

**The Globalization of Politics:
Rational Choice and the Internationalization of Public Policy¹**

Roger D. Congleton

Center for Study of Public Choice
George Mason University
Fairfax, VA 22030

Fulbright Distinguished Professor
in American Studies
Political Science
University of Southern Denmark
5220 Odense, DK

April 10, 2007

Abstract: The domestic politics of globalization are essentially as old as globalization itself. Trade and other international transactions affect a broad spectrum of individual economic interests. For example, relatively less-efficient domestic firms lose, and importers and consumers desiring goods produced abroad benefit. Domestic philosophers and religious doctrines may be challenged by ideas imported from abroad, while those interested in new ideas or dissatisfied with existing theories benefit. As a consequence, organized interest groups have long battled each other for and against more open borders with the result that nearly all governments have some restrictions on trade.

However, it is less clear whether politics itself has been globalized along with flows of goods, services, and ideas. This paper uses theories from public choice to analyze international and global aspects of politics, that is, the extent to which international organizations directly or indirectly determine government policies. Here it bears noting politically active international organizations have long existed, because economic and political advantages can often be realized by coordinating efforts. Such groups are evidently becoming increasingly important in the twenty-first century as a result of technological and ideological change and also an increase in the breadth and depth of interests affected by international trade and international externalities.

Key Words: Globalization, Politics, Rational Choice, International Interest Groups, International Governance, Regulatory Externalities

¹ This paper has benefited from conversations with colleagues in past years, but especially with Gordon Tullock, Karl Warneryd, Hiroyuki Kawanobe, Leonard Dudley, and Pamela Cubberly. Helpful comments were also received by Axel Dreher at the World Congress of Public Choice. They, of course, bear no responsibility for the use to which I put those helpful conversations.

I. Introduction: Globalization, Politics, and Public Policy

Globalization is a complex and very long-term process that reflects changes in the technology of transport and communication that produce economies of scale and scope. As transportation costs fall with improvements in land, sea, and air transport, products, people, and ideas move from places where they are more or less freely available to those where people are willing and able to pay for goods from afar. Thus, for several thousand years, spices and silk moved from Asia to the Mediterranean via the Silk Road and gold and pottery moved to India, China, and the Spice Islands at the same time that ideas about farm animals and crops, religious and political theories, and art and technology moved in both directions (Burstein 2001, Diamond 1999, and Abu-Lughod 1991).

The process of globalization clearly has economic, social, ecological, and philosophical dimensions. It can be argued, however, that the globalization of domestic politics is a prerequisite for most of the changes associated with globalization. Although commerce and culture do not require politics to succeed, they can easily be impeded by public policies. Governments have long taxed international (and interregional) exchange on inland water and land routes and at international seaports. Governments have also long granted special privileges to importers and exporters, often in exchange for loans or additional revenues. And, they have occasionally attempted to block international intercourse entirely.

If long-distance exchange has a long history, so do the efforts to tax and restrict such activities. For example, more than 2,000 years ago, Rome adopted a tariff called the *portorium*, which was collected as people, goods, and service passed through particular tax collection gates (from 200 BCE). The Ming Dynasty is famous for its restrictions on the size of the ships in its international fleet in the late fifteenth century, and Tokugawa Japan is similarly well known for limiting its international trade and contacts to a single Dutch trading post on the island of Deshima near Nagasaki in the seventeenth century. Medieval Europe is equally famous for its internal and external trade restrictions and high taxes on imports and exports of goods and services.

These policies would clearly have been pointless without the existence of importable and exportable good, services, and ideas that were in high demand and could be transported at a reasonable cost. On the other hand, it is also clear that the government policies affected the magnitude of the international (interregional) flows of goods, services, ideas, and people.² Nonetheless, in each case, some international transactions were permitted.³ In the case of tariff barriers, subsequent gains to trade had to be sufficient to cover both tariffs and transportation costs. In cases in which monopoly privileges on certain products were granted or specific imports were declared illegal, black markets tended to emerge. Similarly, in the case of censorship, ideas that complemented forbidden ones may be sufficiently useful to be translated and disseminated, and underground presses and radios tend to emerge to disseminate forbidden ideas.

This brief historical overview suggests that governments have long taken positions for or against some or all international transactions—for or against globalization. In this sense, it could be said that *domestic politics has long been global*, because domestic politics has long-addressed policy issues affecting the proper scope of international transactions. The *domestic politics of globalization* are essentially as old as international intercourse.

On the other hand, it is less clear whether politics itself has a truly international component. It could be argued that, for most of the very long history of international transactions, it was domestic rather than international politics that determined internationally relevant policies (Giddens 2002, Hillman and Ursprung 1988). However, this is not entirely true, international and transnational bodies have long had significant influence on public policies. This is, for example, evident in the Hanseatic League of the fourteenth and fifteenth centuries and in the international religious organizations that have played important roles in domestic politics for thousands of years. It is also evident in numerous cases in which military alliances have influenced the defensive and aggressive strategies of member states. In

² The cost of transporting goods fell in the seventeenth century, as more seaworthy ships developed in Europe and the cost of transporting ideas fell with the invention of better print presses with new movable type. (The printing press improvements were made in Europe from a technology developed in China in the fifteenth century.)

