compelling explanation of why IOs exist and why they take particular institutional forms. For rational design scholars, IOs are creatures of nation states. It is states that call IOs into being, states that select their design features, states that control their funding and other forms of support, and states who revise their mandates or even abolish them when national interests change.<sup>8</sup>

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<sup>6</sup> Michael Barnett & Liv Coleman, *Designing Police: Interpol and the Study of Change in International Organizations*, 49 Int’l Stud. Q. 593, 593-94 (2005).

<sup>7</sup> Michael Tierney & Catherine Weaver, *Principles and Principals? The Possibilities for Theoretical Synthesis and Scientific Progress in the Study of International Organizations* 12-13 (2005) (citations omitted) (copy on file with author).

<sup>8</sup> See Alvarez, *supra* note \_\_, at 25; Jack L. Goldsmith & Eric A. Posner, *THE LIMITS OF INTERNATIONAL LAW* 4-5 (2005).

Self-interested, strategic behavior provides rational design's driving force. States establish IOs to overcome the limitations of the anarchic environment in which they exist and to achieve joint gains that they could not obtain acting on their own.<sup>9</sup> These gains include increasing the quality and quantity of information, reducing the costs of negotiating agreements and of linking discrete issue areas, resolving disputes over the meaning of agreed rules and norms, and providing mechanisms to monitor behavior and impose sanctions for noncompliance.<sup>10</sup>

Different strands of rational design theory offer different answers to how, if at all, institutions evolve in response to changes in state preferences. The most straightforward (and the most simplistic) approach imputes preferences to states from the "strategic situations"<sup>11</sup> or collective action problems that they face. Rather than examining an IO's history or the goals of its founders, scholars adopting this approach take an analytical shortcut. They analyze the functions that an institution now performs (or rationally should perform) to identify current state preferences.<sup>12</sup> They assume that preferences are well-defined and that there is a close if not perfect match between preferences and institutional design features. Under this approach, states tightly control the autonomy they delegate to IOs. And although they anticipate that IOs may deviate from delegated mandates, states quickly identify and correct any deviations that do appear.<sup>13</sup> Perhaps most importantly, this rationalist vision of IOs sees both state preferences and institutions as essentially static. Because change is inconsistent with the theory's premises, it is simply assumed away.<sup>14</sup>

Not all rational design theories adopt such a denatured, time-insensitive analysis. Some accounts anticipate changes in the distribution of power or resources among states or in the geostrategic context in which they interact.<sup>15</sup> Others consider the behavior of actors other than states, such as government agencies or private parties.<sup>16</sup> And still others pay attention to the messiness and complexity of institutional origins and to the costs of creating new institutions or modifying old ones.<sup>17</sup> Relaxing any of these assumptions opens up opportunities for analyzing institutional change.

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<sup>9</sup> See Keohane, supra note \_\_.

<sup>10</sup> Id. at \_\_; Kenneth W. Abbott & Duncan Snidal, *Why States Act Through Formal International Organizations*, 42 J. CONFLICT RESOL. 3, 8 (1998).

<sup>11</sup> See Kenneth Abbott, *'Trust But Verify': The Production of Information in Arms Control Treaties and Other International Agreements*, 26 Cornell Int'l L. J. 1, 2 n.4 (1993) (defining a "strategic situation" as "involving a relationship of interdependence among a relatively small number of actors. When states . . . are involved in a strategic interaction, each state's actions affect the fortunes of others as well its own, and the best course of action depends on what others may do.").

<sup>12</sup> Paul Pierson, *POLITICS IN TIME: HISTORY, INSTITUTIONS, AND SOCIAL ANALYSIS* 108 (2004).

<sup>13</sup> See *DELEGATION UNDER ANARCHY: STATES, INTERNATIONAL ORGANIZATIONS, AND PRINCIPAL AGENT THEORY* (Darren Hawkins et al., eds., 2006) (forthcoming).

<sup>14</sup> See Katznelson & Weingast, supra note \_\_, at 7.

<sup>15</sup> See Richard H. Steinberg, *In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO*, 56 Int'l Org. 339, 359-60 (2002).

<sup>16</sup> See Christopher A. Whytock, *A Rational Design Theory of Transgovernmentalism: The Case of E.U.-U.S. Merger Review Cooperation*, 23 B.U. Int'l L.J. 1 (2005).

