To what extent can the findings of Koremenos, Lipson and Snidal (2001a), concerning the setup of international organisations, be confirmed by the examples of Mercusor and the European Union?

Lennart Rösener (s0177768)
University of Twente
Study: European Studies
Supervisor: Dr. A. K. Wanrtjen
Second reader: Prof. dr. R. A. Wessel
# Table of contents

Abstract                                                                                                                                          p. 4

1. Introduction                                                                                                                                p. 5

1. 1. Environment for international cooperation                                                                                      p. 5

1. 2. Why to use international institutions?                                                                                                  p. 6

1. 3. Logic underlying international organisations                                                                                        p. 7

1. 4. Mechanism for differences in international organisations                                                                         p. 8

1. 5. Rational design classification                                                                                                          p. 9

1. 6. Empirical evidence                                                                                                                  p. 9

1. 7. Criticism about the classification of Koremenos et al. (2001a)                                             p. 10

1. 8. Mercosur and the EU as a chance to collect further empirical evidence                               p. 11

2. Theory                                                                                                                                        p. 14

2. 1. Membership                                                                                                                           p. 14

2. 2. Issue scope                                                                                                                             p. 14

2. 3. Centralisation                                                                                                                          p. 15

2. 4. Distribution problems                                                                                                                p. 15

2. 5. Number of actors                                                                                                                       p. 16

2. 6. Uncertainty of preferences                                                                                                            p. 16

2. 7. Hypotheses that are part of this paper                                                                                               p. 17

3. Research methodology                                                                                                                     p. 18

3.1. Case selection international organisations                                                                                               p. 18

3. 2. Case selection conjectures                                                                                                              p. 18

3. 3. Research design and the corresponding aims and limits of the analysis                                                                      p. 19

3. 4. Operationalization                                                                                                                     p. 20

3. 4. 1. Membership                                                                                                                           p. 20
Abstract

In this paper a detailed description of the international institutions Mercosur and the EU is provided. This makes a comparison of these international organisations possible. This comparison is necessary to check whether these organisations are in line with a theory about the setup of international organisations (Koremenos et al. (2001a)).

The theory of Koremenos et al. (2001a) is an important theory about the rational designing of international institutions. It allows a clear classification of international institutions and allows to determine its environment. Thereby the focus of this analysis is only on a few of the hypotheses in the writing of Koremenos et al. (2001a). There is this a limitation in this paper to keep the extent appropriate. It is not the aim of this study to prove the theory of Koremenos et al (2001a) in general. Instead it is about adding empirical evidence to this theory by expanding the focus of the theory to the relative new international organisation of Mercosur. Thereby the EU is used as an appropriate organisation for the comparison.

In the end, this paper succeeds in increasing the empirical evidence for this theory to a certain degree because the comparison allows to confirm the majority of the conjectures.
1. Introduction

“Here we encounter two conflicting concepts with which we must come to grips in our time: the idea of national solidarity and the idea of international cooperation.”

Gustav Stresemann (Brain Quote, n. d.)

This quotation shows an important conflict of the modern world. Although nation states remain important actors, international cooperation needs to be strengthen. Especially in the context of globalisation where more and more problems do not stop at national border (for example environmental problems or terrorism), it is important that international cooperation is improved. This characteristic in the international system (problems that exceed national borders), is a rather new problem. Nevertheless, international cooperation or cooperation between different territories exists since thousands of years. In ancient times, international cooperation was often limited to war times (Sauerwein 2004). Inhabitants of different territories cooperated to defeat a common enemy. With the appearance of international bodies the focus of international cooperation slowly changed. People recognised that it can be very beneficial for all actors if there is cooperation in several policy fields. Due to the fact, that it can be very hard to undo the process of cooperation because of the costs to leave the agreement, cooperation needed to go further. So there was a significant increased in international bodies since 1909 (Brill 2010).

Today international bodies are central actors in the political activities and many countries are dependent on the international organisations to achieve their current status of development. This statement is especially related to international bodies that administer a free trade area and international bodies with a solidarity fund. The importance of international bodies makes it necessary, to analyse international bodies in a detailed way. This is basically what this paper is about. It reviews the previous work on this topic and conduct an own analysis which is based on some of the previous scientific findings. Thereby, the review of the previous scientific work is important to be able to bring this analysis in a line with it.

1. 1. Environment for international cooperation

As a first step to analyse the available literature about international bodies, it is necessary to clarify the environment where international cooperation takes place. Although international cooperation seems to be a promising approach, there is doubt about its
effectiveness in the literature.

According to the Neorealists, nation states try to maximize security. Thereby, they should not spend too much time on international cooperation. There is anarchy in the international system, because there is no larger authority to protect them. So they must help themselves. This minimizes the role of international bodies in the modern world (de Mesquita 2006, p.129). This concept clearly relates to national solidarity. National solidarity is still an important idea in the current world (Risse 2000, p. 2, 3).

Fortunately for international cooperation, this is only half of the story. Although this theory can be useful to analyse some situations, it seems to contradict with the achievements of important international bodies like the United Nations (UN), the North Atlantic Treaty Organization (NATO) or the European Union (EU).

This is something that is also reflected by another approach. The Liberalists argue that every nation tries to achieve economic wealth and that there is no anarchy in the international system. Instead there is hierarchy in the international structure. In concrete terms, this means that there is a superior state that can enforce norms of conduct and maintain regimes (de Mesquita 2006, p. 154, 155). In this writing regimes are defined as “… sets of international law, rules, and organizations designed to promote coordination among nations with shared interests” (de Mesquita 2006, p.134, 135)\(^1\).

Due to the fact that there are regimes and norms, cooperation is possible. Furthermore, the theory says that coordination is even necessary to solve collective action problems like market failure (de Mesquita 2006, p. 136, 137).

So this is the theory which is more related to the modern understanding of international cooperation and what can be seen as one of the ideas underlying this thesis.

International cooperation is often based on international organisations/institutions, as the mentioned examples show. According to Koremenos, Lipson & Snidal (2001a, p.762), an international institution is an “explicit arrangements, negotiated among international actors, that prescribe, proscribe, and/or authorize behaviour“.

1.2. Why to use international institutions?

As already mentioned in the introduction, there is a trend to use international bodies for international cooperation. But why did this trend emerge?

To answer this question, it is necessary to clarify the positive aspects of an international institution.

\(^1\) The term ‘regime’ is actually a quite contested one. The wide interpretation is noticed in a paper of Stein (1982, p. 299), but for reasons of simplification I will stick to the definition of de Mesquita (2006).
It is reasonable to use international institutions for the process of international cooperation, because they have important advantages which make self-enforcement easier. They set standards of behaviour, check whether corresponding actors actually comply with an agreement, decrease the costs of joint decision-making and resolve disputes. Moreover it needs to be said that institutions are often embodied in organisations (Frieden, Lake & Schultz 2010, pp. 62-67). This is important to mention because organisations are a significant part of this paper.

According to Büschges (2002, cited in EMPAS n. d., p. 1), an 'organisation' can be defined as “A unit which was founded by certain persons with the purpose to achieve certain aims. It is systematically created, hierarchical, and owns certain resources. It is a relative permanent and structured unit which consists of persons that have a least one centre for controlling and decision available. The centre steers the necessary cooperation between the actors and the activities (or at least the results which are a creation of the unit). The system of work is the division of labour”.

1.3. Logic underlying international organisations

There is a certain logic underlying international organisations. It is important to clarify this principle to know an international organisation basically works. This logic can be found in the principal agent approach. The principal agent approach is a theory that comes from the economic domain. It is about examining the relationships within a firm. In a firm there are often contractual relationships between the ‘principal’ and the ‘agent’. Thereby, the principal is the actor that delegates responsibilities to the agent to fulfil certain tasks. In the economic sense this is related to shareholder of a company that delegates the responsibility to manage day-to-day business to an executive (Kassim and Menon 2003, p. 122). Next to that, there is also another interpretation of this idea. According to Kassim and Menon (2003, p.122), “…the principal can be any individual or organization that delegates responsibility to another in order to economize on transactions costs, pursue goals that would otherwise be too costly, or secure expertise. “ This is also something that happens in the context of international organisations. Sovereign states delegate certain tasks to international organizations to receive the mentioned benefits (Kassim and Menon 2003, p.122). According to Pollack (1997, pp. 102-105) principals delegate tasks to agents because of their better ability to deal with important functions. These functions are similar to the advantages summarised by Frieden et al. (2010).
1. 4. Mechanisms for differences in international organisations

The mentioned literature explains why international organisations are necessary and the huge amount of international organisations in the modern world can be seen as an evidence of this hypothesis. Having a look at some of the international organisations, it is easy to see that the international organisations are quite different. There are organisations where almost every country in the world participates, like the UN, and there are organisations with a very restrictive membership (for example the G7). This is only one of the possible characteristics where international organisations can differentiate.

To analyse this problems, the reasons for this development need to be clarified. Thereby, the mechanisms underlying the differences between the international organisations/institutions are not completely clear.