³ In the case of Japan, which more securely closed its doors than other successful nations, the Dutch were permitted to continue to trade at a small port in the south of Japan.

policy areas of interest to such organizations, domestic policy debates *have long included international participants*, and in this sense, *politics has long been global*.

This essay analyzes truly international aspects of politics, using tools and theories from rational choice politics (public choice) and economics. It focuses for the most part on international organizations that attempt to influence public policies, especially regarding policies that affect international transactions. It is clear that both governmental and nongovernmental groups do so. Most international governmental organizations are “treaty organizations” in that they are products of formal agreements negotiated among national governments. Many international nongovernmental organizations are also “treaty organizations,” in the sense that they are often formed through voluntary associations of similar domestic organizations. Such agreements benefit the parties involved because of various economies and externalities associated with public policies.

Although both sorts of international organizations have long existed, both treaty organizations and international interest groups have evidently become more influential in the past few decades. This paper argues that the increase in international politics reflects technological and ideological change and a consequent increase in the breadth and depth of interests affected by international trade and by other international externalities. Both the economics of clubs and the political economy of interest groups imply that politics is likely to become increasingly global insofar as the net benefits from international exchange and coordination increase through time.

II. Rational Choice and the Internationalization of Government Decisionmaking

A. Economies of Scale

There are two processes through which globalized politics, in the sense of international organizations, may emerge. The first and least likely at this time is through military conquest and hegemony. A single political entity may gradually annex or absorb neighboring territories and impose a subset of its rules on the “new” territories. Historical examples of such political amalgamations include the great empires of the past: Egypt, Chinese, Roman, Muslim, Ottoman, Russian, and British. Although in many cases, these

empires are long gone, they continue to affect national boundaries, religion, law, and language today. The most recent empires have been unraveling as former territories become independent nation-states. Evidently, the combination of technology and ideology that drove these large expansions of territorial control have been replaced by others less favorable to globalization via conquest and colonization.

The second mechanism through which globalized politics can emerge relies on voluntary relationships, rather than coercive ones. A good deal of diplomacy involves negotiations for creation of new international organizations to advance policy interests of those involved in the negotiations. For the most part, international organizations created by national governments are loose, often very specialized, confederations—that is, treaty organizations—of nations or regions, adopted to promote common interests. Similarly, international organizations created by private interest groups are often “clubs of clubs,” loose confederations of private organizations that agree to advance common interests, including political objectives.

Voluntary methods of globalization also have a long history, although such organizations naturally tend to leave smaller footprints than great empires do. Here one may point to the many defense alliances and trading networks of the past and present: the Peloponnesian League, Hanseatic League, temperance movement, anti-slavery movement, NATO, OPEC, European Union, and World Trade Organization. To these prominent alliances and trading coalitions, one should also add the dozens of contemporary treaty organizations formed to address narrow issues that transcend national boundaries.

Both processes of political globalization attempt to realize the economic advantages of large-scale enterprises. Large trading networks allow more specialization, which in turn tends to increase material prosperity (Stigler 1951, Buchanan and Yoon 1994). Large economic cartels attempt to control production within larger and larger territories to secure greater profits. Military power tends to increase more than proportionately to scale, partly as a consequence of large fixed capital investments, but also because of the winner-take-all nature of military conflict. International lobbying groups attempt to benefit by

simultaneously influencing several governments often to realize economies in information and to press for international agreements.

Such economies of scale can be realized by large nation-states and empires or through voluntary international alliances that coordinate the actions of many small groups into an effectively much larger units. The economic advantages of scale allow both empire and alliance building to be successful in some policy areas. Occasionally, the advantages of coercive and voluntary alliances tend to reinforce each other (Sandler and Cauley 1975, Jones 1988).

Transnational economies of scale evidently change through time as technology changes, and thus both the optimally sized nation-state and optimally sized alliance may change through time (Dudley 1991). In the case of alliances, however, the adjustments of size and policy domain are very likely to occur peacefully, as members join and exit the international organization and as the organization expands and contracts its services.

B. International Public Goods, and Regulatory Externalities

In addition to economies of scale, political gains from coordinating domestic policies also arise when externalities exist that extend beyond national borders. The most obvious contemporary cases are environmental ones in which effluents are carried across national boundaries by air or water. Other cases include trade barriers, piracy, and efforts to regulate the criminal activities of transnational criminal groups. Whenever, externalities are Pareto relevant, incentives exist for the affected nations to explore the possibility of substantive treaty agreements (Congleton 1995).

