

# TROUBLED SOCIETIES, OUTLAW STATES, AND GRADATIONS OF SOVEREIGNTY\*

Stephen D. Krasner

Department of Political Science

Stanford University

July 20, 2002

Abstract: Conventional sovereignty has failed, but the policy instruments currently available to repair these failures are inadequate. Many societies are troubled because they suffer under failed, weak, or abusive national authority structures. Outlaw states, which may be effectively if not justly governed but are bent on aggressive policies, can produce weapons of mass destruction and support transnational terrorist networks. Any adequate effort to confront the problems produced by troubled societies or outlaw states will have to transcend the conventional rules of sovereignty. Alternative institutional arrangements, such as trusteeships and shared sovereignty, must be legitimated if international threats are to be reduced and the prospects for individuals in troubled societies improved.

\* My thanks to the participants in the Seminar on Economics and National Security at the John M. Olin Institute for Strategic Studies at Harvard and in the Pacific Northwest Colloquium on International Security at the University of Washington, and my colleagues at the Center for Democracy, Development, and the Rule of Law at Stanford for comments on earlier drafts.

## INTRODUCTION

Conventional sovereignty has failed, but the policy instruments currently available to repair these failures are inadequate. Many societies are troubled because they suffer under failed, weak, or abusive national authority structures. In troubled societies<sup>1</sup> the social contract has been honored neither by those in whom legitimate authority is supposed to reside nor by those who are obligated to obey. In addition to troubled societies, outlaw states which may be effectively if not justly governed, but are bent on aggressive policies can produce weapons of mass destruction and support transnational terrorist networks. Chemical, biological, and nuclear weapons have broken the link between aggregate material capabilities and the ability to kill thousands or even millions of people. Any adequate effort to confront the problems produced by troubled societies or outlaw states will have to transcend the conventional rules of sovereignty. Alternative institutional arrangements, such as trusteeships and shared sovereignty, must be legitimated if international threats are to be reduced and the prospects for individuals in troubled societies improved.

The current menu of policy instruments is woefully limited, consisting primarily of transitional administration and foreign assistance to improve governance in troubled societies, both of which assume that in more or less short order targeted states can function effectively on their own. Nation building or state building efforts are almost always described in terms of empowering local authorities to assume the responsibilities of conventional sovereignty. The role of external actors is understood to be limited with regard to time, if not scope. Even as the rules of conventional sovereignty are violated, and it is evident that in many cases effective autonomous national government is far in the future, the language of diplomacy, the media, and

the street envisions nothing other than a world of fully sovereign states.

Conventional sovereignty is defined by two basic concepts and their accompanying prescription or rule:

- International legal sovereignty: recognize juridically independent territorial entities which then have the right to freely decide which agreements or treaties they will enter into; and
- Westphalian or more appropriately Vattelian<sup>2</sup> sovereignty: do not intervene in the internal affairs of other states.

These prescriptions at the international level assume that within a state there exists a third aspect of sovereignty, effective domestic sovereignty. Effective domestic sovereignty implies that there is an independent authority structure within a recognized territory capable of effectively regulating activities within its own borders. Ideally such an authority structure would ensure a decent society, a society that is not aggressive, protects human rights, has a consultative mechanism, and honors a rule of law based on a shared understanding of justice.<sup>3</sup>

In the ideal sovereign state system international legal sovereignty, Westphalian/Vattelian sovereignty, and domestic sovereignty are mutually supportive. Recognized authorities within territorial entities regulate behavior, enjoy independence from outside interference, and enter into mutually beneficial contractual relations (treaties) with other recognized entities. This is the conventional world of international politics in which state to state relations are what count.

The greatest threats to international peace and stability in the contemporary world do not come from some breakdown of regulation in the balance of power but rather from the choices made by political regimes within specific states or the inability of these regimes to govern effectively within their own territory. It is not relations between well governed states, those in

western Europe, North America, and parts of Asia, South America, and to a lesser extent Africa, that could lead to large numbers of violent death but rather the failures of governance or policies adopted by leaders (whether official or not) in troubled societies (those in which decent governance does not exist) or in outlaw states which are committed to aggressive policies.<sup>4</sup>

The available institutional repertoire was not always so limited. In the 19<sup>th</sup> century conventional sovereignty was a well recognized structure for ordering political life although Westphalian/Vatellian sovereignty did not have the formal level of acceptance that it achieved in the 20<sup>th</sup> century.<sup>5</sup> But there were also other legitimated and accepted institutional forms. Protectorates were an alternative to conventional sovereignty; the rulers of a protectorate relinquished control over foreign policy to a more powerful state but retained authority over domestic affairs. In China the major powers established treaty ports where British, French, German, and Japanese authorities regulated commerce and exercised extraterritorial authority over their own citizens and sometimes Chinese as well.<sup>6</sup> Within the British Empire, Canada, Australia, and South Africa, became dominions which enjoyed almost complete control over their domestic affairs, recognized the British ruler as the head of state, but ostensibly differed to Britain in matters of foreign policy. Finally, colonization was a legitimated practice in the 19<sup>th</sup> century which allowed powerful states to assume the international legal sovereignty and regulate the domestic sovereignty of far flung territories.

Conventional sovereignty is now the only fully legitimated institutional form but, unfortunately, conventional sovereignty does not always work. Honoring Vatellian or Westphalian sovereignty, and sometimes international legal sovereignty as well, will make it impossible to secure decent governance or non threatening foreign policies in a number of states

around the world. Troubled societies and outlaw states cannot fix themselves. In some cases violations of Westphalian/ Vatellian sovereignty might be legitimated by international legal sovereignty, by having recognized authorities within troubled societies agree to the creation of authority structures that would intimately involve external actors in domestic governance. In other circumstances, international legal sovereignty might have to be ignored and external actors might impose new authority structures in failed or outlaw states.<sup>7</sup> These new authority structures cannot just be transitional or limited to governance assistance. Rather they must be long term, perhaps even indefinite. They must parcel out at least elements of domestic authority to external actors. In some cases a new kind of trusteeship or conservatorship<sup>8</sup> would have to be created in which executive authority rested primarily in the hands of external actors. In other cases it might be possible to create shared sovereignty arrangements in which authority in specific issue areas would be shared between internal and external actors. In what Keohane has called good neighborhoods authority could be transferred to supra-national institutions.<sup>9</sup>

#### FAILURES OF CONVENTIONAL SOVEREIGNTY

Governance failures are the fundamental problem of our time. Troubled societies are those in which failed, weak, or abusive states have blocked economic well being, undermined the security of their populations, and violated the basic human rights of their inhabitants. Outlaw states are committed to aggressive policies and threaten not only their neighbors but even major powers.

Failed states, the most troubled of troubled societies, are polities within which there has been a collapse of domestic sovereignty. At the national level there is neither effective control

nor recognized authority. Services, such as health and education are woefully inadequate. Infrastructure has deteriorated. Corruption is rampant. Borders are unregulated. The national currency has been displaced by dollars or some other internationally recognized means of exchange. GNP is declining. Crime is widespread. Many armed groups operate within the state's boundaries but outside the control of the government. The writ of the central government, the entity that exercises the prerogatives of international legal sovereignty, such as signing treaties or sending delegates to international meetings, may not extend beyond the capital. Authority may be exercised by local entities in other parts of the country, or by no one at all. For instance, by the mid 1980s in the Congo there were 12,000 miles of usable road down from 88,000 in 1960. Television broadcasts in Sierra Leone ended in 1987 when the minister of information sold the government's transmitter. The revenues of the government of Sierra Leone dropped from \$250 million in the mid 1970s to \$10million in 1999.<sup>10</sup> In countries with failed states life will be brutish and nasty for much of the population, and sometimes short as well.

State failures are an endemic problem in the contemporary international environment. Insurgencies have been on the rise ever since decolonization. Poverty, which is associated with poor governance, is the variable that is most strongly associated with civil wars and there are many poor states in the world that are not getting richer. The problems of civil strife are more acute in countries with rough terrain which make it possible for even relatively small forces to operate effectively against the poorly trained militaries that can be fielded by the government.<sup>11</sup>

Political leaders who are operating in an environment in which material and institutional resources are limited have often themselves chosen policies which make things worse. For these leaders disorder and uncertainty are more attractive than order and stability. In a more chaotic

environment they are better able to exploit resources from the society since decisions affecting the distribution of wealth are based on personal connections rather than bureaucratic regulations or the rule of law. By increasing insecurity potential challengers become more dependent on the ruler. Leaders create multiple armed units which can be played off against each other. State failure is the result of leaders that find it more advantageous to take a bigger piece of a shrinking pie than a smaller piece of a growing pie. These policies eventually undermine even the limited base from which the leader can extract resources. His ability to pay off even his core supporters declines. Anarchy follows.

Leaders who create failed states are essentially racketeers involved in a protection racket, but without any larger structure of order. They make the environment more dangerous and then demand payoffs to provide security. In Sierra Leone, William Reno writes, "the country's rulers intentionally made life for their subjects less secure and more materially poor. They became personally wealthy as a consequence of this disorder, and then sold chances to profit from disorder to those who could pay for them by providing services -- as experts in violence, for example -- and to those local and expatriate businessmen who traded their access to commercial networks."<sup>12</sup>

Troubled societies are most commonly the result of weak states. In weak states, domestic sovereignty functions, but not very well. Political authority is more or less accepted as legitimate, but the capacity to govern is low and policy is inadequate. Economic development is weak. Services, such as health and education, are wanting. Domestic security is shaky. Large parts of the country may be either ungoverned or controlled by rival authority structures such as the FARC in Colombia.