<sup>17</sup> Katznelson & Weingast, supra note \_\_, at 5-8 (discussing rational choice variant of historical institutionalism).

The change in IOs that these more capacious rational design approaches predict has very specific characteristics, however. Most fundamentally, change is exogenous to the institution and occurs as a result of shifts in state preferences.<sup>18</sup> Such preference shifts often follow large and sudden transformations in the external environment. These shocks, disasters, and crises upset settled habits, alter the calculus of sunk costs and anticipated benefits, and enable institutional reforms unobtainable in more settled times.<sup>19</sup> In the comparative politics literature, rational design scholars account for such discontinuous institutional changes by searching for “critical junctures”—key events that usher in distinctively new conditions.<sup>20</sup> The result is a model of “punctuated equilibrium,” in which scholars predict that only rare, sudden, and intense exogenous forces will herald path-diverging institutional change. Outside of these precarious periods, however, institutions are essentially stable or even static.<sup>21</sup>

Consistent with its focus on state preferences, this more nuanced version of rational design theory implies a specific set of responses by an IO’s membership. If the cost of closing the gap between current preferences and preexisting IO structures is too high, states may abandon the old institution and establish another to supplant it.<sup>22</sup> Or they may stick with an existing IO but consciously redesign it to fit the new environment.<sup>23</sup> In this approach to understanding institutional change, IOs respond to the new controls and restrictions that re-designers place upon them. Eventually a new self-reinforcing equilibrium is achieved, leading to a fresh period of institutional quiescence in which deviations by IOs from their newly assigned tasks are quickly identified and corrected.

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<sup>18</sup> Distinguishing between exogenous and endogenous sources of change in the study of institutions is a difficult and unsettled issue. See Duncan Snidal, *The Politics of Scope: Endogenous Actors, Heterogeneity and Institutions*, 6 J. Theoretical Pol. 449, 456 (1994) (“The normal distinction between exogenous and endogenous variables is . . . awkward for institutional analysis.”); Avner Greif & David D. Laitin, *A Theory of Endogenous Institutional Change*, 98 Amer. Pol. Sci. Rev. 633, 633 (2004) (“Endogenous institutional change appears . . . be to be contradiction in terms.”). Most scholars analyzing IO change appear to agree—albeit using different labels at times—that change emanating from IO officials and staff is properly labeled as “endogenous” whereas that change resulting from shifts in state preferences or from alterations to the economic, political, or social environment is appropriately described as “exogenous.” See Barnett & Coleman, *supra* note \_\_, at 594 (“All theories of IO change contain a conceptualization of the relationship between the organization and the environment. The dominant view is that external forces in general and states in particular are responsible for its timing, direction, and content. . . . Yet if IOs can take on a life of their own, then they can be agents of change.”); see also Tierney & Weaver, *supra* note \_\_, at 10 (stating that “scholars of IO are waking up to [the] reality . . . that IOs . . . exhibit varying degrees of autonomy and consequently possess their own preferences and bureaucratic cultures that are distinct from those of their member states”). I adopt these definitions of exogenous and endogenous here, but recognize that alternative labels are possible and that a more extended treatment of these issues is warranted. See Simon Hug, *Endogenous Preferences and Delegation in the European Union*, 36 Comp. Pol. Stud. 41 (2003) (discussing preference divergences between European Union member states and the supranational actors they appoint to the European Commission).

<sup>19</sup> Devesh Kapur, *Processes of Change in International Organizations*, Weatherhead Ctr. Paper Working Series, No. 00-02, Harvard University at 8 (2000); Barbara Koremenos, Charles Lipson, and Duncan Snidal, *The Rational Design of International Institutions*, 55 INT’L ORG. 761, 766-67 (2001) [hereinafter Koremenos, *Rational Design Introduction*].

<sup>20</sup> Pierson, *supra* note \_\_, at 51. As I explain below, historical institutionalism also considers that critical junctures can be important precursors of institutional change.

<sup>21</sup> Wolfgang Streek & Kathleen Thelen, *Introduction: Institutional Change in Advanced Political Economies 1*, 7 in BEYOND CONTINUITY: INSTITUTIONAL CHANGE IN ADVANCED POLITICAL ECONOMIES (Wolfgang Streek & Kathleen Thelen eds. 2005).

