Institutions, Intentions and International Relations

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Institutions, intentions and international relations

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Abstract. Renewed interest in international institutions makes clear the need for a better theory of institutional possibilities. Friedrich Hayek held that institutions are either designed, though badly, or emerge spontaneously, and providently, as an unintended consequence of agents' self-interested choices. Hayek's historical sketch misses a third set of possibilities reflecting the claim that agents make institutions in keeping with nature's design or, as we say today, make them on some occasions to suit large social purposes. The English School treats institutions as spontaneous developments. Liberal scholars in the US start with the rationalist position that agents design institutions as they see fit, but end up closer to the view that institutions constitute a purposive whole.

'*We students of international affairs* need a better theory of institutions'.[1] So said Robert Keohane, who is a principal in recent discussions of institutions and their importance. Liberal scholars of an earlier time made institutions the primary subject of their largely descriptive and patently normative inquiries: institutions mattered to them. A new generation of scholars, realist and liberal, start with states as rational agents, and not institutions. They ask whether institutions matter, not to themselves as scholars, but to states making choices consistent with their goals.

The best theory would tell us when institutions *necessarily* matter to states, and *why*. A general explanation of this sort is hard to foresee and almost certainly not what Keohane had in mind. Next best, and better than anything we have now, would be a systematic point of view, a frame of reference, a theory in a much looser sense of the term. It would help us understand the ways in which institutions *possibly* matter by telling us *how* they come about, have the properties that they do, and come to be used.[2]

Economists have also experienced a renewed interest in institutions.[3] Thanks chiefly to Friedrich Hayek, they also have a systematic point of view, a 'better theory', by which to understand the ways in which institutions matter to rational individuals. Hayek's influence is inestimable. A giant among liberal economists, a polemicist of great power, Hayek was unwavering in his convictions and relentless in espousing them over three decades.

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[1] Robert O. Keohane, 'Institutional Theory and the Realist Challenge after the Cold War', in David A. Baldwin (ed.), *Neorealism and Neoliberalism: The Contemporary Debate* (New York: Columbia University Press, 1993), p. 293, his emphasis.

[2] See Georg Henrik von Wright, *Explanation and Understanding* (Ithaca, NY: Cornell University Press, 1971), on the difference between 'why necessary?' and 'how possible?'.

[3] See Richard N. Langlois (ed.), *Economics as a Process: Essays in the New International Economics* (Cambridge: Cambridge University Press, 1986); Malcolm Rutherford, *Institutions in Economics: The Old and the New Institutionalism* (Cambridge: Cambridge University Press, 1994).

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Hayek invariably presented his point of view as a story about Western social thought. By making sense of complex intellectual developments, the story makes his theory plausible. There are, however, other ways to tell the story, and an even better theory to be gained.

Hayek went back to the ancient Greeks, and their famous debate over *nature* and *convention*, to show how the terms of that debate inhibited modern Europeans from thinking systematically about institutions. The latter simply assumed that people devise institutions to suit their needs and should design them for everyone's benefit. Hayek blamed Cartesian rationalism for this lamentable reliance on social engineering. The alternative to institutions by design are those that arise as the unintended consequences of self-interested human action. First noticed in the Scottish Enlightenment (mid-eighteenth century), this process had monumental implications. Nevertheless, it remained for an Austrian economist, Carl Menger, to spell them out a century later and for another Austrian, Hayek himself, to bring the message back to Britain.

Taken out of time, this story functions as a sorting device. There are only two possible positions, each of which carries ideological freight. *Either* one believes that institutions are too important to be left to chance because they limit people's choices, for good or bad. Political arrangements exemplified by the modern state fit this description. *Or* one believes that it is important to leave institutions alone because they give people the room that they need to make rational choices. Markets illustrate the point.

By dividing institutions into two sorts, Hayek's story would seem to offer something to any scholar who assumes that agents make rational choices. Yet recent discussions of institutions in the field of international relations (IR) have far more to do with system properties and agent goals than with the cumulative effect of agents' choices on institutional conditions and the specific effects of institutions on agents' choices.[4] Given Kenneth Waltz's endorsement of markets as 'spontaneously generated' and his strong claim that the international system is 'structurally similar' to a market, indifference to Hayek's story may seem surprising. Perhaps Waltz's insistence that 'the market is not an institution or an agent in any concrete or palpable sense', but instead a 'structural cause', is the reason.[5] More likely, IR scholars have overlooked Hayek's work because they see economics as a repository of analytically useful concepts (for example, transaction costs) but not of stories by which to understand the ways of the world.

Indifference has its rewards. Hayek's story could not have given IR a better theory until it is better told. In substantiating this claim, I identify a third way of looking at the origin and character of institutions. To do so, I follow Hayek back to the ancient Greeks, whose dispute over nature and convention I interpret as having consequences dramatically different from those that he described. While he saw 'convention' as the source of two thousand years of confusion, I see 'nature' as the source of a position that he ignored altogether. Nature has its own design, which serves as a template for institutions that human beings make and use for their own purposes. Unacknowledged by Hayek, this was Aristotle's position.

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[4] David A. Baldwin, 'Neoliberalism, Neorealism, and World Politics', in Baldwin (ed.), *Neorealism and Neoliberalism*, pp. 3–11; Keohane, 'Institutional Theory', pp. 269–83.

[5] Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979), pp. 90–1. Cf. Karl Polanyi's well-known argument that allegedly self-regulating markets must be instituted. *The Great Transformation* (Boston MA: Beacon Press, 1957), pp. 56–76.

My first large task in this article is to set out Hayek's magisterial but misguided rendition of institutional possibilities. I turn then to the missing possibility: nature's design as a template for institutions that we design for our own purposes. Over time, nature receded from view, along with Aristotle and any overt acknowledgment of nature's guidance. Left behind is a conception of institutions at two or more levels of generality, linked by purpose.

My second task is to apply this enlarged scheme to contemporary IR. I focus discussion on liberal scholars, because they are the ones today who most keenly feel the need for a better theory, but I also draw realists into the discussion, because they too are liberals. Martin Wight and Hedley Bull, as leading members of the English School, saw institutions as spontaneous developments. By contrast, liberal scholars in the US typically start with institutional design. If we take Keohane himself, Oran Young and John Ruggie as exemplary figures, we soon find that they are not merely Cartesian rationalists. Each has identified elements in what I have called the third way of construing institutional possibilities.