The largest number of weak states are found on the continent of Africa. Many African states govern badly and their populations suffer. In constant 1995 US dollars gross domestic product per capita for all of sub Saharan Africa fell from \$660 in 1980 to \$587 in 1990 to \$563 in 2000. Out of the sub Saharan states for which data is available from the World Bank, 18 had increases in their per capita gross domestic product from 1990 to 2000, 7 had decreases of less than 5 percent, and 17 decreases of more than 5 percent. Most of the rest of world fared far better. The Bank provides data for 129 countries excluding Africa of which 97 had increases in their per capita GDP from 1990 to 2000 and 32 suffered declines. The states of the Former Soviet Union fared even worse than their African counterparts with 11 of these countries experiencing declines of more than 20 percent in their per capita GDP between 1990 and 2000.<sup>13</sup>

Finally troubled societies may be the result of states that have massively violated the human rights of their own citizens. These abusive states may not be able to provide adequate services but they do know how to kill. In Rwanda hundreds of thousands of people were murdered over the course of several weeks with the complicity and encouragement of those holding the reins of power. In the former Yugoslavia, the Milosovic government advocated ethnic cleansing in Bosnia and Kosovo. Saddam Hussein killed hundreds of thousands of Iraqis, including the victims of poison gas attacks in Kurdistan.

Outlaw states are states are committed to policies of aggression. Such states may or may not govern effectively with regard to their own domestic populations. Even if their own societies are not troubled, outlaw states present a threat to international security.<sup>14</sup> In the contemporary environment outlaw states are likely to possess weapons of mass destruction, at least chemical and biological weapons neither of which is difficult to secure, and they may have nuclear

weapons as well.

## WHY SOVEREIGNTY FAILURES MATTER

In the contemporary world powerful states have not been able to ignore outlaw states or troubled societies which result from failed, weak, or abusive states. Developments in these states have threatened the material interests of the powerful, both economic and security, as well as appealing to the humanitarian sentiments of their electorates.

The availability of weapons of mass destruction and accompanying delivery systems, ease of movement across borders, and terrorist networks have attenuated the relationship between the underlying capabilities of states and the ability to kill large numbers of people. In the past state and non-state actors with few resources could not threaten the physical well being of states with substantial resources. The killing power of a state's military depended on the underlying wealth of the country. Non state actors, such as anarchist groups in the 19<sup>th</sup> century could throw bombs that might kill 50 or even several hundred people, but not more. This is no longer true. Even states with limited means can procure chemical and biological weapons. Nuclear weapons demand more resources, but they are not out of reach of even a dismally poor country like North Korea.

WMDs can be delivered in myriad ways, not only missiles but also commercial ships, trucks, or planes. Failed or weak states may provide terrorists with territory in which they can operate freely. Leaders in outlaw states may threaten their immediate neighbors or support transnational terrorism as Iran has done in the case of Hezbollah.

Sovereignty failures may also pose more mundane problems in the area of transnational criminality. Drug trafficking is difficult to control under any circumstances; but such activities

are more likely to flourish where domestic sovereignty is inadequate. Drug trafficking itself also contributes to a weakening of state authority because it can give non state actors access to resources which they can use to undermine the state. Transnational trafficking in persons is more likely where domestic authority and control are weak or ineffective. It will be more difficult to trace and punish the perpetrators of transnational financial fraud in countries where the police and judiciary do not function well.

Finally, gross violations of human rights present unpleasant political choices for democratic leaders in powerful states. There have been a number of humanitarian catastrophes in recent years with the killings in Rwanda in the mid 1990s being one of the most appalling and most widely reported. Millions of people have died in other countries as well, at the hands of their own government or rival political groups. These developments have engaged attentive elites. The Canadian Ministry of Foreign Affairs, for instance, organized a project on humanitarian crises that included a number of international luminaries and led to a report called *The Responsibility to Protect* which argued that there is an obligation to intervene to prevent such disasters. Samantha Power's book, *A Problem from Hell: America and the Age of Genocide* won a Pulitzer Prize in 2003.<sup>15</sup>

Humanitarian disasters present decision makers in democratic countries with a no win situation. If they fail to intervene and a humanitarian disaster occurs, they may lose the votes of at least some of their own citizens: individuals who are attentive to and care about the fate of particular countries, regions, ethnic groups, or principled issues in general. On the other hand, if a political leader does decide to intervene the benefits can never be known with certainty (would a genocide have taken place if foreign troops had not been used?), but the costs of intervention,

especially if they include the lives of soldiers will be all too apparent to his or her domestic public; the 18 Americans killed in Mogadishu being a case in point.

In sum troubled societies produced by failed, weak, and abusive states, and outlaw states threaten the core interests of political leaders in powerful states including security, the maintenance of domestic order, and possibly their chances of electoral success.

### THE INSTITUTIONAL REPERTOIRE

Fully honoring the precepts of international legal sovereignty (recognize juridically independent territorial entities) and Westphalian/Vatellian sovereignty (do not intervene in the internal affairs of other states) will not relieve the plight of individuals in troubled societies nor remove the threat of outlaw states. The policy options that are now available to repair failed, weak, abusive or outlaw states -- foreign assistance, invasion, and transitional administration -- are consistent with conventional sovereignty norms but must be supplemented by new institutional arrangements. More specifically, two new sets of options need to be developed: first, legitimated alternatives to sovereignty must be created such as some new form of trusteeship or conservatorship. Second, recognized political authorities in troubled societies must be encouraged to use their international legal sovereignty, their right to commit to international agreements, to compromise their Westphalian/Vatellian sovereignty by authorizing the ongoing engagement of external actors in their domestic authority structures.

In the contemporary environment departures from conventional sovereignty are inevitable because new institutional arrangements would provide powerful states with more satisfactory outcomes than those offered by governance assistance or transitional administration in places like Afghanistan, Iraq, Liberia, Rwanda, Bosnia, and Kosovo. Political leaders in the

United States and elsewhere talk about democracy, elections, and the restoration of conventional sovereignty in post intervention environments including Afghanistan and Iraq because this is the only legitimated language available to them.<sup>16</sup> In fact, creating the conditions for decent governance and economic growth in these situations will involve long term engagement by the United States and others, and constraints on the range of choice that will be offered to local actors with regard to both participation in new governmental arrangements and policy outcomes. Elections can only be successful if liberal institutions are in place including respect for human rights, the rule of law, and an engaged civil society absent which “elections merely ratify a tyranny of the majority or be overturned by force after a peace operation leave.”<sup>17</sup>

Governance Assistance:

For the last decade the international organizations, the United States, and other donor countries have devoted substantial resources to promoting better governance. Such efforts are irrelevant for failed, abusive, and outlaw states, but they might make societies in weak states less troubled. Programs to build or support democracy, rule of law, and anti-corruption campaigns have become commonplace. Foreign aid has been given to train judges, re-write criminal codes, increase fiscal transparency, professionalize the police, encourage an open media, and build up political parties. Monitors have been sent to supervise elections. Initiatives by developing countries, such as NEPAD (the New Partnership for Africa’s Development) to encourage democracy and development have been applauded. The Bush administration has proposed a new foreign aid initiative, the Millennium Challenge Account which will increase U.S. foreign assistance by 50 percent and provide these funds to a relatively small number of poor countries that have demonstrated good governance in the areas of promoting economic freedom, governing

justly, and investing in people.<sup>18</sup>

International financial institutions have been, since the 1950s, involved in questions of policy and sometimes institutional reform in borrowing countries. The conditions attached to IMF lending have covered a wide range of policies such as aggregate credit expansion, subsidies for state-owned enterprises, the number of government employees, the indexation of salaries, subsidies, and taxation. Structural adjustment programs introduced by the World Bank in the 1970s involved taxes, tariffs, subsidies, and interest rates; budgetary reforms; and institution building. International financial institutions have placed their own personnel in key bureaus.<sup>19</sup> In the mid 1990s the managing director of the IMF and the president of the World Bank committed themselves to a more aggressive attack on corruption in Third World states.<sup>20</sup> In 1997 the theme of the World Bank's *World Development Report* was the state and the report was sub-titled *The State in a Changing World*. The report stated that the "clamor for greater government effectiveness has reached crisis proportions in many developing countries where the state has failed to deliver even such fundamental public goods as property rights, roads, and basic health and education."<sup>21</sup> The report specifies fundamental tasks for the state including establishing a foundation of law, protecting the environment, and shielding the vulnerable, chastises governments for spending too much on rich and middle class students in universities while neglecting primary education, and urges them to manage ethnic and social differences.<sup>22</sup> Finally, and most ambitiously, the European Bank for Reconstruction and Development created in 1991 explicitly includes commitment to democracy as a condition of membership.<sup>23</sup>

Foreign assistance and IFI conditionality to improve governance in weak states does not necessarily contradict the rules of conventional sovereignty. Governments contract with external

agencies (countries, multilateral organizations, NGOs) to provide services. Such contracting is a manifestation of international legal sovereignty and is consistent with Westphalian/Vatellian sovereignty so long as the influence of external actors on domestic authority structures is limited. When bargaining power is highly asymmetric, as may be the case in some conditionality agreements between IFIs and borrowing countries, Westphalian/Vatellian sovereignty can be compromised. External actors can influence not just policies but also institutional arrangements in target states. The borrowing country is better off with the agreement, conditions or no, than it would have been without it, otherwise it would not have signed. Nevertheless, political leaders may accept undesired and intrusive engagement from external actors because the alternative is loss of access to international capital markets.

Foreign assistance or IFI conditionality designed to encourage good governance is not, however, a policy that is relevant for failed, outlaw, or abusive states. Leaders in these states are not interested in promoting democracy or accountability.

Even in weak states it is hard to make such programs work because the leverage of external actors is limited. International financial institutions are in the business of lending money; they cannot put too stringent restrictions on their loans lest their customers disappear. Many IMF agreements are renegotiated.<sup>24</sup> Development agencies, especially those in social democratic Europe, have been committed to assisting the poor, often regardless of the quality of governance in recipient countries. Electorates in these states are more committed to providing 0.7 percent of the country's GNP (an internationally recognized target) than to bargaining hard to promote good governance.

Transitional Administration:

Transitional administration is the one recognized named alternative to conventional sovereignty that exists in the present international environment, but it is explicitly not meant as a challenge to the basic norms of sovereignty. Transitional administration, usually authorized by the UN Security Council, has always been seen as a temporary, a transitional, measure designed to create the conditions under which conventional sovereignty can be restored.

