

Democratization, Credible Commitments, and Joining International Organizations

Jon C. Pevehouse

International institutions and organizations have become the centerpiece of the heated debate between realists and neoliberals over the past two decades. Realists and their neorealist counterparts contend that institutions have little influence on state behavior and are simply epiphenomenal to outcomes in world politics (Mearshimer 1994–95; Grieco 1988). Neoliberals argue that institutions provide essential functions to facilitate cooperation that would not otherwise occur between rational, egoistic actors (Keohane 1984; Keohane and Martin 1995). Although there are no easy answers in this debate, part of the question of whether institutions matter for international cooperation turns on why sovereign states join these organizations in the first place. The neoliberals argue that, if international institutions and organizations are indeed epiphenomenal, why do so many states continue to join and form these structures? As the neoliberals readily admit, however, no one has a clear answer to this question (Keohane and Martin 1995).

The purpose of this chapter is to provide one part of the answer to the question of why states join IOs.¹ I will argue that membership in certain types of international organizations are coveted by certain states in the international system for reasons that have little to do with traditional concerns of international cooperation. Specifically, newly democratized states desire membership in “democratic” international organizations—that is, IOs where the vast majority of members are recognized as democracies. Moreover, they join and attempt to join these organizations not for reasons typically outlined by neoliberals (decreased transaction costs, creation of forums and sidepayment opportunities for international bargains, and so forth) but for domestic political reasons. In a nutshell, leaders in nascent democracies need to make credible commitments to democratic reform, including liberal economic reform. Membership in an international institution allows

them greater credibility and policy leverage vis-à-vis potential opponents in the new democratic system. Thus, they join institutions in an attempt to secure democracy.

To test this theory, I conduct a large-*N* statistical investigation of the determinants of joining “democratic” international organizations (defined subsequently). I find that democratization, *ceteris paribus*, is a significant predictor of accession to these organizations. The chapter will proceed as follows. First, I briefly review what the existing neoliberal and international organizations literature has to say concerning why states join IOs; second, I outline the issue of why leaders in new democracies have a difficult time achieving credible commitments to reform; third, I review why certain types of IOs can provide that credibility to nascent democracies; and finally, I conduct an empirical test of this hypothesis, evaluating the influences on joining “democratic” IOs from 1950 to 1992.

Why Join International Organizations?

International organizations are ubiquitous in modern international politics. Although few would disagree that these organizations are increasing in number, opinions would differ on their potential to influence in international politics. Before delving into a discussion of international organizations, however, we must define what we mean by an IO. I adopt the definition of Shanks, Jacobson, and Kaplan (1996, 593), who view IOs as “associations established by governments or their representatives that are sufficiently institutionalized to require regular meetings, rules governing decision-making, a permanent staff, and a headquarters.” This definition places IOs as a subset within the concept of international institutions. Thus, debates about the effectiveness of international institutions include, but are not limited to, international organizations.

My concern in this work is less with the theoretical debate between those who do and those who do not believe in the efficacy of institutions in engendering cooperation among states. Rather, I address the puzzle previously outlined; why would a state choose to join an international organization? Such decisions can be costly politically and especially economically.² Yet, why do states seem anxious to join such institutions, given that they (a) are costly and (b) may or may not be important in facilitating interstate cooperation?

For most work on international organizations, the prevailing assumption is that states join IOs to help solve coordination problems,

persuade other states to change their preferences, or help enforce bargains (see Martin 1992). Much of this work has evolved in the fields of international political economy and security studies. Traditional work in the field of international organization still describes the role of IOs as pursuing “common or converging national interests of the member states” (Feld and Jordan 1994, 10). IOs, for the vast majority of this literature, reflect concerns with international politics that cannot otherwise be dealt with domestically (Archer 1992, 48).

My contention is that the push for accession to an IO can come from the domestic political arena, especially in states that have recently undergone a transition to democracy. This is not to say that the international forum is unimportant. Certainly the impetus behind the formation of many international and regional organizations is conditions that states feel they can cope with only as a group. I would argue, however, that many IOs are formed with one eye on the domestic political process. If for no other reason, leaders must watch for a domestic backlash against membership itself.³ More important, much of the “action” in an international organization consists of nonmember states attempting to join the organization. IOs can serve a variety of purposes, but seldom do states apply for membership to an existing organization simply to solve a coordination or collaboration problem with another state (which is already a member). To explain such decisions, one must turn to domestic politics.

There is surprisingly little work on the domestic determinants of IO membership. The scholarship that does exist concentrates mostly on the political economy of regionalism. Specifically, work by Milner (1988) and Busch and Milner (1994) argues that domestic firms have demanded regional trade organizations due to factors such as the export dependence of firms, firm multinationality, and the structure of intraindustry trade (Busch and Milner 1994, 268–70). Thus, the confluence of international or regional economic conditions and the preferences of firms within a state give rise to international organizations that may impact international cooperation but find their impetus domestically.

A similar argument is made by Etel Solingen (1994) with regard to the security arena. Her work argues that whether or not a state joins regional security arrangements (specifically, nonproliferation agreements) is a function of the nature of domestic political coalitions within a state. Thus, “internationalist” coalitions of favoring domestic economic liberalization will join institutions to maximize the benefits

received from institutions. International institutions can “bank-roll” domestic coalitions (Solingen 1994, 168). Joining regional security frameworks, therefore, is driven by the domestic political concerns of the liberalizing coalitions. These works serve as an excellent starting point to make the broader economic and political argument I put forth.⁴ Namely, joining and creating international organizations have as much to do with domestic political imperatives (including the demands of firms) as they do with solving international coordination problems.

Finally, there is a body of literature that discusses how IOs can be used strategically by actors in their domestic political battles. Although this work does not usually seek to explain the formation of or accession to an IO, the general theories are similar. Much of these hypotheses grow out of the two-level games literature in discussing the political dynamics between the international bargaining and the domestic ratification games (Putnam 1988; Evans, Jacobson, and Putnam 1993). Judith Goldstein (1996), for example, has argued that mechanisms instituted by the North American Free Trade Agreement (NAFTA) have been utilized by the president to achieve a policy outcome that would have otherwise been opposed by Congress. Xinyuan Dai (1999) has argued that domestic environmental groups use international organizations as a source for assistance during policy battles with governments that would not otherwise support environmental protection. For these authors, IOs serve an instrumental purpose for domestic political actors or coalitions—to help them achieve a certain goal in domestic politics rather than a goal of international cooperation.