The first explanation for the differences between the international institutions is rationality. Actors are rational that try to achieve the best result concerning their preferences. This means that there is a ‘logic of consequences’ thinking in relation to their preferences (Wendt 2001, p.1023). Under this thinking, they compare the costs and benefits of certain actions and choose the option that brings them closest to their aim. According to Koremenos et al. (2001a, p. 762), “the most direct implication is that design differences are not random. They are the result of rational, purposive interactions among states…” This is not the attitude that is reflected by all rational theories. In some paper, for example Chisholm (1995), the differences are explained by the process of problem solving. A specific institutional design is the consequence of the attempt to solve certain problems. In this process it becomes clear that the actors cannot be sure to choose the most “rational” option or the design which fits most to their interests. In fact, there is an endless amount of possibilities. So the actors have to decide at a certain point when to stop searching for options. There has to be a certain strategy to limit the possible solutions. This strategy could be to analyse solutions in similar organisations or to search for historical efforts to solve such problems (Chisholm 1995, p.470).

Although such a strategy might be useful, it is not a guarantee that the best possible option is chosen. So there is a certain degree on uncertainty. This idea is also mentioned in another paper (Wendt 2001, p.1030, 1031).

The second explanation for the structure of international organisations can be seen in the ‘logic of appropriateness’ thinking. This approach is based on the idea that the choices are influenced by the idea of what is normative appropriate. This could be an explanation why landlocked countries have a say in the “law of the sea”. There seems to be no rational reasons to explain such a structure (Wendt 2001, p. 1024, 1025).
1. 5. Rational design classifications

In general one can say that especially the pure rational approach is an interesting one for studies, because it is a crucial part of the neorealist and the liberalists’ writings (Hasenclever, Meyer and Rittberger 1997, p.23) and it allows a clear classification of international institutions according to clearly defined variables. So it is quite easy to measure it. In this context two writings need to be mentioned.

On the one hand, there is the writing of de Mesquita (2006). In this writing there is a classification of the international organisations which concentrates on five central questions. These questions are “how inclusive is the organisation’s membership?”, “how are decision made?”, how likely is compliance with the organisation’s decision?, “how is punishment imposed for non-compliance?” and “how effective are the rules and regulations established by the organisation?” (de Mesquita 2006, p.511). This is a useful classification because it addresses important questions for the functioning of an international organisation.

On the other hand, there is the classification of Koremenos et al. (2001a). This is an especially interesting classification because it allows a further detailed analysis after the classification. The paper of Koremenos et al. (2001a) is not limited to a description of international institutions. Instead it tries to establish relations with other variable that should be responsible for a certain institutional design. How these variables and their relations precisely look like, will be elaborated in the theoretical part.

1. 6. Empirical evidence

To justify the claim that the theory of Koremenos et al. (2001a) is a useful one, I can use another article of theses authors. In the article of Koremenos et al. (2001b) there is a summary of different studies about the hypotheses of rational design mentioned by Koremenos et al. (2001a). The studies are summarised in table 1.
<table>
<thead>
<tr>
<th>Conjecture</th>
<th>Mitchel and Keilbach</th>
<th>Pahre</th>
<th>Richards</th>
<th>Kydd</th>
<th>Morrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>M2</td>
<td></td>
<td>+</td>
<td>+</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>M3</td>
<td></td>
<td>+</td>
<td>+</td>
<td>(+)</td>
<td></td>
</tr>
<tr>
<td>S1</td>
<td></td>
<td>+</td>
<td></td>
<td>(-)</td>
<td></td>
</tr>
<tr>
<td>C3</td>
<td></td>
<td>+</td>
<td></td>
<td></td>
<td>+</td>
</tr>
</tbody>
</table>

Table 1 Summary of the empirical evidence about Koremenos et al. (2001b)

Thereby the different conjectures are mentioned in the theoretical part. The plus and the minus represent the following characteristics: + stands for the conjecture is supported, (+) means the conjecture is supported weakly or with qualification and (-) means the conjecture is not supported with qualification. Table 1 shows that there is indeed empirical evidence for the rational design theory of Koremenos et al. (2001a). This increases the possibility that there is some validity in the conjectures of Koremenos et al. (2001a). Beside that, there are also other papers that apply the conjectures of Koremenos et al. (2001a). In Allee and Peinhardt 2010, there is an analysis of bilateral investment treaties. In this analysis, there are three conjectures applied. Unfortunately, none of them is part of this Bachelor thesis.

1. 7. Criticism about the classification of Koremenos et al. (2001a)

Although there is this empirical evidence, there is also criticism about the theory of Koremenos et al. (2001a) which goes even further than the mentioned alternative ways to interpret the underlying mechanism and the realists’ approach. According to Duffield (2003, p.415, 416), the dependent variables in this article cover a certain amount of variation between organisations. Nevertheless, it is questionable whether they cover the most important dependent variables. There are different classifications of organisations in the literature available. In the article of Duffield (2003, p.415), a further classification of Jeffrey Legro is mentioned. This classification distinguishes between obligation, precision and delegation.

Concerning the independent variables, it is also questionable whether the classification of Koremenos et al. (2001a) covers all the significant variations. In this context, Duffield (2003, p.416-418) especially criticises the following aspects concerning the framework.
of Koremenos et al. (2001a):
First, there is no discussion of interest. Interests are crucial in the rational elaboration on international institutions. The different interests of the actors are also the reason why cooperation problems emerge.
Second, power of different actors is another aspect that needs significant consideration in this context. The analysis of this aspect is barely present in the writing of Koremenos et al. (2001a). This is an issue that reduces the quality of the work of Koremenos et al. (2001a) because power is a concept that can influences distribution problems in a significant way.
Third, the absence or presence of relative useful institutions is something that is missing in the paper of Koremenos et al. (2001a). According to Duffield (2003), the institutional choices are dependent on the institutions that are already present for certain set of actors and domains. Due to the fact that additional institutions create further costs for the participating states, there is an incentive to rely on the already established institutions for cooperation. The degree that the actors want to rely on the institutions is something that influences the institutional design of a new organisation.
Fourth, the topic of ‘path dependency’ is not sufficiently dealt with. Path dependency can be described as the “Tendency of a past or traditional practice or preference to continue even if better alternatives are available” (Business Dictionary n. d. b). The tendency is often caused by former institutional choices which are difficult to reverse. This problem reduces the possibility to make the most rational choice (Duffield, 2003, p. 418).
Moreover it is argued by Wendt (2001) that using the rational design theory of Koremenos et al. (2001a) is like ‘driving with the rear view mirror’. This comparison relates to the fact that this theory is based on explaining the past. So it is difficult to apply them to determine the design of current institutions.

1.8. Mercosur and the European Union as a chance to collect further empirical evidence

To counter these criticisms, it is important to conduct further studies about this theory. This Bachelor thesis should expand the focus of this theory to a rather new international organisation. This organisation is called ‘Mercado Común del Sur’ (Mercosur). Mercosur is an international organisation in South America. Mercosur became an important economic power in the last decade. It is the sixth largest economic power in the world (AHK Uruguay n. d., p. 1, 3, 4). So it is an important international organization that should also fit in the framework of Koremenos et al. (2001a)
In spite of these achievements, it is an organisation that has a rather short history. It was founded in 1991 by the Treaty of Asunción. Although this organisation was founded in 1991, the origins of it appeared much earlier. In the 50ies, there were several attempts of an economic integration. None of them were very successful, because of microeconomic problems and problems of the political development in South America (AHK Uruguay n. d., p. 3). As a first remarkable step, the Latin American Free Trade Association (LAFTA) was founded in 1960 (Encyclopaedia Britania, n. d.). This was the first serious attempts for regional integration in South America. The circumstances in South America changed in the 80ies because the states in South America started to return to parliamentarian democracies. Beside that, the implemented exchange rates improved the circumstances in South America for economic integration. (AHK Uruguay n. d., p.3) So the Latin American Integration Association (in Spanish: Asociación Latinoamericana de Integración (ALADI)) was founded in 1980. This organisation is still important for membership in Mercosur. Next to that, the Declaration of Iguazu was important for the development of Mercosur. Finally, the last significant step in the creation of Mercosur was in 1988. In this year another treaty between Brazil and Argentina was signed to promoted cooperation and integration. Other Latin American countries were also invited to join this agreement (Encyclopaedia Britania, n. d.).

To confirm conjectures like ‘restrictive membership increases with uncertainty about preferences’ it is necessary to include another organisation to have a unit with a relative higher/lower value. As a comparative international organisation, the EU would be appropriate. Like Mercosur, it is very active in the field of economic integration. Beside that, there are many other fields where these organisations are active as the paper of Duina (2010) shows.

Although there are some similarities, the development of the EU was a different one. The origins of the EU lie in the European Steel and Coal Community (ECSC). The Treaty of Paris, to found the ECSC, was signed in 1951 (Nugent 2006, p.37). After the Second World War, the states in Europe recognised that they should cooperate more to prevent it that something like the Second World War happens again. That is one of the reasons why the ESCS was founded only six years after the end of the Second World War. Six years after the ECSC, another important step in the development of the EU took place. The European Economic Community (EEC) was founded in 1957 (Nugent 2006, p.43). This was an organisation to increase the integration even further. In the development of the EU several significant changes took place. Many countries joined the EEC and arrangements like the Schengen agreement (signed in 1985 and 1990) or the Single European Act (1986) were signed. The Schengen agreement was important for the abolishment of the border controls in the EEC.
(Nugent 2006, p.396) and the Single European Act introduced a significant additional amount of policy fields in the EEC (Nugent 2006, p.80, 81). Finally the Treaty of Maastricht was signed in 1992 and the EU was officially founded. The EEC became only one part of its pillar structure (Nugent 2006, p.85).

Beside the mentioned differences, there are other ones that need to be clarified.

