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*In the current discussion on globalization, it is often argued that state power at the national level has diminished and authority has been surrendered to global market forces. In this context it is ignored that beyond state and market there is a private system of governance linking different territorial levels in which the national sphere continues to be important. Thus, self-regulatory arrangements exist across many policy fields, but business—which is a very globalized interest category—is particularly rich with examples. Various theories are developed to examine self-regulation as an alternative to public regulation through private actors in domestic and international levels. This article seeks to analyze and integrate these theories developed mainly within comparative politics and international relations studies. A successful integration of these perspectives can also help interpret globalization processes and the role of the national sphere in the context of different systems of governance.*

## ***INSTITUTIONS OF PRIVATE AUTHORITY IN GLOBAL GOVERNANCE***

### ***Linking Territorial Forms of Self-Regulation***

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**Globalization has gained momentum in recent years**—as a developing trend in economic, cultural, and political life, and as a new and highly contested concept in academic research. It is debated whether globalization is a new phenomenon, exclusively characterizing the past few decades, or whether the process can be traced back several more decades or even centuries. From a more critical angle, it is argued that globalization is a myth and that internationalization is a more modest and appropriate concept to describe the variety of economic, cultural, and political processes unfolding beyond the state level. According to this view, we are seeing a continuation of the normal process of internationalization rather than a radical change. Moreover, and perhaps even more important, this process does

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not necessarily deprive states of their capacity to design their own economic and political strategies. This view was strongly advanced in a much cited work by Paul Hirst and Grahame Thompson (1996). When there are still possibilities left for governance at the national level, the authors are generally thinking in categories of public policy and state capacities. They do not pay much attention to inputs delivered by domestic interest groups in this process—or for that sake, to the fact that private organizations can assume public functions.

Indeed, there is occasionally some rhetoric connected with the benefits of globalization (and with the disadvantages), but it would be fatal to ignore and dismiss the actual trends toward globalization. This article argues that globalization is relevant to any framework used to analyze the evolution of different policy fields and emerging forms of institution building. However, globalization is an evolutionary and complex process that does not penetrate all states and does not reach them at the same time, nor affect them to the very same degree. Therefore, it makes little sense to discuss the consequences of globalization for the state in general terms.

Furthermore, the current discussions that attempt to define the changing role of states are mainly occupied with the possible surrender of authority to the market or to intergovernmental organizations or supranational institutions. Proponents of the free-market economy and supporters of third-way strategies agree that major importance should be attached to the state and market dichotomy, but they generally fail to recognize other mechanisms of governance. Again, this debate, which focuses on the increasing strength of market forces and the imminent disappearance of state capacity, is not very useful for understanding the complex processes of globalization.

Other forms of governance need study to provide a complete picture of globalization and initiate a move beyond state-centric thinking. The challenges of globalization reflected in the strategies of intergovernmental organizations have been recognized and expressed at many international conferences and seminars and have been the focal point of various programs and documents. In particular, the work of the Commission on Global Governance, itself a result of the endeavors to solve global issues, has highlighted these problems in recent years (United Nations Commission on Global Governance, 1995). Also, academic discussion has addressed these challenges, and among practitioners and scholars alike, global governance has become a new and celebrated paradigm, much in vogue throughout the past decade.

Basically, two aspects are encapsulated in this concept. First, it is recognized that there are a number of global problems that neither single states nor regional cooperation can solve satisfactorily. Second, the solution to these problems lies neither in the improved cooperation between states nor in the economic exchanges of the marketplace. Thus, an additional number of institutions must be involved in problem solving.

Cooperation between states on a multilateral basis within the framework of existing intergovernmental organizations and detailed through specific issue-based regimes is still regarded as a key ingredient of governance. However, multiple mechanisms of governance are recognized and different spatial levels are included in problem solving. Of paramount importance is that a key role is attributed to civil society institutions. Although nongovernmental organizations were also recognized in previous decades, they have now, at least officially, been given a much more prominent role. Numerous actors can make their own independent contributions in fields where interstate cooperation is already functioning and in areas where conflicts have made this impossible or provided suboptimal solutions. Research on globalization and new forms of governance, however, remains centered on state and market and gives much less attention to civil society institutions.

Another problem is that the debate on international and global governance tends to emphasize problem solving at the global level, even though implementation issues also concern national and local actors. To some degree, the contributions of other territorial levels to global governance are ignored, underestimated, or only on a relatively superficial level built into a coherent framework integrating different territorial levels. The blurring of the boundaries between domestic and international politics has been an interesting theme (Keohane & Milner, 1996; Risse-Kappen, 1995; Rosenau, 1997; Skidmore & Hudson, 1993), but one may say that too much energy is invested in explaining the strong pressures on domestic institutions and in examining the erosion of states as unitary actors and the influence of nongovernmental organizations on foreign policy. It should be remembered that private actors located at the global or national level not only seek to influence public policy in a traditional sense, but in a number of cases they move far beyond this to make their own solid contributions to governance. This article will focus on one specific form of governance provided by civil society, namely self-regulation through private organizations.