In most cases, the externalities internalized through international agreements are *regulatory externalities*, rather than the usual private externalities addressed by economists (Congleton 2001a). For example, effluents, drugs, product safety, and financial transactions are regulated for domestic purposes, but the regulations adopted do not take account of the effects that those policies have on other persons living in other countries. Thus, policies that may be Pareto efficient for a single nation-state acting alone may often be improved by coordinating the policies of several nation-states. Many regulatory externalities create *potential welfare gains that can be partially captured by politicians and organized interest groups. Realizing these gains*

normally requires the formation of new transnational organizations: clubs, cartels, alliances, and treaty organizations, although they may also be obtained by extending the scope of existing international organizations.

Some, but not all, such joint enterprises attract broad memberships, although they do not attempt to realize true economies of scale in regulation or research, but merely to internalize regulatory externalities. For example, free-trade zones often attract large memberships, as do treaties regulating international crime and terrorism, and those regulating air and water pollution.

C. Globalization of Public Policy via Voluntary Means

It bears noting that realizing such “gains from regulatory exchange” may be quite difficult. Within the domain of domestic politics, the coercive machinery of the state—the courts and police—can be used to impose new regulations and to enforce contracts among state and local organizations, but such coercive machinery rarely exists at the international level. Consequently, many of the usual domestic regulatory tools for addressing externalities cannot be applied to addressing international externalities, public goods problems, or economies of scale and scope.

As a consequence, a method that is not often used to address significant externality problems turns out to be the main vehicle for addressing international externality and public goods problems. Treaties are *Coasian contracts* among nation-states. They are voluntary agreements among member states designed to advance common interests, including economies of scale and regulatory externalities. The international organizations created by such contracts resemble a club, and like other private clubs, international organizations tend to have little coercive ability with their members. Nation-states and nongovernmental organizations naturally hesitate to grant coercive power to international bodies (Congleton 2004). Consequently, it is nation-states that have sovereignty, as well as police forces, courts, and armies—with a few minor exceptions.

An Illustration of Incentives to Organize

Essential features of the cases of economies of scale and regulatory externality are similar, as illustrated below in figures 1a and 1b. These figures characterize two essentially identical games that each have two Nash equilibria, neither of which is Pareto efficient. An equilibrium exists in which the common service or regulation is underprovided and one in which they are overprovided. The Pareto-efficient outcome is the intermediate level. Whether the two nation-states find themselves in the high or the low Nash equilibrium (e.g., over- or under-investment in defense or over- or under-regulation of environment or trade), incentives exist for them to attempt to coordinate policy, $(3,3) > (2,2)$.

Figure 1a

Joint Economies of Scale for Potential Allies
(Net Benefits Associated with a Particular Defense Level)

		Country B's Investment in Defense		
		1	2	3
Country A's Investment in Defense	1	2,2	4,1	5,0
	2	1,4	3,3	4,1
	3	0,5	1,4	2,2

Figure 1 b

Regulatory Externalities
(Net Benefits from Regulatory Stringency)

		Country B's Environmental Regulatory Stringency		
		1	2	3
Country A's Environmental Regulatory Stringency	1	2,2	4,1	5,0
	2	1,4	3,3	4,1
	3	0,5	1,4	2,2

In principle, the difference between what is potentially achievable with policy coordination (3+3) and what is realized without it (2+2) can be profitably used to design and implement institutions for addressing the problems of interest; that is, the potential gains to trade (1 + 1) may be sufficient to warrant considerable investment in treaty negotiation, institutional design, and maintenance. As also pointed out by Coase (1960), contractual solutions to externality (including joint economies) problems often have significant transactions costs that must be overcome to succeed. As pointed out by Olson (1965), undertaking the activities necessary to solve externality and public goods problems are themselves public goods that need to be overcome.

Both Coase (1960) and Olson (1965) imply that the mere existence of unrealized potential gains to trade is not always sufficient to induce voluntary solutions. In Coase's terms, the transactions costs may be too high to make such gains truly feasible. In Olson's terms, free riding by potential beneficiaries of coordinated policy formation may be too difficult to overcome—particularly in large number cases. Consequently, even quite beneficial treaties and treaty organizations may be underprovided. Nonetheless, a very large number of Coasian treaties have been negotiated, many of which have been substantive agreements, which suggests that political entrepreneurs have been able to profit in some way from leadership on international issues (Wagner 1966, Munger and Denzau 1986, Ueda and Swenson 2002).

Many questions exist, however, about how effective treaties and treaty organizations have been (Murdoch and Sandler 1997, Congleton 2006c). Few treaties, even substantive treaties, include provisions to punish signatory countries for nonperformance, so it is not clear whether signatory states will live up to the terms to which their governments agree. It bears noting, however, that this is always a major problem, because cases exist in which access to treaty organization services is not a pure public good and members can be threatened with exclusion. In such cases, a subset of international organization services serve as a “selective incentive.” Free-riding members can be threatened with the loss of valued services.

