Non-State Actors in the International System of States

Bob Reinalda

This volume recognizes three types of non-state actor: non-governmental organizations (NGOs), intergovernmental organizations (IGOs) and transnational corporations (TNCs), which all play roles alongside nation-states (represented by governments) and which are interrelated in matters of international regulation and coordination. Although IGOs are created and controlled by states, their role and status have developed beyond that of being their ‘agents’. Having an agency of its own may result from the activities and authority of the IGO’s secretariat and the roles within the organization played by representatives of NGOs and private business as well as experts. After an overview of this volume, the remainder of this chapter puts the three types of non-state actor in a long-term time perspective by tracing their origin, evolution and interplay as parts of what international relations scholars call the international system of states. It looks upon the territorial state as a historical process, in which non-state actors have achieved their place as well, even if nation-states remain internationally dominant actors.

This Volume

This volume consists of five parts – introduction and sources; actors other than governments; perceptions and understanding; nature and impact; and separate worlds – with state-of-the-art articles about various aspects of non-state actors in the international system.¹

The first part reveals three useful current sources: the Yearbook of International Organizations, the Palgrave Dictionary of Transnational History and the United Nations (UN) Intellectual History Project. Elizabeth Bloodgood in Chapter 2 raises awareness of the growing areas of quantitative analysis and the various data

¹ Authors in this volume often use the term ‘non-state actors’ for the various types that can be discerned, while some use it in particular for NGOs.
The Ashgate Research Companion to Non-State Actors

sources available, with the *Yearbook* as the most prominent quantitative source on IGOs and NGOs. She also discusses older and recent research based on these sources. Chapter 3 by Thomas Davies provides an introduction to the emerging discipline of transnational history with reference to the *Palgrave Dictionary*, which contains entries on transnational actors, processes and ideas. As illustration he uses the example of the historical study of peace activism. Chapter 4 by Francis Baert gives a critical assessment of the UN Intellectual History Project, which studied how ideas spread across time and space in 15 monographs, in order to get a better understanding of the role of the UN as both an object and a subject of the diffusion of ideas such as ‘global solidarity’, ‘environmental sustainability’ and ‘human development’.

The second part examines some actors other than governments. Chapter 5 by John Madeley and Jeffrey Haynes discusses various Christian and Islamic religious actors. These are an international NGO (the World Council of Churches), an IGO (the Organization of the Islamic Conference), a church that claims universal authority and is located in a city state which participates in international forums (the Roman Catholic Church in Vatican City) and a loose network of groups of militants who reject the values, norms and rules of the existing international order and that is commonly referred to as a terrorist organization (al-Qaeda). Chapter 6 by Karsten Ronit goes into the regulation of TNCs at international level and the ways in which TNCs influence intergovernmental policy making, often with business interest associations as their key vehicles rather than as single TNCs. These business associations are NGOs, despite the fact that they represent profit-driven actors. In Chapter 7 Angela Wigger focuses on the specific role of legal and economic experts in the field of competition policy, linking the role of experts to the structure-agency debate in international relations theory from a neo-Gramscian perspective. In Chapter 8 Andrés Malamud and Stelios Stavridis analyse the international roles of parliamentarians, such as parliamentary diplomacy (mainly focused on conflict prevention and peace building) and the empowerment of representative bodies of regional IGOs, in which governments meet a different type of actor who contributes to the functioning and legitimacy of these regional organizations. Chapter 9 by Martijn Groenleer examines the emergence of European Union (EU) agencies which are not established by an agreement among member states (generally referred to by the *Yearbook of International Organizations* as emanations, a relatively large but barely studied category of international organizations), but which manage their own affairs to various extents and play a key role in linking different levels of, in this case, regional governance.

The third part discusses various perceptions and understandings of non-state actors. A first group of chapters includes perceptions in liberal political philosophy, international law and international relations theory. In Chapter 10 Geoff Gordon and Roland Pierik provide an overview of liberal theories of political philosophy, with the work of philosophers such as John Locke, Immanuel Kant, Jürgen Habermas and John Rawls underscoring the enduring role of private actors in the national and international public spheres. In Chapter 11 Anna-Karin Lindblom focuses on the status of NGOs in international law (definition, rights, obligations,
roles before international courts and tribunals), but she also touches on rules, cases and practices concerning the individual, TNCs and IGOs in international relations. The development of the role and status of IGOs in international law illustrates how international law has adapted to actors other than states (the only actors enjoying the full range of rights and obligations under international law) and gradually has begun to embrace them. In Chapter 12 Joel Oestreich places the study of IGOs in the wider context of international relations theory, by asking why and how IGOs ‘matter’ in world politics. He maps the general inattentiveness to IGOs and carefully investigates the main paradigms: IGOs exist in realism but lack any moral agency; IGOs facilitate cooperation between states in liberal theories but still remain expressions of state interests; and the actions of an IGO’s staff are taken seriously by constructivism, which allows IGOs more agency than realism and liberalism do because IGOs also shape state identities and their logic of action. Chapter 13 by Rafael Biermann introduces an emerging research programme, which studies the structure and processes of inter-organizational relations (IORs), i.e. the interaction between governmental organizations, IGOs, NGOs and public-private partnerships.