To investigate self-regulation and its coordination at different territorial levels, a theoretical integration of perspectives is required. An

integration of ideas from strands of comparative politics and transnational relations builds on the notion that in the age of globalization, the national sphere as a whole is not necessarily weaker or weakening. Indeed, outside the sphere of public authority is a sphere of private authority that is not only given little attention but is usually forgotten. If the national sphere is regaining importance and becomes active in new issue areas in the process of globalization, it is, however, not necessarily because intergovernmental organizations breathe life into states or public authority is reinstalled to process the implementation of global regulation. Associations may develop their problem-solving capacities outside the framework of states and intergovernmental organizations.

This article will first take a brief look at the distribution of public authority between domestic and international levels and will evaluate whether a loss of control is identifiable and, if so, which group of actors assume control outside the realm of state and market. It will be argued that the national sphere is not identical with the power of the state. Nongovernmental organizations involved in self-regulatory arrangements are discussed to understand their regulatory capacities. They present an alternative to public authority and can be linked to global arrangements of private regulation. In such cases, key roles are held by private (not public) administration, and this seems to be one of the many consequences of globalization for public administration.<sup>1</sup> Research on private actors being delegated governmental functions or voluntarily assuming such functions will therefore be scrutinized in the next sections, and theories to analyze this in international and domestic politics will be discussed. Finally, the last section of the article will offer some ideas as to how different territorial levels and forms of private governance must be theoretically integrated to reach a better understanding of how global governance through self-regulation works and how it can be further explored.

### **STRIKING A NEW BALANCE BETWEEN THE NATIONAL AND GLOBAL LEVEL OF PUBLIC AUTHORITY?**

A consequence of globalization is often the decline of the state. The arguments seem to echo each other. Where the state surrenders authority to international organizations or supranational institutions, a potential for establishing some form of global order is created, and if certain problems call for solutions beyond the level of nation states and if such problems

become managed by global agencies, little remains for independent domestic policy making.

In many cases, however, it is quite difficult to identify exactly to whom influence is actually surrendered. Argumentation is imprecise, and whether authority is taken by other governance systems or other levels of public authority is not always evident. However, the sharp increase in economic exchanges and the growing impact of the world economy on national economies poses new challenges to national decision makers, making it difficult for governments to formulate and implement independent national strategies. In particular, the liberalization of markets during the past decades has made national economies much more open and vulnerable and has brought into question their regulatory capacities. Investigations into economic behavior suggest that authority is being taken by anonymous market forces or by a variety of economic actors, such as large corporations and business alliances that operate on a global scale beyond the control of states and even intergovernmental organizations.<sup>2</sup>

In recent years, numerous studies have emphasized these trends and pointed to a search for new forms of control. Most parts of this literature, however, are only concerned with domestic politics and consider changes from the perspective of national adaptation and restructuring. Thus, the application of new tools to reform the public sector, as discussed in the plethora of new public management literature, is analyzed within the framework of domestic politics. These contributions generally illustrate a diffusion of control without trying to identify specific new centers of power and link analyses to the issue of globalization. Other studies more clearly view the retreat of the state in the context of internationalization and globalization, and generally regard nation states as historical losers that do not surrender territory but authority. Certain sectors, such as finance, provide strong evidence of this trend (Cerny, 1993; Porter, 1993; Underhill, 1997).

Nevertheless, there have also been alternative interpretations of these developments. Between the overly optimistic voices who welcome this allegedly inescapable development and the pessimists who regret or want a return of state sovereignty, some argue that internationalization or globalization does not necessarily lead to a dismantling of national authority. For instance, European integration, with its multilevel character of policy making, is seen as a process where supranational institutions must rely on lower territorial levels at all stages in the policy process. This is offered as an alternative to the more traditional perspectives of neofunctionalism and intergovernmentalism that emphasize either the guidance of

supranational institutions or the never receding role of member states. The European integration process has shown that new resources, for instance in the Southern European member states, as well as in the new applicant states of Eastern Europe, are called for at the state level. However, the multilevel governance approach does not only stress that governance is accomplished through different levels of public authority, but also points to the multiple actor character of politics, thus involving a variety of private actors at domestic and at the European level (Marks, Scharpf, Schmitter, & Streeck, 1996).

Under these circumstances, the exercise of authority by international organizations or the increase in interstate cooperation can lead to a revival of state control. Also, the proliferation of new issue areas and the expansion of public policy pose new challenges to governments and lead to regulation in fields where previously no state activity existed. A parallel development can be discerned at the global level. New issue areas are handled on the global scene by already established institutions or through the creation of new agencies.