<sup>22</sup> See Laurence R. Helfer, *Exiting Treaties*, 91 Va. L. Rev. 1579, 1583 (2005) (describing instances in which states withdrew from a treaty establishing an IO and established a rival organization).

<sup>23</sup> See Koremenos, *Rational Design Introduction*, *supra* note \_\_, at 766-67 (arguing that “conscious design” is “the mechanism guiding the development of international institutions” and institutional change).

The rational design framework sketched above provides useful insights for analyzing the forms and functions of IOs and for predicting states' responses to exogenous shocks. However, its explanations of institutional change are incomplete in at least three important respects.

First, rational design theory fails to consider that the birth of IOs often involves political compromises among coalitions of founders with multiple and often conflicting objectives for establishing a new institution.<sup>24</sup> Second, it gives insufficient attention to government officials and private actors, whose interests are often distinct from states or their leaders and who can use IOs to help further those interests, especially if they possess a formal voice in the organization. Third and most significantly, the theory fails to adequately consider the role of IO officials as independent strategic actors who have the autonomy (if not always the outright authority) to set agendas and select tasks that chart courses away from an institution's original aims.<sup>25</sup> Each of these omissions underplays the possibility that change can occur endogenously, that is, that change can emanate from within an organization.<sup>26</sup>

One response to these omissions—one that is fully consistent with the theory's rationalist premises—is to recognize IO independence as an conscious design feature.<sup>27</sup> With more autonomy for IO officials and staff comes an increased likelihood that “IOs can potentially use that autonomy in ways that are not dictated or delegated by states.”<sup>28</sup> This approach resonates with recent principal-agent theories of IO behavior.<sup>29</sup> But it allows only a limited space for IO independence and for the endogenous changes that it can engender. Since IOs are viewed as agents, the focus of attention is on the sovereign states principals and, in particular, on why they delegate autonomy to IOs in the first instance and how they correct for “agency slack.”<sup>30</sup> Far less attention is paid to the subsequent activities of IOs and to states' interactions with them.<sup>31</sup>

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<sup>24</sup> Pierson, *supra* note \_\_, at 108-12.

<sup>25</sup> Michael Barnett & Martha Finnemore, *RULES FOR THE WORLD: INTERNATIONAL ORGANIZATIONS IN GLOBAL POLITICS* 22 (2004) (arguing that “IOs must be autonomous actors in some ways simply to fulfill their delegated tasks”).

<sup>26</sup> *See* note \_\_ *supra* (discussing distinction between endogenous and exogenous sources of IO change). The failure to account for internally-driven modifications to an organization's structure, activities, or norms has recently been noted by rational design scholars of domestic institutions. Barry R. Weingast, *Rational-Choice Institutionalism* in *STATE OF THE DISCIPLINE*, *supra* note \_\_, at 660, 692 (characterizing issues of “endogenous emergence, choice and survival of institutions” as “frontier issues” for rational design scholars).

<sup>27</sup> Tierney & Weaver, *supra* note \_\_, at 10. For a debate over the benefits of independence in international tribunals, compare Eric A. Posner & John C. Yoo, *Judicial Independence in International Tribunals*, 93 CALIF. L. REV. 1 (2005) with Laurence R. Helfer & Anne-Marie Slaughter, *Why States Create International Tribunals: A Response to Professors Posner and Yoo*, 93 CALIF. L. REV. 899 (2005).

<sup>28</sup> Barnett & Coleman, *supra* note \_\_, at 595.

<sup>29</sup> *See* Hawkins, *supra* note \_\_.

<sup>30</sup> [cite specific chapter in Hawkins book]

<sup>31</sup> *See* Barnett & Coleman, *supra* note \_\_, at 595. *But see* Helfer & Slaughter, *supra* note \_\_, at 942-55 (analyzing both exogenous state controls and endogenous cultures of professionalism that together create a zone of “constrained independence” for international courts and tribunals).

## B. Neofunctionalism and Endogenous Institutional Change

There is, however, an older theoretical tradition—neofunctionalism—that identifies endogenous actors as the main engine of IO change. Neofunctionalism was first advanced by political scientists to explain the sharp increase in the number of global and regional IOs after the Second World War. According to the theory's adherents, IOs arise from the need to manage technical and apolitical transborder problems, such as disease prevention, trade barriers, and finance.<sup>32</sup> States assign IOs autonomy needed to promote cooperation in these technocratic, functionally-defined issue areas.

