Institutional Choice and Global Commerce

Why do institutions emerge, operate, evolve, and persist? Institutional Choice and Global Commerce elaborates a theory of boundedly rational institutional choice that explains when states use available institutions, select among alternative forums, change existing rules, or create new arrangements (USCC). The authors reveal the striking staying power of the institutional status quo and test their innovative theory against evidence on institutional choice in global commerce from the nineteenth through the twenty-first centuries. Cases range from the establishment in 1876 of the first truly international system of commercial dispute resolution, the Mixed Courts of Egypt, to the founding and operation of the General Agreement on Tariffs and Trade, the World Trade Organization, and the International Accounting Standards Board. Analysts of institutional choice henceforth must take seriously not only the distinct demands of specific cooperation dilemmas, but also the wide array of available institutional choices.

Joseph Jupille is Associate Professor of Political Science at the University of Colorado Boulder.

Walter Mattli is Professor of International Political Economy in the Department of Politics and International Relations at Oxford University and a Fellow of St. John’s College, Oxford.

Duncan Snidal is Professor of International Relations in the Department of Politics and International Relations at Oxford University and a Fellow of Nuffield College, Oxford.
Institutional Choice and Global Commerce

JOSEPH JUPILLE, WALTER MATTLI, AND DUNCAN SNIDAL
Contents

List of figures                  page vi
List of tables                   vii
Acknowledgements                       viii

Part I
1 Introduction: institutional choice and global commerce 3
2 International institutional choice: cooperation, alternatives, and strategies 19
3 Building Theseus’ ship: why the ITO failed, the GATT succeeded, and the WTO emerged 53

Part II
4 Creating the first international court of commercial dispute resolution: the Mixed Courts of Egypt 105
5 Commercial complexity and institutional choice in the GATT era 132
6 Institutional choice in global accounting governance 165

Part III
7 Conclusion: overview and institutional theories compared 199

Bibliography                      217
Index                               246
### Figures

2.1 Standard rationalist accounts of cooperation  
2.2 USCC: choices within institutionalized cooperation  
3.1 The development of the GATT/WTO over time: coverage, membership, and trade volume  
4.1 Population growth of major Mediterranean cities, mid to late nineteenth century  
5.1 Less-developed countries in the GATT  
5.2 Trade and development trends, 1900–60  
5.3 GATT documents mentioning “non-tariff,” annual counts, 1949–69  
5.4 US services trade balance, 1960–80  
6.1 Distributional tradeoffs across four accounting forums
Tables

2.1 A rough ordering of international institutions  page 26
2.2 Key factors affecting institutional choice  50
3.1 GATT rounds  98
3.2 Key junctures in the development of the GATT/WTO  100
4.1 Populations of major Mediterranean port cities  111
6.1 Strategic options among four forums  182
7.1 Summary of findings  204
7.2 Overview of institutional theories  209
Acknowledgements

This book is the product of a multiyear collaboration which began with workshops on “Forum Shopping and Global Governance” at the European University Institute (EUI) in Florence and at Florida International University (FIU) in Miami. We have been fortunate to receive financial support from the Robert Schuman Centre at EUI (then directed by Helen Wallace), the Center for Transnational and Comparative Studies at FIU (then directed by Ralph Clem), the Colorado European Union Center of Excellence (CEUCE), St. John’s College at Oxford University, and the British Academy. The project would have been impossible without the advice, support, feedback, and constructive criticism of many colleagues, including Vinod Aggarwal, David Andrews, Mark Axelrod, Sam Barkin, Tim Büthe, Jim Caporaso, Jeffrey Chwieroth, Scott Cooper, Christina Davis, Nicole de Silva, Henry Farrell, Judith Goldstein, Lloyd Gruber, Robert Gulotty, Emilie Hafner-Burton, Anne Holthoefer, Miles Kahler, Moonhawk Kim, Barbara Koremenos, David Lake, Ranjit Lall, Charles Lipson, Michael Manulak, Tamir Moustafa, Rahul Prabhakar, Michael Sampson, Jack Seddon, Sidney Tarrow, Felicity Vabulas, Lora Viola, Chris Whytock, and Stefan Wojcik. We also received helpful comments from participants of presentations at the University of Chicago’s Program on International Politics, Economics and Security (PIPES), Oxford University’s Global Economic Governance Programme, Duke University, and the University of Minnesota, as well as the annual meeting of the American Political Science Association. At Cambridge University Press, we would like to express our gratitude to John Haslam, the Commissioning Editor for the social sciences, for his interest in this project and cheerful support throughout the production. We would also like to thank Production Editor Jonathan Ratcliffe, Editor Carrie Parkinson, copy-editor Rose Bell, and three anonymous reviewers for their excellent comments.