Pigovian Treaty Organizations

Not all regulatory externality and public goods problems are reciprocal, in the sense that persons from several countries realize more or less similar advantages from coordinating regulation or increasing public service levels. In extreme cases, only the residents of a single country may be affected. In such cases, international externality and regional public goods problems can be addressed through unilateral Pigovian subsidies by the affected nation. (Pigovian taxes are less applicable, because they require an international tax collector.) In such cases, a single government may directly or indirectly subsidize the production of services by another through conditional grants and the like. Such solutions can be unilaterally adopted by a national government in cases in which asymmetric externalities exist (Pommerehne and Feld 1996). Production of internationally demanded goods may also be stimulated through conditional grant programs. Demand curves for both private and public goods are downward sloping.

It is also clear that when a group of nations is affected by regulatory or public goods problems associated with the policies of another group of nations or has a significantly higher demand for international public goods produced by another group of nations (perhaps because of income differences), the “high-demand” countries may form a Pigovian treaty organization. That is to say, the high demand states may agree to make joint contributions to subsidize production of international public goods (or regulations) in the “low-demand” states.

Many of the development policies of international agencies have this character, as do many international environmental treaties. Indeed, such conditional grant programs partly explain why the Kyoto and Rio treaties have so many signatories. Signing those treaties is a precondition for receiving technology and other transfers for annex 2 and 3 countries.

Note that in all three cases, domestic public policies are partly the result of international deliberations. That is to say, in all such cases domestic politics have become explicitly internationalized either through explicit coordination of policies through the recommendations of standing formal international organizations or, implicitly, through changes in relative prices affecting

local political decisions. “Domestic policy” decisions have become increasingly determined, at least at the margin, by other nation-states with their own domestic international agendas.

It also bears noting, however, that membership in treaty organizations is voluntary, as is the acceptance of conditional grants. These processes of political internationalization have to be advantageous for the pivotal policymakers in the countries concerned, or these forms of political globalization would not take place. Whether or not such globalization generally benefits the average citizen of a country, thus, depends on the performance of domestic political institutions, rather than globalization per se.⁴

III. Ideas, Interest Groups, and the Internationalization of Domestic Debate

The globalization of politics through formal treaty organizations and international transfers—what might be called “globalization by design”—is not the only process through which national politics can become internationalized. Two others are discussed below: yardstick competition and international interest groups.

A. Yardstick Globalization

Another significant method through which reduced transport and communication costs affect domestic politics is yardstick competition. Both ordinary citizens and political elites tend to judge the performance of their own national governments in part by looking at what other governments have achieved. For example, in Europe, newspapers and think tanks often provide statistics that show whether their home country is growing the fastest; is the richest, most egalitarian, most environmentally responsible, or best educated; or has the largest or smallest government, lowest unemployment, smallest deficit, least ethnic discrimination, least corruption, and so forth. This allows voters and national political elites to judge whether their public policies are as good as those of their neighbors. In this manner, domestic politics may also become increasingly international as information costs fall,

⁴ This is not to say that the procedures and organizational designs adopted so far are the best possible ones, nor that some implications are unappreciated by those participating in them, but, at the level of national governments, the results of political globalization have to be thought beneficial for it to take place. Whether the globalization of politics is beneficial for the citizens of nation-states is a different question and depends on the extent to which the interests of those who govern are well aligned with those who are governed. That issue is taken up later in the paper.

because benchmarks for judging performance are increasingly collected from or based on international data sets.

In such cases, the promises of one political party or potential leader are not simply judged against other national alternatives, but also relative to others round the world. And insofar as politically relevant benchmarks are increasingly taken from the world as a whole, rather than from particular regions or continents, even policies that have no direct international consequences can become globalized through yardstick competition. For example, it was common a decade ago for international newspapers to judge rising politicians relative to such international leaders as Clinton, Blair, and Koizumi, and the previous generation of leaders to Reagan and Thatcher. Similarly, national macroeconomic policies are nearly always assessed by comparing domestic indices with those of other “peer group” countries.

Yardstick globalization often causes public policies to become more homogeneous in policy areas in which particular measures of performance are widely accepted. For example, Western economists often use unemployment rates and per capita income to assess the quality of life, rather than, for example, church attendance, family size, trust, or the extent of civic life, which might be used by societies focused on local rather than global yardsticks. Agreement need not exist about norms for international yardsticks to be used.

However, in policy areas in which a consensus on appropriate norms exists, public policies tend to converge to “objective best practices,” as in highway design, mass transit, public education, monetary policy, and social insurance programs. In such cases, “best practices” are easy to recognize and encourage, because so many people agree about what “best” means. Here it bears noting the very similar policies on a very wide range of public policies that have been adopted throughout Europe, North America, and East Asia. City streets, parks, and mass transit look increasingly similar. Government-financed pensions, health care, and schools are also remarkably similar.

Moreover, as particular yardsticks become increasingly accepted as universal norms, as democracy and education have become in the past century or so, domestic political debates also tend to become increasingly homogeneous. The more “universal” the norms,

the more similar domestic public debates and policies will be, because such debates tend to focus on relatively important issues and policy solutions.