Although this literature provides an excellent starting point for this chapter, there is little scholarship on the relationship between democracy and IO involvement.⁵ There has been speculation and many brief references to the relationship between IOs and democracy, but no systematic empirical study of this association exists. In their work discussing IOs, interdependence, and militarized disputes, Bruce Russett, John Oneal, and David R. Davis (1998) find, in their dyadic data set, that the higher the democracy score of the least democratic state in the dyad, the more likely these states are to be involved in an IO. They do not discuss this finding, and the variable itself is only a control for their test of the effect of military conflict on IO involvement (that is, their endogeneity tests).

Shanks, Jacobson, and Kaplan (1996) find that states that have become more democratic (over an eleven-year period) tend to be-

long to *fewer* international organizations, although, as they point out, they do not control for the type of organization. They speculate that their finding grows out of the collapsed Eastern bloc IOs that ended shortly after the breakup of the Soviet Union (Shanks, Jacobson, and Kaplan 1996, 609–10). Moreover, they only speculate as to why many democratizing states outside the Eastern bloc actually increased their IO portfolio over the same time period. This chapter attempts to provide the answer to this question. The next section discusses the problems confronted by democratizing states and why internal measures to deal with these issues are not always credible or successful.

Democratization and Credible Commitments

New democracies face a variety of political and economic challenges throughout their existence (Linz and Stepan 1996). Their early years, however, bring the most severe obstacles (Power and Gasiorowski 1997). These challenges tend to arise from two groups that emerge in the aftermath of the initial transitions: distributional winners and losers. Institutions have distributional consequences for many actors (Knight 1992), and it is not surprising that when institutions change so do the identity of the winners and losers. These winners and losers may consist of groups, political parties, even individuals. Winners can attempt to turn their (often newfound) power into a permanent political advantage. As Lane (1979) and Przeworski (1991) point out, political power gives rise to increasing returns to scale: political power begets more political (and economic) power. This “temptation of power” can result in biased institutions, the exclusion of certain groups from the democratic process, a freezing of the pace of reform, and even a reversal of earlier liberalization (Hellman 1998). Why would winners bias emerging democratic institutions, especially if they are winning in the short term? In many cases these new democrats feel their ability to advance reform slipping, and they usurp power to further the cause of reform. Stephan Haggard and Robert Kaufman (1995, 8) allude to this dynamic when they argue that “the fact that so many leaders in new democracies have acted autocratically in crisis situations implies that such behavior cannot be explained simply in terms of personal ambition or lack of concern for democratic institutions.” Often, the explanation lies in the inability of leaders to make credible commitments to liberal reform.⁶

The form of this “autocratic” action in a crisis varies: taking control of the state by canceling elections, suspending reform, or even

cracking down on potential antiregime forces can occur in these situations. The lack of the ability to make a credible commitment to democratic reforms on the part of regime leaders can undermine democratic consolidation. How can a commitment problem hinder the consolidation process? There are multiple answers to this question, but first I will discuss why such a commitment problem is especially acute in transitional states.

There are three main sources of credibility problems for new democratic states.⁷ These credibility issues arise with regard to both economic and political liberalization but are particularly acute in states undergoing a dual transition. The first problem is time-inconsistent preferences. A regime's optimal policy *ex ante* may differ from its evaluations of proper policy *ex post* (Rodrik 1989b). The regime is reform oriented, but because of exogenous conditions or as a result of reform itself the government contemplates or undertakes a reversal of previous reform. This type of reversal is most common in the economic realm, where governments often rescind reforms in response to internal opposition (Krueger 1978). Although this is not a problem faced only by new democracies, the high turnover rate of leadership in major groups and/or parties within new democracies exacerbates the probability of *ex post* policy reversals (Calvo and Frankel 1991).⁸ It is important to note that simply the perceived threat of reversal is what is important to regime opponents and economic interests (both international and domestic). That is, opponents and investors will make decisions based on their *ex ante* calculations of the likelihood of reversal at the time of policy implementation, regardless of the eventual outcome.

The second source of a lack of credibility is information related. Regimes can and do begin reform that they have no intention of completing (that is, those who freeze reform or bias institutions for their own power).⁹ There are certain benefits that accrue to those who make certain economic reforms (e.g., loans, increased investment) that can give governments an incentive to appear as reformist (Frye 1997). Given that the regime is relatively new, external and internal actors have even less information about the true type of government in power. This uncertainty over the type of government (sincere versus dissembling) can limit the benefits of reform for those who are sincere. Thus, earnest reformers would benefit from sending a credible signal to distinguish themselves from fraudulent reformers.

Last and most important, new regimes lack a reputation for having self-restraint and honoring commitments (Diermeier et al. 1998;

Linz 1978). Established governments have built a reputation for honoring commitments to reform, protecting property rights, and so forth. New regimes have no track record and thus foster few expectations that commitments will be credible. Compounding this problem is that during many transitions existing institutions are cast aside by the winners, which can create a slippery slope to less credibility for these actors.¹⁰ Thus, any reputation that may exist for those in power will be negative: "After any transition from authoritarian rule, the emergent democracy will be a regime in which not all significant political actors will have impeccable democratic credentials" (Whitehead 1989, 78). Since the winner's past behavior consisted of gutting or severely altering domestic institutions, its ability to signal credible commitments in the posttransition period will be limited.

Democratization and its attendant credibility problems create immense difficulties in both the political and economic realms. In the political realm, elites often have a deep mutual distrust for one another in the transitional period (Burton, Gunther, and Higley 1992). This absence of trust flows directly from the lack of reputation for keeping agreements and is compounded by the uncertainty of the transitional environment. It can have disastrous consequences for democracy. If regime opponents do not believe that political reform or economic liberalization efforts are sincere, they are unlikely to lend support to the new regime. They may become active against the regime, even turning to violent measures (Crescenzi 1999) or allying with other disaffected groups in society.¹¹ Regardless of the option the opposition chooses, they force the regime into a response.

