The Limits of Design for Cosmopolitan Democracy

Jonathan W. Kuyper
The Australian National University

Abstract. Most scholars and practitioners agree that world politics suffers from a democratic deficit. In response, proposals for cosmopolitan democracy are not in short supply. Indeed the meaning of the term cosmopolitan democracy is now incredibly broad, encompassing a wide variety of institutional and normative prescriptions intended to foster more democratically legitimate standards at the transnational level. However, there is a distinct irony to these proposals. The increased interdependence and cooperation of actors at the transnational level – spurred on by globalization – make cosmopolitan democracy a necessary vision. Simultaneously, globalization amplifies power imbalances and thus skews the interests of different agents. Hence, globalization makes cosmopolitan democracy a necessary but distant prospect. This article seeks to address the empirical institutional constraints against building cosmopolitan democracy using historical institutionalism to stress the limitations of design. A normative argument is also built focusing on the relative merits of democratic experimentalism as a way to advance the cosmopolitan project whilst undercutting the complications noted in the analytical section of the article.

Key words: Cosmopolitanism; global governance; historical institutionalism; democratic experimentalism; global democracy.

> Projects of institutional reform must take as their point of departure the actual conditions, not blueprints based on institutions that have been successful elsewhere.
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> Przeworski 2004, 527

Proposals for cosmopolitan democracy are not in short supply.[1] Indeed the meaning of the term cosmopolitan democracy is now incredibly broad, encompassing a wide variety of institutional and normative prescriptions intended to foster more democratically legitimate standards at the transnational level. However, there is a distinct irony to these proposals. The increased interdependence and cooperation of actors at the transnational level – spurred on by globalization – make cosmopolitan democracy a necessary vision. Simultaneously, globalization amplifies power imbalances and thus skews the interests of different agents. Hence, globalization makes cosmopolitan democracy a necessary but distant prospect. This article seeks to address the empirical institutional constraints against building cosmopolitan democracy using historical institutionalism to stress the limitations of design.

Despite the burgeoning literature, cosmopolitan democracy is often disparaged as being an unrealistic or unfeasible vision for the postnational system. Certainly, detractors are far more numerous than advocates (Miller 2009).[2] And these criticisms are, in many

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1] In the section below on cosmopolitan democracy, the bounds of different cosmopolitan proposals are delineated in order to sharpen the focus of the critique.

2] Robert Dahl, Ralf Daharendorf, Philippe Schmitter, and many others have noted their criticisms of democracy beyond borders.

ways, quite well-founded. Advocates of cosmopolitan democracy have generally failed to deal centrally with tough, empirical issues surrounding the ways and means that such a scheme could arise. As Archibugi and Held (2011, 433) recently noted, one of the recurrent criticisms of the project of cosmopolitan democracy is that it has not examined the paths and agents that might have an interest in pursuing this programme. Compounding this neglect is a failure to synthesize adequately proposals for cosmopolitan democracy with international relations (IR). As a discipline, IR has extensively examined the conditions under which international organizations (IOs) and agreements arise, and how (or even if) they are effectual.

This article is divided into four sections. First, the project of cosmopolitan democracy is expounded. It will be contended that democracy is both necessary and possible at the transnational level, but that we should think about the actual institutional processes/mechanisms required to induce such a scheme. Second, the nexus between cosmopolitan democracy and IR is drawn out. It will be argued that cosmopolitan democracy should grapple with foundational IR issues to tackle questions of institutional design. An argument is launched for employing historical institutionalism (HI) in a more rigorous and systematic way in IR, with questions surrounding institutionalizing cosmopolitan democracy being apt for such an assessment (Fioretos 2011). The third section then moves towards generating this historical institutionalist framework of analysis. This section focuses upon three core elements derived from HI, namely *negotiations before design, path dependence of the design,* and *the pathological development/unintended consequences long-term development entails.* There is some natural overlap between these criteria. This tri-fold set are then mapped on to generalized suggestions for cosmopolitan democracy to show the obstacles such proposals face.

These three sections constitute the substantive explanation and critique of the article. In the final section a more positive argument is developed. Because the article recognizes the importance of engendering forms of transnational democracy, but decries versions of strong institutional cosmopolitan democracy, a prescriptive analysis must be presented. It is argued that we should focus upon institutions *as well as* an institutional scheme that cultivates flexibility and adaptability. This should take the form of *democratic experimentalism.* This scheme focuses upon short-term, issue-specific institutional designs. I sketch a feasible proposal to exemplify the potential of democratic experimentalism to postnational democracy.

I. COSMOPOLITAN DEMOCRACY: THE PROJECT

How should we conceptualize cosmopolitan democracy? Cosmopolitanism, at its core, is concerned with the moral (and hence political) equality of all persons. Work is now quite common emphasizing the ways in which globalization creates sites of public power beyond the reach of nation-state control that cut against this ideal. The ensuing 'global democratic deficit' has become a major area of sustained academic and activist interest

(Nye 2001). Whilst not everyone is in one mind as to the extent (or even veracity) of such a diagnosis (Moravcsik 2004), the cosmopolitan project is geared towards ameliorating the disjunction between the exercise of transnational public power and the preferences of citizens who are affected. Aside from cosmopolitans, deliberative democrats, world government proponents, political theorists, international lawyers and many others have contributed to this vast literature.