A second group of chapters in this third part on perceptions and understandings deals with concepts and limitations. In Chapter 14 Norbert Götz discusses the buzzwords ‘civil society’ and ‘NGO’, which represent the core of what is commonly associated with non-state actors, as ‘far from unproblematic concepts’. He illustrates this by going into their conceptual history and their actual development during the last 200 years and by reviewing the research literature. In Chapter 15 Martin Koch discusses the meaning and theoretical approaches of ‘global governance’, a rather vague term that meets the absence of a highest authority in the international system of states (‘world government’) and the simultaneous awareness that an increasing number of global problems in many policy areas requires cooperation between different state and non-state actors. He describes the interwoven roles IGOs, NGOs and what he calls ‘expertise organizations’ (holding special knowledge) play and raises the question of the legitimacy of this global governance. In Chapter 16 Dennis Dijkzeul and William DeMars examine the limitations of IGOs and NGOs from the perspectives of international relations theory and management studies. They focus on recent realist, liberal and constructivist accounts of these limitations which promise to transcend the general inattentiveness to international organizations of much of the earlier literature.

A first group of chapters in the fourth part on ‘nature and impact’ focuses on processes within, or related to, international bureaucracies. Chapter 17 by Brian Hocking analyses the emergence of a ‘multistakeholder’ diplomacy, with diplomacy being redefined through the emergence of more complex patterns in which states, IGOs and a broad range of non-state actors (business, NGOs, celebrities) interact within the context of evolving rules and norms of behaviour. He shows how the structures and processes of state-based diplomacy are adapting to change and shifting from hierarchical to network principles. Chapter 18 by Yves Schmeil describes IGOs as cognitive, integrative and innovative organizations when put under stress. To illustrate their dynamism and resilience in a world of
persisting state power and rising non-state actors he first discusses the constraints affecting them as bureaucracies in a changing environment and then weighs their assets, abilities and relative endowments against the challenges they face. In Chapter 19 Steffen Bauer and Silke Weinlich describe the main characteristics of international bureaucracies and define them as non-state actors. They review the key theoretical approaches to how to study these bureaucracies, i.e. principal–agent approaches and sociological institutionalism, and provide empirical illustrations in the fields of international environmental governance and security. In Chapter 20 Sabine Saurugger notices a replacement in the EU since the early 2000s of the terms ‘interest groups’ and ‘NGOs’ by the term ‘organized civil society’. While research on interest group participation in the decision-making processes of the EU and its predecessors treated the question of democracy only implicitly, she makes the role of EU citizen participation explicit and reviews existing literature dealing with the potential contribution of interest groups and NGOs to improve the EU’s democratic character.

A second group of chapters in the fourth part on ‘nature and impact’ deals with the phases of agenda setting, deliberation and decision making within NGOs and IGOs. In Chapter 21 Liesbet Heyse opens the black box of NGO decision making by presenting three types of decision-making process (consequential, appropriate and garbage can) and three levels of explanation (individual, intra-organizational and environmental). While most research on NGO decision making has dealt with the first and third levels, her chapter focuses on the intra-organizational level and links the analysis to current discussions about NGO performance and accountability. Chapter 22 by Jutta Joachim takes a closer look at the ways in which NGOs influence the various phases of the policy cycle in the UN (agenda setting, deliberation, decision making and renewed deliberation after receiving the results of monitoring procedures), as well as the ways in which IGOs have an impact on NGOs. Chapter 23 by Yves Beigbeder reviews how member states have perceived the effectiveness of the UN and how the many reform proposals between 1969 and 2007 have added to deliberation and decisions, but have not produced substantial change that is satisfactory to all parties. This debate is unfinished and topical, given the changes taking place in the power relations between various groups of member states.