Westphalian/Vatellian and sometimes international legal sovereignty norms are violated in the short term so that they can be restored in the longer term; at least that is the story.

The record of peace building efforts since the second world war, some of which involved the creation of transitional administrations, has been mixed. One recent study identified 124 cases of peace building efforts by the international community. Of these, 43 percent were judged to be successful based on a lenient definition of peacebuilding, the absence of hostilities, and 53 percent failures. For a stricter definition in which success required some democracy as well as ending hostilities, 65 percent of peacebuilding efforts were judged to be failures and 35 percent successes.<sup>25</sup>

Transitional administration is difficult: the demands are high; advance planning which must prejudge outcome is complicated, especially for the UN; and resources -- economic, institutional, military -- often limited. The responsibilities of transitional administration have not simply been an extension of conventional peace keeping but have included human rights monitoring, election assistance, disarmament and demobilization of armed forces, and protection of humanitarian relief workers. UN missions have run monetary system, enforced laws, appointed officials, created central banks, decided property claims, regulated businesses, and operated public utilities. The resources to undertake these tasks have rarely been adequate and

the constraints are not just material. The UN may, for instance, have to determine an appropriate legal code because there may be no obvious local code available and even if one is available it may take too long for officials to master it. It would be preferable to have a universal code that could be applied until a national code was developed but none exists. It would be attractive to have standing police and paramilitary forces that could be deployed to maintain order, but such forces must be created on an ad hoc basis. There is a tension between devolving authority to local actors and having international actors assume responsibility for everything because, at least at the outset, this latter course is seen as being more efficient.<sup>26</sup>

Transitional administration is particularly problematic in situations where local actors disagree about basic objectives. Under these circumstances, as opposed to situations in which local actors agree on goals but need external monitoring to provide reassurances about the behavior of their compatriots, the inherently temporary character of transitional administration makes it more difficult to create stable institutions. The assumption of transitional administration, the commitment of external actors to leave as soon as possible, creates incentives for local actors to undermine efforts to create stable institutional arrangements that can over the long run sustain democratic accountability and economic growth. If indigenous groups disagree about the distribution of power and the constitutional structure of the new state, then the optimal strategy for their political leaders is to strengthen their own position in anticipation of the departure of external actors by maximizing support among their own followers rather than backing effective national institutions. Alternatively, local leaders who become dependent on external actors during a transitional administration, but who lack support within their own country, do not have an incentive to invest in the development of new institutional arrangements

that would allow their external benefactors to leave at an earlier date.<sup>27</sup>

The unfortunate consequences of the negative incentives created by the inherently temporary character of transitional administration have been exacerbated by the presence of multiple external actors with varying interests and little reason to coordinate their activities. The bureaucratic and financial interests of international organizations are not necessarily complementary. NGOs need to raise money and make a mark. The command structures for security and civilian activities have been separated. The permanent members of the Security Council, to whom UN peace keeping authorities are ultimately responsible, have not always had the same interests.<sup>28</sup>

Bosnia and Kosovo, two of the most well known peace keeping endeavors, illustrate these problems. Neither Bosnia nor Kosovo looks to be a great success despite the extensive involvement of not only UN organizations but also the major western powers. The military situation in Bosnia was never resolved and the Dayton agreement, which was forced down the throats of the warring parties by the United States, created a complicated and possibly unworkable political structure. Because of antagonisms among the groups in Bosnia, external authorities have created a de facto trusteeship and arrogated important political decisions to themselves. Had the High Representative in Bosnia, for instance, not mandated a license plate that did not indicate where the driver was from, many Bosnians would have been reluctant to leave their local districts.<sup>29</sup>

External actors, however, have not established a coherent administrative structure. There is a High Representative for Bosnia and Herzegovina appointed by the Security Council on the basis of a recommendation from the 55 member Peace Implementation Council.<sup>30</sup> The High

Representative, however, has no authority over SFOR, the Stabilization Force. SFOR is a NATO led operation and the commander of SFOR reports to NATO's commander in Europe, an American.<sup>31</sup> Nor has there been fully effective coordination among the many non military organizations operating in Bosnia Herzegovina. The OSCE has been charged with human rights/rule of law, security co-operation and education reform. The European Union has provided, among other things, a special police organization whose members are working side by side with local officials. The UN High Commissioner for Refugees is the lead agency for refugees and internally displaced persons. The United Nations Development Program has administered more than \$100 million in reconstruction funds. The World Bank took the initial lead in economic reconstruction. The International Committee of the Red Cross has dealt with missing persons. The policies of these different agencies have sometimes been at loggerheads. For instance, EU efforts to condition aid to Mostar on cooperation between Croats and Serbs were frustrated by a World Bank loan for the reconstruction of a hydroelectric plant which was granted without concern for political factors<sup>32</sup>

The results, after more than six years of heavy duty external engagement, have not been pretty. The economy has been kept afloat through external assistance, amounting to 25 percent of Bosnia's GNP in 2001. Trafficking in drugs and persons has been common. Corruption is a constant problem. Unemployment is high. External investors have been cautious. The resettlement of refugees and internally displaced persons has been sporadic. Property laws have not been enforced. The legal system has not functioned well.<sup>33</sup>

Attempts by international actors to support moderate political voices have been ineffective. In some cases external authorities have limited electoral statements in ways that

have strained democratic principles by, for instance, prohibiting competing parties from advocating a separate status for one of the entities. Backing specific moderate candidates has sometimes backfired because voters have resented what they view as interference.<sup>34</sup>

The fundamental problem in Bosnia is that transitional administration cannot work because it is not in the interest of Bosnian political leaders who are committed to their nationalist constituents to make it work. A successful transition to a multi-ethnic democratic state would leave nationalist leaders out in the cold. Bosnia's indigenous leaders are acting on the assumption that at some point in the not too distant future SFOR, the High Representative, and others will pack their bags on leave. Local leaders have been more concerned with partisan gain than the general welfare.<sup>35</sup>

The situation in Kosovo is even more problematic than the one in Bosnia. There is a possible final status for Bosnia, as a fully sovereign state, although it is very far from clear how Bosnia might get there. There is no clear final status for Kosovo. United Nations Security Council Resolution 1244 which established the transitional administration reaffirms "the commitment of all Member States to the sovereignty and territorial integrity of the Federal Republic of Yugoslavia and the other States of the region," and at the same time calls for "substantial autonomy and meaningful self-administration for Kosovo." Neighboring countries do not want an independent Kosovo or unification with Albania. The Kosovars do not want to be closely integrated with the Federal Republic of Yugoslavia.

In Kosovo a multiplicity of external actors has, as in Bosnia, made coordination difficult. The lead civilian agency is UNMIK, the United Nations Interim Administration Mission in Kosovo, which is headed by the Special Representative of the Secretary General (SRSG). Many

organizations have operated in Kosovo and ability of the SRSG to keep all of these actors in line has been limited. As in Bosnia the external security presence, in this case KFOR (Kosovo Force), has a separate command structure reporting to NATO. The UNHCR has been charged with overseeing humanitarian aid; the OSCE with building institutions; the EU with economic reconstruction; the UN with many administrative tasks. International organizations involved in Kosovo have included UNICEF, the World Food program, the IMF, the World Bank, and the ILO. In addition to these official organizations there are several hundred NGOs operating in Kosovo.<sup>36</sup>

The outcome in Kosovo has, not surprisingly, been mixed. Neither official organizations nor NGOs have been able to cooperate to develop a common set of operational goals and strategies. When coordination has taken place it has been at the tactical level.<sup>37</sup> Actors concerned primarily with human rights have not seen eye to eye with those focused on security. The application of justice has been problematic: there are almost no Serb judges; Serbs have been dealt with harshly; Albanians are almost always released even when they have committed serious crimes well documented by UNMIK police. The SRSG decided in 2000 to introduce international judges even at the district level, but the threat of violence has constrained even international personnel.<sup>38</sup>

In sum, transitional administration has worked in some cases, especially where the outcome is clear and the interests of external and domestic actors are complementary.<sup>39</sup> It is a useful option on the menu of choices for dealing with badly governed states that have suffered from violence and internal strife. Transitional administration, however, works best for the easiest cases, in situations where levels of violence have not been too great, where local leaders

are better off supporting the development of effective institutions than in opposing them, and where there is consensus on what the end state should be. Transitional administration is problematic in cases like Bosnia and Kosovo where the interests of local leaders are better served by nurturing their sectarian base of support rather than backing the development of institutions that can encourage accountability, democracy, and economic stability and growth. In these situations, *faute de mieux*, transitional administration can lapse into something that may not be very transitional.

#### New Institutional Structures:

A third option for dealing with places where international legal sovereignty and Westphalian/Vatellian are not consistent with effective and responsible domestic sovereignty is to create explicitly new institutional arrangements. In a prescient article published in 1993 Gerald Helman and Steven Ratner argued that in extreme cases of state failure it would be necessary to establish trusteeships under the auspices of the United Nations Security Council.<sup>40</sup> By the end of the 1990s such suggestions had become more common. In a monograph published by the London Institute for Strategic Studies in 2002 Richard Caplan argues that “An idea that once enjoyed limited academic currency at best -- international trusteeship for failed states and contested territories -- has become a reality in all but name.”<sup>41</sup> In a paper published in 2003 Michael Ignatieff sees protectorates as an increasingly important development. He writes that a protectorate is “an entity which has neither domestic sovereignty nor international independence. Protectorates have been placed under some international authority which is guiding them for a new status, some form of domestic sovereignty without full international status. The Kurdish area in northern Iraq from 1991 to 2003 is one example. The safe haven

was mandated by the Security Council in 1991. It was policed by the US and GB. East Timor was a protectorate from 1999 to 2002. Although Afghanistan has international legal sovereignty significant domestic authority, such as the search for Al Queda, has been ceded to external actors. Kosovo is another example.”<sup>42</sup> The recent arrangements in the Kurdish area of northern Iraq and elsewhere have been, it should be noted, quite different from the classic 19<sup>th</sup> century concept of a protectorate which referred to arrangements in which local rulers agreed to foreign control over their foreign but did not cede blanket authority over their domestic policies.<sup>43</sup>

Sebastian Malaby, in a *Foreign Affairs* article published in March 2002, calls for a new American empire, although one grounded in American led but multilateral nation building. He points to the perils of a growing number of civil wars, terrorism, and crime, which are fueled by incomplete democracy, rapid population growth, the ease of modern communications, and poor governance, and argues that “a new imperial moment has arrived and by virtue of its power America is bound to play the leading role. The question is not whether the United States will seek to fill the void created by the demise of European empires but whether it will acknowledge that this is what it is doing. Only if Washington acknowledges this task will its response be coherent.”<sup>44</sup> Malaby suggests creating a new international organization for nation building which might be funded by the OECD countries. There would be no Russian or Chinese veto. The board of directors of the new organization would be led by the United States.