In sum, it is very difficult to give a straightforward answer as to whether a decline in the role of states can be observed. Although much evidence supports this, there are a number of developments contradicting the thesis. The context of domestic politics is, however, changing quite rapidly. These changes are forcing a new balance to be struck between different territorial levels in the making of public policy. As a consequence, the most relevant and interesting studies address the compatibility of territorial levels and show how governance at the global level can be linked to and is dependent on regional, national, and even subnational arrangements. Just as domestic processes should not be studied in isolation of international developments, global governance should not be regarded as an isolated process cut off from regional and domestic processes.

Indeed, domestic and regional processes should be interpreted very broadly. It is evident that many global arrangements cannot be established without the contribution and consent of the member states of intergovernmental organizations. Inputs delivered by states are to a high degree the outcome of domestic interests and conflicts. However, the domestic inputs into global politics are not always provided or mediated through the behavior of states, as private actors have their own independent contributions to make. Likewise, the pressures on governments do not only come via intergovernmental organizations, but also through interest groups organized at international levels with ambitions to influence the behavior of single states.

Nongovernmental organizations are also linked at different national, regional, and global levels, and some studies have pointed to these linkages in different policy areas. Various transnational social movements participate in the formulation of policies at the global level and, through their affiliates and chapters all over the world, actively set agendas and implement programs at national and subnational levels.<sup>3</sup>

For instance, in the areas of developmental policy, nongovernmental organizations assist intergovernmental organizations in formulating policy and setting priorities. They are also involved at a later stage in the implementation of decisions in many third world countries where national or community-based institutions are, in part, encouraged and financed by international organizations. The support for these organizations also comes from global nongovernmental organizations that run programs through affiliates.

The cooperation between public and private organizations carried out at different territorial levels is an important institutional feature of global governance. Private organizations should, however, not necessarily be regarded as the weaker part in their interaction with states and intergovernmental agencies. As a matter of fact, private organizations have independent lines of communication and resources. They may establish stable arrangements of self-regulation through associations as an alternative form of global governance. An analysis of this specific mechanism of problem solving in civil society is reflected by the shifting balances of power in the system of public authority. Thus, states and intergovernmental organizations may, independently or through coordinated efforts, encourage the growth of nongovernmental organizations and provide a specific opportunity structure for the creation of self-regulation. At the same time and against the backdrop of actual or anticipated public regulation, private organizations may also identify concrete areas and territorial levels where self-regulation seems legitimate and practicable and design arrangements accordingly.

### **INTERNATIONAL AND GLOBAL FORMS OF PRIVATE AUTHORITY**

The presence of private authority at the global level is not quite new, dating back at least to the last half of the 19th century, although at that time it was not as widespread. The demand for global rule systems was at least in part met through the regulatory efforts of early and emerging inter-

governmental organizations (Murphy, 1994). Academic interest in the role of such private arrangements came much later. The idea that private organizations can play a role in global politics was long neglected or doubted because, from a state-centric perspective, the exercise of public functions through self-regulation seemed problematic. A growing interest in analyzing interest group activity in global politics could potentially confirm this view. If they are merely interpreted as pressure groups (Willetts, 1982) they are hardly recognized as stable players in the policy process, and there is less chance that they will be delegated tasks and become involved in self-regulation.

Early analyses of nongovernmental organizations in international or global governance centered on regulatory development in specific issue areas, particularly business. Global industries like shipping were urged to regulate the sector and provide some basic rules of competition to control spontaneous market forces and avoid state intervention (Marx, 1953). Few attempts were made to generalize this experience through comparative studies of different industries or policy fields. Thus, more coherent theories on the regulation through associations as a viable alternative to spontaneous market forces and hierarchical state intervention were not developed.

Private organizations have traveled a long way to become recognized as alternative rule makers in political research. Prompted by the globalization process and the search for new forms of governance, more attention has been given to the resources of nongovernmental organizations and, on a few occasions, their self-regulatory potential has also been examined. Still, there is no systematic account of their practices (UNCTAD, 1996). The issue of new forms of governance through private organizations has only become an object of research and theory building in recent years.<sup>4</sup>

For the most part, contemporary research is directed toward activities of different industries. Unlike the literature on the soft interests, such as the environmental groups, writings on producer groups do not generally try to link the global with the local or national dimension. This may perhaps be explained by the fact that certain producers can be categorized as global players. Global players formulate strategy by synthesizing their different national experiences, forming global industries and agreements, and moving forward without waiting for different national inputs.