A third group of chapters in this fourth part on ‘nature and impact’ deals with implementation, accountability and dispute settlement. Chapter 24 by Thomas Conzelmann looks at reporting and peer reviews among states as specific monitoring tools in the implementation of global accords. Despite limitations these tools have become a significant aspect of global governance, in which international bureaucracies and NGOs play roles as well, as is illustrated by the procedures of the World Trade Organization (WTO), the African Union and the Organization for Economic Cooperation and Development. Chapter 25 by Steve Charnovitz explores the concept of accountability of IGOs and NGOs (he offers a unified theory for both) by raising questions such as ‘why accountable?’, ‘to whom?’ and ‘what are the differences between the two kinds of organization?’. He examines how accountability can be measured and discusses the concept of an accountability gap,
explaining that organizations that exercise power need more accountability than those that do not. He provides a list of best practices for accountability, discerning between internal accountability mechanisms (to its own governance structure) and external mechanisms (to stakeholders in its environment). Chapter 26 by Eric De Brabandere deals with the increase in legal dispute settlement mechanisms based on international law and the expanding involvement of individuals and corporations in dispute settlement in the areas of human rights and foreign direct investment. As most international legal disputes are still settled through diplomatic rather than legal means, the claim made by international relations theory that the proliferation of dispute settlement mechanisms has resulted in the judicialization of international dispute settlement seems an overestimation, except in the case of international economic and international investment law.

The fifth part then analyses various ‘separate worlds’, in which states and non-state actors have their own patterns of cooperation and disagreement. A first group of chapters discusses the worlds of humanitarian aid, human rights and global security. Chapter 27 by Wolf-Dieter Eberwein explains how the humanitarian system is embedded in an international legal framework which almost all states have subscribed to, with governments and IGOs defining the politics of humanitarian aid and NGOs delivering most of the emergency relief. The chapter reviews the tensions between theory and practice as well as the profound changes that have occurred since the end of the Cold War. Chapter 28 by Anja Mihr explores the developments NGOs have experienced in the human rights world, in which IGOs such as the UN and EU have incorporated and included NGOs in their daily work. She analyses how during the first post-Cold War decade and as an effect of the 11 September 2001 events (9/11) human rights NGOs have moved from being critical watchdogs and advocates to being private partners for governments and IGOs as operational and functional actors. Carolyn Stephenson, who in Chapter 29 discusses the evolution of international security concepts in the UN and regional security systems, shows another trend by analysing how during the post-Cold War era NGO activities related to the UN, despite a restriction on consultative status to economic and social affairs, have widened the areas of focus to include security, often through reframing security issues as human rights issues.

A second group of chapters discusses the North–South divide. Chapter 30 by Moushumi Basu analyses the development aid world as seen from the South, with aid given by non-state actors far exceeding that given by states. However, the fact that IGOs and NGOs are the sources does not mean that aid provided by them is less susceptible to (Northern) national interests. Diana Mitlin in Chapter 31 illuminates the changing approaches and experiences of NGOs working to address the needs and interests of the urban poor over the last 30 years. Building on ideas about civil society from Antonio Gramsci and Manuel Castells, she recognizes three approaches used by NGOs (radical, professional and aligned). The main trends she found are towards greater engagement with a range of stakeholders and working with diverse strategies, with an increasing engagement with the state as a driving force for these changes.
A final group of chapters in the part on separate worlds deals with health, trade and the environment. Peter Hough in Chapter 32 examines the growth and evolution since the mid nineteenth century of IGOs, NGOs and TNCs concerned with global health issues. The World Health Organization remains at the centre of the global health world, as it has developed an independent and global perspective through its epistemic community of experts and serving doctors. Chapter 33 by Dirk De Bièvre and Marcel Hanegraaff discusses the relationship between NGOs and the international trade regime. They found a striking stability in the presence of organized business at WTO Ministerial Conferences and a great fluctuation in coming and going NGOs. Despite environmental issues figuring more prominently on the negotiation agenda, the participation of environmental NGOs has steadily declined over time, while development NGOs have consistently attended meetings in ever growing numbers, even though the importance of development issues on the agenda has declined. Chapter 34 by Lars Gulbrandsen, Steinar Andresen and Jon Birgir Skjaerseth argues that the role of NGOs in environmental governance is strongly related to the authority and competence of states. Their three models of rule making (multinational, supranational and transnational) are illustrated by three cases (whaling, emission trading systems and social and environmental certification), which show a declining role for states and an increasing one for NGOs when moving from multinational to supranational and transnational rule making.