Unintended consequences

Hayek's thoughts on institutions can be traced to his famous polemic in the great debate of the 1930s and 40s over planning and freedom, and they were very much shaped by his *laissez-faire* commitments.[6] After years of additional reading and reflection, he articulated those thoughts with exceptional cogency.

The belief in the superiority of deliberate design and planning over the spontaneous forces of society enters European thought through the rationalist constructivism of Descartes. But it has its sources in a much older erroneous dichotomy which derives from the ancient Greeks and still forms the greatest obstacle to the proper understanding of the distinct task of both social theory and social policy. This is the misleading division of all phenomena into those which are 'natural' and those which are 'artificial'. Already the sophists of the fifth century BC had struggled with the problem and stated it as the false alternative that institutions and practices must be either due to nature (*physei*) or due to convention (*thesei* or *nomō*); and through Aristotle's adoption of this division it became an integral part of European thought.[7]

Hayek's construction of the 'dichotomy' is itself 'erroneous'. The terms *nature* and *convention* refer to the conditions under which our regular practices acquire the normative force that we routinely ascribe to them. The ancients did *not* uniformly divide all phenomena into these two categories. Depending on which position they adopted, they assigned all *social* phenomena to one category or the other. Natural-ists saw no fundamental difference between nature and society: the one gives rise to the other. Conventionalists saw just such a difference: human action gives rise to convention and thus to society. Starting from a naturalist stance, Aristotle tried to accommodate the conventionalist position, but the effect of his efforts was to codify

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[6] Friedrich A. Hayek, *The Road to Serfdom* (Chicago, IL: University of Chicago Press, 1944).

[7] F. A. Hayek, 'The Results of Human Action but Not of Human Design', in Hayek, *Studies in Philosophy, Politics and Economics* (Chicago, IL: University of Chicago Press, 1967), p. 96; footnote deleted. Also see Hayek, *Law, Legislation and Liberty*, vol. 1: *Rules and Order* (Chicago, IL: University of Chicago Press, 1973), p. 20, where we learn that *nomō* does indeed mean 'by convention' but *thesei* 'means roughly "by deliberate decision"'.

the two positions as alternative ontologies, one identified with Aristotle and the Stoics, the second with the Sophists.[8]

The Aristotelian position holds that nature has a design which people fulfil by doing what comes naturally—by being social. The thrust of this position favours spontaneous development but *not* as an unintended consequence of self-interested conduct. As reasonable beings, people know that nature has designed them to work together for the common good. For the most part, working together works well enough and deliberate planning is necessary only occasionally. When it is necessary, people have nature's design to guide them. There is no opposition between spontaneous development and deliberate design. Instead, they are mutually compatible elements in an ongoing process in which nature follows its purpose and fulfils its potential.

Hayek argued that the terms *nature* and *convention* have resulted in much confusion. Indeed, his story requires the terms *nature* and *convention* to have been a source of confusion until he came along to set the record straight. Yet people were never confused by these terms, and everyone preferred one position to the other: social institutions follow nature's design, or they stand apart from nature. Aristotle's enormous prestige in medieval and early modern Europe assured the dominance of the former position. Only gradually did people become indifferent to the ontological issue that these terms so aptly point to, and only then could they wonder whether it was better to design institutions or to let them happen.

To think of institutions apart from nature, we must be able to think of ourselves apart from nature. Only then is it possible to separate our intentions from nature's design. We may intend that our actions result in or conform to a design. We may not. We may recognize design in the actions of others, whatever their intentions. We may not recognize design in the constraints on our actions. None of these possibilities are required, or prevented, by the move to Cartesian rationalism.

Hayek held, to the contrary, that 'the new rationalism of Francis Bacon, Thomas Hobbes and particularly René Descartes contended that all useful human institutions were and ought to be the deliberate creation of conscious reason'.[9] Freed from nature's grip, some early modern thinkers may have been 'naive' about the human capacity to design good institutions, although I doubt that Hayek's trio deserves the epithet.[10] Indeed, Hayek was less interested in them than in the fact that Descartes was French, and thus saw Cartesian rationalism as a French pathology.

From Descartes the new rationalism descended to Rousseau, who 'fired the enthusiasm of the successive revolutions which created modern government on the Continent and guided … the approach to totalitarian democracy in the whole world'.[11] If these connections were not tenuous enough, Hayek could for convenience even drop Rousseau from the sequence, as when he spoke of 'the extreme rationalism of the Descartes-Hegel-Marx school'.[12] Ever the ideologue, Hayek read inevitability, and thus necessity, into the history of ideas by reading Continental

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[8] Nicholas Greenwood Onuf, *The Republican Legacy in International Thought* (Cambridge: Cambridge University Press, 1998), pp. 31–7.
[9] Hayek, 'Results', p. 85.
[10] Ibid.
[11] F. A. Hayek, 'The Legal and Political Philosophy of David Hume', in *Studies*, p. 120. On Descartes' alleged impact on Rousseau, see Hayek, 'Results', p. 105.
[12] Hayek, 'Kinds of Rationalism', p. 95.

history backwards. The practical advantage of blaming a rationalist faith in institutional design on the French was to put 'the British moral philosophers of the eighteenth century' in the most favourable light possible. It is they who 'built up a social theory which made the undesigned results of human action its central object, and in particular provided a comprehensive theory of the spontaneous order of the market'.[13]

The first figure in this development is Bernard Mandeville, who emigrated from Holland to England as a young man and whose *Fable of the Bees* (1714–24) stirred much controversy in its time. An admirer of English institutions, Montesquieu also counts. Most important are the Scottish thinkers, David Hume, Adam Ferguson and Adam Smith. Edmund Burke is less important only because he was not a systematic theorist.[14]

Ferguson provided Hayek with the epigram, 'the result of human action but not of human design'.[15] Smith most clearly identified the individual's self-interested conduct as the mechanism for promoting society's interest. Yet Hayek bestowed his greatest attention on Hume, who did more than any other writer of his time to show exactly how conventions arise without need of promises—or the institution of promising—through which we so often put our intentions to work. 'For even promises themselves … arise from human conventions'.[16] So do language, money, ideas of justice and property.[17]

Hayek paid little notice to Hume's explanation for the vast array of institutions that characterize society. For good reason: Hume made habit, not self-interest, the centrepiece of his social theory. Instead Hayek identified an evolutionary logic in the sort of institutions Hume deemed basic to society. 'In effect, he [Hume] proclaimed a doctrine of the survival of the fittest among human conventions—fittest not in terms of good teeth but in terms of maximum social utility'.[18]

I find no such logic at work. The 'peace and security of human society' depend on the development of three conventions: 'stability of possession', 'transference by consent', 'performance of promises'.[19] Once these 'three fundamental laws of nature' are in place, people will follow their many routines and pursue their interests. Society for its part will develop additional institutions of no particular character. Hume's story gives every society the same start, and then allows each to follow its own path.