Adopting a definition explicated by Simon Caney (2005, 149), a "cosmopolitan political programme [is] one in which there are democratic suprastate institutions charged with protecting people's civil, political and economic rights." Cosmopolitan democracy is defined by Mary Kaldor as a layer of governance that constitutes a limitation on the sovereignty of states. This layer of governance is composed of suprastate institutions which coexist with states, but can constrain state activity in certain areas. The pertinent aspect of this definition is the connection with nation-states and jurisdictional authority. In many, if not most instances of building cosmopolitan democracy, nation-states must shift the locus of power towards an IO through international agreement and make it costly for other nation-states party to the IO to renege on the agreement.

Specific proposals for cosmopolitan democracy can be arranged along a continuum. At one end are world government (WG) scholars who argue for a centralized, global political authority which manifests itself in the form of a world state (Cabrera 2004; Marchetti 2008). At the other end of the spectrum we find deliberative democrats and civil society advocates who, in general, stress the democratizing potential of transnational discourses (Dryzek 1999; Scholte 2004). Interspersed between these poles are a variety of institutional prescriptions. Limited institutional proposals have been offered by many proponents, which include developing global tax programmes or democratizing already existing IOs (Brock 2008). Much of the impetus for cosmopolitan democracy stems from the work of David Held (1995) and Daniele Archibugi (1995). These two academics are somewhere towards the center of the spectrum and call for a network of interconnected and overlapping transnational institutional arrangements with jurisdiction over certain specified issue-spaces. These institutions cut both vertically and horizontally.

Against which proposals is this article directed? Quite simply, the article is concerned with mid-range and strong versions of cosmopolitan democracy that *require the building or recalibration of formal institutions and agreements by nation-states.* The article is concerned with how IOs are designed and their development over time. Because this article also seeks to establish a bridge between cosmopolitan democracy and IR (and as IR scholars focus centrally on inter-state relations), this is a plausible limitation. As such, those proposals which emphasize the role of transnational discourses (which do not require formal institution building) are excluded. The civil society organizations (CSOs) which funnel and promote these discourses are, in some sense, IOs. They could potentially be subject to the HI analysis of this article. However, the lack of nation-state involvement puts them beyond its scope. Similarly, the democratization of multinational corporations (MNCs) is outside this scope.

This article is predominantly concerned with the empirical possibility of forging cosmopolitan democratic agreements. There is not space to analyze cosmopolitan democracy with respect to a battery of democratic principles such as popular control, transparency, accountability and so on, although they are surely all important. Rather, it is assumed that political equality is a fundamental virtue of democratic institutions (Beetham 2004; Erman forthcoming). A key argument of the article is thus that unless the process of design is taken seriously, these strong models of cosmopolitan democracy risk reinforcing the democratic deficit by institutionalizing inegalitarian power imbalances. The analysis focuses upon equality between states as a proxy for equality between persons. If a state wins or loses in an international negotiation, this has a knock-on effect to its citizenry. Negotiated agreements that promote equality between states will generate more equality between their respective citizens.

The article has a two-fold dimension. First, it seeks to explore how bargaining problems can be overcome to build democratic institutions at the global (or even transnational) level (an empirical precondition). Second, the article speculates as to how different stages of the design process would affect the egalitarian commitment of these democratic institutions (a normative issue). This requires sustained attention to the initial design phase as well as development trajectories of different institutions.

In recent literature, the empirical prospects of cosmopolitan democracy have been interrogated (Koenig-Archibugi 2010). This work has focused upon the social conditions necessary to generate a 'demos' capable of underpinning an institutional scheme (Koenig-Archibugi and List 2010; Miller 2009). This work largely takes place under the assumption that global/cosmopolitan democratic institutions should resemble statist institutions. For instance, Mathias Koenig-Archibugi (2010) declares that global/cosmopolitan democracy would require "a process of concentration of power capabilities and authority in the international system, that is, a shift from anarchy to polity" (Koenig-Archibugi 2010, 524). Similarly, the argument of Christian List and Koenig-Archibugi (2010, 78) is explicitly statist in nature when they suggest that a collection of individuals only constitutes a 'demos' when they can be ordered in a democratic manner "so as to function as a state-like agent." Daniele Archibugi and David Held have focused upon the paths and agents necessary for institutionalizing cosmopolitan democracy, and have given special privilege to the role states and state-like institutions (parliaments, judicial bodies, etc.) should hold in democratizing cosmopolitan architecture.

Although some have condemned this statist fetishism in thinking about cosmopolitan democracy (Brown 2011), it gives this article a strong justificatory rationale for examining how nation-states could reach agreement for building formal cosmopolitan democratic institutions (such as a global parliament). We should not lose sight of the importance of nation-states (and the undergirding principle of sovereignty) in cosmopolitan theorizing as they are, and will remain for some time, central in world politics. This article advances the theoretic debate along two axes. First, it engages deep IR questions surrounding the nature and quality of international agreement and imports

them to cosmopolitan democratic theory. Second, the article begins to connect HI with both IR and cosmopolitan democracy by probing how different transformative pathways might hinder or promote the ideals of democracy (equality) upon which institutional proposals are based.