The remainder of this chapter discusses the three types of non-state actor as parts of the development of the nation-state.

**The Westphalian State in Historical Perspective**

From ancient times until the Middle Ages (from around 3500 BC to 1500 AD) various international systems existed around civilizations such as those in China, Egypt or Mesopotamia. The demise of the Roman Empire resulted in Europe in various ‘successor states’ which managed to exist as a patchwork of surviving empires and weak ‘states’ with overlapping and competing authorities (Buzan and Little 2000: 243-5), but also in innovations. The rise of the North Italian city-states in the fifteenth century contributed to modern diplomacy by establishing permanent consular posts, with permanent diplomacy as a European characteristic by the end of the seventeenth century. The Hanseatic League (1265-1669) of Northern European harbour cities was defensive (against common enemies, particularly pirates) as well as cooperative in order to overcome trade barriers. It can be considered a historical prototype of international organization, albeit an isolated phenomenon in its time. International relations scholars assume that since the end of the Middle Ages, and especially since 1648, one comprehensive international system of states has existed, which is global in extent and in which military-political and economic interaction occupy the same geographical space (Buzan and Little 2000: 241).
What is called ‘modern state building’ started with the Italian Wars of 1494-1518. The decline of the Holy Roman, or German Empire, impeded the functioning of feudal states and free cities. The end of the Thirty and Eighty Years’ Wars in 1648 resulted in an international treaty which put into words the foundations for modern states. The two peaces of Westphalia were concluded in the cities of Osnabrück and Münster respectively. During the negotiations general principles were phrased with regard to territorial states and the relations between them. Close reading shows these principles in Articles 64, 65 and 67 of the agreed treaty of Westphalia. Article 64 discusses territoriality, the right of a state to choose its own religion and the right of non-intervention by other states. Article 65 elaborates sovereign authority with regard to foreign policy, while Article 67 states the right of a sovereign state to determine its domestic politics without foreign interference. This ‘external’ and ‘internal’ sovereignty has remained the main characteristic of the Westphalian, or territorial, state (Van Kersbergen et al. 1999: 77-8).

When these principles were gradually transformed into actual states and government (a declared principle is not yet a reality), authorities began to define exact territorial borders and within those borders they started to centralize authority in a national government. This process of state building with borders and capitals has taken centuries and was accompanied by a large number of wars between, and within, states. Initially it remained restricted to Europe and Northern America but later, in particular in the twentieth century, it also developed elsewhere. The prominence of the sovereign state in international relations assumes a rather static and ahistorical entity.

The Ideal of a Democratic State

However, sovereignty, centralization of authority and warfare were not the only characteristics of modern state building, given the rise and declaration of new ideas about popular sovereignty and human rights during the War of American Independence (1776) and the French Revolution (1789). The foundation of the ideal type of democratic state was laid during the Enlightenment. In this culturally historic time period of roughly the eighteenth century philosophy and science flourished. Ideas about mutual equality and individual freedoms gained weight. Unreasonable traditions such as the persecution of witches or the torture of prisoners were attacked and tolerance in matters of religion emerged. Ideas about the emancipation of Jews, slaves and women were part of this line of reasoning.

With regard to the state and politics, citizens were considered capable of cooperating and improving socially, notwithstanding their ability to cause conflict. Their malicious behaviour was not the result of their character as human beings, but of the social institutions that promoted conflict behaviour rather than harmony. Liberal philosophers rejected the fairly undemocratic plea by Thomas Hobbes in his *Leviathan* (1651) to bring an end to the anarchic situation in the ‘state of nature’ between men and between states by setting up a sovereign power (Leviathan) to
command and protect both. They concurred rather with political theorist Jean Bodin, who had argued in his *Six Books on the State* (1576) that even a sovereign is subject to certain rules *vis-à-vis* citizens and other sovereigns. The seventeenth-century political philosopher John Locke in his *Two Treatises of Civil Government* (1690) had defended a ‘limited government’ based on consent by, and an active role for, its citizens. The creation of ‘democratic institutions’ would allow citizens to accept the curtailment of their various rights and provide them with procedures to, if necessary, correct their government. The model for legitimate government was found in the idea of a ‘social contract’, which regards sovereignty as the result of a contract between the members of a society. This implies that citizens accept the sovereign power, but are also guaranteed certain inalienable rights and liberties (see also Chapter 10 by Gordon and Pierik in this volume). Jean-Jacques Rousseau developed this idea more fully in his *Du Contrat Social* (1762).