While Hume's story speaks to conservative liberals and pre-liberal conservatives alike, Hume was no Darwinist ahead of his time. Hayek's forced interpretation of Hume parallels his refusal to see Hobbes as a theorist of unintended consequences. Hobbes indeed saw the war of all against all as an unintended result of fearful people acting rationally to protect themselves. The state of nature is an institution

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[13] Hayek, 'Results', p. 99.
[14] Hayek, *Law, Legislation and Liberty*, p. 22.
[15] Ibid. Ferguson actually said: 'Nations stumble upon establishments, which are indeed the result of human action, but not the execution of any human design'. Quoted in Hayek, 'Results', p. 96, n. 1.
[16] David Hume, *A Treatise of Human Nature* (Oxford: Clarendon Press, 1978), p. 490.
[17] Ibid., pp. 490–1. See Hayek, 'Philosophy of Hume', p. 111.
[18] Hayek, 'The Legal and Political Philosophy of David Hume', p. 111, quoting Christian Bay, *The Structure of Freedom* (Stanford, CA: Stanford University Press, 1958), p. 33. Also see p. 119 on the 'transmission of ideas from Hume to Darwin'.
[19] Hume, *Treatise*, p. 526. Also see Hayek, 'Philosophy of Hume', p. 113.

that cannot become something else. Hobbes concluded that deliberate action is the only hope. On ideological grounds, Hayek could never admit that Hobbes might have been right about any institution that develops spontaneously.

It was far easier for Hayek to discredit Hobbes for his rationalist manner of exposition, even though Hume proceeded in the same vein. Hobbes started with nature (the very first word in *Leviathan*) and ended up with the commonwealth as an 'Artificiall Man'.[20] Hume started his discussion of justice with 'artifice' and ended up with natural laws.[21] If either analysis contributes to 'the misleading division of all phenomena into those which are "natural" and those which are "artificial"', then both do.[22] Both started with the individual and ended up with society.

Menger

In Hayek's tragic reading of European history, Hume's social theory never found a Continental audience. Even in Britain, Jeremy Bentham and his utilitarian followers 'did not escape the fatal attraction of Rousseau and French rationalism'.[23] Nevertheless, we see traces of Hume in the legal theory of Friedrich Karl von Savigny and the German historicalists. Inspired by their work, Menger finally retrieved 'the conception of a grown order' from the margins of social thought in 1883.[24]

Menger acknowledged that some social phenomena (social institutions, social structures: he, or his translator, used these terms interchangeably) are 'the result of agreement of members of society or of legislation'.[25] Starting with the stated intentions of their creators, their origin is easy to explain. With nowhere to start, the origin of much else that is social is impossible to specify. Nevertheless, it is possible to generalize about origins in relation to a defining characteristic of all such social formations: the degree to which they serve the common good.

Language, religion, law, even the state itself, and, to mention a few economic social phenomena, the phenomena of markets, of competition, of money, and numerous other social structures are already met with in epochs of history where we cannot properly speak of a purposeful activity of the community as such directed at establishing them. Nor can we speak of such activity on the part of rulers. We are confronted here with the appearance of social institutions which to a high degree serve the welfare of society.[26]

For Menger, the task of science is to explain how this general result is possible without slipping into organic metaphors. '[N]ot even the slightest insight into the nature and the laws of the movement of social phenomena can be gained either by allusion to the "organic" or "primeval" character of the processes under discussion, nor even by mere analogies between these and the transformations to be observed in

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[20] Thomas Hobbes, *Leviathan* (Middlesex, UK: Penguin Books, 1968), p. 81.
[21] Hume, *Treatise*, p. 477. Also see p. 491.
[22] Hayek, as quoted above, and cited n. 7.
[23] Hayek, 'Kinds of Rationalism', p. 94.
[24] Hayek, 'Results', pp. 103–4.
[25] Carl Menger, *Problems of Economics and Sociology* (Urbana, IL: University of Illinois Press, 1963), p. 146.
[26] Ibid.

natural organisms'.[27] Using money as an example, Menger concluded that this institution, and many others, including law, language and morals, came about 'merely through the impulse of *individual* interests and as a result of the activation of these interests'.[28] This elegant explanation repeats Smith's claim that the aggregate of self-interested conduct advances the interest of society and applies it to the range of institutions that Hume had explained as arising from convention.

Although Menger never defined the term *institution*, he clearly had in mind all those social phenomena that we do tend to think about organically, because we design them to function as if they are organisms. Organizations generally fit this description. He also had in mind 'a large number of phenomena which cannot be viewed as "organically" created "social structures", e.g., market prices, wages, interest rates, etc.'.[29] These, of course, are the observable consequences of individual self-interested choices made in accordance with the rules of established institutions. If such outcomes are observed to be regular, they may, for the usual Humean reasons, become institutions in their own right. If such outcomes are observed to be irregular or otherwise undesirable, they may induce people to adopt new rules.

Menger saw that institutions are continuously subject to undirected development and periodically subject to alteration by design. They are the product of both processes, each fuelling the other. 'The present-day system of money and markets, present-day law, the modern state, etc., offer … examples of institutions which are presented to us as a result of the combined effectiveness of individually and socially teleological powers, or, in other words, of "organic" and "positive" factors'.[30] This general pattern of development is more or less undirected. Nothing prevents Hobbesian consequences or solutions from entering the mix, or dropping from it.

On my reading of Menger, there is no mechanism of natural selection lurking behind institutional change. On Hayek's reading, what was true of Hume must also be true of Menger: spontaneous development depends on natural selection to prevent Hobbesian consequences. Menger quite possibly accepted the social Darwinism so characteristic of his time. Yet I see no evidence that Menger made a place for natural selection in his conceptual scheme, although he could easily have done so.

Whose design?

