

Book Review

Renegotiating the World Order: Institutional Change in International Relations

Phillip Y. Lipsky

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The system of international cooperation built after World War II institutionalised in many international organisations is facing unprecedented challenges, particularly the rapid growth of developing countries such as China, India, Indonesia or Brazil. Their rise will continue to shift underlying power away from states advantaged by the status quo in major international institutions established long time ago. Indeed, the most prominent example is China that recently significantly changed the landscape of international financial governance. China felt that its interests were underrepresented with regard to its economic power and a position in the world. As its efforts for greater voting rights in the International Monetary Fund (IMF) and World Bank had failed due to the United States' refusal, China pursued alternative way in creating new institutions such as the Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB). This case illustrates challenges surrounding the renegotiation of major international organisations in connection to accommodating mounting ambitions of rising powers.

Professor Phillip Y. Lipsky, Director of the Centre for the Study of Global Japan, Munk School of Global Affairs & Public Policy from the University of Toronto decided to engage in contemporary debates over the renegotiation of institutions such as the UN Security Council and IMF with the book under review *Renegotiating the World Order: Institutional Change in International Relations*. Lipsky proposes in his book a novel theory of institutional change in international relations, analysing a slow pace of change in some of the most prominent international organizations. To this purpose, he synthesizes concepts from the rational and historical institutionalist schools of international relations, and in addition incorporating a theory of network effects – a key concept from the economic literature of path dependence. Base on this theory, an openness to change depends on policy areas – where institutions may face competition, they must be flexible in order to attract states, where it is costly to pursue outside alternatives, resistance

and inflexibility occur more frequently.

The volume covers institutional change across a wide range of policy issues, such as international finance, collective security, and internet governance. For this goal, beyond introduction, theoretical part and conclusion, each empirical chapter represents a specific case study. Chapter 3 deals with the IMF and the World Bank (the Bretton Woods Institutions) and their common features. More focused analysis follows in Chapter 4 which examines Japan's behaviour in the both institutions since the 1980s in order to secure greater influence on their functioning. Chapter 5 explores a development institutions and regional integration projects with a particular emphasis on the distribution of development aid and competition among regional integration projects in economic cooperation. In Chapter 6 Lipsy investigates the International Telecommunications Satellite Organization (Intelsat) in the context of over-time variation due to technological change in the area of satellite telecommunications. Chapter 7 focuses on the less known Internet Corporation for Assigned Names and Numbers (ICANN), an organization that oversees the assignment of internet domain names. This organisation is in many aspects similar to the Intelsat, however the outcome of change is limited due to several factors presented by Lipsy. Interesting comparative study is provided in chapter 8 where the theoretical framework of the book is applied to the League of Nations and the UN Security Council. The book tries to find an answer why the Council of the League of Nations was reformed at the rate of once every 3.2 years, compared to just one, rather modest, reform during the UN Security Council's seventy years of existence. China's rise and its policy toward international organizations also draw Lipsy's attention as Chapter 9 explores China-Taiwan competition over their membership in international organizations as a zero-sum game because of Chinese insistence on the expulsion of Taiwan from international fora.

Unquestionably, international organisations are more than ever a defining feature of contemporary world politics. However, many countries were never present at the negotiating table during their establishment and setting rules. Their membership does not sufficiently reflect their rising power and position in international relations in terms of influence in the functioning, agenda-setting, decision-making or composition of personnel of an organisation.¹ As a result, they may often grow dissatisfied with their representation or influence over such arrangements. Such inflexibility can ultimately lead to the "death of international organisations"² as their survivability frequently correlates with an emerging geopolitical conflict. The book under review thus offers a valuable insight in these developments, pro-

¹ On the evolving policies of rising powers see also Steven Ward. *Status and the Challenge of Rising Powers*. 2017. Cambridge: Cambridge University Press.

² Eistrup-Sangiovanni, Mette. 2018. Death of international organizations. The organizational ecology of intergovernmental organizations, 1815-2015. *Review of International Organizations*.

viding the reader a number of variations in institutional change buttressed by a strong theoretical framework.

What Lipsky describes as the World War II effect in the context of his examinations, the tendency for contemporary institutions to reflect the outcome of a war fought over seventy years ago (and dominated by the United States), is the starting point for the basic dynamic that lies at the heart of this book. However, beyond this core topic of his volume, the institutional change is not just a result of emerging powers. Growing dissatisfaction of founding or core members of international organisations could be considered as well. Recently, we observe a significant shift in this policy development regarding Brexit, the withdrawal of the United Kingdom from the European Union, and United States' unilateral steps, gradually directed against international cooperation under an umbrella of well-established institutions, for instance the North Atlantic Treaty Organization (NATO),³ the World Trade Organisation (WTO)⁴ or the Universal Postal Union (UPU).⁵ It could be therefore interesting to complement Lipsky's theory and findings by a study concentrating more on "traditional powers" defending the status quo in international institutions, or their growing frustration from diminishing influence in face of changing circumstances.

In times of contested multilateralism, international organisations currently face many challenges to their legitimacy and even existence. International organizations are increasingly evaluated not only on their accomplishments, but also on how they react to their membership, adapt to external developments, manage themselves, or coordinate with other actors in the field.⁶ Lipsky's book offers relatively narrow perspective on how international organisations strive for maintaining their relevance in the eyes of their members. Nevertheless, it provides an important account of institutional change as well as stability. In broader context, such adaptability may prove essential as rapidly growing states may express their frustration by other means if they are not satisfied by gaining greater authority within existing institutions. As such, it has ramifications for the evolution of international cooperation and how the international system accommodates rising powers.

Taking into account that detailed examinations of institutional change have been

³ The US administration cut recently its contribution to NATO's collective budget and president Donald Trump repeatedly questions the Alliance's commitment.

⁴ The US *de facto* dismantled the WTO's compulsory and binding dispute settlement by blocking appointments of Members of the Appellate Body since 2016.

⁵ The US threatened in 2019 to withdraw the UPU unless fee rates were changed so that importing countries did not lose money from distributing mail and packages from countries including China exploiting electronic orders.

⁶ Dingwerth, Klaus, Witt, Antonia, Lehmann, Ina, Reichel, Ellen and Weise, Tobias (eds.). 2019. *International Organizations under Pressure: Legitimizing Global Governance in Challenging Times*. Oxford: Oxford University Press.

relatively limited so far, the book represents an original and persuasive contribution in attempts to understand why some international organisations successfully resist change for decades, with dissatisfied members pursuing exit, while other organisations adapt rather smoothly.

Bio

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