Neofunctionalism shares with rational design theory the premise that actors are self-interested and utility-maximizing. But its disassembly of states into their constituent parts allows neofunctionalists to model separately the interests of sub-state actors and IO officials and to identify how these two groups work together to expand the scope of international cooperation.<sup>33</sup>

The process of change begins when domestic interest groups recognize that working within IOs achieves results they could not obtain in national politics. IO officials, recognizing the benefits of alliances with these groups, actively cultivate their support. As demands from these sub-state actors increase, officials promote modest expansions of IO authority that are logical, functional add-ons to existing tasks and that serve both their own interests and those of their sub-state clients.<sup>34</sup>

The change that results from these interactions is the inverse of that predicted by rational design models. It is endogenous, incremental, and continuous, producing small effects at each individual step but cumulatively resulting in ever deeper levels of cooperation.<sup>35</sup> As support from sub-state actors grows, cooperation takes on a self-reinforcing dynamic. It spills over from technical, function issues with low political salience to high-politics issues such as peace and security, arms control, and human rights.<sup>36</sup>

The challenge for IO officials is how to promote cooperation as activities shift into areas of greater political contestation. For neofunctionalists, the prescription is not to avoid politics but to manage it. Cooperation deepens when officials strategically identify and select tasks that enhance the organization's authority and garner additional support from domestic interest groups

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<sup>32</sup> Ernst Haas was the principal proponent of neofunctionalism for both global and regional organizations. See Ernst B. Haas, *BEYOND THE NATION-STATE: FUNCTIONALISM AND INTERNATIONAL ORGANIZATION* (1964); Ernst Haas, *THE UNITING OF EUROPE: POLITICAL, SOCIAL, AND ECONOMIC FORCES, 1950-57* (1958); Ernst Haas, *International Integration: The European and the Universal Process*, 15 *Int'l Org.* 366 (1961). Haas' theory of neofunctionalism was a modification of earlier, functionalist theories of international through IOs. See David Mitrany, *A WORKING PEACE SYSTEM* (1943).

<sup>33</sup> See Anne-Marie Burley & Walter Matli, *Europe Before the Court: A Political Theory of Legal Integration*, 47 *Int'l Org.* 41, 53-57 (1993).

<sup>34</sup> See Haas, *BEYOND THE NATION-STATE*, *supra* note \_\_, at 47-50.

<sup>35</sup> Neofunctionalists recognize that IOs change in response to changes in their environment, but these exogenous forces are not the focus of their analysis.

<sup>36</sup> See Tim Büthe & Gabriel T. Swank, *The Politics of Antitrust and Merger Review in the European Union: Institutional Change and Decisions from Messina to 2004* 6-11 (Dec. 2005) (copy on file with author) (summarizing history of neofunctionalism and reviewing writings of scholars who have endorsed it); David Zaring, *International Law by Other Means*, 33 *Tex. Int'l L.J.* 281 313-16 (1998) (same).

and other sub-state actors, while persuading states that such tasks further their interests as well. Leadership and skill in agenda setting are, in this view, important attributes for successful IO expansions.<sup>37</sup> The end result of these efforts, neofunctionalists predict, is a slow but inexorable teleology toward integration.<sup>38</sup>

Although neofunctionalism is strong on issues of endogenous change where rational design is weak, it suffers from its own serious deficiencies. Its most striking failure was to predict that expansions of international cooperation would eventually shift political loyalties from nation states to IOs. Even in the world's most integrated international polity—the European Community—no such transfer of loyalties occurred, leading the theory's proponents to renounce its more far-reaching claims.<sup>39</sup> In addition to its overly sanguine empirical predictions, neofunctionalism's privileging of cooperation over conflict makes no allowance for dysfunctional organizational changes (such as expansions of autonomy that benefit IO bureaucrats but not domestic actors) or for “the plethora of outcomes . . . that fall between success and failure.”<sup>40</sup>

### C. Historical Institutionalism and Multiple Sources of Institutional Change

If neofunctionalism overemphasizes the likelihood of cooperation and rational design overstates the ability of nation states use institutions to serve rational ends, historical institutionalism offers a third theory to explain how IOs change over time. Unlike rational actors models that are based on generic cooperation problems, historical institutionalism considers the particular historical and social contexts in which IOs are born and in which they must survive.<sup>41</sup> It recognizes that institutions are established by multiple actors with divergent and often conflicting preferences. Tensions within this founding coalition mean that no one group of actors predominates in specifying an institution's structures and functions.<sup>42</sup> The result is an unavoidable gap between the founders' goals and the design features they select to achieve them.<sup>43</sup>