Writing thirty years before Menger, Francis Lieber had given institutions an especially thorough consideration. A German immigrant, Lieber was the first academic political scientist in the US. His book, *On Civil Liberty and Self-Government*, was much admired in its time.[31] Yet political scientists in the US have long neglected him and the institutional orientation that he pioneered.

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[27] Ibid., p. 150.
[28] Ibid., p. 157. Emphasis in translation.
[29] Ibid., p. 158.
[30] Ibid.
[31] Francis Lieber, *On Civil Liberty and Self-Government* (Philadelphia: J.B. Lippincott, 1853). See Frank Friedel, *Francis Lieber, Nineteenth-Century Liberal* (Gloucester, MA: Peter Smith, 1968), on Lieber's life, work and influence.

Lieber carefully defined the term *institution*, and he followed his definition with an extensive discussion of its use.[32] 'It always forms a prominent element in the idea of an institution, whether the term be taken in the strictest sense or not, that it is a group of laws, usages and operations standing in close relation to one another, and forming an independent whole with a united and distinguishing character of its own'.[33] Even today, it would be difficult to improve on this definition, which makes rules working together 'through human agents' the central feature of any institution.[34]

Institutions are everywhere; they exhibit 'the greatest variety in character and extent'.[35] Conceptually, things are simpler. Some institutions have been 'instituted' or 'enacted'. Others are 'grown institutions'.[36] Many are mixed. 'Most of the institutions which owe their origin to spontaneous growth have become in course of time mixed institutions. Positive legislation has become mingled with self-grown usage, as is the case with the institution of property, the jury, the bill of exchange, the Hindoo castes, money'.[37]

Lieber and Menger had come to the very same conclusion about the actual situation of important institutions, such as property and money: they are inextricably the result of two quite different processes of development that prompt each other. Viewing the process of spontaneous development in Humean terms, Lieber did not remark on the role of self-interest. Nor did he seem to think that grown institutions were more likely to contribute to the common good than institutions designed for this purpose. Instead, he believed that countries varied in the degree to which their institutions flourished—especially their political institutions.

Lieber disliked France, as Hayek would a century later, for its institutional deficiencies and absolutist tendencies.[38] By contrast, institutions prospered in the US. First, it was the beneficiary of institutions that had spontaneously developed in Britain over the centuries. Second, circumstances in the US favoured a local disposition, which de Tocqueville had emphasized, to form public associations for any conceivable purpose.[39]

There is, however, more at stake than institutional density. Deeply concerned over centrifugal tendencies within the US, Lieber felt that 'the tendency of localizing may prevail over the equally necessary principle of union'—'the union of the whole, whatever this whole, or Koinon, as the Greeks styled it, may be'.[40] Constitutions institutionalize the whole even as 'they themselves consist of an aggregate of

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[32] Francis Lieber, *On Civil Liberty and Self-Government*, enlarged edn. in one volume (Philadelphia: J.B. Lippincott, 1859), pp. 304–15.

[33] Ibid., p. 305.

[34] Ibid.

[35] Ibid.

[36] Ibid., p. 307.

[37] Ibid., pp. 307–8.

[38] Friedel, *Francis Lieber*, pp. 263–4. Indeed Hayek approvingly referred to Lieber on this matter. F. A. Hayek, 'The Actonian Revival: On Lord Acton (1834–1902)', in Peter G. Klein (ed.), *The Collected Works of F. A. Hayek*, vol. 4 (Chicago, IL: University of Chicago Press, 1992), p. 216.

[39] Alexis de Tocqueville, *Democracy in America*, vol. 2 (New York: Vintage, 1960), pp. 114–28. Conversations that de Tocqueville had with Lieber, who also provided him with materials, contributed to the development of de Tocqueville's views. In turn, Lieber was 'fired by de Tocqueville's interest in American institutions'. Friedel, *Francis Lieber*, pp. 89–91, 97–9, quoting p. 91.

[40] See Lieber, *Civil Liberty*, pp. 343–6, for this and the remaining quotations in this paragraph.

institutions'. In the case of the US, its 'enacted' Constitution 'consists of a distinct number of clearly devised and limited, as well as life-possessing institutions'. In Britain's case, the absence of regional divisions (at least in Lieber's day) well suited the country as a whole to a constitution that had developed spontaneously and remained informal.

Lieber's concern with the institutional whole and its higher purpose is characteristic of political thought in the US. So is his understanding of the whole as an Aristotelian *koinonia*, or association of parts which are themselves associations whose purposes fit within the whole's. The inspiration for this point of view is the federal union itself; its institutions frame a whole world of institutional possibilities.[41] Large social purposes, such as the protection of liberty and self-rule, dictate the general character of these institutions. If necessary, people of reason are capable of coming together to (re)design them, but this is a momentous responsibility and not often necessary. Furthermore, overarching institutions and their purposes always make their presence felt through the activities of particular institutions. The latter's purposes must be consistent with the former's, and this condition limits the possible range of specific institutional features. In these circumstances, 'on purpose' design is often warranted, sometimes mandated, but always with the requirements of the whole or, in an earlier version of this position, with nature's design in mind.

As I read Lieber, people are ultimately responsible for carrying out nature's design as they understand it, and they cannot count on nature to do the job for them. Natural selection has no place in his conceptual scheme. Nor is social Darwinism an ideology that Lieber can have favoured. Very much of his times, Lieber was a Romantic nationalist given to exceptionalist claims on behalf of his adopted country. Yet 'manifest destiny' is no more required by his scheme than social Darwinism is by Menger's.

Lieber and Menger told how institutions come about, but not why they necessarily matter. Their conceptual schemes permit, but do not require, the extravagantly ideological stories so much a feature of their times. Such stories are theories—bad theories. They are bad in the largely methodological sense that I think Keohane had in mind when he called for a better theory. From the point of view of contemporary cosmopolitan liberals, they are even worse normatively. To conflate these stories with the conceptual schemes that Lieber and Menger developed, as Hayek does with Menger's, can only prompt us to dismiss their contributions by associating them with discreditable ideologies.