The idea of ‘popular sovereignty’ followed from these lines of argument on democracy and social contract. In essence it regards the will and consent of the people as the source of all political power and of a state’s legitimacy. The foundation of the United States in 1776 made this idea explicit, given the first words of its Constitution of 1787: ‘We the People of the United States … do ordain and establish the Constitution of the United States of America.’ The Declaration of Independence of 4 July 1776 had already stressed that ‘all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed’. And furthermore: ‘that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles, and organizing its power in such form, as to them shall seem most likely to effect their safety and happiness’.

In 1791 the idea of freedom was developed further in the first ten amendments to the American Constitution, known as the Bill of Rights. These limit the powers of the federal government and protect the rights of the citizens. The same also happened in France. The Declaration of the Rights of Man and the Citizen, issued during the French Revolution, became part of the French Constitution of 1791. It recognizes the individual’s freedoms, such as those of speech, of the press and of religion. It regards the people as sovereign and citizens as equal according to their ability rather than through being born into a specific class.

The mere proclamation of these declarations about popular sovereignty and human rights did not yet make them effective. The way to transform the new ideas into political reality was through political struggle by citizens. The emergence of parliamentary institutions and political associations we now call parties as a result of this struggle reflects the change in the relationship between the sovereign and his subjects towards more influence for the citizens. From the nineteenth century onwards, and thanks to the ongoing political struggle by citizens, the rights formulated in the American and French human rights declarations became embedded in the constitutions of other states, with national variations depending on national preferences and power relations. The aim of this political process and
struggle was the guarantee that in modern democracies citizens are protected against abuses by their governments. This enduring political struggle included: 1) the restriction of the monarch’s power through a stronger accountability of the executive to the parliamentary representation of the people, 2) the separation of powers between the legislative, executive and judiciary in a *trias politica* and 3) the acquisition of more power by the people through a gradual extension of the popular vote. The emergence of what we now call NGOs equally is based on this ideal of a democratic state with politically and socially active citizens.

**Transnationally-Active Private Organizations with a Public Purpose**

The phenomenon of non-state actors began with the emergence of private societies or organizations with a public purpose in the late eighteenth century. The creation of issue-oriented NGOs, against slavery or poverty, started with small groups of citizens becoming aware of ethical and social problems. They combined their critical attitude with the assumption that part of the solution was to form societies and associations aiming to deal with these problems. This engagement resulted in group activities, organized by the associations and sometimes by the churches. The actions often included appeals to local or national authorities. The creation of societies, associations or committees in the United Kingdom from the mid-eighteenth century on was related to the emergence of ‘the polite society of gentry and nobility’ and the increased mobility made possible by advances in the design of carriages and improvements in the road system (Seary 1996: 17). The nineteenth century saw the rise of the middle classes and an increase in the number of people with the time, education and resources to take part in such societies and activities.

Because several states had faced similar problems and their citizens had begun corresponding with each other about them, or had established other kinds of transborder contact such as visits, meetings or conferences, private transnational networks emerged, first concerning the abolition of slavery, soon followed by networks concerning peace and women’s rights. Ideas, local and national experience and expertise were passed from citizens in one country to those in another, resulting in the establishment of international issue-oriented societies with member organizations in various countries, now known as international NGOs. One of their characteristics was their international advocacy behaviour. The inclination to address multilateral conferences began with the British movement for the abolition of slavery presenting petitions to the House of Commons, asking it to also address this issue internationally. Given its wide citizen support the British government felt it had to include the issue on the agenda of the Congress of Vienna in 1814. Representatives of the movement also left for Vienna, to explain their views (Reinalda 2009: 40).
The presence of private representatives at Vienna marks the beginning of ongoing transnational activities (setting up transnational advocacy networks and international NGOs) and private international politics (addressing governments, multilateral conferences and IGOs). Between 1815 and 1909 466 international NGOs were established, with numbers rising from 400 in 1920 to 700 in 1939, 1,470 in 1964 and 7,300 in 2005 (or even 13,600, if all internationally-active NGOs are taken into account). Within states voluntary organizations between the private and public spheres – private in form, public in purpose – are denoted by terms such as pluralism, lobbying, keeping political systems open and civil society. Internationally NGOs are regarded part of a two-way system, in which they represent the views of citizens when they put pressure on governments and international bureaucrats at the international level and, the other way around, they are brokers who bring back to their members and constituencies the insights into the reasons why international policies should be supported (Mittrany 1966: 206). NGOs use their power resources (expertise, closeness to target groups, domestic political constituencies, access to the media, finances and alliance building) when exercising influence through access to international institutions, agenda setting, framing, coalition building and monitoring implementation. Peter Willetts (2000a) claims that by now NGOs have obtained some participation rights that go beyond consultation and refers to ‘pluralist global governance’. Although NGOs have added to the qualities and efficacy of official decisions and the legitimacy of IGOs, these institutions in turn have looked after and interfered with these private organizations through their official procedures in order to make them instrumental in their intergovernmental problem solving. Another restriction of this two-way system of private influence is that it depends on the existence of a civil society. States without active citizens barely contribute to, or profit from, the system.