Writing in the May 2003 issue of *Foreign Affairs* Martin Indyk, an assistant secretary of state during the Clinton administration argues that the most attractive path to permanent peace in the Middle East would be to establish a protectorate in Palestine, an option which he suggests has already been adopted in East Timor and Kosovo. The United States would have to take the

lead although legitimacy could only come from a UN Security Council resolution. Security on the ground be provided in part by American special forces, but troops from other countries would also be used. Authority would gradually be devolved to Palestinian authorities. Even if final status talks were completed, the trusteeship would remain in place until a responsible Palestinian government was established.<sup>45</sup>

Despite these recent observations, or relabeling of some transitional administrations, developing an explicit alternative to conventional sovereignty, one that explicitly recognizes that external authorities will control many aspects of domestic sovereignty for an indefinite period of time will not be easy. And, to date, no explicit effort to move in this direction has been made. Just the opposite. The rhetorical commitment of all significant actors, especially the United States, has been to restore authority to local actors at the soonest possible moment.

To develop an explicit, named, and recognized alternative to sovereignty, some new kind of trusteeship or conservatorship, it would be necessary to decide who would authorize and appoint the governing authority for a trusteeship and to whom such an authority report: the United Nations Security Council? A regional organization like the European Union? A new organization such as the one proposed by Sebastian Malaby? A coalition of the willing? A single state? A single state authorized by perhaps the Security Council as in the classic mandate or trusteeship system? What would be the scope of authority of the trust authority? Given that there would be no fixed date for ending a trusteeship or conservatorship, how would the appropriate moment for transferring authority to local authorities be determined? What intermediate steps would be taken? Could a trusteeship, for instance, be granted international legal sovereignty, recognition, while some aspects of domestic governance remained under the control of the

trustee or conservator?<sup>46</sup>

The most substantial barrier to developing some alternative to conventional sovereignty is not, however, the specific details of how such an entity might be authorized and function, but rather the reluctance of major actors to explicitly abandon conventional sovereignty. There is widespread sentiment for the proposition that Westphalian/Vatellian sovereignty is not absolute and can be breached in cases of massive human rights violations. Kofi Annan expressed this view in 1999 to widespread international acclaim.<sup>47</sup> But arguing that Westphalian/Vatellian sovereignty is not absolute is quite different from endorsing an explicit alternative to conventional sovereignty. Annan's not so well regarded predecessor Boutros Boutros-Ghali expressed the dilemma regarding governance and sovereignty more accurately in a June 1992 report to the Security Council entitled *An Agenda for Peace: Preventive diplomacy, peacemaking and peace-keeping*. The report stated: "The foundation-stone of this work is and must remain the State. Respect for its fundamental sovereignty and integrity are crucial to any common international progress. The time of absolute and exclusive sovereignty, however, has passed; its theory was never matched by reality. It is the task of leaders of States today to understand this and to find a balance between the needs of good internal governance and the requirements of an ever more interdependent world."<sup>48</sup>

An explicit, named, and legitimated alternative to sovereignty would require at a minimum, agreement among the major powers. Even better if a new arrangement would be supported by leading states that are not members of the OECD such as Brazil, Nigeria, South Africa, India, China, and Indonesia. Best, if it is endorsed by the Security Council and the General Assembly. There is no indication that such widespread support would be forthcoming.

None of the actors has a clear interest in doing so. The major powers, those with the capacity to intervene, want to be able to pick and choose not only where they intervene but the policies that they would follow if they do intervene. The endorsement of a new institutional arrangement would provide a new option, a new choice on the menu, but this option might make it difficult to engage in ad hoc arrangements better suited to specific circumstances. For states in the third world any successor to the mandate system of the League of Nations, or the trusteeship system of the UN, would smell if not look too much like colonialism.

Transitional administration is a timid label, one designed to avoid any hint of a real challenge to conventional sovereignty principles. Even renaming present operations such as those in Bosnia and Kosovo would be a significant step. Calling these activities trusteeships, would make it clear that while conventional sovereignty was the long term goal, international actors would be in place for an extended period of time. This could change the incentives of indigenous leaders. Waiting out the international community might not look like such an attractive option if the expectation was that the international community was there for the long haul. Given the parlous conditions in Bosnia and Kosovo, for instance, and the extraordinary difficulty of establishing positive movement between Israelis and Palestinians, the acceptance of some new institutional categories, especially if they were accompanied, as Malaby suggests, with a supervising organization in which underlying national capabilities and voting power were more aligned than they are in the General Assembly or the Security Council, would be a positive step. Given, however, the very widespread attachment to conventional sovereignty rules, and the inescapable resemblance to imperialism because of the major role that more powerful and affluent states would play in directing and funding any new arrangement, securing international

legitimacy will be difficult.

Gradations in Sovereignty, Partial and Shared:<sup>49</sup>

Given the limitations on governance assistance, the inadequacies of transitional administration, and the difficulty in developing and legitimating new institutional forms, alternative solutions will have to be imagined. There are two basic desiderata that any such solution must satisfy: first, conventional sovereignty must not be directly challenged; second, domestic autonomy must be compromised, for an indefinite although not necessarily permanent period. Such an outcome can be accomplished if international legal sovereignty is honored, at least formally, but Westphalian/Vatellian sovereignty is violated. The participation of external actors in the domestic governance structures of a particular state, or the acceptance by that state on limitations on its freedom of action, would be legitimated by the internationally recognized authorities in that state. National actors would use their international legal sovereignty to enter into agreements that would compromise their Westphalian/Vatellian sovereignty with the goal of improving the quality of domestic sovereignty. One core element of sovereignty would be preserved, acquiescence by the target state in new institutional arrangements while, at the same time another, the principle of autonomy would be violated.

Gradations in sovereignty could be put in place through either treaties or unilateral commitments in which national leaders accepted partial sovereignty or shared sovereignty. Partial sovereignty would involve limitations on a state's freedom of action with regard to policies or institutions. Political authorities might, for instance, make a commitment to external actors that they would limit the kinds of weapons that they would develop, the security pacts that they would join, or the legal system that they would adopt. Shared sovereignty would involve

the ongoing participation of external actors in national institutions and policy making. Shared sovereignty would be put in place by a contractual agreement between the state and an external party that could only be terminated with the agreement of all of the signatories, or after specific conditions had been met.

Gradations in sovereignty involving violations of Westphalian/Vatellian sovereignty are hardly atypical of the way the sovereign state system has operated throughout its history. When logics of appropriateness (do what the rules say that you should do) have conflicted with logics of consequences (do what will best serve your material interests), the latter has frequently prevailed. Organized hypocrisy, in which actors do one thing and rhetorically embrace another, is not surprising in an environment like the international system where there are competing norms (for instance, human rights versus Westphalian/Vatellian sovereignty), power differentials which allow strong actors to pursue policies that are inconsistent with recognized rules, and exceptional complexity which makes it impossible to write a set of rules that could provide optimal outcomes under all conditions. Organized hypocrisy in which the formalities of international legal sovereignty are honored while the substance of Westphalian/Vatellian sovereignty is violated does not establish a recognized and explicitly accepted institutional alternative to conventional sovereignty; just the opposite. Organized hypocrisy is attractive exactly because all of the actors want to obfuscate the fact that their behavior is inconsistent with their stated principles.

Sovereignty rules have frequently been violated but there is no alternative set of rules that would be preferred. For weak states, conventional sovereignty provides access to international organizations, the right to make treaties, and at least a normative defense against the intrusion of

more powerful states. For more powerful states conventional sovereignty provides an excuse for not acting in areas where humanitarian sensibilities might be offended but material interests or domestic support for intervention are absent. When powerful states encounter situations in which conventional sovereignty rules do not provide optimal outcomes they have engaged in organized hypocrisy.<sup>50</sup>

Efforts by external actors to alter the domestic institutional arrangements of target states on a permanent basis have often been attempted in the past, albeit with mixed results. John Owen reports 198 cases of forcible intervention to change domestic regimes in the period 1555 to 2000 most of which occurred during three periods of ideological conflict among major powers: the Reformation and Counter-Reformation, the French Revolution and its aftermath (1789-1849), and the ideological struggles of the 20<sup>th</sup> century (1917-1991) with spikes during episodes of hegemonic struggle: the Thirty Years War, the French revolutionary and Napoleonic wars, and the beginning of the Cold War. The primary motivation of interveners was to enhance security by imposing like minded regimes in weaker states that were suffering from internal conflict. In cases of forced imposition there is little pretense of domestic acquiescence, of honoring international legal sovereignty, although major power may sometimes identify local allies.