For example, Mercosur consists of only a few member states. The number of member states which are complete members of the organisation is only four. Beside that, there are six associate members (Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela (BBC, 2010)). Thereby it is important to say that Venezuela would like to receive full membership. Unfortunately Venezuela did not receive formal membership in Mercosur yet. So this country still is an associate member (Mercopress 2010). Due to the fact, that there are only ten countries which participate in Mercosur and because of historical reasons, there are only two official languages spoken in the member states of Mercosur. These languages are Portuguese and Spanish.

This is not the same in the EU. There are 27 member states in the EU and 20 different official languages. Although there are much more member states in the EU, the territory of the EU is 'only' 4 million sq. km (Mercosur’s territory has the size of 11.8 million sq. km). Moreover, the EU is an organisation which has much more resources available. The Gross Regional Product of the EU is 12.18 trillion USD. In contrast to that, the corresponding value for Mercosur is 'only' 2.14 trillion USD (Mukhametdinov 2007, p.208).

Due to the fact, that the central international bodies of this Bachelor thesis (EU and Mercosur) fulfil the criteria of being an organisation, I will stick to this term.

The mentioned economic data shows that the EU is an even more important economic organisation in the current world. If the conjectures of Koremenos et al. (2001a) are in line with the comparison of such important organisations, its relevance for other international organisations is increased
2. Theory

After describing the background of the theory of Koremenos et al. (2001), it is possible to explain this theory in detail. As already mentioned, in the writing of Koremenos et al. (2001a), there are several characteristics mentioned to differentiate between the organisations. In this classification, the characteristics to distinguish the setup of international organisations are the following ones: Membership rules, scope of issues covered, centralization of tasks, rules for controlling the institutions and the flexibility of arrangements. These characteristics are a central part of this rational design theory. So they need to be defined properly. In this context I will only define the ones which are relevant for the Bachelor thesis.

2.1. Membership

Membership rules determine which country or company is part of the organisation. There are huge differences between the international organisations restrictiveness of membership. There are organisations where the membership is very restrictive like the G7 and other which are very inclusive (like the UN). Thereby it is important to say that it depends on the situation which degree of restrictiveness is the better choice.

2.2. Issue scope

The scope of issues is another crucial characteristic that differentiate international organisations. Some international organisations are very specific. Thereby, environmental agreements are an example for a very specific international institution. The decision to include certain issues in the jurisdiction of an international organisation is also something that needs careful thinking. In some cases issues are linked via technical considerations or shared perceptions. So there is actually no choice whether to include these issues or not. This happened, for example, in the negotiations about the law of the sea. In this case, ocean territories could not be separated from the coastal environment. Nevertheless this is not always the case. So there are also quite specific organisations.
2. 3. Centralization

The aspect of centralization of tasks needs to be analysed, too. It deals with the question whether there are tasks in an organisation that are performed by a single and central entity. Thereby it is important to mention that centralization does not stand for 'centralized enforcement'. Instead this characteristic of the international organisations deals with a broad scope of other activities. Centralization is an issue that is very controversial, because it reduces the sovereignty of the domestic states in certain domains. That is why; there are also significant differences in the degree of centralization between the different international organisations. There are international organisations that can be seen as an international body with powerful centralised controls. In contrast to these bodies, the World Bank, for example, is less active in this field.

The variable of centralization reflects the difference between supranationalism and intergovernmentalism. An international organisation that is dominated by intergovernmentalism is an organisation that shows a low degree of centralization. In these organisations the consensus of the member state is needed. In a supranational organisation, the opposite is the case.

These are the characteristics of the international organisations which are analysed in my Bachelor thesis. They are part of a causal relationship. According to Koremenos et al. (2001a), the characteristics of the institutional setup are caused by certain factors. So there is a clear causal relationship between these variables.

These factors are the following ones: distribution problems, enforcement problems, number of actors and asymmetries among them and uncertainty about behaviour, the state of the world and preferences. Again, I will only define the ones which are relevant for the Bachelor thesis.

2. 4. Distribution problems

Distribution problems emerge when there are several cooperative outcomes that are possible. This makes it difficult to agree on a certain one. The different outcomes can produce different benefits to the participating countries. There is no incentive of one country to be satisfied with the minimum. This is also nicely explained by de Mesquita (2006, p.270) where it says “a distribution problem involves the allocation of a valuable resource when two or more policymakers disagree about how much of that resource each should receive”. The distribution of fish in the sea is an example for a situation that reflects a distribution problem. Certainly, there need to be a limit but this limit does not include how the quotas are distributed among the countries.
Moreover distribution problems are related to bargaining costs. The bargaining costs increase if the
distributional implications are large (Koremenos et al. 2001, p. 775). This means if there are serious
consequences for the future, distribution problems become more severe.

2. 5. Number of actors

Concerning the number of actors, the following aspects need to be mentioned: The number of actors
deals with all the actors that are actually involved in a decision. In many cases there are actors
involved in a decision that do not have a direct connection to a problem. Often they are linked to the
problem via externalities. For example, sometimes countries have to face the consequences of
pollution although they are not responsible for the pollution. Consequences of pollution could be
acid rain, which might be caused by sulfur emissions from other countries. This and similar
problems clearly increase the number of actors which are affected by a decision.
In such a situation there is also often an ‘asymmetrical distribution’ of measures that an actor can
conduct. To stick to the example of environmental pollution, only highly developed nations could
have the necessary technology to reduce pollution significantly. So the state of development could
cause the asymmetry between the actors. This part of the variable is important for conjecture S1.

2. 6. Uncertainty of preferences

Finally, there is the problem of uncertainty. Thereby uncertainty of preferences is a matter that is
central in this Bachelor thesis. Uncertainty about preferences deals with the problem that the
countries that take part in an international agreement are unsure about the intentions of their
counterpart. This can develop to a significant problem, because different intention could need
different responses. For example, the intentions for military build-up could be the wish for
increased security or the wish to expand the territory.

Table 2 provides a summary of the relevant independent and dependent variables.

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>Distribution problems</td>
</tr>
<tr>
<td>Issue scope</td>
<td>Number of actors (and</td>
</tr>
<tr>
<td></td>
<td>asymmetries)</td>
</tr>
<tr>
<td>Centralization</td>
<td>Uncertainty of preferences</td>
</tr>
</tbody>
</table>

Table 2 Summary of the dependent and independent variables in this Bachelor thesis
Source: Koremenos et al. (2001a, p.763, 773.)
To stick to the scientific term of experimental research, the characteristics of the institutional setup can be seen as the dependent variable of the causal relationship. According to Babbie (2007, p.18), a dependent variable can be defined as a variable that is caused by another (according to a certain theory). This can be related to the institutional characteristics in this analysis. They are determined by the factors which describe the environment of the international institution (according to the theory of Koremenos et al. (2001a)). So they can be seen as the dependent variable.

Corresponding to that, Babbie (2007, p.18) defines the independent variable as a variable whose values are taken as given and that determine the dependent variable. This fits to the institutional environment.

In the paper of Koremenos et al. (2001a), the authors also differentiate between dependent and independent variable in his writing.

### 2. 7. Hypotheses that are part of this paper

Koremenos et al. (2001a) contains several hypotheses in their writings about the factors of the environment which influence the institutional setup. I decided to limit the hypotheses which are tested in the Bachelor thesis to analyse the included one more detailed. So only the following hypothesis (conjectures in the writing of Koremenos) are analysed:

Conjecture M2: Restrictive membership increases with uncertainty about preferences

Conjecture M3: Inclusive membership increases with the severity of the distribution problem

Conjecture S1: Issue scope increases with greater heterogeneity among larger numbers of actors

Conjecture S2: Issues scope increases with the severity of the distribution problem.

Conjecture C3: Centralization increases with number
3. Research methodology

After explaining the theoretical framework, it necessary to determine how this theoretical framework is applied in the Bachelor thesis.

3. 1. Case selection international organisations

In principal any two institutions/organisations could be compared in this study. I chose Mercosur and the EU as the selected cases for this Bachelor thesis, because of the already mentioned importance in the current world. As a consequence of their importance, there is a lot of information available on these organisations.

Furthermore, Mercosur was, at least partly, created after the ideal of the EU (Global Defence, n. d.). This increases the possibility to compare these organisations. This could also influence the findings. If Mercosur is too close in important characteristics to its idol of the EU. This could reduce the external validity of this study because it could only confirm the applicability of the theory in these similar settings. To evaluate if this problem could emerge, it is important to see how similar these international organisations actually are.

3. 2. Case selection conjectures

Moreover there is also a second case selection that took place for this Bachelor thesis. There is a limitation of the conjectures that are part of the literature of Koremenos et al. (2001a). I chose this research design to be able to describe the few variables in detail.

I decided which conjecture should be included in the analysis according to the dependent variable, because this is the most interesting one for decision-making bodies. It cannot be seen as given.

The variable membership is a variable that is also part of the classification of the literature of de Mesquita (2006). So it is interesting to analyse this variable because the result about this characteristic can also be used for the other classification.

The conjectures about issue scope are important ones because issue scope is about the policy fields that the international organisations cover. This makes it a significant variable for an international organisation. That is why; it is also part of this analysis.

Concerning the conjecture about centralization, I included it in the Bachelor thesis because it deals with the different institution of these international organisations. This is a crucial aspect of an organisation. Beside that, it helps to determine the similarity of these organisations.
I did not include more than two conjectures about a dependent variable in this analysis, because otherwise it would have been too dominant in this thesis. Moreover there is two times the same independent variable to keep the focus on a little amount of variables.