II. INSTITUTIONAL DESIGN IN INTERNATIONAL RELATIONS: THE POTENTIAL OF HISTORICAL INSTITUTIONALISM

We must begin here with a brief exploration of HI. In essence, historical institutionalists seek to examine and explain the development of political institutions over time. There is a substantive focus on how timing and sequences of institutional design affect patterns of institutional change. Central to the HI perspective is the notion that institutions guide decision-making which reflects historical experience (Campbell 2004, 25). Two central theoretical tools with which HI scholars work are path dependence and increasing returns (Pierson 2004).[3] Path dependence essentially means that, once a decision down a particular path is chosen, the subsequent decisions reflect and reinforce this initial choice. As such, the choice at time t becomes increasingly locked-in by decisions made at time $t+1$, $t+2$, $t+3$ and so on. In other words, path dependency should be seen in terms of specific historic sequences in which "contingent events set in motion institutional patterns or event chains which have deterministic properties" (Mahoney 2000, 507). The fact that decisions are path dependent gives rise to the importance of unintended consequences. Issues that may have seemed unimportant at time t can become hugely important at time $t+1$ depending on how institutions interact, which alternatives are removed over time, and how the normative priorities of society evolve.

Path dependence helps explain how institutions develop and why they remain stable. However, it only account for change exogenous to the institution under analysis. In recent years, historical institutionalist scholars have recognized the importance of explaining institutional stability and change endogenous to institutions (Campbell 2004). This requires moving beyond a static understanding of path dependence, in which all institutions are seen to induce increasing returns and positive/negative feedback. A more dynamic view of institutional development and stability requires understanding how the fabric of different institutions gives rise to varied degrees of institutional change and stability. Such a view is provided by the notion of path plasticity. As Simone Strambach (2008) has noted, path plasticity does not contradict path dependence. Rather, plasticity derives from the elastic stretch of an institution and institutional arrangements and their interpretive flexibility through actors. Determining how institutions change through institutional entrepreneurs (agency), the positioning of veto points, cognitive framing,

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3] Increasing returns is a dichotomous concept, having both a negative and positive variant (also called positive and negative feedback by others).

and strategic gaps between rules have become central to recent HI theory (Mahoney and Thelen 2010).[4]

There are good reasons to begin employing HI in IR generally. Koremenos et al. suggest that in IR theory "institutions play only a modest role. It is, after all, cooperation under anarchy" (Koremenos, Lipson, Snidal 2001, 766). This quote is surely an overstatement. Whether and how international institutions matter are issues that cut to the heart of IR theory. However, the quote does reflect the importance of thinking about institutional design and development *under anarchy*. Traditional realist thinkers stressed how anarchy – analogical to a Hobbesian state of nature – would affect inter-state interactions and produce friction (Morgenthau 1948). And this assumption has become a staple of IR theorizing. Structural realists (Waltz 1979), neo-liberal institutionalists (Keohane 1984), and even constructivists (Wendt 1992) all attempt to make sense of international cooperation without centralized control.

Given the adherence to anarchy in IR theory-building, it is especially ironic that HI has remained on the sidelines (Fioretos 2011). HI, more directly than rational choice and sociological institutionalist theory, highlights the difficulty of designing and controlling institutions. The impact of anarchy on institutions is deeply profound, and deserves a theoretical lens which underscores the battery of problems designers face. In a recent review paper, Orfeo Fioretos (2011) noted that comparative politics and American Political Development (APD) have featured a tripartite division between the logic of consequences, logic of appropriateness and HI. Fioretos (2011, 368) suggests that the "absence of historical institutionalism in IR is evident in many contexts." In some ways, this is undeniably correct. HI has not drawn special or sustained attention from IR scholars, and as a result, no clear methodological standards have been forthcoming.

There are, though, many major pieces of IR that are directly correlated with HI. Standard neo-liberal institutionalist thought held that a long shadow (the repeated interactions between two or more agents over time) lowered transaction costs, helped to build trust, and generated future pay-offs. These factors are supposed to make cooperation more likely. Fearon (1998) challenged this assumption and formally demonstrated that a long-shadow can actually decreases cooperation because, as the shadow lengthens, uncertainly increases, states bargain harder because they are locked-in to the effects, and the benefits of holding out in a negotiation also rise. In other words, under a long shadow, it is relatively less important for states to reach agreement today than tomorrow, and if agreement is reached, it is more important to gain institutional advantage. For Fearon to be correct that "a long shadow of the future" decreases the likelihood of cooperation, states must recognize the importance of uncertainly and path dependent development

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4] In a slightly different vein from Mahoney and Thelen, Paul Pierson (2004) specifically treats institutional resilience as a variable and seeks to understand how veto points, start-up costs, and other mechanisms contribute to institutional change/stability.

ramifications of bargaining under a 'long shadow.' Although this argument is framed in rationalist terms, the HI underpinnings are clear.