Interveners, however, have also often tried a more subtle strategy by securing at least the pretense of voluntary compliance. Rather than simply imposing their preferences for domestic institutional structures in target states, they have honored international legal sovereignty by securing the agreement of recognized authorities in the target state. For instance, with few exceptions, the 1968 invasion of Czechoslovakia being the most notable, the Soviet Union worked with or through domestic actors in establishing satellite regimes in Eastern Europe. For

the Soviet satellites sovereignty was both partial and shared. Sovereignty was partial because the range of policies and institutions which they could adopt was limited by Soviet preferences and military capabilities. And in some instances, such as the military where satellite forces were integrated with those of the Soviet Union, sovereignty was shared. Italy enjoyed only partial sovereignty after the second world war because the United States, in its effort to prevent the Communist Party from governing, supported the Christian Democrats, publicly threatened to terminate aid if the Communist won the 1948 elections, and even contemplated a military invasion if the Communists prevailed.<sup>51</sup>

A frequent historical example of partial sovereignty has been the way in which powerful states have conditioned their recognition of weaker states on the latter's acceptance of specific constitutional arrangements guaranteeing the protection of minority rights. Although bargaining power in these situations has been highly asymmetrical, the obligations which target states have accepted are formally consistent with international legal sovereignty. Such arrangements do, however, violate Westphalian/Vatellian principles because the domestic institutional structures of the state are influenced or determined by external actors. Left to their own devices, decision makers in the target state would not have protected minority rights in the same way, or might not have protected them at all. The tension between Westphalian/Vatellian sovereignty and conditioning recognition on the protection of minority rights is ignored or obfuscated.

The Balkans over the last two centuries offer numerous examples of partial sovereignty with one side (the major powers) offering recognition in exchange for the other side (the would be new state) guaranteeing minority rights. In the early 1990s the member states of the European Union, led by Germany, insisted that Croatia and Slovenia, the successor states of

Yugoslavia, accept extensive minority rights as a condition of recognition.<sup>52</sup> This strategy was reminiscent of European policies during the 19<sup>th</sup> and first part of the 20<sup>th</sup> centuries when recognition of all of the successor states of the Ottoman Empire (Greece, Romania, Bulgaria, Serbia, Montenegro, Albania, and Turkey) was conditioned on the acceptance of civil and political equality for minorities.<sup>53</sup> This practice began with Greece in 1832 and ended with Turkey after the first world war.

Conditioning recognition on the acceptance of a specific domestic practice like minority rights has not, however, been very successful.<sup>54</sup> The fundamental problem is time inconsistency. Once recognition has been extended it can not in practice be withdrawn from a country, although recognition of a specific government may be denied. By extending recognition, the major powers play their ace. It cannot be played again. Once leaders in the target country have secured international recognition they may have little or no incentive to honor the pledges made, or even the constitutional provisions enacted, to protect minorities.<sup>55</sup> The Balkan story, where guarantees of minority rights have been on the international agenda since the early 1830s, provides all too frequent examples of cases where leaders have evaded the commitments which they initially made to secure international recognition.

Compromises of Westphalian/Vatellian sovereignty have been more consequential when there has been wide-ranging intervention over a long period of time by an external power. But even in such instances the key to success is to create or strengthen domestic actors who share the same objectives as external interveners. In Europe during the Cold War, the United States was more successful than the Soviet Union. In Italy, and especially in Germany, the United States was able to nurture institutional structures that were not dependent on direct coercion. The

Soviet Union imposed its own preferences for institutional arrangements in its eastern European satellites. For more than 40 years Soviet military power, penetration of domestic regimes, close oversight of officials, and policy direction from Moscow kept communist regimes in power. Except in a few instances, such as the invasion of Czechoslovakia in 1968, Soviet behavior was consistent with international legal sovereignty. The communist regimes that Moscow had put in place and sustained by violating Westphalian/Vatellian sovereignty dutifully signed off on the economic and security policies which their overlord preferred. The regimes in the satellite states did not, however, outlast the Soviet Union. Absent the Soviet army, there was not a coalition of domestic forces that could sustain communism in central Europe.

The challenge in the contemporary environment is to engage in organized hypocrisy by relying on the procedures of international legal sovereignty to legitimate partial and shared sovereignty arrangements that avoid delegitimizing accusations of colonialism and imperialism, the time inconsistency problems that have plagued efforts to guarantee minority rights through international recognition, and the counterproductive dynamics of transitional administration. In practice this must mean that some elements of a target states domestic authority will either be limited by or shared with external actors. Decent governance in troubled societies is inconsistent with treating domestic sovereignty as a winner take all proposition.<sup>56</sup>

Although history offers many examples of partial sovereignty, efforts by external actors to constrain the policy and institutional options available to a target states, shared sovereignty, the ongoing engagement of external actors in some domestic authority structures, has been a rarity. Before the second world war, direct takeover of a target country was a more or less accepted practice most frequently manifested in colonialism. Even without colonialism

powerful states would sometimes control weaker ones for an extended period of time, the American occupation of Haiti from 1915 to 1934 offers one example. Direct control resulting in partial sovereignty rather than shared sovereignty was usually the optimal policy for more powerful states.

Shared sovereignty has, however, existed in a few situations when more powerful states had an interest in decent governance in at least some sectors of a target state, but where direct occupation or colonialism was too costly. This configuration of interests has arisen most frequently with regard to sovereign debt. The lenders want their money back. Borrowers want access to international capital markets. Sometimes direct involvement, shared sovereignty, in the financial affairs of the target state but not a full scale takeover, has been the most attractive option.

A shared sovereignty arrangement was constructed for some parts of the revenue system of the Ottoman Empire during the last part of the 19<sup>th</sup> century. The Empire entered international capital markets in the 1850s to fund military expenditures associated with the Crimean War. By 1875 after several additional loans, the Empire was bankrupt, unable to service its foreign debt. To secure additional access to international capital markets the Ottomans agreed in 1881 to create through government decree the Council of the Public Debt. The members of the Council - two from France, one each from Germany, Austria, Italy, and the Ottoman Empire itself, and one from Britain and Holland together were selected by foreign creditors. Until the debt was liquidated, the Porte ceded irrevocably to the Council revenue from several major specific taxes including the salt and tobacco monopolies, the stamp tax, and the spirits tax. The Council could, with the consent of the government, initiate measures that would improve more general

economic conditions. The Council promoted, for instance, the export of salt (the tax of which it controlled) to India and introduced new technologies for the silk and wine industries. The Council facilitated the development of railways in the empire by acting as a collection agent for the receipts which the government had committed to pay subsidies to foreign companies. In the years preceding the first world war, it controlled about a quarter of the Empire's revenue and employed more people than the Ministry of Finance. The Council was not disbanded until after the War.<sup>57</sup>

Greece at the end of the 19<sup>th</sup> century offers another example of shared sovereignty. In 1898 after a disastrous war with Turkey over Crete, Greece's financial situation collapsed. It was unable to service its foreign debt or to pay the war indemnity that was being demanded by Turkey. France, and especially Germany, along with private creditors pressed for an international commission of control. Greece acceded when it became clear that it was the only way to secure new funding that could be used to ensure the withdrawal of Turkish troops. The terms for the establishment of a control commission were written into the provisional peace treaty. The Commission consisted of one representative appointed by each major power (Austria-Hungary, Italy, Germany, France, Russia, and Britain) even though Austria, Russia, and Italy held very little Greek debt. The Commission could unilaterally assert control over the sources of revenue needed to fund the war indemnity and the consolidated foreign debt, such as state monopolies on salt, petroleum, matches, playing cards, and cigarette paper, tobacco duties, and the customs revenues of Piraeus. The Commission also imposed other limits on Greek fiscal autonomy including control of public borrowing and a reduction in the money supply.<sup>58</sup>

Unlike classic gunboat diplomacy, where the governments of foreign creditors took over

control of customs houses to secure repayment of loans, in Greece and the Ottoman Empire the norm of international legal sovereignty was honored, at least in form. The Ottoman Council of the Public Debt was established by an edict issued by the Ottoman Empire. The International Commission of Control for Greece was agreed to as part of an international treaty signed by the Greek government. Both of these arrangements, however, were only accepted under highly asymmetrical bargaining conditions. The Ottomans had just lost a series of wars in the Balkans, as well as recognized the independence of their Balkan holdings. Greece had lost a war with the Ottoman Empire and needed loans to secure the withdrawal of Turkish troops.

One recent development, which includes elements of shared sovereignty, albeit in watered down form, are the institutional arrangements, including financing, associated with the development of oil resources in Chad and the pipeline that will carry this oil through the Cameroons to the Atlantic. Both Chad and the Cameroons are troubled societies with woefully bad governance. The oil company consortium led by Exxon wanted to develop Chadian oil but feared not only that the Chad and Cameroonian governments might void any contract but also that they would be subject to criticisms and court action by human rights and environmental groups. Because of these fears the oil companies insisted on the involvement of the World Bank, an involvement which they hoped would lessen any chances of unilateral contract revisions and provide cover for, perhaps even improve, human rights and environmental performance. The Bank in turn insisted on a modest, actually quite modest, degree of shared sovereignty.

Under pressure from the Bank the Chad Revenue Management Law was enacted in 1998. The law divides oil revenues into two categories: direct (dividends and royalties) and indirect

(taxes, charges, and customs duties). Direct revenues are to be placed in a foreign escrow account, 10 percent of which is committed to future generations. Of the remaining 90 percent, 80 percent will be used for social services including health and education, 15 percent for current government expenses, and 5 percent for the oil exporting region. The Law provides for the creation of the Oil Revenues Control and Monitoring Board which is responsible for authorizing and monitoring disbursements from the escrow account. The Board includes members from Chad's judiciary, civil society, and trade unions.<sup>59</sup>

In addition the Bank insisted on the creation of an independent International Advisory Group whose members it would appoint in consultation with the government of Chad. The Group, which is to visit the area at least twice a year and have access to any relevant information and officials, is charged with advising the government and the World bank about the misallocation or misuse of public funds, involvement of civil society, institution building, and governance more generally. The first chair of the five member group which included a former deputy minister in the Canadian government, a Dutch agricultural specialist, an American anthropologist, and an African NGO leader, was Mamaou Lamine Loum, a former Senegalese prime minister.<sup>60</sup>

The potential leverage of international actors was significant. The project will increase the revenue of the Chadian government by 50 percent. Chad and the Cameroons could not operate the project without the oil companies, and the companies would not invest without the involvement of the World Bank. The Bank, unlike the companies, had legitimacy which allowed it to negotiate conditions related to Chad's domestic institutional structures.<sup>61</sup>

Nevertheless, despite the leverage enjoyed by the Bank and the oil companies, the extent

to which external actors intruded on Chad's domestic governance was modest. The International Advisory Group is just advisory. Most of the members of the Chadian oversight committee are closely associated with the government. The allocation of funds to social services is not specified with regard to areas. The percentage of revenue going to the oil producing region can be changed after five years. If anything, the lesson of the Chad Cameroon pipeline is that creating robust shared sovereignty institutions in weak states in the contemporary environment will be difficult. Arrangements that might have been acceptable to Ottoman and Greek rulers in the 19<sup>th</sup> century are harder to put in place today because Westphalian/Vatellian sovereignty is more widely accepted. In the case of the Chad Cameroon oil development and pipeline project, adequate domestic governance would have been better assured by more intrusive engagement by external actors including for instance, a number of international representatives on the oversight committee which must approve transfers from the escrow account.