3.3. Research design and the corresponding aims and limits of the analysis

Due to the fact, that two organisations are analysed in this Bachelor thesis, it is possible to evaluate the trends which are reflected in the hypotheses. One of the international organisations needs to have a higher value concerning the independent variables that are analysed. That is why; it is possible to see if the corresponding value for the dependent variable is also higher in this international organisation. So there will be a dichotomous distinction between the international organisations. I will only analyse which international organisations performs better and which organisation performs worse concerning a certain variable. This is in line with the theory of Koremenos et al. (2001a) because in this theory, there is no value given that need to be reached to confirm the conjectures. There is only the dichotomous distinction between a relative low and high value. So it is reasonable to use the same distinction in the research design.

This research design shows some negative aspects, too. Because of the low amount of cases which are analysed in the Bachelor thesis, it is questionable whether the results hold if different international organisations are analysed. The two analysed cases in the Bachelor thesis are not sufficient to cover all the variations between international organisations. So it is not possible to confirm the validity of the theory of Koremenos et al. (2001a) in general.

To confirm the theory of Koremenos et al. (2001a) with a high probability, a much higher amount of cases would be needed. Nevertheless, the analysis could be seen as a step of such a design with a high amount of cases, if further research is conducted. The design of a comparative case study would not be appropriate if this would be the aim of the study because it would probably make too much work to analyse many organisation that detailed.

Beside that, the research design of this study shows another characteristic that makes it hard to draw a general conclusion out of it. In the study, there is no ‘test variable’ analysed. According to Babbie (2007, p. 435) a test variable can be defined as “a variable that is held constant in an attempt to clarify further the relationship between two other variables”. Due to the fact that a test variable is missing, it is not possible to say whether the discovered relations are actually caused by a third variable. In this study, test variables would be a quite complicated matter. There are many variables and many causal relations. That is why, different test variables would be needed to check the validity of the causal relations.
Although there are these limitations, one can say that the research design is an appropriate one for the literature of Koremenos et al. (2001a). The theory mentioned in this literature consists of many different dependent and independent variables. So a detailed observation of the performance of the two international organisations is necessary to draw conclusion about the validity of the mentioned conjectures in the two international organisations.

3.4. Operationalization

After explaining the research design of this Bachelor thesis, I will provide an operationalization to measure the variables in a reasonable way.

Concerning the dependent variables, there are the following ones that need to be elaborated on in the Bachelor thesis: Membership, issue scope and centralization.

3.4.1. Membership

Membership deals especially with the restrictiveness of the organisation. So I will have a look at the number of members and the different conditions that need to be fulfilled to become a member of these organisations. Thereby it is also important to pay attention to how difficult it is to fulfil them. It might be the case to have one hard condition that makes an organisation much more restrictive than many easy ones. So this is the better choice to reflect restrictiveness than just mentioning the amount of conditions that need to be fulfilled. To determine how difficult it is to fulfil these conditions, I will check whether there have been enlargements and how much time is needed until candidate member states become full member or how long countries already applied for membership in the case of countries that did not become a member of the international organisation yet. For reasons of simplification, I will leave out issues like associative memberships in both international organisations.

3.4.2. Issue scope

To evaluate the issue scope of these organisations, I will have a look at the different domains that are covered by the organisations. This also allows to develop a broader picture of the actors that could be affected via externalities or side effects. Moreover I will also check the intensity they are dealt with. To measure the intensity, the writing of Duina (2001) can be used.
According to Duina (2001), there is a significant difference between the degrees of intrusion of the supranational bodies. In his writing, he analyses the autonomy of national legislation in the member states of both international organisations. In this context he distinguished the legislation of Mercosur and the EU into four different quadrants. To determine the characteristics of the quadrants, two variables are important. These variables are depth and coverage. Depth describes the level of control (by the national government) being executed in any given ‘legislative bucket’. Thereby each legislative bucket stands for a further distinction of the different domains that are covered by the international organisations. In this classification, shallow laws are those laws where a member state accepts the definition of no other member states concerning important features like objects, activities or agents in a certain area. In contrast to that, deep laws are those where the national laws are very strict concerning the mentioned criteria.

Coverage refers to the amount of persons, activities or processes which (out of the total volume of a legislative bucket) are affected by a supranational law. In this context specific laws (limited coverage) affected only a few of these objects and comprehensive laws a significant part of the objects in the legislative bucket (wide coverage). This measure is a very good one to determine the issue scope that is covered by an organisation because it analysis different policy fields and the intensity that the organisation covers these fields (Duina 2001, pp 6-8).

3.4.3. Centralization

Concerning centralization it is not easy to find an appropriate measurement because in the paper of Koremenos et al. (2001a), there is no guidance how to operationalize concepts like centralization or uncertainty in an appropriate way (Allee and Peinhardt 2010, p. 17). Nevertheless, I try to provide an operationalization to cover the most important aspects of this concept. I will measure centralization by analysing whether there are parts of the organisation that represents the community as a whole. Thereby, the decision-making and the judicial institutions are in the focus. I will also have a look at certain parts that have a common administration. These administration probably do not have own powers. Nevertheless, they are an important part of the centralization. It is important to analyse different institutions within an organisation because centralization could emerge at different places.
3. 4. 4. Distribution problems

Finally the operationalization of the independent variables is necessary to start with the analysis. To make the distribution problems measurable, I will analyse the different financial gains which the different member states receive because of being a member in the organisations via comparing the export gains within the single market. A distribution problem occurs if there is disagreement about how a certain resource should be distributed among several actors. Due to the fact that there could be different policies in the Mercosur to foster the trade of certain member states, an unfair distribution of the exports gains can be seen as an indicator for the distribution problems, because it is very likely that it reflects a disagreement about the distribution a certain resource. Another way to measure the presence of distributional problems could be via the solidarity funds. In both regional organisations, there are solidarity funds and in both organisations, there are member states which pay more money in the solidarity fund than they receive and member states where it is the other way around. In this context, I will have a look at the value of the solidarity fund. This is something that is related to this situation (and the distributional implications) because a huge amount of financial support for a country could increase its chances for development. So there can be significant consequences for the future.

3. 4. 5. Number of actors

The variable number needs to be operationalized, too. It is hard to evaluate the number of actors that are influenced by an international organisation because of the world wide effect of certain policies (like industrial policy by causing climate change). Nevertheless, to determine the amount of actors that are influenced by the decisions of a regional organisation, it is important to have a look at the issues that are covered by the organisations. Especially activities of the organisations outside the territory increase the actors that are influenced by the organisation. Therefore, I use the external actions as an approximate measurement because this is a policy field that could increase the number of affected actors to a significant degree. Thereby an aspect that needs special attention is the importance of the currencies that are part of the international organisations. Furthermore it is a crucial aspect of the conjecture S1 that there is a larger number of actors. So this variable is important to confirm conjecture S1, too.
3. 4. 6. Asymmetries

Although the variable asymmetries belong to the variable number in the writing of Koremenos et al. (2001), I will analyse it separately because of its importance in the analysis for conjecture S1. In Koremenos et al. (2001a, p.785), it is mentioned that “When states are similarly positioned on an issue, they share common interests…” From that you can conclude that asymmetries can be responsible for preferences heterogeneity. So the asymmetries between the member states are useful indicators to measure the heterogeneity of the preferences.

Concerning the asymmetry between the actors, I will concentrate on the actors within the regional organisations, because external actors can influence both international organisations. To determine, the asymmetries between the actors within the organisations, I will analyse the different distribution of voting weights in both of the international organisations. Moreover, I will elaborate on the economic strength of the different member states and their technological development because these aspects are also mentioned in the writing of Koremenos et al. (2001a, p. 777, 778). These are important indicators where the asymmetries could be visible. The measurement is based on the thinking of Koremenos et al. (2001). This makes it a good way to reflect the concept.

3. 4. 7. Uncertainty of preferences

Finally, there is the variable of uncertainty of preferences that need to be operationlized. As already mentioned, there is no description in the writing of Koremenos et al. (2001a) how to measure this variable. So an appropriate operationalization needs to be found without the literature.

In this paper the variable is measured by analysing the information exchange between the different member states within the organisation. This is crucial to reduce uncertainty about preferences, because if a country knows how the situation of its counterpart looks like, they can more easily estimate the probability of certain hidden intention and how effective these hidden intentions could be. For example if there is an ethnical conflict in a country, the others countries can be quite sure that a military build-up is not about expanding the territory. The exchange of information is also related to the concept of transparency. According to ‘Business Dictionary’ (n. d. a), transparency can be seen as: “Lack of hidden agendas and conditions, accompanied by the availability of full information required for collaboration, cooperation, and collective decision making”. In this definition, the ‘availability of information’ is something that is related to the exchange of information. Exchange of information is the same as availability of information to other actors. Beside that, uncertainty of preferences can also be avoided if it is possible for the media to report
about the important characteristics of the member states.
Information exchange and the possibilities to the media to report about certain matters can provide some clearance about secret preferences. So this can be seen as a possible measurement.

3.5. Validity and reliability of this study

To analyse the validity of the research is another important aspect of this section. According to Babby (2007, p. 146), validity can be described as “…the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration”.