Indeed, it is not simply policies and rhetoric that tend to converge as yardsticks become more universally applied; institutions of governance and other organizations also tend to become more and more similar through time, as agreement about “best practices” increases, partly as a result of experience, but also of increased agreement on which yardsticks should be applied to measure the “good society,” “good government,” and “effective organizations.” The details of democracy matter (Congleton and Swedenborg 2006a), but broad acceptance of the success of elections at identifying good policies and effective leaders, as well as democratic norms themselves, have created a great increase in the number of democratic regimes worldwide. In this, yardstick competition differs from systematic efforts to coordinate public policies. Coordinating public policy does not necessarily encourage institutional convergence, although it tends to make the direction of policy reform more uniform.

It also bears noting that this process of yardstick globalization is not entirely new. In the seventeenth and eighteenth centuries, the colonial governments in what became the United States initially had quite different governments and peoples, but, during 150 years of political competition for residents and capital, the colonies gradually converged to very similar political institutions, in part because they came to accept similar secular and religious yardsticks. Similarly, European and Japanese political developments at the end of the nineteenth and in the early twentieth centuries witnessed considerable convergence in the new political architectures that replaced king-dominated systems with parliamentary ones elected on the basis of broad suffrage. To a substantial extent, this convergence took place because similar economic, military, and ideological yardsticks were used to assess the quality of political and economic institutions.

Fortunately for those of us who like to travel or do comparative work, complete convergence has not occurred. Common international (universal) yardsticks are not the only measures of performance used, in part because local conditions, culture, and tastes vary, and in part because not all measures of performance or needs are not broadly accepted.

B. International Interest Groups: Pushing Ideas

Another significant factor in the globalization of politics is international politically active interest groups. Public interest and ideological groups often press for the provision of international public goods, policies for reducing international externalities, and the adoption of particular yardsticks (ideologies). Economic interest groups press for market reforms that advance their member interests. Most such activities are domestic, and much of this is done by independent groups without coordination among groups pursuing similar policies in different countries. For example, most trade barriers, subsidies, and government-provided services at the borders have resulted from domestic economic interest groups that profit from higher prices, direct transfers, and special services.⁵

Nonetheless, many politically active interest groups are international, such as the International Red Cross, International Chamber of Commerce, International Labour Organization (ILO), Greenpeace, Amnesty International, and Al Qaida. Many of these groups are highly decentralized confederations of private groups analogous to treaty organizations in which participation is voluntary. Some international groups are analogous to firms and domestic interest groups in that they have a small group of founders and more or less hierarchical structure. Others are simply networks of people with similar occupational or ideological interests who meet a few times a year, as tend to be true of international academic societies, bicycle clubs, ideological clubs, and interdenominational religious groups. A few, such as the International Labor Organization and International Red Cross, are sponsored or subsidized by governments. Such groups often influence the drafting of domestic legislation and also the drafting of international treaties. Indeed, in some cases, these nongovernmental organizations are *formally invited* by national governments and international organizations to participate in the forums in which international policies are developed.

Politically active international interest groups clearly internationalize politics insofar as they coordinate lobbying efforts and pool resources, are influenced by the success and failures of similar groups in other countries, and focus attention on similar issues. Not all

⁵ The median or average voter rarely benefits from these policies in any obvious way, and their price is often sufficiently low or difficult to calculate that few voters invest the time and energy to understand them (Congleton 2001b).

such groups promote international transactions, as global antiglobalization groups clearly indicate, although they make use of global communication and transport resources to coordinate their activities. Other pro-globalization groups press for closer ties, more open borders, and formation of new international agencies and nongovernmental organizations. Data on the number of international groups and networks and the extent of their memberships are difficult to find and incomplete. But the available data suggest that politics is becoming increasingly globalized.