It is this forced reaction on the part of the regime that can further undermine democracy and escalate the distrust between winners and losers. A cycle of distrust can develop, weakening the already fragile democracy: "[I]f each political sector concludes that the democratic commitment of the other is lukewarm, this will reduce the motivation of all, and so perpetuate the condition of fragility" (Whitehead 1989, 94). Winners feel they are losing control of the state. They feel that a segment of the population has turned against them and cannot be trusted. Opposition groups refuse to be placated since they no longer trust any promises of future reform. As Gunther, Diamandouros, and Puhle (1995, 9) note, this lack of respect for the governing elite's authority "could be compatible with an abridgement of democracy that might ultimately culminate in its transformation into a limited democracy or authoritarian regime." Thus, the bias in institutions does not result from the preferences or the greed of actors in the new regime

per se but is a consequence of the lack of trust and a credible commitment to democracy.

One example of this dynamic is the suspension of democracy by Peruvian president Alberto Fujimori in 1992. Faced with an armed opposition group as well as a judicial and legislative branch he could not trust, Fujimori suspended the legislature and installed his own government. He justified the coup on the grounds that he needed more power to fight “legislative and judicial corruption” (Galvin 1992). A major reason the legislature had become so opposed to Fujimori was their worry over his potentially dictatorial style: dubbed the “Little Emperor” by many Peruvian observers, he often accused “special interests” of making too many demands on the state (Hayes 1992). The distrust among Peruvian elites was a major reason behind Fujimori’s action (Gunther, Diamandouros, and Puhle 1995, 9).

Another scenario for the weakening of reform flowing from the lack of a credible commitment to reform arises in the economic realm. Two groups of economic actors can react negatively to a lack of credibility in economic reform. First, international investors and corporations are hesitant to invest if they feel reform may be short lived (Frye 1997). This reluctance has economic implications for young governments, which are often in dire need of capital. At best, such a credibility gap slows the process of investment. At worst, a lack of capital inflow can lead to balance of payments problems, especially if domestic actors perceive the same credibility gap.

Second, domestic economic agents will alter their behavior if they sense the same credibility problem. Many economists argue that when domestic business and consumers are confronted with market (especially trade) liberalization that is not credible, they will overbuy in the short term, assuming that reform is ephemeral (Calvo 1986; Rodrik 1989a). This phenomenon can lead to current account deficits, which in combination with the lack of capital flow from outside the state can create pressures to reverse liberalization. Rodrik (1989a, 756) goes further, contending that the resulting distortion of domestic prices can lead to losses in overall welfare. This overbuying domestically, along with a decline in capital inflow, can create a difficult balance of payment situation for these young democratic governments.

Now the regime is in a potential catch-22. It can stick with reform that can continue to impose economic hardships on the fledgling regime, prompting declines in economic performance. These declines can then spawn increased opposition from economic elites, prompt-

ing an economic crisis or worse (for example, seeking to supplant the current regime). Conversely, it can limit or reverse economic reform, damaging its (already shaky) reputation with internal and external business interests. This can, in turn, limit investment flow to the state, further eroding economic performance.¹² The regime thus faces a choice between further undermining its reputation with investors or sticking with reform that is eroding its economic performance.

Faced with such dismal choices in either the political or economic realm, the regime is painted into a corner. It is in this situation that winners may turn against democracy, again citing the need to pursue further reform. A regime's lack of faith in its opponents to play within the rules of the game provides a large impetus to its antidemocratic behavior. Similarly, international and domestic agents' lack of faith in a regime's economic liberalization policy makes fears of a policy reversal a self-fulfilling prophesy. The irony, as I have outlined here, is that it is reformers' own inability to credibly commit to political and economic reform that can spawn this distrust and instability.

Domestic and international agents need to be reassured that liberalization is credible. Leaders would benefit from a way to guarantee their own commitment to reform (tying their own hands) and/or a credible signal that they are serious about reform. Either of these strategies would lower the level of distrust among elite political actors as well as provide a solid footing for economic reform.

In mature democracies, a common commitment and signaling strategy is the creation of institutions. Unfortunately, the option is not wholly credible in this particular political environment. Theories of "endogenous institutions" hold that domestic institutional arrangements can arise given the preferences of the relevant actors (Root 1994; North and Weingast 1989). These institutions bind actors to certain courses of action since their initiation and consequences reflect the mutual preferences of the actors themselves. Thus, a self-enforcing equilibrium is created. This option faces two major obstacles in new democracies.

First, given the vast uncertainty of the transitional period, information about the preferences of other actors is not widely known (Przeworski 1991, 87). Although this is not a strict requirement for demand-driven institutions to arise, North and Weingast (1989, 806) note that institutions must match "anticipated incentive problems" to be self-enforcing. Without knowledge of the basic preferences of actors, this task would prove to be troublesome. In some cases, it may

not even be clear who the relevant political and/or economic actors are (Whitehead 1989). For example, will labor emerge as a powerful interest group to oppose reform, or will they remain marginalized? Will an “internationalist” coalition rise to power in the posttransitional period to push for further economic liberalization? Institutions that do not account for such groups are unlikely to be stable. Given this level of uncertainty, it is difficult to imagine the emergence of institutions to instantiate credible commitments.

Second, any commitment to these new domestic institutions would automatically be suspect. Unlike states in which institutions have survived for years and are only dissolved by lengthy political and legal processes, transitional states have recently gutted existing institutions. Again, the issue of reputation becomes important. Often, the distributional winners in a nascent democracy have used extra-legal means to achieve their goals (including overturning the previous regime). They also possess a power advantage in the domestic political process. These circumstances are especially devastating since reputation can be as important as institutions themselves in securing a credible commitment (North and Weingast 1989). In sum, even though domestic institutions may arise because of demand for credibility or to enhance efficiency, the commitment to these institutions themselves is lacking in the posttransitional environment.