Having in mind the operationalization, validity in this research can not be denied. Although validity can always the improved, the given operationalization should provide an appropriate performance about validity. The reason for that can be found in the measurement of the variables which is clearly related to the concepts. Concerning some concepts there are also several indicators given to measure the variable (for example membership). Especially for these variables the validity should be rather high.

In spite of this positive effect for validity, an increased number of indicators need not to be positive in the research design. Several indicators can also have a negative effect on the research design. ‘Reliability’ of a study could be decreased. Reliability is reflected by the “… quality of measurement method that suggests that the same data would have been collected each time in repeated observations on the same phenomena” (Babby, 2007, p. 143). More than one indicator could cause problems with the weighting of the indicators. It is possible that a certain interpretation of the indictors might not be the best one to conclude the appropriate value for a variable.
4. Analysis

4.1. Membership

Concerning the dependent variables, I will analyse the variable of membership first. In both organisations certain criteria need to be fulfilled to become a member of the organisation. These criteria are important to keep the general orientation of the organisation alive. In the EU the ‘Copenhagen criteria’ are the central rules to decide whether a country is allowed to join the EU or not. The Copenhagen criteria consist of three domains where the candidate country needs to fulfil the expectations of the EU sufficiently.\(^2\) The aspects that are analysed under the Copenhagen criteria are: Politics, economy and the acceptance of the community acquis.

In the political domain the EU expect of the candidate country that they have a government that is stable enough to guarantee democracy. Certain important aspects of democracy must be visible in the country, too. These aspects are matters like the rule of law, respect for and protection of minorities and human right in general. This is the minimum criterion that needs to be fulfilled. It is even necessary to open negotiation with the European Council.

In the economical domain the candidate country must be willing to comply with the dominant principle of the EU. This principal is a free market economy. So the candidate country must be able deal with the competitive pressure in the Union. (UNESCO n. d.).

Beside that, there might be the problem that the candidate member state does not accept the ‘Community acquis’. The Community acquis can be defined as “…the body of common rights and obligations which bind all the Member States together within the EU” (UNESCO n. d.). Because of the fact that the EU constantly develops, the Community acquis is something that changes, too. Nevertheless, each member state of the EU must be able to fulfil the necessary obligations (UNESCO n. d.).

Finally, it is important to mention that the EU is a regional international organisation. Until now, only countries became member states of the EU that belonged to the geographical continent of Europe (including the United Kingdom). This is not a fixed criterion of the EU. Nevertheless, in the treaty of Lisbon, it is mentioned that the applicant need to be a European state (Auswärtiges Amt 2009).\(^3\) Thereby, the definition of ‘European state’ is not a pure geographical one. Political and cultural components can also be used to determine whether a state is a European one (European Parliament n. d.). It also shows that companies are not allowed to join the organisation.

---

\(^2\) Presidency Conclusion -Copenhagen European Council Article 7 (3)

\(^3\) Article 49 (1)
The flexible interpretation makes it possible that there are negotiations with Turkey that have the major share of their territory in Asia. Nevertheless, access negotiations with countries that are far away from the geographical Europe, do not take place in the context of the EU.

At the moment 27 countries are member states of the EU. These countries are: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom (Europa, n.d. a). In comparison to Mercosur, this seems to be a quite high amount of members for a regional organisation.

Nevertheless, it is not that easy as it seems to be to become a member of the EU. The negotiation process can take some time. In the cases of Bulgaria and Rumania, the negotiation process took 12 years and since 1987 Turkey is still in the application process (European Commission, n.d. a). Such a long accession process is not always necessary as the cases of Sweden and Austria showed (European Navigator, n.d.). These countries became member of the EU after two years of negotiation.

In general, a decade might be a good estimate for the average duration of the accession process.

In Mercosur, there are also crucial criteria that need to be fulfilled to become a member of this international organisation. At the moment Mercosur consists of four different member states (Brazil, Argentina, Paraguay and Uruguay). Similar to the EU, there is also a democratic clause in Mercosur. So countries are only allowed to join Mercosur if they have a democratic government (References for Business n.d.). This can be seen as a consequence of the many military dictatorship that were established in the South America in the 20th century. That is why; the member states of Mercosur want to prevent that this happens again.

In the treaty of Asunción, which was essential for the founding of Mercosur, it is written that only members of the ALADI (Asociación Latinoamericana de Integración) can join Mercosur. This is an organisation to foster the trade within South America and to reduce the dependency on the developed countries. The member states of this organisation are Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Panama, Peru, Uruguay and Venezuela. In the treaty to found ALADI (treaty of Montevideo), there is no article about the possibility of companies to join this organisation and there are no companies mentioned as members. That allows the estimation that it is not possible for a company to join ALADI (SICE n.d.).

Beside that, there is another criterion to determine which countries are allowed to join Mercosur. There is a rule that a candidate country for Mercosur is not allowed to be a member of another ‘sub-

---

4 Article 20 (1)
regional integration scheme’ (beside ALADI). So Mexico is currently not allowed to join Mercosur because they are part of the North American Free Trade Area (NAFTA). Another organisation is not compatible to the Mercosur membership is the Anden Community (Institut for Southeast Asian Studies 2009).

Similar to the EU, Mercosur is a regional international organisation, too. This is also visible in the organisation ‘Asociación Latinoamérica de Integración’ (ALADI) which consists only of members of South- and Central America. There are only Latin American countries allowed to enter ALADI. It is difficult to compare the duration of access negotiations of Mercosur with these of the EU, because until now, there had not been any enlargement in Mercosur. Venezuela is a candidate country that might become an official full member in the future, but the accession process is not yet finished (SICE n. d.). Venezuela applied for membership in 2005 (Hofmeister 2007, p. 49). It should become full member in 2013 (Neues Deutschland 2006).

In both regional organisations, important criteria need to be fulfilled to become a member of these organisations. The official criteria seem to be more difficult to fulfil in the EU, because there are several criteria about the situation of a country (Copenhagen criteria) that need to be fulfilled. Moreover the period of application seems to be shorter in Mercosur. The example of Venezuela showed that the application period is not that extensive as in the EU. Venezuela probably needs only about 8 years to become a member of Mercosur. This is less than the ten years which are ‘normal’ for the EU application period.

Due to the fact that there are more conditions that need to be fulfilled in the EU to become a member and that the application period is not extensive, Mercosur is the regional organisation that is less restrictive.

Even the fact that there has not been any enlargement in Mercosur yet (concerning full membership), does not change this classification because this organisation is quite young and not that experienced with enlargements (in contrast to the EU). So enlargement need not to be expected.

---

5 Treaty of Asunción article 20 (2)
Another important dependent variable is the issue scope of the international organisations. The writing of Duina (2001) shows the different domains that are covered by the two regional organisations and the intensity the regional organisations deal with them. The result is that there are much more domains in the EU that are an intensive threat to national autonomy than in Mercosur (quadrant I, see table 3).

<table>
<thead>
<tr>
<th>Mercosur</th>
<th>European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Custom: tariffs</td>
<td>- Custom: all</td>
</tr>
<tr>
<td>- Agriculture: definitions, production procedure</td>
<td>- Agriculture: all</td>
</tr>
<tr>
<td>- Industrial policy: classification manufacturing standards</td>
<td>- Labour &amp; Social policy: workers’ right, migration</td>
</tr>
<tr>
<td>- Consumer: health &amp; security, information</td>
<td>- Service: barriers</td>
</tr>
<tr>
<td></td>
<td>- Transportation: land</td>
</tr>
<tr>
<td></td>
<td>- Competition: private and unfair practices, public and unfair practices</td>
</tr>
<tr>
<td></td>
<td>- Monetary policy: intervention, exchange rate instruments</td>
</tr>
<tr>
<td></td>
<td>- External Relations: international agreements</td>
</tr>
<tr>
<td></td>
<td>Industrial Policy: air, water</td>
</tr>
<tr>
<td></td>
<td>- Consumer: health &amp; safety, information</td>
</tr>
<tr>
<td></td>
<td>- Public health: protective measures</td>
</tr>
<tr>
<td></td>
<td>- Science &amp; R&amp;D: statistics</td>
</tr>
<tr>
<td></td>
<td>- Undertaking: company law, intellectual property</td>
</tr>
<tr>
<td></td>
<td>- Civic Life: people movement</td>
</tr>
</tbody>
</table>

Table 3 Comparison of the legislative buckets under the most intense threat (quadrant I). This quadrant deals with wide and typically deep intrusion

Source: Duina, F. (2001 p. 11, 13)