This diversity of actors and preferences and the gap between goals and institutional structures implies that even the most homogenous founding coalition will have difficulty dictating an IO's functions as it matures. At best, such a coalition can select design features to achieve functional goals in the short term. As time horizons lengthen, however, the institution inevitably evolves in ways that its founders neither anticipate nor intend. Initial design choices produce unintended

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<sup>37</sup> Haas, BEYOND THE NATION-STATE, *supra* note \_\_ at 119-25; R.W. Cox, *Toward A General Theory of International Organization*, 19 *Indus. & Lab. Rel. Rev.* 99, 101 (1965).

<sup>38</sup> Zaring, *supra* note \_\_, at 314.

<sup>39</sup> See Ernst B. Haas, *THE OBSOLESCENCE OF REGIONAL INTEGRATION THEORY* (1975).

<sup>40</sup> Michael G. Huelshoff, *Domestic Politics and Dynamic Issue Linkage: A Reformulation of Integration Theory*, 38 *Int'l Stud. Q.* 255, 258 (1994).

<sup>41</sup> Katznelson & Weingast, *supra* note \_\_, at 4-5.

<sup>42</sup> See Pierson, *supra* note \_\_, at 110 (arguing that multiple actors, multiple purposes, and multiple effects is more pronounced “in the construction of constitutions”).

<sup>43</sup> Streek & Thelen, *supra* note \_\_, at 11, 19.

consequences that shape and constrain the future behavior of actors whose identify and composition may have changed from the time of the organization's founding.<sup>44</sup>

Historical institutionalists anticipate that change will occur. But they do not prejudge its direction, pace, scope, or source. Change can be either positive or negative, abrupt or slow. Change can be path dependent, its direction marked out by the increasing returns and positive feedback that result from first-generation decisions.<sup>45</sup> Or it can be more fluid and adaptive, evolving incrementally but producing "transformative results."<sup>46</sup> It can result in modifications to formal institutional structures or to informal practices and working methods.<sup>47</sup> Perhaps most importantly, change can emanate from within the organization, from outside it, or from a mix of endogenous and exogenous sources.

Of the three theories of change discussed in this Article, historical institutionalism is the most recent. Most of the literature focuses on domestic political institutions and compares their geographic and temporal development. Scholars analyzing these issues have created different typologies and frameworks to categorize change processes within domestic institutions. These include Streek and Thelen's five categories of gradual institutional transformation (displacement, layering, drift, conversion, and exhaustion);<sup>48</sup> Pierson's analysis of long-term processes of institutional change (such as positive feedback, path dependence, and sequencing);<sup>49</sup> and Katznelson and Weingast's effort to bridge historical institutionalism and rational design theories.<sup>50</sup>

Historical institutionalist treatments of IOs are less well developed, both theoretically and empirically. The most extensive analysis has been done by Barnett and Finnemore, who work in the constructivist school of international relations theory. Barnett and Finnemore view IOs as "active agents in their own change" with a "propensity toward dysfunctional, even pathological behavior."<sup>51</sup> They recognize both external and internal sources of change which emanate from conflicts over material resources or divergent interpretations of organizational culture.<sup>52</sup> Although the causes of change are diverse, they all point to a common outcome: an expansion in the size of IOs and the functions they perform.<sup>53</sup> Most recently, Barnett and Coleman elaborate on IOs as strategic actors that seek to "further their mandate, . . . protect their autonomy and minimize organizational insecurity."<sup>54</sup> They develop a typology of strategies (acquiescence,

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<sup>44</sup> See Pierson, *supra* note \_\_, at 14-15; Paul Pierson, *The Path to European Integration: A Historical Institutional Analysis*, 29 *Comp. Pol. Stud.* 123, 147 (1996).

<sup>45</sup> See Pierson, *supra* note \_\_, at 20-30.

<sup>46</sup> Streek & Thelen, *supra* note \_\_, at 9.

<sup>47</sup> Streek & Thelen, *supra* note \_\_, at 19.

<sup>48</sup> Streek & Thelen, *supra* note \_\_, at 18-31.

<sup>49</sup> See Pierson, *supra* note \_\_, at 17-53.