The Westphalian State in a New Phase

Ideas about an ideal state comprised international relations as well. During the formation of the modern state system many individuals, among them Pierre Dubois, William Penn and Abbé de Saint-Pierre, put forward so-called ‘peace plans’. The peace treaty of Utrecht (1713) confirmed the principles of the treaty of Westphalia and inspired the Abbé de Saint-Pierre, who attended the conference, to launch his *Projet pour rendre la paix perpétuelle en Europe*. These plans were important in ‘their broad intellectual contribution of trying to conceive of ways of giving greater structure to a political system comprising numerous autonomous units’ (Jacobson 1979: 30). The plans raised fundamental questions with regard to war and peace, suggested various solutions and different ways of handling problems and outlined many of the major choices. The writings of Jeremy Bentham (*Plan for a Universal and Perpetual Peace*, 1789) and Immanuel Kant (*Perpetual Peace*, 1795) advanced proposals for the creation of international organizations through the designing of structures and the assignment of functions to these structures. These included ideas
about permanent international congresses with delegations, courts of international justice and a role for public opinion to enforce obedience.

The first implementation of such a plan was set in motion by the powers at Vienna. In 1814, by the end of the Napoleonic Wars, four prerequisites for the development of international organization were satisfied in sufficient measure and in proper combination, according to Inis Claude (1966b: 17-18): 1) states functioning as independent political units, 2) a substantial measure of contact between them, 3) an awareness of the problems which arose out of their coexistence and 4) recognition of the need to create institutional devices and systematic methods for regulating their relations with each other. John Ikenberry (2001: 41) added that at historical junctions after major wars, when states are grappling with fundamental questions of order, the by far strongest power (hegemon) may use a strategy of institutional binding. Instead of keeping the option of disengagement open, states then build long-term security, political and economic commitments that are difficult to retract. Binding mechanisms include treaties, interlocking organizations, joint management responsibilities and agreed-upon standards and principles. These raise the ‘costs of exit’ and create ‘voice opportunities’ for smaller states, thereby providing mechanisms to mitigate or resolve conflicts. As the hegemon at the time, the UK recognized that in order to achieve a far-reaching settlement at Vienna it had to be generous during the negotiations and to be lenient with regard to matters that in the long term were less important. It managed to do so by using its financial resources and making concessions.

The great powers in Vienna recognized that the state system as it had developed up to then was no longer adequate and that they had to seek new institutional arrangements for states to ‘pursue their interests and manage their affairs in the altered circumstances of the age of communication and industrialism’ (Claude 1966b: 20). Their decisions set in motion a number of related innovations, inventions and learning processes, shaping the core of what we now call IGOs (Reinalda 2010). Among these were the invention of follow-up conferences (in order to monitor the national implementation of common decisions taken at multilateral conferences), the regulation of diplomatic relations (which enabled the cooperation process), institutional experimentation (resulting in practical and acceptable ways of working and in learning how to make institutions function), the promotion of international public law (based on the fact that multilateral conferences ended with written documents) and the open character of multilateral conferences as promoted by a politically-oriented daily press (eager to report on the search for solutions) and the presence of NGOs. In his inventory of NGO presence in international relations Steve Charnovitz (1997: 212) has shown that governmental officials displayed little embarrassment at participating alongside NGOs in multilateral conferences, where NGOs discovered their capacity for influencing governments with ideas and expertise. If NGOs were not invited to multilateral conferences they would invite themselves and simultaneously air their views through the press.