The different forms of private authority are scrutinized mainly in relation to regime theory in the field of international relations studies and in studies on international cartels and other forms of economic coordination within the international political economy tradition. In the first case,

inspiration has been sought in the well-established branch of regime theory focusing on interstate cooperation, whereas in the latter case research has been inspired by economic research into networks and alliances in the global economy. Regimes and cartels are not necessarily the two extremes of private authority, but are mentioned here as forms of private coordination that have received attention. Private regimes seem to be more related to political processes; they are often closely linked to and actively assisting intergovernmental organizations and vice versa (Haufler, 1993, 1997). Cartel-like forms of cooperation, on the other hand, are closer to the market sphere. In this way, the different organizational formats of private authority have been located somewhere between the more well-known governance systems of market and state. Thus, self-regulatory measures are interpreted more broadly than in comparative research on domestic arrangements. This point will be returned to in the next section.

Analyses of private arrangements are a useful contribution to theories on global governance. They show that the potential for creating mechanisms for self-regulation can be found in a very broad range of organizations and that the ability to regulate is not restricted to a specific group of organizations that are typically seen as underprivileged. The landscape of nongovernmental organizations is extremely varied, and there are reasons to believe that not all of these organizations have the capacity and infrastructure to become involved in self-regulation. Furthermore, self-regulation may not always be terribly relevant because these organizations do not provide any governance functions, but rather seek to monitor the behavior of other groups in society. This is, for instance, the case of many environmental organizations that pressurize producer groups and states to adopt more environment-friendly policies.

Many underresourced organizations are incapable of creating such mechanisms and are, in the best of cases, only able to monitor the behavior of other organizations or assist states in the national implementation process. Contrary to many myths about the individualistic creed in business life, studies on business organizations provide evidence of the collective norms and standards adopted at the global level, which is after all not that surprising given the global nature of many industries.

The problems raised in the recent literature on business groups, written in the international relations or international political economy tradition, are primarily related to the role of international or global organizations. Unfortunately, the consequences for domestic arrangements of self-regulation that develop simultaneously with formal arrangements are rarely considered (Hollingsworth, 1998). In international relations, it has been

stressed that private arrangements can offer functionally equivalent alternatives to public regulation manifested through interstate cooperation. The departure of the international political economy with its strong emphasis on state and market has provoked a search for intermediary structures and new forms of governance that renew this discipline. Contributions have borrowed from and built on general approaches in industrial economics and economic sociology where the concepts of markets, hierarchies, and networks have been applied, although they are not related to any particular territorial level of regulation. Another source of inspiration has been early historical forms of self-regulation (Weiner, 1999), such as the rules applying to members of national guilds and fairs. In part, studies on global governance reference these early forms of self-regulation in the context of the new medievalism (Greif, Milgrom, & Weingast, 1994; Milgrom, North, & Weingast, 1990). Unfortunately, some of the more contemporary forms of self-regulation, developed in domestic contexts and with some explicitly embedded in the globalization process, have largely been ignored.

The empirical evidence provided is still rather limited, and only relatively few sectors have been investigated so far with attention primarily directed toward industries where production and markets are globalized. As yet there is no systematic evidence of which branches or industries, or which organizational formats, are best suited to host such self-regulatory arrangements and where their limits are. Therefore, to explore further the capacities of a variety of nongovernmental organizations in the global context and develop a more robust theory, it is essential to link theories developed to understand the global level of regulation with theories of national self-regulation to present a more coherent perspective of private authority.

## NATIONAL FORMS OF PRIVATE AUTHORITY

Experiences with private authority are not limited to the global level. Various forms of self-regulation have emerged at national levels and have been examined in comparative public policy and comparative interest group literature. In general, this literature has not tried to trace the historical roots of self-regulation from medieval times, whereas relevant research can be found in other disciplines (Black, 1984). Historical traditions have not, however, been neglected altogether. They surface more indirectly as self-regulation is understood against the more general back-

ground of regulatory culture and political institutions that characterize a given country and enable and structure contemporary forms of regulation.<sup>5</sup>

Academic discussions of national self-regulation are specifically related to the role of interest groups and therefore generally apply a much narrower perspective than that found in the debate on international self-regulation. Thus, the growth of self-regulatory bodies was observed by political scientists in the 1940s, and has since been discussed periodically without any consistent conventions being determined (McConnell, 1966; Merriam, 1944).<sup>6</sup> It was relaunched and more systematically developed from the early 1980s, when a new set of tools was offered. These could be used to explore the contribution of associations to social order in domestic politics and thus formed part of a general attempt to develop the paradigm of neocorporatism. To some degree, inspiration was also found outside interest group studies. Here general theories on economic sociology and transaction cost economics proved helpful in explaining some of the institutional mechanisms that stand behind self-regulation within the economic organization of industries (Campbell, Hollingsworth, & Lindberg, 1991; Hollingsworth, Schmitter, & Streeck, 1994).