So far I have only discussed the propensity of winners to undermine a transitional democracy. No doubt distributional losers play an important role in undermining democracy as well. The military, for example, is often placed in this category. It is not unusual for this group to move from the exalted position of supporting the autocratic regime with a free hand (and few budgetary constraints) to the less glorious position of competing for scarce resources while subjugated to civilian command (Aguero 1995). Of course, distributional losers such as the military enter the story as opposition groups that can be caught in the spiral of distrust with the leaders of the new regime. Distributional losers pose a direct threat of their own to the new regime, and the exclusion of these groups from this analysis is not intended to downplay their importance. Other work (Pevehouse 2000, chap. 4) suggests that IOs can induce losers to cooperate in the democratization process. In short, the hand-tying effect of joining IOs (discussed in the next section) can apply to winners and losers in the democratization process. Because the logic and reasoning behind why winners pose a threat to democracy are more counterintuitive, I have chosen to concentrate on this group in this chapter.

IOs and the Protection of Democracy

IOs can provide distributional winners a device to commit to reform efforts by simultaneously signaling a commitment to reform while setting in place mechanisms to increase the cost of antiregime behavior by tying their own hands. These mechanisms arise from conditionality imposed by the organization for new members and the reputational impact of joining an IO. The acceptance of conditionality is a credible signal to outside actors and domestic agents that the regime is serious about reform, since monitoring and enforcement is controlled by a third party. In addition, the costs associated with membership (fulfilling the initial conditions as well as traditional costs of membership) lend credibility to the commitment to the IO. The conditions also raise the costs of limiting reform since any reversal will bring an end to the benefits of the IO.¹³ Finally, in membership in an IO can create expectation about the behavior of the regime (whether there are conditions or not), which, if violated, can create audience costs for the government.

Membership and/or assistance from some IOs is conditional upon domestic liberalization. The EU requires all members to be liberal, free-market democracies as does the Council of Europe (Schmitter 1996). These requirements are highly publicized and rigorously enforced. Turkey has been continually frustrated by the EU's refusal of admission, which has come on the grounds of that state's questionable record of democracy (Whitehead 1993, 159–61). This phenomenon is not limited to Europe: The Southern Cone Common Market (MERCOSUR) also contains a clause in its founding treaty (the Treaty of Asuncion) that requires all members to have a democratic polity (Schiff and Winters 1997). This clause has been a sticking point to Chile's full entry into the common market (*Economist* 1996).

Conditionality, however, is not a black and white issue. Some IOs are vague as to their conditions of membership. Although the NATO preamble contains references to democracy, one of its founding members was one of Europe's most infamous dictatorships (Portugal), and military coups in member states never resulted in major changes within NATO or in pressure to end authoritarian rule (Greece and Turkey). NAFTA is another example of imprecise conditionality. While there is not a clear cause within the NAFTA agreement calling for democracy, observers have often pointed out that the U.S. criterion for NAFTA expansion includes democracy.

In addition, some organizations condition their aid, although not membership in the organization. The World Bank and the IMF condition their loans and assistance on certain policy reforms, yet these conditions often have little to do with democratization.¹⁴ As I will discuss later, despite conditions on assistance from “open” organizations, they will have little power to secure democracy (see note 19).

This conditionality imposed by the IO is not the only source of credibility enhancement for winners who utilize these institutions for this purpose. Joining an IO can entail costly measures that assist in making the action credible. Fulfilling the initial condition of membership can require policy changes and financial outlays that are certainly not trivial. Often, economic or political reform must take place before accession to the organization. Thus, joining IOs is anything but “cheap talk.” In addition, membership in many IOs requires either the creation of additional bureaucracy, membership dues (to fulfill the IO’s budget obligations), or even economic policy coordination. Such costs can be a clear signal of the state’s commitment to the organization and its conditions.

This credibility is perceived by international and domestic forces alike, helping to escape the conundrum of “incredible” economic and political reforms. Economists point to IO membership as an important signal to both domestic and international economic actors (Rodrik 1989a, 1989b). Recently, Fernandez-Arias and Spiegel (1998, 229) have shown how regional trade institutions and organizations “can serve as credibility-enhancing mechanisms that induce additional foreign capital inflows into Southern partner nations.” Thus, the problem of capital flight, balance of payment problems, and domestic financial crises from incredible reforms can be mitigated by these institutions.

IOs can also help to break the cycle of political distrust by providing external guarantees to groups concerned with the effects of democratization. By providing an external monitoring and enforcement mechanism for reform, societal groups know they have more latitude to cooperate with one another. That is, the risks of being cheated on in a Prisoner’s Dilemma–like situation are lower if a third party can help identify cheating as well as threaten punishment for defection (Schelling 1960). Moreover, conditions imposed by IOs often require specific policies that may ease tensions among competing political groups. For example, the EU requires a commitment to respect property rights and compensation for property taken by the state. As Whitehead (1996, 271) has argued, this commitment has “offered crit-

ical external guarantees to the business and propertied classes of southern Europe.”

Reneging on the conditions of the IO are even more costly to the regime. This potential cost serves as a deterrent to winners who would undermine liberal reform. At best, violating conditions of membership or agreement will lead to a suspension of specific benefits. At worst, a violation can bring expulsion from the organization. Given these potential costs, there is a strong incentive to work within the rules of the system rather than to work against them (Hyde-Price 1994, 246).

Enforcement of these conditions is an important part of the picture. The credibility aspect of the conditions is enhanced by the fact that a third party becomes the monitoring and enforcement mechanism (Schelling 1960; North 1990). Empirically, IOs do inflict punishment on those who break conditions of agreements. For example, the EU suspended the Greek association agreement in 1967 after the colonels came to power (Whitehead 1993, 154).¹⁵ A potential coup in Paraguay was deterred thanks to the involvement of MERCOSUR ministers, who threatened expulsion to that state if the coup moved forward (*Economist* 1996).