The same trend (relative low degree of supranationalism in Mercosur) is also visible concerning quadrant IV (see table 4). There are much more domains in Mercosur where the impact of the supranational organisation is only limited. From that you can conclude that Mercosur is regional organisation with a more limited issue scope in comparison to the EU.
<table>
<thead>
<tr>
<th>Mercosur</th>
<th>European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Customs: non-tariff barriers</td>
<td>- Agriculture: trade</td>
</tr>
<tr>
<td>- Agriculture: subsidies, third-country trade, trade</td>
<td>- Fisheries: classification, third-country trade</td>
</tr>
<tr>
<td>- Fisheries: all</td>
<td>- Social Policy: pensions, unemployment, migration, children/disabled, housing</td>
</tr>
<tr>
<td>- Labour &amp; Social Policy: pensions, unemployment, migration,</td>
<td>- Services: alt but barriers and classification</td>
</tr>
<tr>
<td>children/disabled, housing</td>
<td>- Taxation: direct</td>
</tr>
<tr>
<td>- Services: all</td>
<td>- Capital: security, classification, modalities</td>
</tr>
<tr>
<td>- Transportation: general</td>
<td>- External Relations: development aid</td>
</tr>
<tr>
<td>- Competition: aid, public enterprises</td>
<td>- Energy: all but oil &amp; gas</td>
</tr>
<tr>
<td>- Taxation: all</td>
<td>- Regional Policy: rights and responsibilities</td>
</tr>
<tr>
<td>- Monetary Policy: all</td>
<td>- Environment: land and general</td>
</tr>
<tr>
<td>- Capital: formal (non-tariff) barriers, security classification</td>
<td>- Public Health: rights, medical standards</td>
</tr>
<tr>
<td>- External Relations: development aid</td>
<td>- Science, R&amp;D: focus, funding</td>
</tr>
<tr>
<td>- Energy: all</td>
<td>- Education: primary &amp; middle, minimum age, special programs, safety, standards</td>
</tr>
<tr>
<td>- Regional Policy: all</td>
<td>- Culture: all</td>
</tr>
<tr>
<td>- Environment: water, land, animals, forests, general</td>
<td>- Security Policy: all</td>
</tr>
<tr>
<td>- Public Health: rights, medical standards</td>
<td>- Justice, Home Affairs: civil code, court jurisdiction, contracts</td>
</tr>
<tr>
<td>- Science, R&amp;D, Information: focus, funding</td>
<td>- Political System: constitution, party structure, administrative practices and structure (all)</td>
</tr>
<tr>
<td>- Education: primary &amp; middle, minimum age, special programs, safety,</td>
<td>- Civic Life: association, religion, property rights, citizenship</td>
</tr>
<tr>
<td>standards</td>
<td></td>
</tr>
<tr>
<td>- Culture: all</td>
<td></td>
</tr>
<tr>
<td>- Undertaking: company law, intellectual property</td>
<td></td>
</tr>
<tr>
<td>- Security Policy: all</td>
<td></td>
</tr>
<tr>
<td>- Justice, Home Affairs: civil code, legal rights of individuals,</td>
<td></td>
</tr>
<tr>
<td>court jurisdiction, contracts</td>
<td></td>
</tr>
<tr>
<td>- Political System: constitution, party structure</td>
<td></td>
</tr>
<tr>
<td>- Civic Life: association, religion, property rights, citizenship,</td>
<td></td>
</tr>
<tr>
<td>women’s right</td>
<td></td>
</tr>
</tbody>
</table>

*Table 4* Comparison of the legislative buckets under limited or no intrusion (quadrant IV). Quadrant deals with no intrusion in both dimensions.

*Source: Duina, F. (2001, p. 13, 15)*
4. 3. Centralization

Finally, the last dependent variable that I need to analyse within the Bachelor thesis is centralization.

In the EU, there are many components of centralization visible. Like many other international organisations, the EU has a common administrative body, too. There are different common administrations in the EU but the most important one is the Commission. (European Commission 2007a, p. 2, 3). There is even an ombudsman in the EU to monitor whether the administration in the EU works fair and efficiently. Although the administrative tasks of the Commission are crucial for the EU, the Commission performs much more important tasks. It is crucial for the decision-making of the EU because it is the main agenda setter in the EU. Moreover it has significant competences in domains like the competition policy (Europa 2011.). Furthermore it is very important for secondary decision-making (Nugent 2006 p.560). Secondary decisions are decisions about how precisely a certain decision should be realised (Web Dictionary of Cybernetics and Systems n. d.). Beside the Commission there are also other institutions that fulfil important centralized tasks in the EU. The European Parliament (EP) is an institution of the EU that is directly elected by the citizens of the EU. It is crucial for the decision-making process of the EU. Especially in the domains where the ‘co-decision procedure’ needs to be applied, its importance becomes visible. This is one of decision-making procedures in the EU. Under the co-decision procedure, the EP needs to approve the legislative proposals of the Council. So it has a real veto right (Nugent 2006, p.243).

Furthermore the EP can sue other institutions at the European Court of Justice (ECJ) if they receive a petition of citizen and they see other institutions as the cause for the problem. It is in general allowed to sue other institutions or private actors in the EU. This allows it to delegate a piece of sovereignty to the judicial body (Gorenman 2007).

Even the most intergovernmental part of the EU, the Council of Minster, reflects certain aspects of centralisation, too. The Council of Minster is a legislative body where different representatives of the member states meet. In this institution ‘qualified majority voting’ is used in certain domains. Under this voting system, only a certain amount of member states need to accept a proposal to implement it. Due to this feature, it is to a certain degree possible in this institution, that it does not reflect the preferences of each member state but the community as a whole, because some member states can the outvoted (Nugent 2006, p. 211, 212).

The description of these institutions showed that all the decision-making institutions in the EU are, at least partly, centralized.

Finally, there are two judicial bodies in the EU which are called the European Court of Justice
ECJ) and the Court of First Instance. The ECJ represents the EU law that becomes increasingly important within the EU. It is the general rule that the EU law takes precedence over national law if there is a conflict between these two. The ECJ is also the final authority if there is a conflict between national law and EU law. (Nugent 2006, p.560). The Court of First Instance was created to support the ECJ to deal with its expanding workload. It became the court which is responsible for first instance actions brought by natural or legal persons (except dumping cases).

The origin of all these institutions (beside the ombudsman and the Court of First Instance) can already be found in the treaty for the ECSC (Nugent 2006, p.38, 39).

Next to the EU, Mercosur provides a certain degree of centralization, too. To begin with the lowest function of centralization, there is a common information collection within Mercosur. The administrative secretariat can be seen as the archive of the most important official documents of Mercosur. Beside that, in the last years it developed to a “…technical organ with full operational capabilities” (Gorenman 2007). Like in the EU, there is also a parliament in Mercosur. The parliament developed out of the advisory body Joint Parliamentary Commission (JPC). This body was created with the Ouro Preto Protocol in 1994. This protocol was crucial to expand the institutional structure.

In general, one can say that the Mercosur parliament is rather weak. It is able to submit drafts of norms to the Common Market Council (CMC). This is an important decision-making body in Mercosur. The CMC do not have to implement these draft norms. So the Mercosur parliament is only an advisory body. The same is valid for the other domains where the parliament has some competences. For example, it can issue petitions of citizens in the territory of Mercosur, but it needs the approval of decision-making bodies. So they are again completely dependent on their decision (Gorenman 2007). The Mercosur parliament is an institution where the delegates of this body are directly voted by the citizens (Konrad-Adenauer-Stiftung 2007).

The decision-making bodies of Mercosur are purely intergovernmental institutions. The basis for the decision-making bodies was the Treaty of Asunción. With this treaty the CMC and the Common Market Group (CMG) were created for the decision-making (Gorenman 2007). Thereby, the CMC is the most important decision-making authority. It has the power to “…create, modify or eliminate organs and further develop rules and institutions” (Bouzas and Soltz n. d., p.2). The CMG is an institution that tries to enforce the CMC decisions. It tries to oversee the necessary technical work. To simplify its work, there are ten working groups that belong to the CMG. After signing the Ouro

---

6 Article 7 (1)
7 Article 1 (1)
8 Article 9 (1)
Preto Protocol, the Trade Commission (MTC) became part of Mercosur. The enforcement of the common trade policies and the administration of issues that are related to trade within Mercosur are the main tasks of the MTC. Next to that, the MTC deals with consultation. The decision-making in Mercosur is based on consensus and the delegates in these institutions are ministers and officials from their respective state. Mercosur is an intergovernmental organisation. So the delegates do not represent the interests of Mercosur as a whole. Instead they represent the interests of their member states (Gorenman 2007). From that you can conclude that there is no centralized legislation in Mercosur.

Finally, there is also a judicial body in Mercosur. The first agreement about dispute settlement was signed one year after the Treaty of Asunción. It is called the ‘Brasilia Protocol of Dispute Settlement’ (Bouzas and Soltz n. d., p. 4). A few years later, in 2002, the Olivos Protocol was signed. This is another agreement about dispute settlement and it included the establishment of the Permanent Tribunal of Revision (European Commission 2007b, p.7). This tribunal is the head of the dispute settlement system of Mercosur. It is responsible for the consistent interpretation of the legal instruments, which are present in the integration process of Mercosur. Thereby, the tribunal only has limited competences. It can give advisory opinion (preliminary rulings) to the different bodies of Mercosur and it can decide whether there is a conflict between a rules of Mercosur and domestic or other communitarian rules. The problem of this judicial body is that its decisions are not binding to the other bodies of the organisation, to the member states or to the domestic supreme courts. It is the general rule of the dispute settlement that only states are allowed as parties of such a dispute (Gorenman 2007).

Although Mercosur provides basic functions for centralization, the EU shows a much higher degree of centralization. So the EU can be seen as the more centralized regional organisation.

This is how the different dependent variables of the analyses can be characterised in the context of the two regional organisations of Mercosur and the EU. To evaluate the hypothesis of Koremenos et al. (2001a), it is necessary to analyse the independent variables, too.

---

9 Article 1 (1)
10 Article 18, 19
4. 4. Distribution problems

Concerning the distribution problem, the following aspects can be mentioned:
In the EU, the distribution problems are considerable issues. There are member states in the EU with a strong economy (like Germany or the Netherlands) that extremely profit from the common market, but there are also smaller ones like Greece where the export gains are rather small (see Table 5).