And many more examples can be uncovered. Martha Finnemore and Kathryn Sikkink's (1998) argument that norms track a specific pattern (or life-cycle) characterized by norm emergence and a norm cascade (following a tipping point) can be read from an HI perspective. These authors even recognize that their argument ties closely with an adjacency/path dependence analysis (Finnemore and Sikkink 1998, 908). To foreshadow an article explored in greater depth later, the institutional pathology of international bureaucracies explored by (amongst others) Michael Barnett and Finnemore (1999) is purported as an analysis sourced from sociological institutionalism. However, such an argument is perhaps even more forceful if developed in conjunction with a broader historical institutionalist framework. These are just a handful of examples from myriad more. Although HI has been peripheral in IR scholarship, some IR scholars are beginning to ground their work explicitly within this institutional theory. The next step is to develop a more rigorous standard of analysis – a step to which this article contributes.

If the project of cosmopolitan democracy is understood as one of transnational institution building between nation-states (as limited to in this article), then a closer connection with IR is essential. We can begin by asking several questions.

(1) How can nation-states negotiate under conditions of deep uncertainty (anarchy)?

(2) How will path dependence impact upon (i) a nation-state's bargaining position during negotiations, and (ii) short and long-term institutional development with respect to equality between contracting parties?

(3) How will unintended consequences bear upon institutional design and development?

If we are serious about building – or even moving towards – more democratically legitimate institutional standards at the transnational level, coordination and transformative issues should be put front-and-center. All of this falls under a general rubric of 'limitations of design'.

III. THE LIMITATIONS OF DESIGN

Path dependence highlights the way that institutional structures become rigid over time as the initial decision becomes locked in place. This can make change increasingly costly and difficult to attain. All designers operate within predetermined structures (formal institutional rules, informal discourses, societal norms). These structures are both constraining and enabling, and the range of option from which designers have to choose are conditioned by path-dependent processes. Recognition of the importance of path dependence helps to de-idealize the process of cosmopolitan institutional design.

But before moving forward, a caveat is in order. This article takes no explicitly normative position on how path dependence and democracy intersect. The article seeks to critique proposals for cosmopolitan democracy on predominantly empirical terms – hence the limitations of design. As such, it is not assumed that path dependence is *prima facie* good or bad for democratization. A type of path dependence in which accountability continually increases would certainly be democratically valuable (Goodin 2010). However, path dependence might also reinforce power imbalances. As David Kennedy (2008, 22) notes of the U.S. Constitution, "a great deal of injustice has been routinized or legitimated" since the foundational moment. "The inequality in education for citizens in side by side suburbs, one wealthy, the other poor, remains a scandal and it is rooted in legal arrangements and ideas." Just as importantly, path dependence and unintended consequences often remove institutions from their original purpose. If the purpose was to engender more democratic legitimacy by fostering equality, understanding how unintended consequences affect this normative prospect is essential.

In an attempt to derive a parsimonious theoretical framework, this article advances a tripartite division to understand the limitations of design. The first section focuses explicitly upon *bargaining* in the lead-up to the moment of design. The second section analyses path *dependence and sunk costs* that the initial decision-making entails. The third section delves into how *unintended consequences and institutional inertia* drive institutional rigidity over time. This tri-fold division loosely maps the temporality of institutional design (agenda-setting, decision-making/implementation, and then enforcement) and helps to highlight different problems encountered in the development of transnational institutions. Each section will analyze different aspects of institutional design, ranging from transaction costs, the bargaining position of states, institutional pathology, comparative benefits of cooperation, and uncertainty in reaching agreement. These points are connected with a broader HI analysis. These are all empirical issues with which designers of cosmopolitan democracy need to grapple squarely.

Bargaining and the Moment of Institutional Design

Institutional design in the anarchical global system is an arduous and complex task. The ability to bargain and negotiate in anarchy has been a central theme of IR work; much has been written on how nation-states reach agreement under deep uncertainty (Koremenos 2005). Realist scholars have long emphasized the ability of nation-states to engage in cooperation through 'coordination games', but that Prisoner Dilemma-like structures animate the international system, making meaningful cooperation unfeasible (Fearon 1998). Cooperation theorists, drawing upon Folk Theorem, showed that repeated games of interaction can lead to mutually beneficial arrangements (Pareto-optimal solutions) being established (Keohane 1984).

Koremenos, in her article "Contracting around International Uncertainty," specifically tackles how nation-states can make credible commitments in the absence

of centralized control. Koremenos (2005, 549) argues that hand-tying – the specific process of institutionalizing rules which bind future actions – provides a credible commitment which helps to make agreement possible. The connections between hand-tying and institutional design is closely scrutinized by HI scholars. Paul Pierson (2000) suggests hand-tying leads to problematic consequences. Under a long shadow of the future hand-tying is crucial to initial agreement. This is because the longer the shadow, the more important it is to mitigate uncertainty. However, hand-tying has two negative consequences. First, it forces actors to have short time horizons and focus on immediate power gains rather than long-term ideals. Second, these short time horizons give rise to strong path dependence, in which it is essential for states to extract maximum value out of the initial agreement.

The ability to tie one's own hands (and thus tie those of a successor in the same position) might make initial bargaining and agreement more plausible: other actors are more likely to accept institutional terms if power is circumscribed. Parliaments are almost always created to limit the power of parliamentarians and give each party a chance to win power. However, precisely by hand-tying locks-in the initial choice, states will take the initial bargaining more seriously and throw their weight around in negotiations.