Liberal institutionalism in international relations

The story that liberal institutionalists told about international relations, from Lieber's time until Hayek's, featured spontaneous institutional development, chiefly in the form of customary international law, the movement to freer trade and the emergence of international finance. Yet this story also featured calculated

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[41] See further Peter Onuf and Nicholas Onuf, *Federal Union, Modern World: The Law of Nations in an Age of Revolutions, 1776–1814* (Madison, WI: Madison House, 1993), Part I.

institutional development, reflected in the codification of international law, the turn to arbitration, and a series of multilateral conferences to settle a variety of European political issues. Functionally specialized organizations proliferated. Culminating in the Hague Peace Conferences of 1899 and 1907, the combination of these many and diverse developments reinforced progressive sentiments among liberals, not to mention a strong sense of civilizational superiority in dealings with the rest of the world.

In this smugly-told tale, rationalist undertakings added to the evidence of success in Darwinist terms. General war and depression shocked liberals out of their complacency. The balance between spontaneous development and conscious design shifted in the latter's favour, with the United Nations and the Bretton Woods system a conspicuous result. Responding to circumstances, the liberal internationalist story lost its coherence. Just as some liberals anxiously affirmed their faith in design, others gave voice to their Darwinist or conservative inclinations with no less anxious charges of utopianism.

Even the story of functionally limited organizations took a subversive edge. As an unintended consequence of their success in dividing tasks for efficient performance, these organizations would gradually replace the liberal world of states—a consequence those telling the story very much intended. The disintegration of the liberal institutionalist story coincided with the institutionalization of IR as a field of study. Indeed, we might say that the field institutionalized itself around that story's incompatible tellings. Keohane's call for a better theory is, among other things, a plea for a new story.

Waltz vs. Wight and Bull

Any assessment of the way that liberal scholars in IR today understand institutions must also take realists into account. They are the ones whom I just described as Darwinist and conservative by inclination. Their world consists of independent, goal-oriented, calculating and highly competitive entities called states. This is, of course, a liberal point of view rigorously applied to states as if they were human individuals. Nevertheless, many realists are resolutely hostile to institutions— irrationally so, one might think, if indeed institutions matter as little as these same scholars allege.

Hayek despised social engineering because history shows that institutions *do* matter. Designed institutions have bad consequences, whether intended or not. Realists despise institutions because they tend to share Hayek's ideological prefer- ences and tell stories much like his. Liberals in an elemental sense, they fear that institutions *might* matter.

With a better understanding of institutions, realists might be less hostile. Here Waltz is a case in point. Menger, Hayek and their followers in economics have had no difficulty thinking of the market as an institution. As we saw, Waltz rejected this view, I believe, because he confused the origin of the market with its current character.

Unintended, the market was initially unobserved—a structure but not an institution. Agents who are affected by such structures are disposed to act on them

as soon as they realize they can, sometimes with the results that they intended, sometimes not. The market has become a complex institution, in some measure designed to work *as if* its results were unintended. As with all such institutions, it has rules, some arising as Humean conventions and some formally enacted. From an observer's point of view, these rules constrain participants so that they behave in ways appropriate to the market. None are more important than the complex of rules that confer access to the market by reference to property which participants are free to buy, use and sell.

The same reasoning applies to anarchy, which, as Waltz defined it, is the dominant structural feature of the international system.[42] While this structure may have had an adventitious origin in the self-interested activities of agents acting on behalf of institutions that we now call states, it did not go unobserved for long. Defining the institution that anarchy has become is a complex of rules making states its members if and when they meet a rather strict set of qualifying criteria. Waltz himself affirmed the operation of this complex of rules by noting that states are functionally similar.[43] Homogeneity is institutionally reproduced. An institution such as this, whose large purpose is to insure the liberty and self-rule of states, is so dominant that all other institutions recede into the background.

For most liberals, the term *anarchy* conjures up a Hobbesian vision of unintended consequences that are deleterious and yet, perversely enough, institutionalized, and therefore self-reproducing, to the point that they seem inescapable. For those who believe that Humean institutions mitigating the Hobbesian condition have gradually emerged, again as the unintended result of agents' self-interested actions, some other term would seem preferable. *International society* is an obvious candidate, given its favoured place in the work of the English School. However favoured, the term escapes clear definition.

According to Wight, the very language historically available to describe European international society 'is necessarily full of qualifications and imprecision'.[44] Wight saw no promise in conceptual clarification, presumably because such an undertaking would depend on concepts illicitly brought in from the sphere of domestic society and thus the state.[45] Instead, he claimed that international society 'can be properly described only in historical and sociological depth'.[46] Historically situated activities call for detailed description.

Once we define international society by specifying its contents, we may subject these contents to generalization. By calling particular sets of activities 'institutions', Wight and Bull did just this. From a sociological point of view, 'institutions' are the mark of society.[47] Property and marriage are institutions consisting of '[r]ecognized

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[42] Waltz, *Theory*, pp. 107–16.
[43] Ibid., pp. 93–7.
[44] M. Wight, 'Western Values in International Relations', in Herbert Butterfield and Wight (eds.), *Diplomatic Investigations: Essays in the Theory of International Politics* (Cambridge, MA: Harvard University Press, 1968), p. 95.
[45] Bull forcefully articulated this concern in his well-known critique of the 'domestic analogy'. See Hedley Bull, 'Society and Anarchy in International Relations', in Butterfield and Wight (eds.), *Diplomatic Investigations*, p. 48, and *The Anarchical Society: A Study of Order in World Politics* (New York: Columbia University Press, 1977), p. 46.
[46] Wight, 'Western Values', p. 96.
[47] '[W]here there are *institutions*, there is society'. Martin Wight, *International Theory: The Three Traditions*, edited by Gabriele Wight and Brian Porter (New York: Holmes & Meier, 1992), p. 140, his emphasis.

and established usages between individuals or groups', and forming 'an enduring, complex, integrated, organized behaviour pattern'.[48] Marking international society is a small number of such general institutions. On Bull's short list, for example, we find 'the balance of power, international law, the diplomatic mechanism, the managerial system of the great powers, and war'.[49]

Evidently, institutions consist of rules, for this is what 'recognized and established usages' would seem to be. In the instance of international society, these rules presuppose that states are, and have, agents. Put into practice, these rules yield the 'behavior pattern' that Wight used to identify institutions for what they are. While Wight failed to mention rules in this context, Bull was not so reticent.