Self-regulation has been studied in different empirical contexts, with a number of interesting analyses directed toward specific industries where the different capabilities for self-regulation across sectors and countries were emphasized (Grant, 1987; Martinelli, 1991). Contributions have also come from outside the milieu of the neocorporatists, and although these do not share the same vocabulary, they are fully compatible with the basic idea that governance could be delegated or voluntarily assumed by private associations (Boddewyn, 1992). Again, the information is too limited to generalize about the advantages of certain sectors or associational structures in creating such mechanisms, but within this literature the phenomenon of self regulation has very much been linked to economic interest organizations and producer associations. Whereas the abilities of producer associations have been studied, the role played by consumer organizations or other interest groups in influencing and participating in such arrangements has not been considered.

Under the umbrella term *private interest government*, associations have been called a fourth pillar of governance alongside market, state, and community (Streeck & Schmitter, 1985).<sup>7</sup> It may be argued that the study of their activity is an interdisciplinary task, but it is mainly dealt with by interest group specialists. Consequently, there is rather a strong but incomplete similarity with the division of labor in the study of international self-regulation. Within an international context, the role of markets

and the behavior of states have been examined within the specialized disciplines of economics, the activities of states have been dealt with in international relations theories, the state-market relationship has been explored in the international political economy tradition, and certain civil society institutions and interest groups have been examined in the transnational school of international affairs.

According to the private interest government approach, associations have to fulfill certain basic criteria to serve as private interest governments and to be accepted by government. Some of the key preconditions for establishing and running such arrangements are: a monopoly in the organization of a given interest category, an avoidance of an unacceptable degree of free riding, a capacity to achieve compliance among members, and a capacity to sanction violations of these rules.

Private interest governments can be quite effective, but these internal properties and dynamics are not sufficient and, according to this approach, their success also hinges on recognition from above. Although associations governing private arrangements are seen as an alternative system of order, they generally need some degree of recognition or licensing from the state. This granting of official authority to private actors shows that the state itself surrenders authority, and alternative power structures are established outside the immediate control of political institutions. The ability of the state and independent associations to enter into and sustain such domestic arrangements varies across sectors and countries, but is most likely to occur in fields with mature traditions of associability and with long-standing relationships of cooperation between the state and private sector associations.

One thing is very striking about these comparative studies. Ironically enough, self-regulation is only studied in its respective domestic context or brought into a comparative analysis by looking at a smaller group of countries, typically from the industrialized world, which generally have a higher degree of associability and a relationship between state and organized interests that is generally conducive to such arrangements. The existence of an international dimension is either completely ignored or only briefly mentioned as something peripheral to the existence of self-regulatory bodies. Even in cases where it would have been obvious to include the international dimension, such as in the highly global industry of chemicals, one of the most intensely studied industries that possesses a strong tradition of national self-regulation, this is rarely considered or mentioned as a possible framework for analyzing domestic arrangements. It is even

more astonishing that this territorial dimension has been overlooked at a time when the process of regionalization and globalization has gained momentum and is an increasingly important part of discussions in the social sciences.

National forms of private authority are more than ever not an isolated phenomenon, but rather a development to be placed within the broader framework of governance and conceptually related to the parallel debate on global governance. It is important to stress that different national arrangements of self-regulation are not necessarily integrated into a global framework in the era of globalization. Indeed, in some cases globalization can erode the national patterns of regulation, including self-regulation, through the liberalization of markets (Coleman & Underhill, 1998). However, it would be wrong to see globalization as sweeping away the intermediate structures of the economy, as these can also tie different national arrangements together. To understand global governance—or even domestic governance—and establish a coherent framework for analysis, a common language must therefore be found. This requires an integration of theoretical perspectives that investigate the different territorial levels of regulation.

### **INTEGRATING THEORIES ON TERRITORIAL FORMS OF SELF-REGULATION**

The blurring of the boundary between domestic and international politics has not led to a general reformulation of ideas, concepts, and methods among those trying to understand self-regulatory arrangements. However, the relevance of associations is noted in research linking national and international policy processes. The term *internationalized policy environments* refers to cases where “at least some part of policy-making takes place at a more encompassing level than the nation-state” (Coleman & Perl, 1999, p. 700). This term also includes cases of self-regulation, and although there is a potential for using this term to account for the vertical links between nation-based self-regulation and global self-regulation, the horizontal dimension at the global or the national level is better captured.

Although governance in the form of national self-regulation can be insulated and does not always need an international superstructure, global norms must generally be linked to and further enforced at lower territorial levels. Although the role played by these territorial levels is quite

different, it is actually possible to find examples of self-regulation, which are global in character and are not shaped by distinct national processes, predating the formation of global self-regulation. In certain industries, for instance, small groups of global producers may coordinate beyond the level of individual states but not seek to establish specific national arrangements. These forms of self-regulation, which are not based on national processes, must therefore be further explored as a specific type of self-regulation.