How does this correlate with cosmopolitan democracy? Essentially, the problem of uncertainty makes institutional agreement very cumbersome. Theorists of cosmopolitan democracy have not thought through how agreement could be reached to recalibrate or fashion IOs in a more democratic fashion. There are real limits to international institutional design which stress the favorable conditions of bargaining and negotiations which require melding. Current treatment on 'favorable' or 'necessary' conditions for cosmopolitan theorists (such as that by Koenig-Archibugi [2010]) has analyzed the possibility of building cosmopolitan democracy with respect to statehood, cultural homogeneity, economic levels and so forth. This article does not disagree with Koenig-Archibugi's conclusion; some form of cosmopolitan democracy may well be possible. However, discussions of possible conditions can be distracting. They remove us from the gritty questions of how and why nation-states and their leaders would negotiate for the democratic institutionalization/reform of IOs, and how this impacts upon the process of democratization.[5]

In a world in which sovereignty is still a guiding principle of international relations, liberal states cannot force other nation-states to become democratic. Given that some international leaders (for example, President Hu Jintao of China) come to the bargaining table not normatively committed to democracy, there is little incentive for them to join or build democratic institutions because their national empirical legitimacy is not enhanced through cosmopolitan democracy. If the long term goal of cosmopolitan democracy is to

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5] To his credit, Koenig-Archibugi (2010, 536; his emphasis) does note that "any account of how global democracy *might* come about would need to explore potential combinations of structures and *agency.*"

create equality for all persons, yet initial bargaining entails a commitment to hand-tying, then short-term gains become the priority in negotiations. States will attempt to leverage their power in bargaining, and long-term ideals and jettisoned in favor of short-term gains. Even if states such as China or Russia could be convinced to join a globally democratic body, the gains they would receive may be so marginal that they simply provide 'take it or leave it' options to other state. Thus, as agreement becomes more feasible (through hand-tying and credible commitments), it puts a premium on states to maximize initial gains. Within a democratic institution such as a global parliament, international court, or tax scheme, we would see more powerful states posture and only agree if their power was maintained or even enhanced. China and India would only accept a one-person, one-vote Parliament, but the U.S. and Japan would likely counter this by demanding veto power. These bargaining problems cut against the norm of equality.

Insofar as cosmopolitan democracy is supposed to equalize life-prospects for all people, this aspect of negotiation and path dependence complicates the project. And this is not a problem that can easily be undone by attempting to build or reform IOs through piecemeal or large-scale redesign, or excluding some countries. As will be explored below, attempting to design for long-term goals entails its own complications related to unintended consequences.

Path Dependence and Sunk Costs

This article has already briefly sketched the fundamental mechanics of path dependence. Once (or, more accurately, if) an agreement is reached and an institution implemented/amended, this choice becomes reinforced over time. This path dependence may well cut both ways for cosmopolitan democracy. As Goodin (2010) argues, the sphere of accountability in terms of reform-act democracy almost always increases, and rarely ever shrinks. This is provided as a positive argument as to how path dependence may affect global democratization.[6] However, path dependence is the virtual antithesis of flexibility. If we want designers to have control over subsequent decisions, then strong path dependence is not desirable. This is especially true – as highlighted in the next section – when unintended consequences pull the institution away from the democratic standards that were originally sought.

Just as negotiations are beset by problems of power imbalances, the implementation of the 'rules' will also reflect those differentials. One need only look at the codification of veto power for Russia (then USSR), the USA, China, France and the UK in the UN Security Council (UNSC) following World War II to recognize the path dependent ramifications of initial bargaining positions and the importance of veto points. Ikenberry (2001) explicitly shows how victors use post-war settlements to lock-in stable and cooperative arrangements. This analysis carries weight in other areas of agreement, not just post-war

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6] However, Goodin's argument is explicitly tied to reform-act (voting) mechanisms against which this article is directed.

negotiation. We need to realize that the path dependent ramifications of design may often carry and propel a burden which is inegalitarian (and thus anti-democratic).

This argument provides a sizeable problem for many institutional prescriptions that cosmopolitans advocate. As Archibugi and Held (2011, 446-47) maintain, there is a "wealth of proposals" aimed at creating citizen participation in world politics. The most straightforward way to achieve this participation would be to create a World Parliamentary Assembly similar in composition to the European Parliament. Such a formalized body could be independently created through a multi-lateral treaty approach, or could be attached to the UN (see also Falk and Strauss 2001).[7] These theorists often recognize that such a proposal would start as a weak, reflective body rather than a decisive one. However, there are several obvious problems with this. The initial arrangement will have long-term effects over the subsequent institutional evolution of a world parliament. As such, the initial inegalitarian codification will become locked-in. This reinforcement occurs through a variety of mechanisms. Not only are the start-up costs very high, but it would be accompanied by a wide-range of bureaucratic and institutional adjustments. Other actors would need to adjust to the new arrangement. NGOs, other IOs, MNCs, nation-states and even individuals need to learn the new 'rules of the game.' This would lead to a type of path dependence fostered through cognitive framing as actors work within the rules. This limits the ability of even purposeful actors dedicated to democratic egalitarianism inducing this change.