Next to that, there are distributional problems concerning the solidarity funds of the EU policy. The value of this fund was about 210 billion € between 2000 and 2006 (European Commission n. d. c). In the EU, the member states have to pay a different amount of money for the solidarity funds. Some member states receive much more than they have to pay for the solidarity funds while for others it is the other way around or they just do not receive that much (Rheinische Post n. d.).

In Mercosur, the two huge countries Brazil and Argentina dominate the economic development. These member states receive the biggest share of the absolute and the relative export gains of Mercosur. This makes it very likely that there is disagreement about the distribution of export gains. There could be a policy in Mercosur to foster the export gains of the weaker countries. This makes it a distribution problem. Beside that, Brazil with its extreme high population, receives (in relative terms) less than Argentina, if the export gains are only distributed according to population (see table 6). So there is also no fair distribution in relative terms.

<table>
<thead>
<tr>
<th>EU 27</th>
<th>DE (Germany)</th>
<th>FR (France)</th>
<th>NL (Netherlands)</th>
<th>UK (United Kingdom)</th>
<th>EL (Greece)</th>
<th>CZ (Czech Republic)</th>
<th>IT (Italy)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1, 897, 440</td>
<td>412, 715</td>
<td>228, 385</td>
<td>207, 510</td>
<td>181, 922</td>
<td>6, 699</td>
<td>34, 893</td>
</tr>
</tbody>
</table>

*Table 5* Dispatches (exports within the EU) in the different EU member states (2002) in Million ECU/Euro

Source: European Commission (2010b) p. 84, 85
In Mercosur, there is also a solidarity fund which is called ‘Fondo para la Convergencia Estructural del Mercosur’ (FOCEM). The size of the budget in FOCEM is about 100 million Dollars. This amount of money should be financed by the different member states of Mercosur, according to their GDP. Like in Europe, most of the money is paid by the wealthier member states, and it receives the countries that do not pay that much. So Brazil, receive 10% of the money in fund, but it pays for 70%. From that you can conclude that, concerning the solidarity funds, there are distributional problems in Mercosur as in the EU (Terra 2009).

It is quite hard to determine which regional organisation has to face more severe distribution problems, because there is an unequal distribution of the financial means/gains in both organisations. Unfortunately the solidarity funds can barely be used to evaluate the result because these are two characteristics that make it hard to compare the situation in the EU and Mercosur.

On the one hand, the total amount of money for the European solidarity funds was about 210 billion € between 2000 and 2006 (European Commission n. d. c). This is a much higher amount than the 100 million Dollars that are available in FOCEM. These differences cannot be explained by the difference in GDP (as the corresponding values for the EU and Mercosur in the introduction showed). The increased amount of money is something that is related to the distributional implications because a huge amount of financial support for a country could increase its chances for development.

On the other hand, there is the dominance of two players in Mercosur. Brazil and Argentina contribute 97% of the fund (Terra 2009, p. 5). This is not the same in the EU (see Rheinische Post n. d.). Because of these contrasting characteristics, it is not really clear in which organisation more distribution problem exist. So it would be more useful to concentrate on the export gains to determine the extent of distribution problems.

Concerning the export gains, there is a clearer picture about the extent of distribution problems.

### Table 6 Distribution of different indicators in Mercosur

<table>
<thead>
<tr>
<th>Domain</th>
<th>Argentina</th>
<th>Brazil</th>
<th>Paraguay</th>
<th>Uruguay</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (in million, 1998)</td>
<td>31,1</td>
<td>166,3 (80, 8%)</td>
<td>5,2</td>
<td>3,3</td>
<td>205,9</td>
</tr>
<tr>
<td>GDP (US$ billions, 1998)</td>
<td>242</td>
<td>556 (68, 1 %)</td>
<td>8</td>
<td>11</td>
<td>817</td>
</tr>
<tr>
<td>Exports within Mercosur (US$ billions, 1998)</td>
<td>4,5</td>
<td>8,9 (59, 3 %)</td>
<td>0,3</td>
<td>1,3</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Jaguaribe (n. d., p.33 )
Mercosur faces more distribution problems. The main reason for this is again the dominant position of Brazil and Argentina in Mercosur. In the EU, there is no country that is as dominant as these countries. Even Germany, the most productive economy of the EU, only had a 20% share of the detaches (exports within the EU) in 2002. The export share of Brazil is about 60% (see table 6).

4. 5. Number of actors

Another important independent variable is ‘number’. As was already explained under the variable ‘issue scope’, the EU is the regional organisation that covers more issues than Mercosur. This is also valid for the external activities. According to Duina (2001), the EU is more involved in external relation matters (see table 2). This can be seen as an evidence for an increased number of actors which are influenced by the EU. Especially in the domain of the international agreements, the EU is quite active. International agreements are even as part of the EU law. They are a secondary source for EU law. This is the most important source of law beside the treaties (Europa 2010).

In this context, there is the distinction between the first pillar and the second and third pillar of the community structure. Under the first pillar, the international agreements are binding for the institutions of the EU and the member states. The same is not valid for the second and third pillar. In this case, the international agreements are only binding on the institutions of the EU but not always for the member states. The pillar structure is important in this context, because when the writing of Duina (2001) was published, the pillar structure was still in use. Under the treaty of Lisbon, this structure is abolished (Ivan 2009). Nevertheless, international agreements are still an important competence of the EU. Under the treaty of Lisbon, the EU becomes a single legal person. So it is also possible that the EU concludes international agreement and joins other international organisations (Europa n. d. b).

Moreover the importance of the currencies of the regional organisations is a crucial aspect that needs to be mentioned. In the EU the Euro was implemented in 2002 (Nugent 2006, p.596). This is the official currency of 16 of the 27 member states of the EU. Furthermore the Euro is also important for transaction outside the EU. So it is the second most important currency in the world (Rediff Business 2009).

In contrast to that, the member states of Mercosur still have their own national currencies (Exchange-rates n. d.). This probably is the reason why no currency of the Mercosur countries in mentioned under the top currencies in the world (Rediff Business 2009). This is another evidence for the increased amount of actors that are influenced by the EU.
4. 6. Asymmetries

Beside the actors influenced by the regional organisations, the asymmetries between the actors are also a significant issue that need to be tackled. In this context, one of the most important asymmetries is related to economic capabilities. In the overview of the exports in the table 6, there is also a summary of the different GDPs of the member states of Mercosur. Nevertheless, there are also more current statistics (Workman 2007a).

Having a look at a more current statistic, it becomes clear that the economic disparities between the member states are visible in this statistic, too. Brazil represents about 71% and Argentina about 26% of the GDP of Mercosur. So there is still a clear difference between the member states concerning their GDP and the corresponding ability to influence the economic development. I also found corresponding values for the GDP of the member states of the EU. In the EU, there is no country that is such dominant, concerning the GDP, as Brazil in Mercosur. Germany is the country with the highest GDP in the EU (2, 6 trillion Dollar), but there are other member states that have a comparable GDP like the United Kingdom (2, 1 trillion Dollar), France (1, 9 trillion Dollar) and Italy (1, 8 trillion Dollar). Of course, there are also member states with a little GDP, like Malta (8, 1 billion Dollars). Nevertheless, there are not these significant differences as they are present in Mercosur because there is not such dominance of a certain country (Workman 2007b).

Concerning the technological development, I use the ‘technological achievement index’ of the human development report of the UN. In the technological achievement index, the following indicators are measured: “…creation of technology; diffusion of recent innovations; diffusion of old innovations; and human skills”. Thereby, the member states of Mercosur are quite close concerning their values for technological achievement. The Mercosur member state that performs best under this statistic is Uruguay (0, 34). In contrast to that Paraguay performs worst with 0, 25. The distance is not that high. So there is no significant asymmetry concerning this aspect. Unfortunately, Argentina is not part of this statistic.

The member states of the EU are more unequally distributed within this indicator. One of the EU member states is on the top of the technological achievement index. Finland perform best with 0, 74. The rest of the EU is spread unequally within the ranking. There are countries that are quite close to the value of Finland (Sweden: 0, 7), but many countries perform much worse.11 From that you can conclude that the EU shows a higher asymmetry concerning this aspect (Nationmaster 2001).

Finally, there is the voting power that needs to be analysed in Mercosur. In the MCC and the CMG,

11 For example, Poland achieves a value of (0, 41); Portugal a value of (0, 42) and Greece a value of (0, 44).
there is an equal amount of representatives from each member state of Mercosur. The same is also valid for the parliament of Mercosur (Bouzas and Soltz n. d., p. 2, 3).

In the EU, the situation is different than in Mercosur. Currently, there is a complex weighting system for the qualified majority voting. Under the Lisbon treaty, this system will be substituted. From 2014 on, it is necessary that 55% of the member states need to approve a proposal and that at least 65% of the EU population is represented by this proposal (Foundation Robert Schuhman 2007). This system seems to be fair, because it gives the member states more power that decide for more inhabitants. Nevertheless, it also reflects a certain asymmetry between the member states to influence a decision. So, concerning this characteristic, there is more asymmetry within the EU, too.

All in all, the EU shows more asymmetry. This reflects a higher degree of heterogeneity (of preferences), too.

4.7. Uncertainty of preferences

Finally there is the variable of uncertainty of preferences that needs to be analysed to check the conjectures of Koremenos et al. (2001a).