At the very least, we can conclude from these observations that unlike global governance that is provided through intergovernmental organizations and based on the cooperation of states, governance through private actors is not always designed the same way because the private world is structurally more varied. The standard model of private regulation, however, still seems to be based on the cooperation between different territorial layers.

In other words, where the implementation of rules adopted within the framework of intergovernmental organizations is carried out by member states, national or regional affiliates of nongovernmental organizations have a role to play within the regional and domestic scenes. Although theories have been developed to analyze the relationships between states within the framework of intergovernmental organizations, there are almost no theories to assist in studying relationships between, for example, national associations and global nongovernmental organizations. Therefore, we are theoretically and methodologically less equipped to examine various types of cooperation in the management of self-regulation.

Analyzing linkages between territorial forms of self-regulation in their historical and political contexts clarifies two basic processes. First, in some cases problems are identified and discussed at the global level before a regulatory framework is developed. Then, as part of the scheme, this framework is translated into national rules by the organizations already in place. In this way, global rules cannot only be copied, but they may also be strongly affected by national styles of regulation and consequently reformulated. Second, different sets of national solutions have already been found (e.g., by a smaller group of forerunners) and then at a later stage transformed into global rules. Particularly successful or dominant national models may here serve as a pattern for global governance. Through push or pull movements, they can be exported by countries, in the most aggressive cases in a kind of "Pax Britannica" or "Pax Americana"

style, or be imported by other countries to save implementation costs of already tested models. However, as different countries and organizations influence such rule systems, a compromise must usually be found between competing models or disparate practices. Whether the global level or lower territorial levels are playing a guiding role in these processes is likely to vary across issue areas, but as a methodological point of departure a thorough analysis should include all the different actors in this interplay. The analysis should therefore not be confined to a study of the specific organization involved in self-regulation but also be attentive of the role played by public authority and, for that sake, other private actors active in the same field.

National forms of self-regulation, increasingly also embedded within a framework of global governance, are as a rule easier to manage than arrangements located at the global level. In existing research it is emphasized that arrangements are usually organized through formal organizations, in particular associations that seek to recruit all individuals or firms in a given interest category and thus avoid free riding and noncompliance. Self-regulation is, in other words, combined with a variety of other activities that are traditionally found in associations. Thus, the integration of members is multifaceted and follows a complex pattern. As far as relations to the environment are concerned, associations are organized for political purposes and more noticeable in politics than most other private organizations. In cases where self-regulation is authorized and delegated by government, it is also kept under governmental supervision and the associations are held accountable for mismanagement and noncompliance. Under these circumstances it is easier for associations to offer self-regulatory arrangements and for political institutions to monitor them in the comparatively small national polities, where a more stable relationship of trust between associations and government may be sustained. The above features, although highly generalized and painted with a very broad brush, distinguish national self-regulation from global self-regulation. To exploit some of these advantages, global governance should build on national arrangements; however, this can never be accomplished through aggregating national models alone.

New problems are likely to arise in the creation of global arrangements and also in cases where international nongovernmental organizations operate as federations with affiliated national associations, either providing their own established solutions or trying to influence the emergent global regulation. Self-regulation designed as an alternative to public

regulation to allow the free operation of economic actors in the market place can be managed in different organizational formats. This is illustrated in elements of international relations research (Cutler, Porter, & Haufler, 1999). However, as documented in comparative politics, of the many forms of self-regulation available, associations seem to have greater advantages.

It is also typical for research on national forms of private authority to be mainly occupied with formal organizations, especially associations, whereas studies on global arrangements interpret self-regulation in a much broader fashion and include a wider set of actor categories. Still, formal organizations also flourish at the global level, and there is potential for research in this area. Indeed, many interests are today represented in global contexts through a large number of nongovernmental organizations with a federated structure and a large proportion of them having a general ambition to include member associations from all countries to be representative in exchanges with their environment. From their associational structure at least, they have the characteristics of contributors to global governance. As with their national affiliates that are consulted by their own governments, many global associations are interacting with intergovernmental organizations and are being granted consultative status or other kinds of formal recognition.

Accordingly, a climate for voluntary self-regulation is created that in turn facilitates recognition from intergovernmental organizations and solidifies arrangements. Quite naturally, intergovernmental groups prefer delegating functions to well-known and reliable partners. Nevertheless, not all associations have the potential to host self-regulatory arrangements, and although research in this area is limited, it may be hypothesized that associations organizing narrow interest categories and holding a representation monopoly may be better suited to monitor compliance and sanction noncompliance. Size is important, but this does not suggest that large associations do not have such potential, although in this case more specialized agencies must be created to regulate the behavior of the members (Ronit & Schneider, 1999). The task of organizing self-regulation at the global level is immense, and therefore, the arrangements should only cover a specific issue area. If global associations have to monitor too many activities, there is a risk that self-regulation becomes unmanageable or vague and that global governance is replaced by rhetoric.