Even if the conditionality policy of the IO is unclear (for example, NATO) or there is a possibility of nonenforcement by the organization, reneging on international agreements brings reputation and audience costs on the regime. Making international agreements places a state's relatively new reputation on the line. Any reversal, backsliding, or abrogation of its obligations of a treaty, even if it does not bring sanction from the organization, creates reputation costs for the state. In the economic realm, the lack of a reputation for keeping agreements can shake investor confidence, which can undermine efforts at economic change (Calvo 1986).¹⁶

Thus, international organizations can serve as a device to signal a commitment to democratic reform, especially if they are joined in the immediate posttransitional environment. By making international commitments to tie their own hands, winners send a costly signal to both domestic and international observers. But are there some international organizations that may serve this purpose better than others? For example, a nascent democracy joining the Warsaw Pact will probably receive much less benefit in terms of signaling and credibility than will a similar state that successfully joins the EU. As I alluded to in the introduction, we should probably expect “democratic” IOs to be tapped for this function. There are several reasons for this conclusion.

First, democracy-related conditions are likely to be set only in IOs where the vast majority of the members are already democracies. From a logistical standpoint, approving democratic conditions on membership would be much easier in an IO with five democracies than an IO with two democracies, two semidemocracies, and one autocracy. Thus, if a regime feels there will be few conditions on membership, it has little reason to join these organizations.

Second, from a signaling perspective, it does little good for a new democracy to join an IO made up of mostly autocratic states. If democrats within a state are attempting to send a signal to domestic and international observers, they are best served in attempting to join the most democratic international organization possible. Joining other organizations at this time only costs the young democracy scarce resources and brings it little reputational benefit.

Third, more homogeneously democratic IOs are more likely to enforce the conditions imposed on membership. Knowing this, leaders attempting to tie their own hands will tap homogeneously democratic IOs. Why are democratic IOs more likely to enforce conditions? Briefly, the transparency of democracies lessens the likelihood that any one state in the organization will shirk its enforcement of the conditions (on democracy and transparency, see Fearon 1994; Gaubatz 1996).¹⁷ In addition, it is hypothesized that democracies maintain a promising advantage vis-à-vis one another (Lipson 1999) and also are less likely to renege on commitments (Leeds 1999). Finally, because enforcing the conditions can be costly (in terms of actual monetary outlays or opportunity costs), wealthier states are more likely to enforce them. Although the evidence of the democratizing effects of wealth is controversial (Geddes 1998), there is little doubt that democracies are more affluent than their autocratic counterparts (Londregan and Poole 1996; Przeworski et al. 1996).

Thus, one strategy for leaders in young democracies to secure democracy is to tie their own hands while sending a costly signal to international and domestic observers that they are serious about political and/or economic reform. One mechanism to accomplish this goal is international organizations. I now turn to an empirical test of this proposition.

Testing the Argument

If the preceding argument is correct, we should witness states that have recently undergone a transition to democracy joining demo-

cratic international organizations. To test this hypothesis, I estimate Model 1 on a time-series cross-sectional sample of all nation-states from 1950 to 1992.¹⁸

$$\begin{aligned} \text{JoinDemIO}_{it} = & \alpha_0 + \beta_1 \text{DemTrans}_{it-1} + \beta_2 \text{GDP}_{it} \\ & + \beta_3 \text{RegConflict}_{it} + \beta_4 \text{NIO}_{it} + \beta_5 \text{NDemIO}_{it} + \beta_6 \text{Year}_{it} \\ & + \beta_7 \text{Hegemony}_t + \beta_7 \text{Democracy}_{it} + \mu_{it}. \end{aligned} \quad (1)$$

The dependent variable in this model, labeled JoinDemIO_{it} , measures the probability that state i will join a democratic international organization in year t . It is coded as a 1 when this occurs and as 0 otherwise. I define a “democratic” IO as an organization in which the average level of democracy among the members is above a certain threshold (defined subsequently). I code the level of democracy in IOs in the following manner. First, I constructed a data set of IO membership using the list of IOs found in Banks and Mueller 1998 and Banks for various years.¹⁹ I then computed the average level of democracy of all members *except* state i in the organization.²⁰

I use the Polity98 data to determine the level of democracy in each member state.²¹ I utilize Polity’s autocracy and democracy scores, which are aggregates of several characteristics of each state, to come up with 0 to 10 scales of levels of autocracy and democracy in each country. I take each state’s democracy score minus its autocracy score ($\text{DEMOC}_{it} - \text{AUTOC}_{it}$) to create a single, continuous measure of democracy (see Oneal and Russett 1996; Mansfield and Snyder 1995). The resulting measure runs from -10 (complete autocracy) to $+10$ (complete democracy). Using this single measure of democracy, scholars set “cutpoints” for labeling the regime type. I describe a regime as democratic if it is at or above a $+6$, while any regime at or below -6 is labeled an autocracy.²² Thus, if the average level of democracy in an institutional organization is at or above $+6$, it is considered to be a democratic IO. If a state becomes a member of an organization with this characteristic in year t , the dependent variable is coded as 1. If the state joins no new IOs or any IOs with levels of democracy below $+6$, the variable is coded 0.

The first independent variable is the key variable of interest. DemTrans_{it} measures whether state i completed a transition to democracy in year $t - 1$. I code this variable utilizing the Polity98 data.

Again, I use the +6 cutoff to determine whether a state is a democracy. Any state that moves from below +6 to that level or above is coded as making a transition to democracy.

The second independent variable taps the economic size of the state in question, in each year. The variable, GDP_{it} , measures the gross domestic product (GDP) of each state at time t . Empirical work on the determinants of IO membership has found that higher levels of GDP are associated with a higher number of memberships in IOs (Jacobson, Reisinger, and Matthews 1986, 149). Moreover, if democracy and wealth are correlated (Lipset 1959; Bollen 1979; Jackman 1973),²³ we would like to hold the level of wealth constant if our independent variable of focus is democratization. I expect economically larger states to be associated with a higher likelihood of joining a democratic international organization. These data are gathered from Summers et al. 1995 as well as World Bank 1998.²⁴

To control for the possibility that states do join regional conflicts to settle disputes, or do so in the aftermath of them, we must include a measure of conflict. $RegConflict_{it}$ measures the presence of the threats or uses of force involving state i 's region at time t .²⁵ Fortna (1998) has argued that international institutions can be essential to enforce cease-fire agreements in conflicts. Thus, security concerns may motivate states to join IOs. One classic example is the formation of the EU. Although the Cold War peace in Europe may have many determinants, it is clear that much of the motivation behind the original formation of the EU was security concerns (see Schiff and Winters 1997; Wallace 1994). Finally, it should also be noted that current research on preferential trade agreements (PTAs) has found little relationship between military hostilities and the formation of or membership in these types of IOs (compare Mansfield, Milner, and Rosendorff 1998; Mansfield and Pevehouse 1999).