From the 1860s on these developments in the first half of the nineteenth century were followed by a process of institutionalization, which replaced ad hoc mechanisms with permanent arrangements based on rational-legal authority.
The public international unions, as the ‘early’ IGOs were called, established regular (i.e. annual) general assemblies (rather than calling ad hoc conferences), with permanent secretariats to set the agenda and serve as institutional memories. They voted with a degree of practicality (thus departing from the formal unanimity rules), attracted entrepreneurial types who as public system builders helped to design common public rail, health, relief and other systems, and regulated the access and presence of non-governmental actors. The creation of a court of arbitration facilitated cooperation between states and inspired trust among them to an extent that had never existed before. The number of IGOs rose from 37 in 1909 to 246 in 2005, with the IGOs of the twentieth century, including the League of Nations and the United Nations, building on these prototypes (Reinalda 2009). The secretariats’ staff grew in number and professionalized, often strongly aware of their organization’s mission and its restricted room for manoeuvre in the international system of states.

Private Economic Initiative and the Pluralist State

The transformation since 1815 of the Westphalian state into a territorial state which is also capable of cooperating with other rival states was related to the expansion of modern capitalism and technology. Trade has continuingly been important in ideas about international cooperation. In his *Mare Liberum* (1609) Hugo Grotius already argued that nations have the right to trade with each other and that its denial will cause wars. His plea for the free use of the sea for seafaring trade came up against existing protectionist regulations from states promoting their own interests through restrictions on fisheries or passage. The main economic policy of the European states after the Middle Ages consisted of encouraging exports and discouraging imports, especially through the use of tariffs. Adam Smith in his *Inquiry into the Nature and Causes of the Wealth of Nations* (1776) disagreed with the mercantilist idea that state power depended on wealth and that states should keep their wealth within their borders. Instead he argued that states would profit from trade and exchange under conditions of competition. He favoured international development through a division of labour based on the exchange of goods and strong competition. He attacked antiquated government restrictions because they hampered industrial expansion and created inefficiency and high prices. Pursuing free trade as an international economic principle implied acceptance of new ideas and different political decision making by states. The declaration of the principle of free navigation of international rivers and the establishment of a monitoring IGO by the Congress of Vienna marked the beginnings of this international change. Free trade as a principle and practical policy was promoted by the UK and its continental rival Prussia (which set up the Zollverein), as well as by citizens who organized in so-called Cobden Clubs, after the British free trade advocate Richard Cobden, favouring free trade and peace.
Among the explanatory factors for the successes of the nineteenth-century multilateral conferences and IGOS are the industrial economy and the active role of internationally-oriented entrepreneurs. Because the modern Westphalian state allowed for the functioning of an independent commercial class, entrepreneurs had the freedom to develop and implement their own economic strategies. In his book *The Protestant Ethic and the Spirit of Capitalism* (1904-1905) Max Weber proposed that after the Middle Ages warfare and state building ran parallel with the development of the capitalist world economy. The rise of Protestantism and what Weber termed the ‘spirit of capitalism’ ended the medieval traditionalism, which maintained methods of work according to fixed rules and prescribed quantities. Instead a stimulus to expand economically developed, albeit in combination with personal thriftiness. The state profited from the creation of the legal, political and social space for this commercial and entrepreneurial class, as it had an increased resource base and developed a more complex class structure and a more pluralist distribution of power and interest within the state, separate from the traditional dynastic ruling establishment. This strengthening of state and society in turn gave impetus to free enterprise (Buzan and Little 2000: 252).

Firms began to develop their own legal identity as public limited companies, which gave them permanent existence as regards ownership. This meant that owners had limited liability for their debts and that the shares could be traded on a stock exchange (as public trade). Modern industrial capitalism did not take much notice of national borders and evolved into a worldwide phenomenon, with capitalism and the modern state reinforcing one another and with economic competition between states playing an increasingly important role. Because of this competition governments of states in which industrial capitalism was developing involved themselves in the industrialization process. Generally speaking they did not meddle with the practice of national commercial classes developing their own international strategies. However, governments stayed aloof when they could have promoted these strategies, without necessarily returning to mercantilist policies. ‘They strengthened the structures of the state and imposed reforms designed to remove any remaining obstacles that might impede the release of enterprise, market incentives or scientific and technological learning’ (Cohen and Kennedy 2000: 79).