The process of linking domestic and in some cases regional to global arrangements is complicated. In some cases, different national styles of

regulation can block self-regulation, for example, because self-regulatory models build on very different principles or because public regulation is preferred to self-regulation in some countries. In other cases serious conflicts do not exist between the different domestic practices, either because elements of self-regulation have been widely introduced or because no regulation is applied. Thus, space is relatively open for private organizations to offer this form of problem solving. Still, the process must be found to adopt a global rule system to meet new demands and divide labor between domestic and global arrangements.

Again, it should be stressed that the ability to provide a national basis for such arrangements differs significantly from country to country, something that interest group studies of the industrialized countries also suggest. Furthermore, there are strong discrepancies between the organizational resources available for regulation in developed countries and those in developing countries.

The latter group of countries is restricted in its spending abilities as limited public resources restrict the development of public regulation or the control of private arrangements. Additionally, private resources are scarce. Civil society institutions are often assigned an important role by international donors as well as others in the development of strategies for these countries. However, the associational landscape is generally immature and weak. Under these circumstances the import of regulatory traditions is likely to take place, although this will always have to be fit into a new economic, cultural, and political framework. Global actors such as the federated nongovernmental organizations, on the background of experiences from countries where self-regulation has already been adopted and successfully implemented, may assist in the introduction of self-regulatory arrangements and to some extent may help in monitoring and sanctioning at this level. Also, business firms, already involved in similar activities of self-regulation in other countries and committed through global agreements, may participate in the creation of national associations and networks, compensating for the lack of domestic self-regulatory traditions. Baseline standards following global arrangements rather than new national standards are likely to be imposed. Even though these standards are comparatively weaker than in the industrialized world, it is important to emphasize that they are linked to and partly managed through global institutions where an exchange of experiences is continuously taking place. In this way, steps can be taken toward global governance through self-regulation, which is based on different territorial levels.

## CONCLUSION

In addition to markets and states, self-regulation through nongovernmental organizations is an alternative contribution to global governance. However, such complex arrangements can only be created and sustained through cooperation between organizations located at different territorial levels, including the national level and in certain cases also the regional level. Unfortunately and all too often, the role of the national or domestic level is confused with the part played by the state. Nevertheless, it is important to emphasize that the national dimension embraces public and private groups of actors and their problem-solving capacity. In other words, the retreat of the state is not necessarily indicating a decline in the role of the national polity simultaneous to the domestic organization of interests. Those who advance the retreat thesis, as well as those who dispute and deny it, often tend to neglect this actor category and fail to address this issue. The analysis of self-regulation is not confined to the study of private actors *per se* but also includes the environment in which their activity is embedded. Thus, the creation of domestic arrangements may also be based on or require some kind of initiative from government. If states have actually lost authority and competence, then these can probably be revitalized as a consequence of private rule making at the national level.

Governance through self-regulation managed by private organizations is practiced on the national as well as on the global scene and, in some cases, linked. It is also examined in different parts of the literature within comparative politics and in different branches of international relations studies, but very few attempts have been made to study how national forms of self-regulation are embedded in global rule systems. Thus, to understand how global governance works, it is necessary to scrutinize how it builds on and reciprocally influences arrangements at lower territorial levels.

Attempts to accommodate theoretical perspectives and bring the different disciplines and approaches together are rare; however, through a concerted effort by comparativists and international relations scholars, steps can be taken to avoid theoretical fragmentation or duplication. Comparativists can learn that self-regulation is not just limited to a given territory and structured by national traditions of regulation and interest group activity, but can also discover that, to a large and increasing extent, self-regulation is structured by external forces and shaped by the

globalization process. At the same time, the study of international and transnational relations can provide insight into how a variety of national arrangements of self-regulation survive in a context of global governance. The great challenge, therefore, is to understand how the different territorial forms of regulation are combined and how they may further or impede global governance.

The study of national arrangements applies a narrow perspective and usually concentrates on formal organizations, especially if these are established within an associational format. Analyses of global forms of private authority have a broader orientation. Naturally, it is easier to identify similarities between forms of self-regulation that stem from comparable circumstances. Research into global private authority investigates more varied forms of private coordination and argues that problem solving in economic and political life can be provided through a plethora of associations, networks, cartels, and other types of rule systems. This open approach correctly moves beyond associations to identify how organized civil society institutions perform various functions of governance. Nevertheless, it is problematic insofar as it fails to elaborate on the role of associations as an alternative to public regulation. Associations are one of many organizational formats. However, in the study of domestic arrangements, they are given a more prominent position. The centrality of associations can be explained by their established role in politics. They have private administrations to run self-regulatory arrangements, and governments may find it easier to delegate regulation to such organizations that can then also be held accountable and forced to accept some degree of transparency.