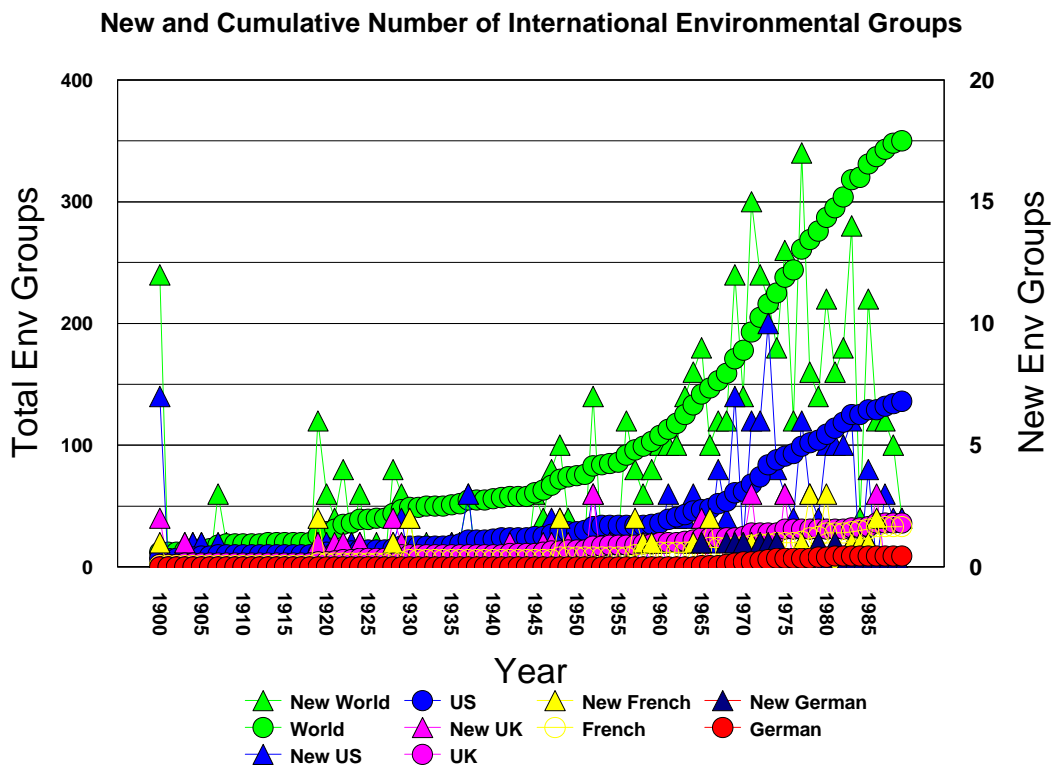
For example, the *World Directory of Environmental Organizations* assembles data on environmental groups. It lists the scope and main focus of 350 existing international and domestic environmental organizations. It lists the location of each organization's headquarters and its founding date.⁶ The last survey to which I have access suggests that the majority of environmental groups (205 of 350 catalogued) are headquartered in the United States, United Kingdom, and France. Many environmental organizations have a long history. Seven of the U. S. environmental groups were founded before 1900, as were two of the U. K. groups and one of the French groups. The 41 countries that have active environmental groups are for the most part countries with relatively high degree of political liberties.⁷

The creation of environmental groups has clearly increased during the twentieth century. Most of the environmental groups catalogued were founded in 1960-80. If we assume that surviving groups have advanced the interests of their members sufficiently to be self-sustaining, the number of groups that survive can be used to approximate the equilibrium number of environmental interest groups that can be supported by demands for interest group lobbying services. Demand for such groups has evidently increased dramatically during the past 30 years, although entry into this market has slowed somewhat in the past few years.⁸

⁶ Unfortunately, data on membership levels and financial resources are not reported systematically. Thus, a more complete examination of the dynamics of special interest groups is ruled out at this point.

⁷ Thirty-seven of the countries were assigned to the three highest categories (of seven) in Gastil's study of political liberties (see Gastil 1987, p. 40, table 3).

⁸ An increase in the number of interest groups occurs within the rational choice framework whenever organizational costs fall, income increases, or information changes in a manner that increases the perceived benefits from participating in interest groups. All three factors have clearly



The cumulative time path of these interest groups across countries are remarkably similar, and, in fact, highly correlated with each other.⁹ This too suggests that politics are being internationalized.

C. The Politics of International Organizations

The increase in the number of politically active international interest groups during the past century provides one explanation for the increase in the number of small specialized international treaty organizations. Negotiations for such treaty organizations are rarely well publicized, nor are ratification proceedings. Consequently, many hundreds of treaties and annexes address issues that are “below the radar” of even relatively well-informed citizens. For example, dozens of bilateral and multilateral treaty organizations monitor and make recommendations on boundary water effluents, traffic, and even water flow. Often

been favorable for formation of interest groups for the past century.

⁹ The correlation between U. S. environmental groups, U. K. groups, French groups, and world groups are 0.957, 0.984, and 0.996 respectively for 1947-89.

unpublicized informal agreements also voluntarily limit exports and imports of ordinary goods and services, such as automobiles. Many relatively small and narrow treaties will never attract significant press or voter attention.

On the other hand, electoral pressures clearly affect the broad outlines of treaties of which slightly informed voters are likely to be aware. In such cases, fairly broad interests are advanced, as with, for example, treaties that promote nuclear disarmament and nonproliferation, free trade, and global environmental goals. Among the best-known treaty organizations are the United Nations, European Union, World Bank, and World Trade Organization. Not all interest group activities make the average or median world citizen worse off. The possibility of getting credit for a favorable outcome encourages political entrepreneurship by elected representatives, which provides another domestic politics explanation for the existence of such treaties; however, political entrepreneurs also need support, information, and advice, and international interest groups often can advance their own interests by providing appropriate information.

Once a new treaty organization is established, it continues to be influenced by the same international groups that encouraged them to be formed. It is such groups that have sufficient interest to monitor negotiations and lobby for changes in their responsibilities. Thus, international “watchdog” groups (which themselves are largely unmonitored) often provide much of the information that “outsiders” receive about the performance of international agencies. Consequently, watchdog groups are likely to have significant influence on international agencies. This potentially allows international interest groups to “capture” international agencies, as Stigler (1972) argued about relationships between regulatory agencies and regulated firms.