Sovereign debt is not the only issue area where shared sovereignty arrangements have proven useful. The governance structure of the Federal Republic of Germany (FRG) following the end of the Second World War and its relationship with the North Atlantic Treaty Organization offers an example of gradations of sovereignty involving core questions of security. The western allies wanted to internationally legitimate the Federal Republic but at the same time constrain its freedom of action; though the Allies held reservations about a rearmed Germany, the challenges of the Cold War made some semblance of West German sovereignty a top priority. The Bonn Agreements, signed in 1952 by the FRG, the United States, the United Kingdom, and France and revised in Paris in 1954, gave the Republic full authority over its internal and external affairs with a few key exceptions. For example, the Federal Republic

renounced its right to produce any chemical, biological, or nuclear weapons, an example of partial sovereignty. In addition, article 5(2) of the Convention on Relations gives the western powers the right to declare a state of emergency in response to a threat of security until FRG officials obtained adequate powers enabling them to take effective action to protect the security of the foreign forces.<sup>62</sup> Without a clear definition of these adequate powers, the western powers arguably retained the right to resume occupancy of the Federal Republic until 1991, when the Bonn Agreements were abrogated by the reunification of Germany.

The Federal Republic's domestic autonomy was further constrained with regard to the treatment of the foreign forces. Though the FRG was invited to sign the NATO Status of Forces Agreement, special modifications were made.<sup>63</sup> Unlike the original NATO agreement, the foreign authorities in the FRG held exclusive jurisdiction over the members of its forces. Furthermore, custody of arrested individuals rested with the foreign forces until they transferred or relinquished custody. In addition, foreign military police were given the right to patrol public roads, public transportation, restaurants, and all other public places with an authorization to take any measure necessary to ensure order and discipline usually reserved for national police forces alone.

Shared and partial sovereignty arrangements, situations in which some elements of domestic governance are constrained, shared with, or controlled by external actors must have the right incentives not only to get states to enter into such an arrangement in the first place but also to honor them over the long term. Shared sovereignty contracts must be self enforcing.

There are at least three circumstances that might lead actors in target states to accept such arrangements. First, in post conflict situations that have been ended by foreign military

intervention, local leaders have limited choice. In Kosovo, Bosnia, Iraq, and East Timor the leaders of new governments have been highly dependent on external actors. They have had to accept the presence of non-nationals. De facto shared sovereignty already exists in the transitional administrations in Kosovo and Bosnia. Foreigners are running many of the ministries in Bosnia. In Kosovo joint implementation for administrative structures has been the norm. There are 20 administrative departments and four independent agencies all of which are co-directed by a Kosovar and a senior UNMIK staff person. The arrangement in Kosovo has suffered, however, from the fact that the local co-director has been selected by one of the factions in Kosovo.<sup>64</sup> Shared sovereignty contracts would make such arrangements permanent not transitional. The presence of external actors would not be the result of a unilateral decision by an external administrator but rather of a contract between external and local actors. Since the contract would have no termination date, local actors could no longer assume that they could simply wait for the foreigners to leave. Some local leaders might still decide that acting as a spoiler maximized their interests, but others would see cooperation as more likely to enhance their long term prospects. Shared sovereignty arrangements in post conflict situations could be self enforcing but only if external actors continue to play a major role in providing security.

Second, foreign assistance or investment could be conditioned on shared sovereignty contracts. Corporations might be anxious to shield themselves from corrupt practices or accusations of violating human rights or destroying the environment, concerns manifest in the arrangements for the Chad Cameroon oil development and pipeline project. Aid from international financial institutions or national governments could be conditioned on the acceptance by a target state of, for instance, a central bank that included non-nationals on its

board of governors. Whether such conditions would be attractive for local leaders would, obviously, depend on their circumstances. A leader might have a better chance of staying in power if he or she accepted shared sovereignty and external resources than if this option were rejected. Shared sovereignty arrangements resulting from the incentives provided by foreign assistance or investment could be self enforcing if potential lenders and investors regard a violation of the agreement as an indicator that the target state would no longer be a reliable partner. Domestic political leaders, understanding that a violation of a shared sovereignty arrangement would deprive them of access to international financial and investment markets, would honor the agreement.<sup>65</sup> The greatest barrier to the development of shared sovereignty structures associated with finance may be the lack of legitimacy of such arrangements and the absence of readily available and accepted historical examples.

Finally, in badly governed illiberal democracies political candidates might make shared sovereignty contracts part of their political platform. Illiberal democracies have elections, but they may be deficient with regard to rule of law, an active civil society, and a free press that make elections effective accountability mechanisms. In illiberal democracies government does not work very well. Public officials are disconnected from the citizenry. Individuals or parties might change, but policies remain more or less the same. Voters become cynical, and even potentially progressive political candidates have no way to make their campaign pledges credible. Shared sovereignty contracts could be an appealing political strategy for a dissident candidate. Such a political platform could win votes by signaling to the electorate that a politician would make a decisive break with the past by engaging external actors in domestic decision making processes.

The long term credibility of a shared sovereignty arrangement concluded by a successful dissident candidate in an illiberal democracy would depend on the extent to which such practices have been internationally legitimated and on their effectiveness. The more common shared sovereignty agreements are, the easier it would be for any one leader to defend his actions against opponents who might claim that he had compromised the state's sovereignty. The greater the improvement in governance associated with shared sovereignty arrangements, the more likely it would be that they would be honored over the long term.

The incentives for external actors engaged in national authority structures to behave in ways that would maximize the well being of the inhabitants of a badly performing state are not so obvious and could prove to be a significant impediment to the efficacy of any shared sovereignty arrangement. The colonial experience does not suggest that even well meaning individuals (and not all colonial administrators were well meaning) can establish adequate governance structures. Ideally non-national officials participating in shared authority structures would reap the benefits of good decisions and suffer the burdens of poor ones. External appointees, however, are likely to be beholden to external constituencies – to voters or politicians in their home countries, to professional colleagues in international financial institutions, to national or international jurists – and these constituents might, or might not, be attentive to how well they performed their tasks with regard to improving governance in troubled societies. Professional expertise offers one possible source for encouraging good performance. If shared sovereignty were adequately institutionalized, it could lead to the creation of a cadre of officials whose competence had been demonstrated in different settings and possibly even to a formal transnational bureaucracy within which the success of individuals would depend upon how well

they had served the country to which they had been assigned. If individuals engaged in shared authority structures were appointed by a specific foreign state, and the interests of that state were enhanced by effective governance in the target country, then desirable outcomes for the target country and the rewards accorded non nationals could be more closely aligned.

Shared sovereignty is most promising in areas where the incentives for national actors to engage in rent seeking activity could be effectively checked by shared sovereignty arrangements. One obvious arena would be petroleum exploitation. Oil has been a curse for the developing countries in which it has been located leading to less democracy and lower rates of growth. Oil concentrates resources in the hands of the state. The road to wealth and power for any ambitious individual leads through the offices of the central government, not through individual enterprise or productive economic activity. Oil wealth makes it possible for the state to buy off dissenters, and to build military machines that can be used to repress those who cannot be bought off. Only a few political entities, such as Alaska and Norway, have been able to use oil wealth wisely.<sup>66</sup>

Domestic governance in oil rich developing countries could be enhanced by creating oil trusts. The board of directors of such trusts would be composed of national and non-national actors. For instance, national directors could be appointed by the country's parliament or head of state and non-national figures by the World Bank. All oil revenues would be paid into an escrow account in a foreign bank. All transfers from the account would have to be approved by the board of directors of the trust. There might be a commitment to using these revenues for specific activities such as health care and education. The trust would monitor the use of the funds after they had been transferred to the national government. Such an arrangement could be enforced because the home countries of major oil companies could enact legislation requiring that oil

payments be placed in an escrow account and that any transfers from the account be approved by the shared sovereignty trust.

Shared sovereignty could be deployed in other areas as well. Monetary policy could be regulated by an independent central bank whose governors would be appointed by national authorities and the IMF. Education policies could be determined by national boards of education composed of officials appointed by, for instance UNESCO, or national education departments in OECD countries and national governments. Even the police and the military could be placed under the control of joint command structures made up of foreign and domestic actors.

## CONCLUSION

Sovereignty has been a durable institutional arrangement for organizing political life. During the 20<sup>th</sup> century the norms of international legal sovereignty and Westphalian/Vatellian sovereignty became universally accepted. It has often been tacitly assumed that these norms would also be consistent with effective domestic sovereignty; that is, with governance structures that exercised effective and ideally constructive control over their populations and territory. This assumption has proven false. Failed, outlaw, weak, and abusive states are an enduring part of the contemporary international system. Many of these states have limited material capabilities. Nevertheless, they have become a threat to the interests of much more powerful actors, because weapons of mass destruction have broken the connection between resources and the ability to do grievous harm. In addition, genocidal episodes create uncomfortable political choices for leaders in democratic polities with attentive public and transnational disease and crime are a persistent challenge.