<sup>50</sup> Katznelson & Weingast, *supra* note \_\_, at 7-21.

<sup>51</sup> Barnett & Finnemore, *supra* note \_\_, at 158, 3.

<sup>52</sup> *Id.* at 42-43.

<sup>53</sup> *Id.* at 43 ("IOs tend to define both problems and solutions in ways that favor or even require expanded action for IOs.").

<sup>54</sup> Barnett & Coleman, *supra* note \_\_, at 595.

compromise, avoidance, defiance, manipulation, and strategic social construction) that IOs deploy in response to different levels of organizational security and different degrees of incongruity between internal organizational culture and the external environment.<sup>55</sup>

As these diverse approaches illustrate, historical institutionalism considers multiple sources of change and the interactions among those sources to explain how institutions adapt, innovate, or stagnate over time. This capaciousness is one of the paradigm's strengths. But it also presents one of its greatest challenges. For example, historical institutionalism characterizes some IOs as entrenched and resistant to reform; others as proactive and seeking to take on new tasks.<sup>56</sup> These contrasting characterizations are possible because of the theory's emphasis on context-specific factors and historical contingencies. But this focus also limits the theory's predictive power, making it difficult to isolate the causal contribution of any single explanatory variable and limiting the prescriptions the theory offers for analyzing other organizations in different contexts.<sup>57</sup> To address these concerns, empirical studies of IO design and evolution that emphasize historical particularities should also strive to identify common patterns upon which to build working hypotheses that then can be falsified or refined by other scholars.<sup>58</sup>

#### D. Summary

The table below summarizes the mechanisms of institutional change predicted by each of the three theories reviewed above. It identifies the principal actors who establish IOs, the goals of those actors, the design features they select to achieve their goals, the nature of the changes that each theory predicts will occur after the IO's founding, how actors respond to those changes, and the ultimate outcomes of their actions. It also summarizes the strengths and weaknesses of each theory.

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<sup>55</sup> Id. at 600-02.

<sup>56</sup> See Barnett & Finnemore, *supra* note \_\_, at 2.

<sup>57</sup> See Katznelson & Weingast, *supra* note \_\_, at 6; see also Tierney & Weaver, *supra* note \_\_, at 13 (emphasizing that the processes of how IOs change raise "extremely difficult questions").

<sup>58</sup> See Barnett & Finnemore, *supra* note \_\_, at 164 (asserting, based on historical and empirical study of three IOs, that "IOs appear to be steadily expanding their mandates in a convergent direction: all are increasingly involved in the domestic affairs of states and, specifically, all are trying to create durable, modern nation-states that are organized around democracy and markets").