The next independent variable, labeled NIO_{it} , measures the number of IOs of which state i is a member. This variable is included since a state that is already enmeshed in many IOs will have less opportunity to join new ones. Thus, we expect this variable to be negative in sign—the more memberships a state has in IOs, the less the probability of joining new ones. This variable is computed using IO membership from the sample previously discussed.

A related control variable is $NDemIO_{it}$, which measures the number of democratic IOs of which state i is a member. Again, the argument is that states with many memberships in these organizations can reach a saturation point. In addition, because joining these organiza-

tions serves as a hand-tying and/or signaling device for new democracies, there may be little reason to expect a state to join multiple democratic IOs, although this is certainly a possibility. The intuition is that, if these are indeed costly signals, especially in economic terms, we should expect leaders to join as few IOs as possible to accomplish their desired goals.

Next, I include the year under observation as a control variable. Shanks, Jacobson, and Kaplan (1996) have shown that there has been a steady rise in IOs over time. Although the number of IOs has increased, there is a large amount of turnover in those IOs—that is, existing institutions die and new ones are created. Still, it is important to control for any secular trends in the number of IOs, since democracy has also been on the rise over the period of observation. We want to be sure that any relationship between democratization and joining IOs is not a spurious one.²⁶

I also include Hegemony_{*i*} to control for systemic factors that may influence the likelihood of a state's involvement in a democratic IO. Work by Mansfield (1998) has found that membership in PTAs is influenced by these systemic factors. As power becomes more diffuse in the international system, states are more likely to take measures to make sure that a decline in systemic leadership will not erode their current gains. Although this idea is often applied to the economic arena, one can imagine a similar security side to the argument as well. As the leading state in the system declines, regional allies begin forming their own arrangements to guarantee their security, since they can no longer count on the hegemon to do so. Here, hegemony is measured as the proportion of trade in the international system controlled by the largest trading state (which is the United States for this period of analysis). This variable is measured each year and is identified for each state in year *t*.

Democracy_{*it*} measures the level of democracy in state *i* in year *t*. It is measured using the continuous (Autocracy-Democracy) scale from the Polity98 data. Other empirical studies have shown that democracies tend to join international institutions at a higher rate than do nondemocracies (Russett, Oneal, and Davis 1998; Shanks, Jacobson, and Kaplan 1996). To control for the possibility that it is not democracies that have undergone a transition but rather existing democracies that are joining democratic IOs, it is essential to include this variable. I expect a positive coefficient estimate, since democracies are more likely to be involved in democratic IOs, *ceteris paribus*. Finally, μ_{it} is a stochastic error term.

Estimates of the Model

Model 1 is estimated using logistic regression. In addition to the seven independent variables described in the previous section, I include a measure of the length of time between joining democratic IOs (the dependent variable) to control for any temporal dependence in the data. Work by Nathaniel Beck, Jonathan Katz, and Richard Tucker has shown that in time-series cross-sectional data such as that used here, the presence of duration dependence can influence the estimates of the parameters and standard errors (Beck and Katz 1997; Beck, Katz, and Tucker 1998). To correct for this possibility, I include the aforementioned measure of time between joining democratic IOs and a natural cubic spline function with one knot in Model 1.²⁷

TABLE 1. Determinants of Membership in Democratic International Organizations, 1950–92

	(1)	(2)	(3)
DemTrans _{<i>it</i>-1}	0.833* (1.66)	0.888* (1.81)	—
DemTrans _{<i>it</i>-1→<i>t</i>-3}	—	—	1.096*** (2.96)
GDP _{<i>it</i>}	3.89×10^{-12} *** (2.75)	—	3.73×10^{-12} ** (2.59)
RegConflict _{<i>it</i>}	0.079*** (3.11)	0.082*** (3.27)	0.100*** (4.01)
NIO _{<i>it</i>}	-0.225** (-2.19)	-0.189* (-1.93)	-0.263*** (-2.68)
NDemIO _{<i>it</i>}	0.555*** (5.13)	0.528*** (5.11)	0.602*** (5.83)
Year _{<i>it</i>}	-0.060** (-2.44)	-0.060** (-2.44)	-0.064*** (-2.85)
Hegemony _{<i>t</i>}	-27.094** (-2.09)	-28.661** (-2.12)	-33.664*** (-2.84)
Democracy _{<i>it</i>}	0.067*** (2.91)	0.080*** (3.37)	0.065*** (2.72)
Constant	118.039** (2.39)	118.288** (2.39)	127.205*** (2.80)
<i>N</i>	4,350	4,762	4,314
Log-likelihood	-471.37	-477.86	-457.13
Chi-square	317.99***	327.48***	308.93***

Note: Figures in parentheses are asymptotic *z*-statistics computed using Huber/White/sandwich standard errors. Models include a counter for the number of years between joining democratic IOs that is used as a base for a natural cubic spline function with one knot.

* $p < .10$; ** $p < .05$; *** $p < .01$.

Column 1 of table 1 presents the estimates of Model 1.²⁸ Note that our key independent variable of interest, DemTrans_{it-1} , is of the predicted sign and is statistically significant. Thus, a state is more likely to join a democratic IO if it has recently undergone a democratic transition. *Ceteris paribus*, such a change will increase the probability of that state joining such an organization by nearly two and a half times (125 percent). This is substantial evidence for the hypothesis that domestic political agents hope to utilize membership in democratic IOs to help lock in democracy.