The repertoire of institutional forms available to deal with the challenges of failed

sovereignty is not adequate. Consider the following three elements of governance arrangements: international legal sovereignty or the right to enter into international agreements; Westphalian/Vatellian sovereignty, the independence of the state's institutional arrangements from external intervention; and the length of time that any departure from ideal typical international legal or Westphalian/Vatellian sovereignty is expected to last. Classic colonies had neither international legal nor Westphalian/Vatellian sovereignty and were expected to be under the colonizers control for an indefinitely long period of time. In contrast, conventional governance assistance assumes full international legal and Westphalian/Vatellian sovereignty. Transitional administration may compromise a states international legal and Westphalian/Vatellian sovereignty but is expected to last only a short period of time. What is needed are new institutional forms such as a revived trusteeship or, more promising because less threatening to conventional sovereignty norms, shared sovereignty in which a state's international legal sovereignty would be honored, but its Westphalian/Vatellian sovereignty would be compromised for an extended period of time. These possibilities are summarized in the following table:

	Intl Legal Sovereignty			Westph Sov			Duration of any compromise		
	none	partial	full	none	partial	full	short	medium	long
Colony	x			x					x
Transitional Admin	x			x			x		
Governance Assist			x			x			NA
Trusteeship	x			x				x	

Partial Sovereignty	x	x	x
Shared Sovereignty	x	x	x

In many polities responsible domestic governance is incompatible with international legal and Westphalian/Vatellian sovereignty. The only explicitly recognized alternative form is transitional administration, but transitional administration is problematic in situations where local leaders can do better by appealing to their parochial constituents and waiting for the transitional administration to end than by cooperating in the creation of new institutions.

The menu of options needs to be expanded in two ways. First, some form of trusteeship or conservatorship needs to be legitimated. In a trusteeship international actors would assume control over local functions for an indefinite period of time. Authority would be transferred to local citizens only after new institutional arrangements were firmly in place. In some areas authority would be shared between internal and external actors even after the trusteeship ended. Legitimizing such an arrangement, however, will not be easy. Leaders in weak polities, and there are many such entities, will cling fervently to conventional sovereignty principles; and leaders in powerful states may oppose a formal arrangement that would make it more difficult for them to resist committing resources to countries in which they had little interest.

Second, domestic sovereignty in poorly governed states could be improved through shared sovereignty contracts. These contracts would create joint authority structures in specific issue areas. They would not involve a direct assault on sovereignty norms, because they would be formally consistent with international legal sovereignty even though they violate Westphalian/Vatellian sovereignty.

Conventional sovereignty has never worked perfectly. Its norms have frequently been violated. But the problems posed by failed, outlaw, weak, and abusive states are more pressing than they have been in the past. States with the resources to act now have an incentive to do so. Their ability to act effectively would be enhanced by providing a wider menu of policy options when intervention does occur.

---

1. I am indebted to Robert Keohane for the terms troubled societies and gradations of sovereignty. Keohane defines troubled societies as a subset of what John Rawls has called burdened peoples. Troubled societies are “unable, due to *political conflicts*, to create well-ordered domestic regimes.” See Robert O. Keohane, "Political Authority after Intervention: Gradations in Sovereignty," in J.L. Holzgrefe and Robert O. Keohane, eds., *Humanitarian Intervention: Ethical, Legal, and Political Dilemmas* (Cambridge, UK: Cambridge University Press, 2003), p. 279.

2. Though the principle of non intervention is traditionally associated with the Peace of Westphalia of 1648, the doctrine was not explicitly articulated until a century later by the Swiss jurist Emmerich de Vattel in his *The Law of Nations Or Principles of the Law of Nature Applied to the Conduct and Affairs of Nations and Sovereigns*, originally published in French in 1758.

3. John Rawls, *The Law of Peoples* (Cambridge, Mass.: Harvard University Press, 1999), p. 88.

4. Ibid. The term outlaw state is defined as those that are prepared to engage in aggressive wars. p. 81. Failed, weak, and abusive states would all fall under what Rawls has called burdened societies which he defines in the following way: "Burdened societies, while they are not expansive or aggressive, lack the political and cultural traditions, the human capital and know-

---

how, and, often, the material and technological resources needed to be well-ordered.” p. 106.

5. The United States did not formally accept the principle of non intervention until 1933. See Ann Van Wynen Thomas and A.J. Thomas, Jr., *Non Intervention; The Law and Its Import in the Americas* (Dallas: Southern Methodist University Press, 1956).

6. In Shanghai, for instance, the British established a municipal council that regulated the activities of Chinese living within Shanghai as well as non-Chinese. See Jean Chesneaux, Marianne Bastid, and Marie-Claire Bergere, *China from the Opium Wars to the 1911 Revolution* (Hassocks, Sussex: Harvester Press, 1977), pp. 61-68.

7. For two very similar analyses, see Keohane, “Political Authority,” pp. 276-277; and Gerald B. Helman and Steven R. Ratner, “Saving Failed States,” *Foreign Policy*, No. 89 (Winter 1993). Keohane argues that there should be gradations of sovereignty. Helman and Ratner suggest that there are three forms of what they call guardianship: governance assistance, the delegation of government authority, and trusteeship.

8. The term conservatorship is suggested by Helman and Ratner, “Saving Failed States.”

9. Keohane, “Political Authority,” pp. 292-295.

10. William Reno, "Sierra Leone: Warfare in a Post-State Society," in Robert I. Rotberg, ed., *State Failure and State Weakness in a Time of Terror* (Washington D.C.: Brookings Institution Press, 2003), pp. 71-73, 77.

11. James D. Fearon and David D. Laitin, “Ethnicity, Insurgency, and Civil War,” *American Political Science Review*, Vol. 97, No. 1 (March 2003), pp. 1-17.

12. Reno, “Sierra Leone,” p. 75. The argument that failed states are created by perverse rulers follows in Robert I. Rotberg, “Failed States, Collapsed States, Weak States: Causes and

---

Indicators," *State Failure and State Weakness*, p. 14; and Michael Ignatieff, "State Failure and Nation-Building," *Humanitarian Intervention*, pp. 300-301.

13. Derived from data found at <http://devdata.worldbank.org/dataonline/> (accessed April 19, 2003).

14. Rawls, *The Law of Peoples*, pp. 81, 90.

15. The report can be found at <http://www.dfait-maeci.gc.ca/iciss-ciise/pdf/Commission-Report.pdf>. See also Gareth Evans and Mohamed Sahnoun, "The Responsibility to Protect," *Foreign Affairs*, Vol. 81, No. 6 (November/December 2002), pp. 99-110.

16. See, for instance, Deputy Secretary of Defense Paul Wolfowitz, Senate Armed Services Committee, *The Future of NATO and Iraq*, 108<sup>th</sup> Cong., 2<sup>nd</sup> sess., 2003 at <http://www.pentagon.mil/speeches/2003/sp20030410-depsecdef0142.html> accessed July 14, 2003.

17. See the Brahimi Report: Report on the Panel on United Nations Peace Operations, paragraph 38, [http://www.un.org/peace/reports/peace\\_operations/](http://www.un.org/peace/reports/peace_operations/). See also the growing body of literature on illiberal democracy including Fareed Zakaria, "The rise of illiberal democracy," *Foreign Affairs*, Vol 76, No. 6 (November/December 1997), pp. 22-43; Larry Diamond, "Democracy and Governance," background paper for Foreign Aid in the National Interest (Washington, D.C.: USAID, 2003); Ignatieff, "State Failure," pp. 300-301; Caplan, Richard, *A New Trusteeship?: The International Administration of War-torn Territories* (London: International Institute for Strategic Studies, 2002), p. 61.

18. For the White House Fact Sheet describing the MCA see [http://www.challengeglobalization.org/html/tools/MCA\\_fact\\_sheet.shtml](http://www.challengeglobalization.org/html/tools/MCA_fact_sheet.shtml). For the World Bank

---

see <http://www.worldbank.org/wbi/governance/about.html>. See also Arthur A. Goldsmith, "Foreign Aid and Statehood in Africa," *International Organization* 55, 1 (Winter 2000), pp. 135-36.

19. International Monetary Fund, Fiscal Affairs Department, *Fund-Supported Programs, Fiscal Policy, and Income Distribution*, Occasional Paper No. 46 (Washington, D.C.: International Monetary Fund, 1986), p. 40; and Table 12 of Robin Broad, *Unequal Alliance: The World Bank, the International Monetary Fund, and the Philippines* (Berkeley: University of California Press, 1988), pp. 51-53.

20. Paul Lewis, "2 Global Lenders Use Leverage to Combat Corruption," *New York Times – Late Edition*, August 11, 1997, p. 4; and James C. McKinley Jr., "Kenyan Who Charged 4 Officials With Graft Is Suspended," *New York Times - Late Edition*, July 31, 1998, p. 4.

21. World Bank, *World Development Report 1997: The State in a Changing World* (Washington D.C.: World Bank, 1997), p. 2.

22. *Ibid.*, p. 4.

23. The first paragraph of the *Agreement Establishing the European Bank for Reconstruction and Development*, signed in Paris on May 29, 1990, states that contracting parties should be "Committed to the fundamental principles of multiparty democracy, the rule of law, respect for human rights and market economics committed to the fundamental principles of multiparty democracy, the rule of law, and respect for human rights and market economies." See *Agreement Establishing the European Bank for Reconstruction and Development* at <http://www.ebrd.com/pubs/insti/basic/basic1.htm>.

---

24. See Larry Diamond, "Democracy." and Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve* (Washington, D.C.: Carnegie Endowment for International Peace, 1999).

25. Michael W. Doyle and Nicholas Sambanis, "International Peacebuilding: A Theoretical and Quantitative Analysis," *American Political Science Review*, Vol. 94, No. 4 (December 2000).

For a second study with a different data base but comparable findings see George Downs and Stephen John Stedman, "Evaluating Issues in Peace Implementation," in Stephen John Stedman, Donald Rothchild, and Elizabeth M. Cousens, eds., *Ending Civil Wars: The Implementation of Peace Agreements* (Boulder, Colo.: Lynne Rienner Publishers, 2002), pp. 50-52.

26. Caplan, *Trusteeship*, pp. 8-9, 50-51; Brahimi Report, pp. 7, 14. In June of 2003 the Secretary of Defense Donald Rumsfeld discussed the possibility of a standing international peacekeeping force under the leadership of the United States. Ester Schrader, "U.S. Looks at Organizing Global Peacekeeping Force," *Los Angeles Times*, Jun 27, 2003, p. A1.