Beyond the external feedback of international interest groups are the normal feedback and incentive schemes of government bureaucracies. Here, the usual models of bureaucratic behavior and agency problems are relevant (Niskanen 1971, Breton and Wintrobe 1982). These too may take on an international dimension to the extent that persons appointed to and hired by international agencies tend to have their own unique policy agendas or ability to negotiate for budget increases. It bears noting that monitoring within international treaty organizations and their various agencies tends to be more diffuse than the case for national

bureaucracies, because responsibilities for monitoring and funding are shared by all the member states (Congleton 2006c). This, in turn, suggests that agency problems will tend to be larger, which potentially allows international interest groups to exercise greater influence on international agencies than on otherwise similar domestic agencies. If true, the recommendations and policies of international organizations will reflect the balance of international interest groups and, thus, be true instances of global politics.

IV. Conclusion: On the Nature and Consequences of Globalized Politics

Improvements in political institutions and communication and transport technologies in the past century have increased the internationalization of politics. The number of international interest groups has increased, the number of international issues addressed by domestic politics has increased, and the number of international treaties has also increased. The consequent increase in the number international agencies has provided new international forums for policy decisions and increased the extent to which domestic policies are affected by international interests. There are, however, no directly elected representative international bodies apart from the European parliament, and that body has relatively little (although increasing) power within the European Union, which is the world's most extensive treaty organization. Thus, to the extent that the internationalization of politics is taking place, it is largely determined by domestic politics, albeit with an eye on international developments and at the urging of international interest groups.

Whether the globalization of politics improves or worsens the public weal, thus, depends on the extent to which common interests are identified and promoted by domestic governments. Globalization increases the importance of effective domestic political institutions, by increasing the scope of "domestic" public policy. If domestic politics are captured by narrow interest groups or systematically neglects significant minority interests, it is unlikely that globalization will benefit the average citizen, even when it relies on entirely voluntary procedures at the level of nation-states. This is the primary risk of globalized politics. If new common interests are being identified and advanced, we all benefit, but if new narrow special interests are being identified, it is possible that we are nearly all are being made worse off by the globalization of politics. Politics has become increasingly globalized

during the past century, and this trend seems likely to continue into the future as long as current trends in institutional liberalization and communication technology continue.

The effects of interest groups and bureaucratic discretion, together with variation in domestic political institutions, tend to make international agencies less responsive to the wishes of the world's citizens than the world's well-functioning democracies are to their citizens. The free-rider effect of jointly monitored agencies implies that the interest group models of Becker (1983) and the rent-reeking literature (Tollison and Congleton 1995) may better describe international agency behavior than the properly incentivized models of bureaucratic decisionmaking by Weingast (1983) and Laffont and Tirole (1993). Losses from agency costs and from rent seeking, however, are reduced by the decisionmaking procedures of treaty organizations, which tend to rely on unanimous agreements and supermajorities among the member states to make major decisions. This tends to make most treaty organizations relatively "weak" advisory organizations that must advance the common interests of their member states to affect public policy (Congleton 2004).

The balance between productive and unproductive areas of international public policy is an empirical issue that depends largely on domestic politics and political institutions, rather than globalization per se. Assessing the balance is likely to attract significant research interest in the future, as with recent evaluations of the productivity of the International Monetary Fund and World Bank, and the conclusions drawn from this relatively new ongoing area of research will be one of many new areas in which political science and public choice will be increasingly globalized fields of research.

Complete globalization of politics, however, seems unlikely to occur. This would require that international organizations and/or interest groups are what economists call natural monopolies. Such cases are unlikely to be the most common case across all issues, although individual instances cannot be ruled out. Here one may note the persistence of subnational governments and regional interest groups within all stable democracies.

There are risks as well as benefits associated with globalized politics, and these risks as well as the relatively few dimensions in which truly common interests can be advanced through international cooperation will limit the globalization of politics in the near future, as it has in the past. It bears noting that the number of treaty organizations and international

groups has been increasing rather than shrinking, which suggests that economies of scope and scale are limited. This suggests that international political debates and political organizations will become more inclusive and finely grained in the future, rather than increasingly homogeneous and centralized.