A focus on the role of associations concerned with self-regulation at the national and global level should not exclude other formal organizations and informal alliances. Sectoral and country-specific variations should be respected and inspiration should be sought from a cross section of groups, sectors, and countries to further develop self-regulatory theory. It is no surprise that studies of national and international regulatory bodies have taken a keen interest in examining business relationships that in many industries are increasingly globalized while at the same time displaying highly complex forms of private authority. In the national and global arena there are many associations that may play an important role in politics without becoming involved in any kind of self-regulation. There are many areas outside business that must, however, be investigated. Thus, there are many professions that seek to guide members'

behavior and have the capacity to sanction noncompliance. These include the typical professions as well as organizations like professional sports that establish their own codes of conduct.

Country-specific variation is also an important theme. It is evident that economic, political, and administrative resources are unequally distributed across different countries and regions. Although this may complicate the linking of arrangements, it may also explain some of the successes and failures of self-regulation. We know too little about these arrangements to draw any detailed conclusions; however, a few tentative answers can be offered.

National self-regulation has been shown to be most effectively managed within an associational framework. The design of global governance through private actors should take this model into account and, where possible, exploit its advantages. As interests are often organized through associations in national contexts, national associations can more easily fit into nongovernmental organizations, in the form of global federations, which monitor their behavior and sanction noncompliance. They exist available in rich numbers and enjoy consultative status with intergovernmental organizations in many policy fields. This suggests that self-regulatory arrangements can more easily be delegated to already recognized associations and, likewise, voluntary arrangements created by established associations will be accepted as viable alternatives to government action. It is in the industrialized nations that these patterns are present, and this creates a strong bias in the development of self-regulation. Although in some cases experience can be transferred, circumstances under which an established regulatory culture and model can be exported and implemented into new conditions need further exploration.

Because the study of global politics is mainly involved in a state or state and market discourse, self-regulation is an underestimated or even neglected issue. Empirical analyses and theory building in different areas of comparative politics and international relations can help us develop further insight into private organizations and their contribution to domestic and global problem solving. To this end, an integration of concepts and methods is needed. Eventually, this may also have some practical consequences. A better understanding of self-regulation and a more systematic account of the criteria for creating and sustaining such arrangements can assist private organizations in developing and linking new and alternative mechanisms of governance at different territorial levels.

## NOTES

1. On this general problematic, for example, see Farazmand (1999).
2. Economic actors assume authority surrendered by states. For different formats of networks and organizations, for example, see Strange (1996).
3. For a general and more recent discussion of nongovernmental organizations, for example, see Smith, Chatfield, and Pagnucco (1997); Keck and Sikkink (1998); and Ronit and Schneider (2000). For a discussion on linking territorial levels, see also Princen and Finger (1994). Perhaps more than in any other issue area, nongovernmental organizations have been granted a role in the creation and management of environmental regimes where they assist in monitoring. See, for example, Keohane and Ostrom (1995) and Young (1997).
4. The older tradition of political economy began to study the emergence of cartels and trusts in the development of imperialism at the beginning of this century—and often from a Marxist point of view. The concentration and centralization of economic power in the hands of a few corporations across a number of key industries and the coordination of interests through private agreements was interpreted as a kind of capitalist planning. It could transform and mature into socialist planning with a change of ownership. Under all circumstances, private coordination was seen as producing a new form of global order. A modern precursor to the current debate on self-regulation is an interest in the socially responsible behavior of multinational corporations, which began in the 1960s and 1970s (e.g., see Kline, 1985). This aspect of business codes is also included in studies on global self-regulation, whereas the behavior of individual firms has not been addressed and integrated into analyses on national self-regulation.
5. A good example of how associations may practice self-regulation and help to solve societal problems is provided by Germany. The German tradition of associability is to a large extent based on the granting of public status and delegation of functions to associations. In this literature, historical forms are reproduced in a national context but unrelated to modern problems of globalization. This integration of associations into policy making also provides a framework in the creation of more specific self-regulatory arrangements. See, for example, Offe (1981), Kirberger (1978), and Mayntz (1992).
6. In these contributions, *private government* is a more encompassing term addressing more than just self-regulation through collective bodies. Additionally, large individual corporations are seen as governments that produce their own rules and maintain economic power in society.
7. For a later and more refined model taking up the same discussion and phrased in the terms of governance limited to national domains, see Schmitter (1990).

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