Most of the remainder of the control variables are of the expected sign, and all are statistically significant. The estimate of GDP_{it} indicates that economically larger states tend to join IOs, a result consistent with prior research. RegConflict_{it} is positive and statistically significant, which supports the traditional neoliberal ideas of institutions as focal points for conflict resolution. That is, states in regions with more interstate conflict tend to join institutions at a higher rate. The total number of IO memberships is inversely related to the probability of joining a democratic IO, but the number of existing memberships in democratic IOs is positively related to joining more. It would appear that joining democratic IOs is somewhat contagious, while there may be a saturation point for overall membership in IOs.

Hegemony_{*t*}, as expected, is negatively related to joining democratic IOs. As the leading state in the system becomes less of a force in international politics, the need to turn to international institutions appears to rise. Finally, the higher the level of democracy in a state, the more likely it is to attempt to join a democratic IO.

To check the robustness of these results, I reestimate Model 1 excluding GDP_{it} . As mentioned in note 24, I filled in missing GDP data from various other sources, although a fair number of cases (almost 10 percent) are still missing GDP data. To ensure that these findings are not an artifact of the missing GDP data, I exclude this term from the model. Note that the estimates of the model are nearly identical with or without the GDP term. Thus, we can be confident that the results are not a statistical artifact.

Of course, some might argue that there is no natural time unit to the theory. That is, there is no reason to think that democracies will attempt to join IOs only in the first year after they have completed a transition to democracy. After all, problems in democratic consolidation can arise for some time after the initial transition. To consider this possibility, I reestimate Model 1 with a newly coded DemTrans

variable, which is coded as 1 if state i underwent a democratic transition in either of the last three years—that is, in $t-1$, $t-2$, or $t-3$.²⁹

The results of this new model are shown in column 3 of table 1. Again, there is strong evidence that newly democratized states join democratic international organizations very soon after the completion of transition. When the DemTrans independent variable measures transitions over a three-year period, the strength of the relationship grows. Notice now that if a state has transitioned in the past three years the odds of joining a democratic IO increase by almost 200 percent. Again, the remainder of the control variables are virtually identical in sign and significance to the previous model. We can now be more certain that this association between democratization and joining democratic IOs is not an artifact of the model specification (in terms of lag structure).

This test has provided some initial empirical evidence that a major determinant of a state's decision to join international organizations lies in the domestic political realm. The results also point to the importance of traditional ideas concerning the need for institutions to mitigate conflict. Clearly both are important when discussing a regime's decision to take the costly step of joining an international organization. While further statistical tests should be performed to assess the impact of democratization on overall IO membership, this first cut has provided support for my argument that domestic politics can be a driving force for the accession to international organizations.

Discussion and Conclusion

What implications does this have for neoliberalism, comparative political economy, and, more important, U.S. foreign policy? For neoliberals, who have emphasized the international coordination and cooperation benefits of IOs, explaining why states join institutions and organizations in the first place may have little to do with international outcomes. Although institutions may matter for interstate cooperation, if the impetus for joining these structures lies in domestic politics, what impact might this have on institutions' effects on cooperation among nations? Or is cooperation through institutions simply a by-product of domestic politics? More theoretical and empirical work must be undertaken before neoliberals or their realist counterparts can confidently address these questions.

Comparative political economists have increasingly recognized the impact of external factors (free trade, capital mobility, foreign direct investment, and so forth) on domestic political institutions and

coalitions. Milner and Keohane (1996, 16) argue that “internationalization” means that “the interests on which domestic political coalitions rest will be increasingly shaped by international economic forces.” This chapter suggested that this process is a two-way street. To protect their own domestic institutions and coalitions, leaders may turn to international forces such as IOs. As I have argued, in many cases this can be a regime’s best option for tying its own hands while signaling a credible commitment to new domestic institutions.

Finally, in terms of U.S. foreign policy, the goal of democratic enlargement has taken many forms since the end of the Cold War. A key facet of this policy has been to enlarge existing international organizations to include young democracies in order to protect their fledgling regimes. As this chapter has argued, these states will be very willing participants. The irony, however, is that the easier it is for states to join democratic IOs, the fewer benefits they confer on the new members. With fewer conditions on membership, the hand-tying and signaling effects of these institutions will be weakened. Thus, they may be less useful in helping young democratic regimes make credible commitments to democracy.

In addition, the issue of enforcement should not be taken for granted. Each time a state breaks the conditions of membership in an IO (whether political or economic), it is essential that some sort of punishment be meted out. If not, the credibility of the conditions is eroded. I have argued that the more homogeneously democratic an IO is, the more likely it will be to enforce these conditions. Enforcement, however, is never automatic. Members of IOs must be willing and able to punish condition violators, since in the long run inaction will only hurt nascent democracies’ chances for survival.

International organizations are no magic bullet for nascent democracies. A host of factors determines whether these states survive as democracies or revert toward autocracy. Nonetheless, I have argued that several of these factors hinge on the lack of a young regime’s ability to make credible commitments to political and/or economic reform. In these cases, IOs can play a role in strengthening democracy and democratic reform.

Notes

I would like to thank all of the participants in the conference “The Interaction of Domestic and International Institutions” for their insightful comments. I would also like to thank Dan Drezner, Dan Reiter, Ed Mansfield, Don Sylvan, David Bearce, Tim Frye, and Elizabeth Erickson Pevehouse for additional comments and advice.

1. The dependent variable for this study will be international organizations rather than international institutions. IOs make up a subset of all institutions, broadly defined. On the differences between IOs, institutions, and regimes, see Hasenclever, Mayer, and Rittberger 1996.

2. These costs can arise from a variety of sources (discussed later), but on the political front they include public opposition to joining the organization or potential fights over ratification. Economically, costs arise from the creation of a new bureaucracy to deal with the IO or from policy coordination required by the organization (i.e., reducing taxes, liberalizing trade, etc.).

3. This is akin to the ratification stage of the two-level games argument put forth by Putnam (1988). The argument has been made more poignantly by Milner (1997), who argues that the paucity of international cooperation can be understood in terms of concerns over the distribution of these gains in domestic politics.