Gerard Alexander (2001) has persuasively argued that formal political institutions – such as those discussed by liberal cosmopolitans – cannot and do not play the role in democratic consolidation that many theorists and practitioners ascribe. This cuts to the core of why the path dependence of strong cosmopolitan institutions should be scrutinized closely. If a global parliament that lacked egalitarian qualities was introduced, and it then failed to provide (or even move toward) more equality (a very real prospect given initial bargaining problems), support will fall. The credible commitments (hand-tying) often thought necessary to reach agreement make institutions sticky (read path dependent). However, this path dependence may actually reinforce an institution even as it fails to generate empirical support.

In order to avoid this concern, there are ways to think about a variety of short-term, minilateral institutions for cosmopolitan democracy that minimize the problems of locking-in the inegalitarian power arrangements whilst also making initial bargaining more feasible.

Institutional Inertia and Unintended Consequences

Perhaps most problematic for cosmopolitan democrats is the correlation between path dependence and unintended consequences. Barnett and Finnemore (1999, 699)

7] A Global Parliament is a staple of much cosmopolitan/world government thought. See also the UNPA campaign available at http://en.unpacampaign.org/index.php.

ask a poignant question: "[D]o international organizations really do what their creators intend them to do?" The rationalist tradition has explained IO design as a response to problems of incomplete information, transaction costs, and other barriers to Pareto efficiency. The design of democratic institutions is a qualitatively different project to that of economic bodies; the former driven by a search for legitimacy, the latter by a search for profit. However, the pathology or inertia that accompanies institutional development is very similar – political bodies usurp power, economic firms usurp markets. Whilst this article is careful not to make a reductionist claim, path dependence and unexpected outcomes certainly afflict both political and economic institutions in similar (albeit not identical) ways.

Barnett and Finnemore argue that IOs typically stray very far from their original goals. As such, IOs exercise power autonomously in ways unintended and unanticipated by states when forged. Although this argument takes a sociological shape, the connection with HI is clear. These two authors show clearly that bureaucracies in IOs are typically pathological, unresponsive to their environment, obsessed with their own rules at the expense of their original purpose, and often fall prey to self-defeating behavior. Pierson (2000) has also extensively developed the problems associated with unanticipated outcomes.

These problems are exacerbated by principal-agent (P-A) relationships. Hawkins et al. (2006) argue that it is not inherently more difficult to design political institutions at the international than the domestic level. However, we must keep in mind that it is very difficult to design effective domestic institutions. Unintended consequences are ubiquitous, irrespective of the level of analysis; anarchy can only augment this problem. Pierson shows how developments with state relations under the US Constitution and the highly centralized Canadian federalist system generated unanticipated (and deeply important) effects. Many other empirical examples are forthcoming.

Again, problems of unintended outcomes would afflict the equality of persons sought by cosmopolitan democrats. Take again the example of creating a global parliamentary body. As noted, there are two main ways to go about this – creating a stand-alone body through treaty agreement, or by amending the UN. Drawing on principal-agent theory, we can recognize a couple of initial problems. Creating an independent body is costly, signals of credible commitments are difficult to send, and thus bargaining is problematic. However, creating a new 'agent' (parliament) will likely produce one closer to the principal's (nation-state's) preferences. This cuts down the divergence between a principal's and agent's preferences. This minimizes the likelihood that an agent's actions run contrary to the initial goals of the principal, but also makes the institution more prone to exogenous shocks.

However, the high start-up costs of such a scheme make it quite unfeasible. Most cosmopolitan democrats suggest that we should begin with a weak global assembly that emerges from the UN. However, this leads to dangerous consequences for democratic institutional design. When an existing agent is chosen for a P-A relationship in order

to reduce costs, the principal will be unable to find an agent that "perfectly mirrors her preferences and is optimally designed to perform the appointed task" (Hawkins et al. 2006, 25). Thus, if nation-states attempt to employ the UN to create a global parliament, then the parliamentary body will be laden with normative qualities already existing within the UN. The preferences of states who seek to design a democratic parliament and the goals and ambitions of actors already within the UN would deviate quite sharply. This makes long-term development highly prone to unintended consequences as states would employ their veto position to maintain their control of the institution. The bureaucratic arm of the UN would likely lead to pathological institutional development as UN and Parliamentary rules clashed, crafting space for bureaucratic agents to make their own decisions (Tsebelis 2000).[8]

It also seems clear that a world parliament would entail the formation of many other institutions (of which a bureaucracy would be no exception). The pathology of such an institution, and specifically the bureaucracy of that institution, should give us pause to think about whether a democratic IO would live up to designer's standards of creating equality between states (and thus between citizens of those state) or may simply reproduce the global democratic deficit through a different organizational scheme.

Building institutions of cosmopolitan democracy may indeed be possible, but there are empirical constraints which need to be addressed. Bargaining over long-term agreements reduces the likelihood of reaching agreement; but the option of hand-tying forces short-term thinking, incentives states to gain strategic advantage, and redirects focus away from the long-term goal of equality. Once an institution is built, path dependence undercuts a designer's ability to change directions, which gives salience to unintended consequences and institutional pathology. These factors also undercut the democratic foundation of equality cosmopolitan institutions are purported to uphold. However, there may be ways to begin institutionalizing cosmopolitan democracy that mitigate these problems. Such a project could best be expressed as one of democratic experimentalism.