References

- Abu-Lughod, J. (1989) *Before European Hegemony: The World System AD 1250-135*. New York: Oxford University Press.
- Besley, T. and A. Case (2003) "Political Institutions and Policy Choices: Evidence from the United States," *American Economic Review* 85: 25-45.
- Becker, G. (1983) "A Theory of Competition among Pressure Groups for Political Influence," *Quarterly Journal of Economics* 98:371-400.
- Breton, A. and R. Wintrobe (1982) *The Logic of Bureaucratic Control*. Cambridge: Cambridge University Press.
- Buchanan, J. M. (1965) "An Economic Theory of Clubs," *Economica* 32: 1-14.
- Buchanan, J. M. and Y. Yoon, Eds. (1994) *The Return to Increasing Returns*. Ann Arbor: University of Michigan Press.
- Diamond, J. (1999) *Guns Germs, and Steel, the Fates of Human Societies*. New York: Norton.
- Coase, R. (1960) "The Problem of Social Cost," *Journal of Law and Economics* 3: 1-44.
- Congleton, R. D. (1995) "Toward a Transactions Cost Theory of Environmental Treaties: Substantive and Symbolic Environmental Agreements," *Economia Delle Scelte Pubbliche* (1995): 119-39.
- Congleton, R. D. (2001a) "Governing the Global Environmental Commons: The Political Economy of International Environmental Treaties and Institutions," in Schulze, G. G. and Ursprung, H. W. Eds. *Globalization and the Environment*. New York: Oxford University Press, pp. 241-63.
- Congleton, R. D. (2001b) "Rational Ignorance and Rationally Biased Expectations: The Discrete Informational Foundations of Fiscal Illusion," *Public Choice* 107 (2001): 35-64.
- Congleton, R. D. (2004) "Mutual Advantages of Coercion and Exit within Private Clubs and Treaty Organizations: Toward a Logic of Voluntary Association," *Revista de Political Economy* 94 (2004): 47-75.
- Congleton, R. D. and B. Swedenborg, Eds. (2006a) *Democratic Constitutional Design and Public Policy: Analysis and Evidence*. Cambridge Mass: MIT Press. ISBN 0-262-03349-6, 373 pages (2006).
- Congleton, R. D. (2006b) "Constitutional Exchange in Japan: From Shogunate to Parliamentary Democracy," *Public Choice Studies* 47 (2006): 5-29.

- Congleton, R. D. (2006c) "International Public Goods and Agency Problems in Treaty Organizations," *Review of International Organizations* 3 (forthcoming).
- Dudley, L. M. (1991) "The Word and the Sword: How Techniques of Information and Violence Have Shaped Our World," London: Blackwell.
- Giddens, A. (2002) *Runaway World, How Globalization Is Reshaping Our Lives*. London: Profile Books.
- Hillman A. and H. W. Ursprung (1988) "Domestic Politics, Foreign Interests, and International Trade Policy," *American Economic Review* 78: 729-45.
- Laffont, J. J. and J. Tirole (1993) "A Theory of Incentives in Procurement and Regulation," Cambridge: MIT Press.
- Niskanen, W. A. Jr. (1971) *Bureaucracy and Representative Government*, Chicago: Aldine-Atherton.
- Munger, M. C. and A. T. Denzau (1986) "Legislators and Interest Groups: How Unorganized Interests Get Represented," *American Political Science Review* 80: 89-106.
- Murdoch, J. C. and Sandler, T. (1997), " Voluntary Provision of a Pure Public Good: The Case of Reduced CFCs Emissions and the Montreal Protocol," *Journal of Public Economics* 63: 331-49.
- Olson, M. (1965) *The Logic of Collective Action*. Cambridge, Mass.: Harvard University Press.
- Pommerehne, W. W. and L. P. Feld (1996) "Private Provision of a Public Good: A Case Study," in R. D. Congleton, Ed., *The Political Economy of Environmental Protection*. Ann Arbor Mich.: University of Michigan Press.
- Salmon, P. (1987) "Decentralization as an Incentive Scheme," *Oxford Review of Economic Policy* 3: 24-43.
- Stanley M. Burstein (2001) "State Formation in Ancient Northeast Africa and the Indian Ocean Trade." Paper presented at Interactions: Regional Studies, Global Processes, and Historical Analysis, Library of Congress, Washington, DC, February 28-March 3, 2001. Available at: <http://www.historycooperative.org/proceedings/interactions/burstein.html>.
- Jones, P. R. (1988) "Defense Alliances and International Trade," *Journal of Conflict Resolution* 32: 123-40.
- Sandler, T. and J. Cauley (1975) "On the Economic Theory of Alliances," *Journal of Conflict Resolution* 19: 425-42.
- Stigler, G. J. (1951) "The Division of Labor is Limited by the Extent of the Market," *Journal of Political Economy* 59: 185-93.

- Stigler, G. J. (1972) "Economic Competition and Political Competition," *Public Choice* 13: 91-106.
- Tollison, R. D. and Congleton, R. D. (1995) *The Economic Analysis of Rent Seeking*. London: Edgar Elgar.
- Ueda, Y. and G. T. Swenson (2002) "How to Solve the Tragedy of the Commons Social Entrepreneurs and Global Public Goods," RePEc working paper.
- Waters, M. (1995) *Globalization*, 2nd Ed. London: Routledge.
- Wagner, R. E. (1966) "Pressure Groups and Political Entrepreneurs, a Review Article," *Papers in Non-Market Decision Making* (the precursor to *Public Choice*).
- Weingast, B. R. (1983) "Bureaucratic Discretion or Congressional Control? Regulatory Policymaking by the Federal Trade Commission," *Journal of Political Economy* 91: 765-800.
- California Institute of Public Affairs (1989) *World Directory of Environmental Organizations*. Claremont, Calif.