4. The one slight difference between Milner's hypotheses and my own is that her work concentrates largely on industrialized states, while most of my discussion of democratizing states will deal with lesser-developed states. While our general hypotheses on the conditions under which states are likely to form PTAs should apply to both sets of states, in practice there may be differences because of varying levels of economic and political development.

5. I should note that there is a small, but growing, debate on whether governmental type affects alliance involvement, although that debate centers around the question of who allies with whom, not what effect the alliance itself might have on any of the member states. On this debate, see Walt 1987; Siverson and Emmons 1991.

6. An alternative explanation, not explored here, is simple human greed. Tempted by the ability to bias the system in their favor, either economically or politically, new leaders freeze or even reverse liberalization and reform. Oftentimes, this can result in concentrated rents in the economic realm (Hellman 1998) or biased institutions in the political realm.

7. Other credibility problems exist, especially in the realm of economic reform. The others, however, are less acute for transitional regimes. For a discussion of additional credibility problems in economic liberalization, see Rodrik 1989b.

8. Although winning groups may remain winning groups, there is often high turnover in leadership of these groups in the posttransition environment. See Whitehead 1989, 79.

9. Hellman (1998), for example, outlines how partial liberalization can create concentrated rents when trade liberalization is not accompanied by price liberalization.

10. One could cite the findings of Londregan and Poole (1990, 175) that coups tend to beget coups as evidence of this problem. They find that, once a coup occurs, "it has a much harder time avoiding further coups." For a further explication of these dynamics, see Finer 1962.

11. As I will discuss, the distributional losers (especially the military) are

often willing to ally with one another if they do not believe the regime is credibly committed to reform.

12. For example, limiting imports while continuing to encourage the export sector is a common practice to correct balance of payment problems. Of course, the imposition of tariffs, whether in the form of explicit limits, quotas, or nontariff barriers, can damage the regime's commitment to liberal economic reform, leaving it no better off in the long run.

13. I use the term "conditions" or "conditionality" to apply to democracy requirements by an IO or any terms of joining an organization. This includes the terms of any economic arrangement to which a state joins. For example, a condition of a regional free-trade agreement is that terms of trade are liberalized in the domestic market. Although many of my condition and enforcement examples will center on political requirements, the argument applies equally to economic agreements to liberalize and their enforcement.

14. I have chosen to exclude the World Bank and the IMF from this analysis, mostly because of the case-by-case conditionality enacted by these organizations. It is likely that these organizations do impact democratization efforts, especially in the case of liberal economic reform (Schmitter 1996, 30), although there is certainly no consensus on this matter. Since membership in these organizations is open and almost every country is a member, adding it to this analysis would have little bearing on the results (given my operational weighting of IOs, discussed later). Still, the signaling effects of IMF and World Bank programs can be substantial (see Rodrik 1997). Given the tremendous literature on these institutions, I have chosen to concentrate on joining regional economic and political organizations.

15. The fact that Greece left rather than being expelled was simply a technicality. The resolution to expel Greece was on the table when the military colonels defiantly declared they no longer wished to be a part of the organization.

16. As important as the international audience costs are domestic audience costs that leaders incur when they renege on international agreements. These domestic audience costs often flow from a poor international reputation and can lead to a loss of face for new leaders (Fearon 1994, 581). This domestic loss of face can have electoral ramifications for those in power in a democracy (Fearon 1994). Note that there may or may not be a loss of international reputation. Still, the domestic political audience is likely to be attuned to these issues since association with a highly democratic IO is an early chance to break with the vestiges of an authoritarian past (Pridham 1994, 26–27). I discuss this further in Pevehouse 2000.

17. These ideas are more fully explained in Pevehouse 2000, chapters 3 and 4.

18. Polity III (Jagers and Gurr 1995) and Polity98 (Marshall 1999) exclude some states that the Correlates of War project considers the members of the international system. I have excluded these states as well.

19. I exclude a small number of IOs because of their lack of regular meetings or lack of organizational structure. Also, organizations that are open to any state are excluded since their membership, by definition, is not conditional (Keohane 1990).

20. This is essential since, if state i is included, it is possible that an organization would become democratic because of a transition to democracy in that state. Thus, we would be measuring the same phenomenon on both sides of the equation—a surefire, but highly incorrect, way to achieve a significant relationship among variables.

21. Polity98 (Marshall 1998) is an updated version of the Polity III data (Jagers and Gurr 1996).

22. This is a slight change from common practice, which defines the cut-offs for democracy and autocracy at $+7/-7$. As I show in chapter 2 of Pevehouse 2000, the $+6/-6$ cutoffs correlate more highly with other data sets measuring democracy and democratic transitions.

23. Of course, this correlation may or may not be causal. On this issue see Londregan and Poole 1996 and Przeworski et al. 1996.

24. Where Summers and Heston data are missing, I fill in as much as possible from the World Bank data. All of the non-Summers and non-Heston data are converted to constant 1985 U.S. dollars. For those uncomfortable with combing economic data from various sources, I exclude this variable from the analysis in the next section.

25. State i may or may not be involved in the dispute, but the idea is that general instability in the region may move any neighbors or nearby states to form an IO. I follow the Correlates of War coding for region. See Singer and Small 1994. The militarized interstate disputes (MIDS) data are discussed in Jones, Bremer, and Singer 1996. The data are available at the Peace Science Society International web site: <http://pss.la.psu.edu/MID_DATA.HTM>.

26. For example, a general trend of more democratic IOs and more democracies could create a relationship that is spurious. The analogy in the time-series world would be cointegrating vectors of time-series data.

27. I do not report the estimate of these two additional terms to conserve on space. In all models, they are highly significant. I also tried including the time variable with both two and three knots, but in both cases the additional knots were not statistically significant.

28. Beck and Turner (1996) also show that traditional standard error estimates in time-series cross-sectional data are usually underestimated. They suggest the use of White/Huber/sandwich standard errors. Thus, the z -statistics presented in table 1 are computed utilizing these standard error estimates.

29. I chose a three-year period since most transitional governments fail relatively early in their tenure (Power and Gasiorowski 1997), although Pevehouse 2000 shows that their rate of failure still rises over time, but at a much slower rate.