IV. DEMOCRATIC EXPERIMENTALISM

There are good, empirical reasons to focus on establishing short-term, flexible agreements which move world politics in a democratic direction (Victor 2011). These agreements should be made 'minilaterally,' only involving a small group of similarly-minded state. Michael Dorf and Charles Sabel (1998) describe their vision of democratic experimentalism. This involves a decentralization of power so that citizens and other actors can use local knowledge to solve problems. At a global level, mechanisms must

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8] Tsebelis (2000, 466) argues that "many veto players creates space for bureaucrats to play their principals against each other."

be in place to connect those citizens with cosmopolitan institutions. This approach is explicitly grounded in an attempt to create equality between persons.

Archon Fung (2006) has also advocated a type of experimentalist approach to democratization. This, he states, uses the comparative empirical investigation of institutional outliers to explore and re-elaborate normative issues. Instead, Fung holds that we should focus upon democratic experiments which act as 'particle accelerators' for theorists. These experiments can come about in very different institutional locations, with the diversity of possibilities providing guidance for how to move towards greater democratization. Starting with these experiments gives cosmopolitan democrats a chance to test how international agreement can be reached, shift the normative discourse towards democratization, and hopefully trigger a form of path dependence that eventually generates more democratic institutions.[9]

These experiments should be framed as short-term institutions open to revision. This makes initial bargaining and negotiation easier, and limits the dangers of path-dependent (or even pathological) development. Escape clauses can be employed to give an institution only short-term mandates and power. Escape clauses are defined as any "provision of an international agreement that allows a country to suspend the concessions it previously negotiated without violating or abrogating the terms of the agreement" (Rosendorff and Milner 2001, 830). Although discussing the role of escape clauses with respect to international trade agreements such as the GATT (now WTO), Rosendorff and Milner (2001, 831) argue that escape clauses provide the flexibility that allows them (states) to accept an international agreement. They further show that "the use of an escape clause, a flexibility-enhancing device, in institutional design increases institutional effectiveness wherever there is domestic political uncertainty" (Rosendorff and Milner 2001, 831). This article also takes a different tack from Rosendorff and Milner's rational choice analysis by arguing that escape clauses can be seen as one piece of a larger HI puzzle concerned with path dependence and democratization. Escape clauses could be supplemented by sunset provisions, which fix pre-determined dates for institutional renegotiation or conclusion.

Escape clauses make initial agreements for cosmopolitan democracy more tangible without the need for hand-tying (the escape clause necessarily fulfils that function). This reduces transaction costs over time and mitigates uncertainty by providing flexibility for actors to change course in the event of strong path dependence or unforeseen challenges. Although initial attempts to create institutions of cosmopolitan democracy will be beset by path dependent problems of inequality, escape clauses and short term agreements undercut this problem by being committed to renegotiation over time.

9] Exactly what institutional scheme we should move towards is not something that can be planned out in advance. Many authors have stressed the democratic value of a pluralist configuration of world politics over a central, cosmopolitan structure. This article remains provisional on longer-term aspirations. However, beginning with democratic experiments will help provide knowledge for future designers.

Before moving on to the proposal, a clarification is necessary. This article – as with most historical institutionalist work – has stressed the limitations of design. As such, a critical reader might ask whether it is unproblematic to design international institutions with escape clauses, especially if unanticipated consequences are prevalent. The brief answer is that short-term agreements (with escape clauses) minimize a raft of unintended outcomes because agents need not find un-institutionalized methods of avoiding the agreement. Bureaucrats and other actors can go through proper channels to voice concern and call for renegotiation or even exit the institution in extreme cases.

Expanding Participatory Budgeting

This suggestion may, at first glance, seem quite radical. It is proposed that different IOs, such as the World Bank and the IMF, should adopt measures derived from participatory budgeting (PB).

PB began in the city of Porto Alegre in 1989 when the left-wing Workers' Party was elected on a mandate to empower social movements and individual citizens (Abers 2000). PB, at its roots, shifts the decision over a certain portion of a local budget to a system of neighborhood and city-wide popular assemblies. The process of PB endeavors to increase accountability, transparency, understanding and social inclusion in local government affairs. In Porto Alegre, the PB is an annual event; large assemblies are convened across each of the city's 16 districts to discuss and review the extent and implementation of the projects from the previous year's budget.[10]

PB is malleable in terms of its location and operation, having spread to fora across the globe, and has been widely successful. PB has altered its structure in each location. These alterations do not entirely reflect cultural or structural conditions in which they are employed – although there is surely an element of this. Rather, this reflexivity is indicative of the agency afforded to those initiating and running the mini-publics. For instance, the UK's PB unit reports that PB is an innovative project that is being experimented with on new budgets, new partners and new themes all the time. This shows that PB is both possible and beneficial for a wide range of services and areas.[11]

This proposal fits well within the mould of democratic experimentalism. The World Bank, in 2007, surveyed the implementation and implications of PB in many different local, national and regional contexts (Shah 2007). In this report, the World Bank explicitly recognized the importance of having democratic checks and balances as the core aspect of good governance. Likewise, the International Monetary Fund (IMF) increasingly holds as vital accountability to member-states and other stakeholders. These financial institutions, while often hostile to losing power, are concerned with accountability and

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10] Much of this discussion is derived from Fung (2003, 360-61).