In Bull's estimation, 'rules by themselves are mere intellectual constructs. They play a part in social life only to the extent that they are effective'.[50] Rules work because institutions create the circumstances that allow them to work. It takes institutions to make, communicate, administer, interpret, enforce and legitimize rules. Institutions also protect rules from changes in society and make it possible for rules to change with such changes.[51]

Bull's formulation is ambiguous. Clearly the institutions in question consist of rules. Yet, by his reckoning, institutions exist only to make rules work. Bull adopted this view because he thought that rules have only one function that matters: they make order in society.[52]

Every society pursues 'universal goals' that depend on orderly arrangements. Bull named three such goals:

First, all societies seek to insure that life will be in some measure secure against violence resulting in death or bodily harm. Second, all societies seek to ensure that promises, once made, will be kept, or that agreements, once undertaken, will be carried out. Third, all societies pursue the goal of ensuring that the possession of things will remain stable to some degree, and will not be subject to challenges that are constant and without limit.[53]

Bull claimed in the footnote to this passage that 'there are many sources for this analysis', citing the positivist legal theorist, H. L. A. Hart, who, in turn, had Hobbes and Hume in mind.[54]

It is hardly obvious that every society actually does pursue these goals. This is Hume's story about his own society. So central is this story to Britain as a deeply conservative, liberal society that most members of the English School simply take it for granted. The more important issue for our purposes is *how* a given society will pursue such general goals, when indeed societies consist of diverse agents and institutions with many competing interests. Hobbes and Hume had different answers—contract and convention—yielding the same result: rules. Bull gave no

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[48] Wight, *International Theory*, pp. 140–1, quoting Morris Ginsberg, *Sociology* (London: Thornton Butterworth, 1934), p. 42.
[49] *Anarchical Society*, p. 74. Bull had already, quite pertinently remarked that 'states themselves are the principal institutions of the society of states'. p. 71.
[50] Ibid., p. 55.
[51] Ibid., pp. 56–7.
[52] Ibid., pp. 57–76.
[53] Ibid., pp. 4–5, footnote deleted.
[54] Ibid., p. 321 n. 2. See H. L. A. Hart, *The Concept of Law* (Oxford: Clarendon Press, 1961), pp. 189–95 for an 'empirical version of natural law' and p. 254 for citations to Hobbes and Hume. Bull mentioned Hume in passing.

credence to either alternative, their combination or their common result in the context of international society.[55]

Rules are beside the point for Bull because 'order is not the only value in international politics, nor is it necessarily an overriding one'. The values motivating states in their political relations contribute little or nothing to society as such. On the contrary, agents pursuing them are likely to produce disorder. Thus any 'description of it [international society] as a society at all only conveys part of the truth'.[56] The rest of Bull's truth is the disorderly pursuit of diverse values. If such self-interested pursuits produce deleterious institutions as an incidental effect, these institutions will presumably also endure as long as the societal order manages to survive. In Bull's story about international society, disorder is tantamount to a goal to which that society has adapted itself.

To give some examples of institutions that are ambiguously related to the production of order in international society, we might add spheres of influence, arms races and collective intervention to the list. Why stop there? Short lists of international institutions belie claims of historical grounding, and they betray a narrow set of assumptions about what rules do and what institutions count. Long, open-ended lists would honour the historical record, but they would also make any general pattern or developmental tendency impossible to discern. Not only is a 'better theory' beyond hope. So is any story, even Hume's or Bull's.

Keohane, Young and Ruggie

As an alternative to lists of the institutions that make international society what it is, we might begin, as Lieber did, with the term itself. We could then proceed with conceptual clarification in order to judge the claims made on behalf of any list. Keohane has recently offered just such a clarification. He started with

institutions that can be identified as related complexes of rules and norms, identifiable in space and time. This conception of the scope of my analytic enterprise deliberately omits institutions that are merely categories of activity, as well as general norms that can be attached to any of a number of rule complexes. It allows me to focus on *specific institutions* and *practices*.[57]

It is entirely appropriate for Keohane to put a limit on the scope of any term. Every analytic enterprise depends on such choices. Nevertheless, his decision to eliminate mere 'categories of activity' excludes the institutions that Wight, Bull and their followers focused their attention on, if only because these institutions are general. Indeed institutions such as diplomacy and the balance of power are attached to a large number of 'rule complexes'. Yet they are also rule complexes themselves, 'identifiable in space and time', just as Keohane required. Wight and Bull deserve credit precisely for having made these identifications convincingly.

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[55] Bull tried to cover himself in this respect. 'I believe order in social life can exist in principle without rules', but he never considered how this might be possible. *Anarchical Society*, p. 7.

[56] Ibid., p. 75.

[57] Robert O. Keohane, *International Institutions and State Power: Essays in International Relations Theory* (Boulder, CO: Westview Press, 1989), p. 163, emphasis in original.

General rules complexes are nevertheless specific *if* their general properties can be specified. When Keohane proposed a general property for his specific institutions, it turns out to be the same property Wight and Bull had proposed for theirs: 'Specific institutions can be defined in terms of their rules'.[58] It would be better to say that *all* institutions are defined in terms of their rules. We need more—an additional, general property of the institutions that Keohane would have us restrict our attention to. This Keohane provided by specifying the properties of 'institutional-ized rules'. Such rules need not be formal, although they do need to be durable. They must also 'prescribe behavioral roles for actors, beside constraining activity and shaping expectations'.[59]

Roles are key here. As ensembles of rights (entitlements and powers), roles depend on the sort of rules that must be found in any institution meeting Keohane's definition. Elsewhere I have called rules of this sort commitment-rules to indicate that they function the way that reciprocal promising does.[60] They are central to such institutions as property and marriage.

Commitment-rules do not figure centrally in the general institutions that we find on short lists. In the context of international relations, the most general institution of all is anarchy, which prescribes roles collectively making states into agents. As such, states are largely free to conduct themselves as they (meaning the agents acting on their behalf) see fit. An unintended consequence of their self-interested conduct is the development of general institutions that do not further specify roles.

The general, often informal rules constituting these institutions tell agents what to expect from a particular course of action. Rules of this sort are Humean conven-tions; on functional grounds, I have called them instructions-rules.[61] The rule complexes, or specific institutions, attaching to them are far more likely to be outfitted with rules prescribing roles. For example, the balance of power may be a general, plastic but durable institution whose few rules work as instructions. In the nineteenth century, informal rules emerged to prescribe the roles of balancer and broker. Keohane would likely see these rules as constituting a specific institution attached to the more general one; Bull would have seen them as modifying the general institution.