**Table 1: Theories of Change in International Organizations**

	<b>Rational Design</b>	<b>NeoFunctionalism</b>	<b>Historical Institutionalism</b>
<b>IO Founders and their Basic Characteristics</b>	<ul style="list-style-type: none"> <li>◆States (usually unitary actors)</li> <li>◆Rational, self-interested and utility-maximizing</li> </ul>	<ul style="list-style-type: none"> <li>◆Government officials and private parties</li> <li>◆Self-interested and utility-maximizing</li> <li>◆Domestic actors seek to expand cooperation</li> </ul>	<ul style="list-style-type: none"> <li>◆States, government officials and private parties</li> <li>◆Actors' interests and preferences shaped by historical and social contexts</li> </ul>
<b>Goals of IO Founders</b>	<ul style="list-style-type: none"> <li>◆General—Efficiency</li> <li>◆Specific—Joint gains from inter-State cooperation, e.g. reduced transaction costs, information, monitoring, etc.</li> </ul>	<ul style="list-style-type: none"> <li>◆General—Cooperation</li> <li>◆Specific—Mutually beneficial rules to manage technical/apolitical issues</li> </ul>	<ul style="list-style-type: none"> <li>◆No predetermined substantive goals</li> <li>◆Coalitions of actors with multiple and often inconsistent goals</li> </ul>
<b>Mechanisms Used to Achieve Goals at Founding of IO</b>	<ul style="list-style-type: none"> <li>◆Rational selection of IO design features to solve a specific cooperation problem</li> <li>◆Goal clarity</li> <li>◆Assumption of perfect or close match between goals and selected design features</li> <li>◆Limited IO autonomy</li> </ul>	<ul style="list-style-type: none"> <li>◆Functional selection of IO design features to promote cooperation in areas of “low politics”</li> <li>◆IO autonomy sufficient to achieve functional goals</li> </ul>	<ul style="list-style-type: none"> <li>◆Tensions among goals and coalitions of IO founders</li> <li>◆Tensions create gaps between goals and chosen design features</li> <li>◆Rational or functional design unlikely or effective only in short term</li> <li>◆Variable IO autonomy</li> </ul>
<b>Nature of Change Predicted After Founding of IO</b>	<ul style="list-style-type: none"> <li>◆Change frequently ignored</li> <li>◆Any change that occurs results from shifts in State preferences</li> <li>◆Change viewed as:                             <ul style="list-style-type: none"> <li>◆Exogenous</li> <li>◆Infrequent</li> <li>◆Sudden and discontinuous</li> <li>◆Producing large effects</li> <li>◆Producing punctuated Equilibria</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆Anticipates existence and nature of change.</li> <li>◆Changed viewed as:                             <ul style="list-style-type: none"> <li>◆Endogenous</li> <li>◆Incremental and continuous</li> <li>◆Producing small effects</li> <li>◆Teleological (toward more cooperation)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆Fact of change anticipated, but not its nature or direction</li> <li>◆IOs develop interests independent of States</li> <li>◆Changed viewed as:                             <ul style="list-style-type: none"> <li>◆Endogenous, exogenous, or both</li> <li>◆Path dependent</li> <li>◆Result of unanticipated consequences</li> </ul> </li> </ul>
<b>Responses to Change</b>	<ul style="list-style-type: none"> <li>◆States rationally re-design IO in reaction to preference shifts produced by exogenous events</li> <li>◆States monitor and correct IO deviations from delegated tasks</li> </ul>	<ul style="list-style-type: none"> <li>◆Proactive</li> <li>◆Actors strategically manipulate external environment</li> <li>◆Actors enmeshed in expanding cooperation</li> <li>◆Shift of loyalties from States to IOs</li> </ul>	<ul style="list-style-type: none"> <li>◆Adaptive and evolutionary</li> <li>◆IOs seek to enhance or preserve their efficacy, autonomy and security</li> <li>◆Reforms depend on specific historical contexts and evolutionary pathways</li> </ul>
<b>Predicted Outcomes</b>	<ul style="list-style-type: none"> <li>◆IOs are (more or less) faithful agents and respond to controls by States principals</li> <li>◆Desired goals achieved and self-reinforcing equilibrium established (or)</li> <li>◆States abandon IO and establish a rival institution</li> </ul>	<ul style="list-style-type: none"> <li>◆Expansion of IO autonomy</li> <li>◆Cooperation expands from “low politics” to “high politics” issues</li> <li>◆Eventual integration</li> </ul>	<ul style="list-style-type: none"> <li>◆Outcomes highly variables:</li> <li>◆Expansion of IO functions and responsibilities</li> <li>◆Pathological and inefficient self-preservation of IOs</li> <li>◆Significant IO redesign possible</li> </ul>
<b>Major Strengths and Weaknesses of Each Theoretical Framework</b>	<p><u>Major Strengths:</u></p> <ul style="list-style-type: none"> <li>◆Simplicity and predictability</li> <li>◆Strategic analysis explains why states create IOs and the design features they select</li> </ul> <p><u>Major Weaknesses:</u></p> <ul style="list-style-type: none"> <li>◆Difficulty addressing multiple actors with competing goals</li> <li>◆Change under-theorized and limited to exogenous sources</li> </ul>	<p><u>Major Strengths:</u></p> <ul style="list-style-type: none"> <li>◆Models endogenous change</li> <li>◆Models expansion of IOs via incremental change</li> </ul> <p><u>Major Weaknesses:</u></p> <ul style="list-style-type: none"> <li>◆No explanation for failures of cooperation</li> <li>◆Shift of loyalties to IOs disproven empirically</li> </ul>	<p><u>Major Strengths:</u></p> <ul style="list-style-type: none"> <li>◆Models interests of multiple state and non-state actors</li> <li>◆Includes multiple sources of change and both positive and negative outcomes</li> </ul> <p><u>Major Weaknesses:</u></p> <ul style="list-style-type: none"> <li>◆Relationship among sources of change difficult to specify</li> <li>◆Less predictive power</li> </ul>