11] The UK Participatory Budgeting Unit, available: http://www.participatorybudgeting.org.uk/case-studies (accessed 7 January 2012).

ransparency. Given that PB typically takes control over a very small portion of a budget (say, one to two per cent), the process may seem more reasonable for contracting parties.

This proposal contains many benefits in terms of the HI analysis expounded above. First, it is easier for states to negotiate an initial agreement. The IMF Board of Directors is drawn predominantly from nation-states, and has delegated much formal power to the Executive Board, which comprises 24 members designed to represent all 187 countries. Any change in governance structure to include PB will hinge on nation-state support. This support can be enhanced by employing escape clauses or using PB on specific issues, rather than ingraining it long-term. Nation-states, and indeed bureaucrats within these organizations, would be more amenable to the usage of PB if it was temporary, or exit options were available. In order for escape clauses to be effective though (to stop states from exiting for no reason or threatening exit to leverage their bargaining position), exit options needs to be costly. The IMF or World Bank could run a PB program in which nation-states could exit, but exercising exit would remove that state from all subsequent discussion on the loan in question. As the PB process would only have jurisdiction over a small percentage of a loan, nation-states would think carefully before rejecting a PB decision and thus removing themselves from further debates over the entire loan.

Because the IMF and the World Bank often make decisions on local and national issues, and because these institutions wield large sums of money, the resources necessary to hold PB processes are already in existence. Moreover, because the IMF frequently holds governance reform, putting this sort of proposal forward may be quite feasible.

PB engenders two broadly egalitarian consequences. On the input side, the structure of PB is open to all members of a community. In most cases, those from the lower stratifications of society are actually over-represented. The process is transparent, insofar as participants know the percentage of the budget at stake and they are able to deliberate on free yet structured terms. Participants either vote for a representative to take their opinion to the next round or vote for a specific use of the funding.

On the output side, the effects of PB within local areas have been profoundly egalitarian. In Porto Alegre, for example, the percentage of neighborhoods with running water has increased from 75% to 98%; additionally, sewer coverage has risen from 45% to 98%. When the IMF loans money (through the lending process and/or technical assistance program) to low- and middle-income countries, it would be relatively easy to draw citizens at random to discuss, vote and allocate a small percentage of the loan. Even for transnational issues, the resources of the IMF and World Bank make PB-like fora a distinct opportunity. These processes equalize both opportunity for participation and social structures in a broader sense.

The usage of a small-scale, short-term PB program in global financial institutions undercuts the problems associated with path-dependent and unintended development. The proposal connects the local with the global in a way that is sensitive to context at both levels. Large-scale institutional projects (such as a global parliament) would entail

equally large-scale bureaucratic institutions. The more power these bodies have, the more path dependent the institution. This is because actors have a tendency to gain power and defend it against change. Those who 'win' from a parliamentary arrangement (likely powerful states because institutional designs typically reflect initial power relationship) are unlikely to give up their position of privilege. Even if they do, actors within the institution (parliamentarians) or related bodies (bureaucrats or managers) will mobilize to defend their lot, as we see with domestic bureaucracies.

Once (or rather if) nation-states begin to accept the employment of cosmopolitan or democratic mechanisms beyond the state, expansion into other dispersed areas or towards a more centralized cosmopolitan system may be more feasible and less prone to unanticipated outcomes. However, prior to this, we should commit to a learning process of experimentalism. These short-term, experimental institutions make reaching initial agreement more plausible, whilst also granting institutions a degree of revisability necessary to correct for initial power discrepancies and mitigate problems with unexpected outcomes which may be injurious to democratic equality and the project of cosmopolitan democracy.

V. CONCLUSION

Those leaning upon empirical evidence of democratic transition within the state, to explore the possibility of cosmopolitan democracy, should look more closely at democratic transition in fragile states (Koenig-Archibugi 2010). As Jack Goldstone (2010, 5) aptly notes,

> [A]n increasing body of empirical literature suggests that transitions to electoral democracy that occur in the context of unresolved factional differences, or in a state with weak rule of law [...], leads to further political instability and negative impacts on economic growth.

We should not think that institutionalizing electoral or strong models of liberal democracy will always have the desired effect.

Path dependence and unintended consequences are a ubiquitous outcome of institutional development. Although they cannot be avoided, we can think meaningfully about how to roll our understanding of these processes back in to our choices for institutional design. Through democratic experimentalism, this article has provided one way to move towards more democratic standards at the global level. Many proposals for cosmopolitan democracy – grounded in the democratic equality of peoples - posit the redesign or establishment of IOs. These proposals must deal centrally with questions emanating from HI and IR. How agreement can be reached under uncertainty, how nation-states could credibly commit to such a scheme, what types of institutional design should be sought, and other questions must be analyzed in depth.

This article has provided a first cut at this type of analysis, and argued the importance of escape clauses in building more democratic standards and institutions at the global level.

jonathan.kuyper1@gmail.com

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