An institution whose central rules assign roles is an association, *koinonia*, in the sense that Aristotle and, much later, Lieber used the term. At minimum, an association has members; membership is the one role common to all associations. As Aristotle taught, some associations may have people as members, but many others assign this role to associations, or associations of associations. Any such association is higher, greater or more general than the ones composing its membership.

The most general association—for Aristotle, the *polis*—frames lesser associations and grades them by level. Here generality is a property that Wight and Bull had no

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[58] Ibid., p. 165.

[59] Ibid. Also see Robert O. Keohane, 'Multilateralism: An Agenda for Research', *International Journal*, 45:4 (Autumn 1990), p. 732.

[60] Nicholas Greenwood Onuf, *World of Our Making: Rules and Rule in Social Theory and International Relations* (Columbia, SC: University of South Carolina Press, 1989), pp. 78–95; 'Constructivism: A User's Manual,' in Vendulka Kubálková, Nicholas Onuf and Paul Kowert (eds.), *International Relations in a Constructed World* (Armonk, NY: M.E. Sharpe, 1998), pp. 66–9.

[61] Ibid. Rules of a third sort, directive-rules, constitute organizations, defined as such by the chain of command, or offices, that such rules put in place. Anarchy permits no such general rules, but, by design, organizations are a familiar, specific institutional feature of international relations.

reason to concern themselves with. Instead British thinking makes institutions autonomous by virtue of their Humean origins. Although Keohane limited his attention specifically to associations, his decision to focus on specific ones prevented him from thinking about them in grades of generality or, in the conventional shorthand, levels.

Keohane has had good company in wanting to restrict institutions to those sets of rules in which roles figure centrally. Consider Young's definition. 'Institutions are social practices consisting of easily recognized roles coupled with clusters of rules or conventions governing relations among the occupants of these roles'.[62] By way of illustration, Young remarked that '[s]tructures of property rights, on this account, are institutions'.[63] Citing Hayek, he noted that 'all institutions are social artefacts created by human beings—consciously or unconsciously'.[64] Young's environmental interests led him to generally Hobbesian conclusions about unintended consequences, and his work addresses problems in designing institutions.

While Keohane sought to extricate institutions from more general patterns of practice, Young saw institutions giving rise to more specific practices informed by their own rules, some of which might in turn become institutions. For Young, institutions are nested. He divided them into 'regimes' and 'orders', the former specific, as Keohane's institutions are, and the latter general in the way that Wight's and Bull's institutions are. He defended the division of institutions into two sorts on practical grounds while conceding its imprecision.[65]

Young's institutions are associations. Although they are nested, this property seems to be unrelated to their membership rules. Missing from Young's discussion is any sense that associations are graded by generality. For Young, associations all have the same general purpose—'to cope with problems of cooperation that arise as a results of interdependencies among the activities of distinct individuals or social groups'.[66] By contrast, the Aristotelian conception grades associations through membership rules and by purpose. Associations of individuals must have different purposes than associations of associations.

In general, liberal scholars in IR today are reluctant to use the term *purpose*. Prevailing positivist sentiments make the term *function* almost as suspect. Ruggie has been an exception. In his well-known essay on embedded liberalism and international regimes, Ruggie considered '[c]hanges in the structure of social purpose' to explain differences between the liberal orders superintended by Britain before World War I and the US after World War II.[67] According to Ruggie, the *pax Britannica* depended on *laissez-faire* liberalism at the domestic level, itself 'planned', and then imposed on other states participating in the world economy.[68] The inter-war period saw a shift in the role of the state. Previously the guarantor of the self-regulating

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[62] Oran R. Young, *International Cooperation: Building Regimes for Natural Resources and the Environment* (Ithaca, NY: Cornell University Press, 1989), p. 32. See Young, *International Governance: Protecting the Environment in a Stateless Society* (Ithaca, NY: Cornell University Press, 1994), for a slightly altered version of this definition.

[63] Young, *International Governance*, p. 3.

[64] Ibid., footnote deleted.

[65] Young, *International Cooperation*, pp. 13–14.

[66] Young, *International Governance*, p. 3, footnote deleted.

[67] John Gerard Ruggie, 'Embedded Liberalism and the Postwar Economic Regimes', in Ruggie, *Constructing the World Polity* (London: Routledge, 1997), pp. 63–84, quoting p. 69.

[68] Ibid., p. 67, quoting Polanyi, *Great Transformation*, p. 141.

market, it had become responsible for social welfare and economic stability at the market's expense. Social purpose had changed. The post-war *pax Americana* saw liberalism 'predicated upon domestic interventionism' instituted multilaterally.[69]

Like Young, Ruggie discriminated between *regimes*, such as for trade or money, and *orders*. Never defined, the latter term seems to refer to a number of regimes related by purpose. Some regimes may have had a spontaneous origin in Humean conventions—Ruggie had no reason to address this question—and they change in response to changes in power and purpose.[70] Orders are different. States' leaders make them to accord with their visions of the world. Different visions imply different forms.

In later work, Ruggie returned to issues of institutional form. Following Keohane, he defined *institutions* as 'persistent and connected sets of rules, formal and informal, that prescribe behavioural roles, constrain activity and shape expectations'.[71] Then he identified 'three institutional domains of interstate relations: international orders, international regimes, and international organizations. Each type can be, but need not be multilateral in form'.[72] Two other forms are available: bilateral and unilateral.[73]

Multilateralism is more than a matter of numbers. It has a 'qualitative dimension' that distinguishes it from other forms.[74] Using any institution whose purpose is collective security as an illustration, Ruggie claimed that multilateral institutions depend on 'generalized principles of conduct'. These principles 'specify appropriate conduct for a class of actions, without regard to the particularistic interests of the parties or the strategic exigencies that may exist in any specific occurrence'.[75]

Some well-known, generalized principles of conduct are excluded by this definition. Sovereignty and its corollary, non-intervention, are said to be general principles undergirding Waltzian anarchy as a spontaneous institutional development. Yet Ruggie would not call this institution multilateral because these principles invite self-interested conduct on the presumption that the unintended consequences are either tolerable or subject to institutional remedy.

According to Ruggie, any multilateral institution must depend on principles reflecting common social purpose. Ruggie had earlier treated orders as necessarily planned, whether unilateral (*pax Britannica*) or multilateral (*pax Americana*). On further consideration, he concluded that an order of the latter sort need not be planned, because his definition of *multilateralism* 'says nothing about *how* that order is achieved'.[76] If indeed an order arose spontaneously yet reflected common social purpose, it seems reasonable to surmise that such an order reflects what used to be called nature's design, which people are capable of recognizing when they step back from their particularistic concerns.