**State Cooperation Promoting the International Economy**

The creation of international markets (at first the European and American continental markets, later the world market) resulted from both private economic initiative (transnationally-active firms) and state cooperation in order to solve inconveniences and delays in crossing borders, raise the level of (fair) competition and combat new problems such as the stealing of submarine telegraph cables on the high seas (Reinsch 1911: 13). With their regular multilateral conferences and international agreements, the public international unions worked to create the non-coercive part of the international political order that was needed for Europe to
take part in the Industrial Revolution, according to Craig Murphy (1994: 82-106). Around the end of the nineteenth century the unions completed the necessary public works of the European continental market, in particular by fostering industry and managing potential social conflicts, but also by strengthening states and societies. The public works boosting industry included infrastructural work for the benefit of telecommunications, railways, shipping and road traffic, the setting of international industrial standards which allowed for comparison and international cooperation, the creation of a working patent system and the promotion of a trade regime with international statistics, as well as a monetary regime which encouraged investment in industry and trade in industrial goods. For most of these issues multilateral conferences and IGOs had been the vehicles to get things moving. While the creation of a continental market in Europe was a matter for many public international unions, each one for a specific aspect, the establishment of a continental market in the Western hemisphere was the work of one union of American republics, which dealt with all aspects, with a specific role for the United States as the regional hegemon (Reinalda 2009: 131-5). In line with the creation of continental markets, the economic and social activities of the special agencies of the League of Nations and the United Nations, as well as the coordination provided by the UN Economic and Social Council, contributed to the emergence and functioning of the world market during the twentieth century, notwithstanding long-lasting major disagreements on monetary matters, trade and development.

Internationally-active large firms gained their own position in the international system of states and IGOs. The utilization of new techniques and the rationalization of industrial processes meant that larger enterprises could produce more cheaply and so outcompete smaller ones. Firms grew by reinvesting their profits, by taking over other businesses or by merging with each other. All this reinforced the importance of large firms, which also employed a larger part of the working class within states. Some firms became so powerful that they succeeded in achieving monopoly positions. They then controlled the supply side of the market and thus eliminated competition. The hope of gaining greater profits by controlling both prices and markets was supported by the creation of trusts and cartels nationally and internationally. Governments responded with legislation focused on preventing the misuse of economic power by trusts and cartels. The firms themselves reacted in a different way, by establishing international industrial federations in specific sectors which began promoting the self-regulation of competition. They were also motivated to cooperate in new activities, such as the collection and dissemination of reliable statistics and up-to-date information, the development of new methods of production and the protection of industries against periods of depression and the operations of speculators. This resulted in the widespread formation of international business federations of entrepreneurs, federations of national associations and an international chamber of commerce which facilitated international trade and production practically, including in the settlement of disputes through arbitration (see also Chapter 6 by Ronit in this volume). These business NGOs preferred to undertake international regulation themselves, rather than through IGOs, arguing
that the business community is far closer to the markets concerned. This did not stop
them lobbying governments and IGOs, which have been relatively unsuccessful in
regulating TNCs.

The general liberal conditions in which business was supposed to be free from
the political state, while simultaneously states were promoting economic and social
internationalism through IGOs, explains the relaxed relationship between national
identity and the international orientation of entrepreneurs and citizens. With the
process of political centralization that took place in the rising ‘nation-state’ of the
nineteenth century, the idea of ‘national identification’ with the state became stronger.
While establishing its political institutions the national government created and
favoured a common identity through symbols and meanings that young citizens
were shown and taught at school and in the army. Symbols such as flags, hymns,
royal robes, orbs or ceremonies opening the parliamentary year represented the
new national identity. In addition to these governmental symbols so-called lieux de
mémoires began to be cherished as more or less tangible recollections which kept the
memory of events that were considered important for the national identity, such as
battles, disasters or occupations, alive. These were reflected in buildings, statues
and museums and in national myths, stories and history books. This process was
stronger, faster and more intensive in some states than in others. The identification
of citizens with their state and their acceptance of the political power of government
were greatest in states with a representative democracy, in which representatives
elected by citizens take the decisions and control the government.

Because of the identification of citizens with their nation-state the creation of
a national identity implied a strengthening of the Westphalian state, with more
solid ties between state and citizens. However, this stronger national identity did
not hinder and impede those citizens who were undertaking transnational or
international activities in also being able to identify with the international system,
as this took national differences into account and recognized cooperation between
states as meaningful. Since 1851 international industrial exhibitions, or world
expositions, have demonstrated the achievements of particular national industries
and stimulated the sale of new methods and products, while simultaneously
expressing international feelings and transborder engagement in the use and
spread of modern techniques. In practice the rise of national identity did not conflict
with the international system, as long as governments themselves were interested
in international developments and approved and promoted the transnational
economic and social endeavours of their citizens. The activities of IGOs favouring
the international economy or social developments have had a stimulating effect on
this international orientation, without harming the ties between citizens and their
nation-state.