27. James D. Fearon and David D. Laitin, "Postmodern Imperialism," Unpublished paper, Stanford University (reviewed April 29, 2003), p. 21.

28. Fearon and Laitin, "Postmodern," pp. 16-18. This section emphasizes the lack of coordination as a major problem for transitional administration and urges that one state that could be held accountable by, for instance, being required to report to the UN, be designated as the lead actor.

29. Elizabeth M. Cousens, "From Missed Opportunities to Overcompensation: Implementing the Dayton Agreement on Bosnia," *Ending Civil Wars*, p. 532; International Crisis Group, *Courting Disaster: The Misrule of Law in Bosnia & Herzegovina*, Balkans Report No. 127 (March 2002), p. 155, <http://www.intl-crisis-group.org/projects/showreport.cfm?reportid=59225>; Simon

---

Chesterman, “*Kosovo in Limbo: State-Building and “Substantial Autonomy,”*” (New York: International Peace Academy, 2001) p. 1; Caplan, *Trusteeship*, p. 19, 39.

30. The members and observers of the Peace Implementing Council are:

PIC Members and Participants: Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, China (resigned in May 2000), Croatia, Czech Republic, Denmark, Egypt, Federal Republic of Yugoslavia, Finland, Former Yugoslav Republic of Macedonia, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Jordan, Luxembourg, Malaysia, Morocco, Netherlands, Norway, Oman, Pakistan, Poland, Portugal, Romania, Russian Federation, Saudi Arabia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom and United States of America; the High Representative, Brcko Arbitration Panel (dissolved in 1999 after the Final Award was issued), Council of Europe, European Bank for Reconstruction and Development (EBRD), European Commission, International Committee of the Red Cross (ICRC), International Criminal Tribunal for the former Yugoslavia (ICTY), International Monetary Fund (IMF), North Atlantic Treaty Organisation (NATO), Organisation for Security and Co-operation in Europe (OSCE), United Nations (UN), UN High Commissioner for Human Rights (UNHCHR), UN High Commissioner for Refugees (UNHCR), UN Transitional Administration of Eastern Slavonia (UNTAES; disbanded in January 1998) and World Bank.

PIC Observers to date: Australia, Central Bank of Bosnia and Herzegovina, European Investment Bank (EIB), Estonia, Holy See, Human Rights Ombudsperson in Bosnia and Herzegovina, Iceland, International Federation of Red Cross and Red Crescent Societies (IFRC), International Mediator for Bosnia and Herzegovina, International Organisation for Migration (IOM), Latvia, Lithuania, New Zealand, Liechtenstein, South Africa and the Special Co-ordinator of the

---

Stability Pact for South Eastern Europe. Information found at <http://www.ohr.int/ohr-info/gen-info/#pic> (accessed April 29, 2003).

31. <http://www.nato.int/sfor/index.htm> and linked pages (accessed April 29, 2003).

32. See <http://www.oscebih.org/mission/mandate.asp>; <http://www.undp.ba/osc.asp?idItem=2>; and <http://www.unhcr.ba/history/index.htm>; <http://www.ohr.int/> for a description of the activities of different organizations. Also Cousens, "Implementing the Dayton Agreement," p. 540; Fearon and Laitin, "Postmodern," p. 3; William O'Neill, *Kosovo: An Unfinished Peace* (Boulder, Colo.: Lynne Rienner, 2002), pp. 37-40; International Crisis Group, *Courting Disaster*, p. ii; Caplan, *Trusteeship*, p. 24.

33. International Crisis Group, *Courting Disaster*, pp. i-ii, 138-141, 149-151.

34. Caplan, *Trusteeship*, pp. 55-56.

35. *Ibid.*, p. 39.

36. *Ibid.*, p. 22.

37. Fearon and Laitin, "Postmodern," p. 3.

38. O'Neill, *Kosovo*, pp. 84-91.

39. Perhaps the clearest example of a successful transitional administration was UNTAES which was established by the Security Council in 1996 to administer the turnover of Serb controlled areas in eastern Slavonia to Croatia. The Serbs had been decisively defeated militarily. The agreement was signed by the local Serb leadership, which saw no better option, and the government of Croatia. The UN provided a transitional administration which ended in January 1998. See Caplan, *Trusteeship*, p. 14.

40. Gerald B. Helman and Steven R. Ratner, "Saving Failed States," *Foreign Policy*, No. 89

---

(Winter 1993), p. 3-21.

41. Caplan, *Trusteeship*, p. 7.

42. Ignatieff, "State Failure," p. 308.

43. Robert Jennings and Arthur Watts, eds., *Oppenheim's International Law, 9th Ed.*, (Harlow: Essex, 1992), pp. 267-274.

44. Sebastian Malaby, "The Reluctant Imperialist: Terrorism, Failed States, and the Case for American Empire," *Foreign Affairs*, Vol. 81, No. 2 (March/April 2002), p. 6.

45. Martin Indyk, "A Trusteeship for Palestine?" *Foreign Affairs*, Vol. 82, No. 3 (May/June 2003), pp. 51-66.

46. For a discussion of these and other issues see Caplan, *Trusteeship*, p. 9.

47. Kofi Annan, "The Legitimacy to Intervene: International Action to Uphold Human Rights Requires a New Understanding of State and Individual Sovereignty," *Financial Times*, December 31, 1999.

48. Boutros Boutros-Ghali, "An Agenda for Peace: Preventive Diplomacy, Peacemaking, and Peacekeeping," *Report of the Secretary General* (New York: United Nations, June 17, 1992), paragraph 17.

49. The term gradations in sovereignty comes from Keohane, "Political Authority," pp. 276-77.

50. For a discussion of the concept of organized hypocrisy see Stephen D. Krasner, *Sovereignty: Organized Hypocrisy* (Princeton: Princeton University Press, 1999), pp. 64-71. See also W. Richard Scott, *Institutions and Organizations* (Thousand Oaks, CA: Sage, 1995) and Niles Brunsson, *The Organization of Hypocrisy: Talk, Decisions, and Actions in Organizations*, trans. Nancy Adler (New York: Wiley, 1989).

- 
51. **Error! Main Document Only.** James Edward Miller, *The United States and Italy, 1940-1950: The Politics and Diplomacy of Stabilization* (Chapel Hill: University of North Carolina Press), pp. 246-248, 249, 255-263.
52. See Beverly Crawford, "Explaining Defection from International Cooperation: Germany's Unilateral Recognition of Croatia," *World Politics*, Vol. 48, No. 4 (July 1996) for a discussion of EU policy toward the Yugoslav successor states in 1991 and 1992.
53. Krasner, *Sovereignty*, pp. 85-90, 99-101.
54. For example, when the communists took over China in 1949, the United States continued to recognize China but it did not recognize the Peoples Republic as the official government of China until 1979.
55. Keohane, "Political Authority," p. 286
56. See Keohane, "Political Authority," pp. 276-277 for a discussion of gradations of sovereignty and the importance of eliminating sovereignty as an all or nothing situation.
57. Donald C. Blaisdell, *European Financial Control in the Ottoman empire: A Study of the Establishment, Activities, and Significance of the Administration of the Ottoman Public Debt* (New York: Columbia University Press, 1929) , pp. 90-120, 124-130; Herbert Feis, *Europe The World's Banker 1870-1914: An Account of European Foreign Investment and the Connection of World Finance with Diplomacy Before World War I* (New York: W.W. Norton, 1965), pp. 332-341; Bernard Lewis, **Error! Main Document Only.** *The Middle East: A Brief History of the Last 2,000 Years* (New York: Scribners 1995), pp. 298-299.
58. John A. Levandis, *The Greek Foreign Debt and the Great Powers, 1821-1898* (New York: Columbia University Press, 1944), pp. 97-115; Feis, *The World's Banker* (1965), p. 287.

- 
59. Genoveva Hernandez Uriz, "To Lend or Not To Lend: Oil, Human Rights, and the World Bank's Internal Contradictions," *Harvard Human Rights Journal*, Vol. 14 (2001), p. 223; and World Bank, IBRD/IDA Project Information Document, Chad – (Cameroon) Petroleum Development and Pipeline Project, June 23, 1999, <http://www.worldbank.org/afr/ccproj/project/td44305.pdf> (accessed July 3, 2003).
60. World Bank, Chad-Cameroon Pipeline and Related Projects International Advisory Group Terms of Reference, <http://www.gic-iag.org/doc/iagtoren.pdf>; and World Bank, International Advisory Group, Chad Cameroon Petroleum Development and Pipeline Project International Advisory Group, <http://www.gic-iag.org/eiag.htm> (accessed June 19, 2003).
61. Uriz: "Oil, Human Rights," p. 198; Business Week, Number 3706 November 6, 2000, p. 60.
62. "Convention on Relations between the Three Powers and the Federal Republic of Germany," *The American Journal of International Law*, Vol 49, No. 3 (July 1955), pp. 57-69. For a detailed examination of the retained rights of the Western Powers, see Joseph W. Bishop, Jr., "The 'Contractual Agreements' with the Federal Republic of Germany," *The American Journal of International Law*, Vol 49, No. 2 (April 1955), pp. 125-147.
63. "Revised NATO SOFA Supplementary Agreement," (August 3, 1959), Art. 19, 22, 28. The full text of the Agreement is available at <http://www.osc.army.mil/others/gca/Contractor%20on%20the%20Battlefield%20Library/SOFAs/Germany%20SOFA.doc> (accessed July 9, 2003).
64. Caplan, *Trusteeship*, p. 39.
65. The logic of this argument follows the case presented for the Bank of England by North and Weingast where the creation of the Bank served as a mechanism that provided information about

---

the intentions of the ruler. See Douglass C. North and Barry R. Weingast, "Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England," *Journal of Economic History*, Vol. 49, No. 4 (Dec, 1989), pp. 803-832.

66. Michael Lewin Ross, "1961 - Does Oil Hinder Democracy?" *World Politics*, Vol. 53, No. 3 (April 2001), pp. 325-361.