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[69] 'Embedded Liberalism', pp. 69–73, quoting p. 73.
[70] Ibid., pp. 79–81.
[71] John Gerard Ruggie, 'Multilateralism at Century's End', in Ruggie, *Constructing the World Polity*, p. 109, quoting Keohane, 'Multilateralism', p. 732.
[72] Ruggie, 'Multilateralism', p. 110.
[73] Ibid., p. 109.
[74] Ibid. pp. 105–6; Ruggie's emphasis. As Ruggie pointed out, p. 105, Keohane defined the term *multilateral* merely quantitatively. 'Multilateralism', p. 731.
[75] Ruggie, 'Multilateralism', p. 109.
[76] Ibid., p. 111.

If people thought that a multilateral order that had developed spontaneously did not accord with nature's design, presumably they would deliberately design and constitute a new order for themselves, or they would design regimes and organizations to correct an order's deficiencies. For Ruggie, a *regime* 'refers to a functional or sectoral component of an order', and it is 'more concrete than an order'.[77] Not said, but strongly implied, is a central place for rules prescribing roles. A regime is an association of associations and organizations. Each part, or level, has its own purpose and all of them are linked by common purpose and constitute a whole. As wholes, regimes are linked, as parts, by higher purpose—more general principles—in an order, which constitutes a greater whole.

Conclusion

Ruggie started with a strong preference for design. He built his position almost entirely with conceptual materials provided by his liberal contemporaries in the US. He ended up with a scheme whose foundations are plainly Aristotelian and, as such, potentially subject to criticism from positivists. Turning to constructivism, Ruggie abandoned the language of 'social purpose', with all its teleological resonances. In its place is 'collective intentionality'.[78]

Ruggie borrowed this term from John Searle.[79] I think that he made a mistake to do so. According to Searle, beliefs, desires and intentions are all 'intentional states', which people share and from which they derive their individual beliefs, desires and intentions.[80] Collective intentionality yields social facts. Although Searle called 'institutional facts' a 'special subclass of social facts', the distinction melts away in subsequent discussion.[81] Searle's story turns out to be Hume's story: when people do what they do, they produce institutions within which they proceed to do what they do.

It is hard to imagine any social scientist, even the most ardent methodological individualists among us, arguing with Searle's general claim that social facts *are* facts. Yet *this* fact tells us nothing about intentions as such, much less about their collective form or other properties. From a constructivist perspective, we can only agree with Ruggie that collective intentionality gives social facts their meaning and supplies them with normative force.[82] This is, however, a minimalist, Humean conception of what human beings can do for themselves. Lost is any sense that people are capable of thinking about themselves and their relations as a whole,

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[77] Ibid.

[78] Ruggie, *Constructing the World Polity*, pp. 20–1. This constructivism is not to be confused with 'the rationalist constructivism of Descartes' that Hayek heaped such scorn upon. See the quotation on p. 4.

[79] John R. Searle, *The Construction of Social Reality* (New York: Free Press, 1995), pp. 23–6.

[80] Ibid., pp. 23, 25.

[81] Ibid., p. 26. Searle defined an institution as a product of 'constitutive rules' (pp. 27–30), leaving us to surmise that social facts are social by virtue of the operation of 'regulative rules'. Searle (and Ruggie, *Constituting the World Polity*, pp. 22–5) notwithstanding, the distinction between constitutive and regulative rules is untenable. See Onuf, *World of Our Making*, pp. 50–52. Since all rules are simultaneously constitutive and regulative, it should come as no surprise that social facts are indistinguishable from institutional facts in practice.

[82] Ruggie, *Constructing the World Polity*, pp. 20–1.

formulating their ideas by reference to common purpose, and joining together, level by level, to put some order in their affairs.

Ruggie need not have stopped with Searle. Social construction, or constitution, is a pervasive process producing, and taking place within, constitution as a condition. As Lieber taught, institutional abundance produces a constitution understood as an ensemble of general rules framing the social whole in relation to its parts. Some constitutions are designed of a piece. Other are not. Nevertheless, agents will always see purpose in any such ensemble of rules and treat them as matters of design.

Few scholars have thought much about the constitution of international society.[83] I should also note that Christian Reus-Smit's *The Moral Purpose of the State: Culture, Social Identity, and Institutional Rationality in International Relations* (Princeton, NJ: Princeton University Press, 1999), appeared after this article was submitted, revised and accepted for publication. His 'final word on Aristotle' (p. 170) suggests some points of agreement between us. If pressed, most realists would argue that sovereignty is the only rule that matters for the constitution of anarchy. They tell a version of Hayek's story about freedom and, by implication, the perils of planning.[84] For most liberals, other rules join sovereignty in the constitution of international society. These rules are the product of arduous political interaction. This is design the hard way. Their purpose collectively is the common good, for the whole and its parts.

If liberal scholars in IR are to have a better theory of institutions, then it must take common purpose into account. This means accounting for organizations as institutions designed for specific purposes, whatever their unintended effects. It also means accounting for the constitution of international society. Here again, design matters. Because it always matters to people as a whole, and not just to liberal scholars in particular, it necessarily matters to states.

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[83] There are exceptions. Among constructivists: Christian Reus-Smit, 'The Constitutional Structure of International Society and the Nature of Fundamental Institutions', *International Organization*, 51:4 (Autumn 1997), pp. 555–89; Onuf, *Republican Legacy*, pp. 163–90. Among observers of the European Union: Alec Stone, 'What Is a Supranational Constitution? An Essay in International Relations Theory', *Review of Politics* 56:3 (1994), pp. 441–74; Joseph Weiler, *The Constitution of Europe: 'Do the New Clothes Have an Emperor?' and Other Essays on European Integration* (Cambridge: Cambridge University Press, 1998). Finally a soft realist: G. John Ikenberry, 'Constitutional Politics in International Relations', *European Journal of International Relations,* 4:2 (June 1998), pp. 149–77.

[84] In this light, we should view Hans J. Morgenthau's *Scientific Man v. Power Politics* (Chicago, IL: University of Chicago Press, 1946) a polemic, along with Hayek's *The Road to Serfdom*, in the great debate, then coming to an end, over freedom and planning.