In the member states of Mercosur, there is some information exchange visible. Due to the fact, that Mercosur is a regional organisation that concentrates on the economic integration, transparency is present in the economic domain.

In table 7, there is an overview of the different variables that are important for the exchange of information in Mercosur. Within these variables, several indicators are summarised to measure them. For example, in the variable balance sheet, indicators like non-financial fixed assets; tangible assets and intangible assets are summarised.

---

12 Article 9c (4)
13 For the complete list of indictors see Pérez & López-Hernández (2009, p. 176).
Moreover, it is important to say that in this table the corresponding value is 1 if transparency is fulfilled. So there is a dichotomous distinction in this table between 0 (not fulfilled) and 1 (fulfilled). From that you can conclude that there is some information exchange within the Mercosur countries. Nevertheless, it is important to say that this information exchange is not based on a Mercosur legislation. It is related to the International Public Sector Accounting Standards (IPSAS) which are published by the International Federation of Accountants (IFAC) (Pérez & López-Hernández 2009). Concerning the actual Mercosur legislation, the situation looks different. According to Bonzon (2008, p.7), “Mercosur hasn’t adopted any general document that regulates the disclosure of information”. That shows that the regional organisation Mercosur is not directly active in the field of exchange of information between member states. In the writing of Torres (2004), which is about the transparency of financial information system, there is a comparison between the EU and Mercosur. In many domains, there is transparency in both regional organisations, but there are also significant differences which are visible in table 3 of the writing of Torres (2004). This table shows the “other relevant information under the accrual accounting basis (at central level)” (Torres, 2004, p 453). So it is only about the reporting of different actors to its national government. This does not mean that there is an exchange of this information between the member states and there is also no reduction of the uncertainty of preferences.

In this paper of Torres (2004, p. 455) it is mentioned that “in the case of the Mercosur zone, the need to strengthen their common market and harmonise tax and fiscal policies will encourage the introduction of reliable and transparent governmental accounting systems in the same way as in

<table>
<thead>
<tr>
<th></th>
<th>Argentina</th>
<th>Brazil</th>
<th>Paraguay</th>
<th>Uruguay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet</strong></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Statement of financial</strong></td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>performance/operative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Statement of changes</strong></td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>in net assets/equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Statement of cash</strong></td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>flow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accounting practices</strong></td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>and financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>statement notes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 7* Compliance with the IPSAS
developed countries“. This supports my estimation that Mercosur is not that developed as the EU concerning the transparency between member states.

It is obvious that the exchange of information is higher in the EU than in Mercosur, because it is an important part on the agenda of this organisation. This is true for transparency of the institutions as well as transparency between member states. In the EU, there exists the ‘Internal Market Information System’. This is a system which should increase the efficiency of the EU internal market. It is an online application that is used by national, regional or local authorities to communicate with administrations abroad. It is an instrument for information exchange between the member states which was created by the Commission (European Commission 2010a). The internal market is not the only domain where information systems were established. There are also other information systems like the Schengen Information System, the Visa Information System or the information system of Europol. Thereby the Schengen Information system was established to guarantee the working of the free movement within the EU. It deals with access for the responsible administration to information about certain groups of persons and property (Europa, 2006). Moreover there is Eurostats which is a collection of different national statistics to create EU statistics (European Commission 2009). So there is also a certain information exchange in the context of Eurostats.

Due to the fact that there is definitely more exchange of information between EU countries than between Mercosur member states, there should also be less uncertainty of preferences in the EU. This can be confirmed by the possibilities of the media to report about matters in the member states of the two regional organisations. According to ‘Freedom House’, in most member states of the EU, there is a much higher degree of freedom of press than in the member states of Mercosur. According to the ‘Freedom house classification’, all member states of Mercosur (except Uruguay) belong to the category of “partly free” concerning freedom of press (Freedom house 2010).
4.8. Results

The last part of this analyses deals with the final results of this analysis. Table 8 summarises the values of the analysis and table 9 shows if the findings reflect the conjectures of Koremenos et al. (2001a) and how far they are in line with the results of previous studies.

<table>
<thead>
<tr>
<th></th>
<th>Mercosur</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership (restrictiveness)</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Uncertainty of preferences</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Distribution problem</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Heterogeneity among the larger number of actors (asymmetries)</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Issue scope</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Centralization</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Number of actors</td>
<td>-</td>
<td>+</td>
</tr>
</tbody>
</table>

*Table 8* Summary of the values fort he two regional organisation. ‘+’ stands for the relative higher value and ‘–’ stand for the relative lower value.

<table>
<thead>
<tr>
<th>Conjecture</th>
<th>Confirmed</th>
<th>Not confirmed</th>
</tr>
</thead>
<tbody>
<tr>
<td>M2</td>
<td>O</td>
<td>X</td>
</tr>
<tr>
<td>M3</td>
<td>O, X</td>
<td></td>
</tr>
<tr>
<td>S1</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>S2</td>
<td>O</td>
<td>X, O (partly)</td>
</tr>
<tr>
<td>C3</td>
<td>X, O</td>
<td></td>
</tr>
</tbody>
</table>

*Table 9* Summary of the analysis (X= this analysis; O= observations in table 1)
5. Conclusion

In this paper I tried to check whether an important part of the literature about institutional design was in line with the characteristics of the EU and Mercosur. To make this possible, it was necessary to discuss the relevant literature. Although the relevant literature showed some negative aspects of the theory of Koremenos et al. (2001a), there was no reason why this writing should not be applied in this context. After deciding which literature should be relevant for this study I could start to define and operationalize the variables of this theory in a proper way. Afterwards I could start the comparison of the EU and Mercosur.

The analysis of both regional organisation showed that although Mercosur partly tried to imitate the EU they are not as similar as one might expect. There are significant differences concerning characteristics like membership or the institutional setup. So the danger that the result of the study is falsified because the organisations are too similar can be rejected.

The theory of Koremenos et al. (2001a) is related to international organisations in general. This is the reason why I could apply it that easily to the EU and to Mercosur. Nevertheless, the comparison of the EU and Mercosur showed that it only to a certain part reflects this theory. Three of the five conjectures can be confirmed after the analysis.

The empirical findings in table 1 are more or less in line with the results of the previous analysis, too. Unfortunately one of the conjectures (S1), which is part of this Bachelor thesis, was not analysed by other sources in table 1. Next to that, only one of the results about the conjectures could not reflect any of the observations in table 1. Although there are many studies about this theory one can say that the empirical evidence about the theory of Koremenos et al. (2001a) is rather weak.

The operationalization and the conceptualisation is not that detailed in many of the studies. The review of the conjectures of Koremenos et al. (2001a) is only a minor part of these papers. So to have real evidence about this theory, there should a uniform and solid conceptualisation and operationalization present in the different studies.

All in all, the results increase the empirical evidence only to a limited degree because the results of this analysis does neither completely fit to the theory of Koremenos et al. (2001a), nor to the results of the previous studies. Due to the fact that this Bachelor thesis can only be seen as a single step in the analysis of his theory, it does not allow to reject the theory in general. To make a clearer statement about the validity of the theory of Koremenos et al. (2001a), several features of the research need to be changed.

The domain where further research is most urgent, is the conjecture S1 (issue scope increases with greater heterogeneity among larger numbers of actors). In the summary in table 1, there is no study
mentioned about this conjectures. So there is little empirical evidence about the validity of this conjecture.

Beside that, further research is needed on the conjectures that did not belong to my case selection. Due to the limited amount of conjectures that I chose for my study, the analysis of the remaining ones, would be a reasonable next step that would also correspond to this research. Thereby, the analysed international organisation should stay the same.

A study about other organisations/institutions would also be appropriate because of the weak empirical evidence about the theories of Koremenos et al. (2001a) in general. Moreover the limited amount of international organisations analysed in this study, is another aspect that restricts the external validity of the study.

Next to that, a possibility to improve the research design would be to include test variables. In this context, the work of Allee and Peinhardt 2010 could be seen as an example. Including test variables is the only way to determine whether the relation between the dependent and the independent variable is not spurious. Thereby it is hard to identify all the possible underlying variables. This is another point where further research is needed.

Finally additional research can be done on the relations between variables which Koremenos et al. (2001a) did not identify. It might be a good idea to check whether there can be other conjectures created from the variables in the writing of Koremenos et al. (2001a) that reflect empirical reality but that are not part of this paper of Koremenos et al. (2001a).
6. References


Auswärtiges Amt 2009, *Bedingungen des Erweiterungsprozess.* Available from:  
http://www.auswaertiges-amt.de/DE/Europa/Erweiterung/Bedingungen_node.html. [16 March 2011]


BBC 2010, *Mercosur (Common Market of the South) – profile.* Available from:  

Bonzon, Y 2008 Comparative *Analysis of Transparency and Public Participation Mechanisms in Regional Trade Agreements and Other International, Regimes* Swiss National Centre of Competence in Research, Available from:  


Duina, F 2001 *The Autonomy of the National Legislation in the European Union and Mercosur*, Archive of European Integration


Europa - Gateway to the European Union 2010, *Sources of European Union law*. Available from:


46


Hasenclever, A, Mayer, P & Rittberger, V. Theories of international regimes, Cambridge University Press


Ivan, IR 2009 The European Union and International Agreements Who is Making the EU Foreign Policy?. Available from: http://www.suite101.com/content/the-european-union-and-international-agreements-a106313. [20 February 2011].


