Marie-Laure Djelic
ESSEC Business School
Avenue Bernard Hirsch B.P. 50105
95021 Cergy-Pontoise Cedex
France
Djelic@essec.fr

Sigrid Quack
Wissenschaftszentrum Berlin
für Sozialforschung
Reichpietschufer 50
10785 Berlin, Germany
quack@wz-berlin.de

Paper for the 21st EGOS Colloquium in Berlin

Subtheme 1: Path Dependence and Creation Processes in the Emergence of Markets, Technologies and Institutions

Roads with many junctions

What happens to path dependencies in open systems?

Marie-Laure Djelic, ESSEC, and Sigrid Quack, WZB*

Path dependency has become a frequently used concept in social sciences. In its soft version it refers to the general idea that what happened at an earlier point in time will affect events occurring at a later point in time. In its strong version, path dependency characterises historical sequences in which contingent events set into motion institutional patterns that have deterministic properties. Examples are the technological trajectories identified by economic historians that stabilize as a result of increasing returns. There is a third version in the varieties of capitalism literature that oscillates between these two poles, combining rich detailed descriptions of the historical emergence of specific institutional settings with rather deterministic prescriptions regarding their impact on actors' behaviours. Path dependency arguments tend to focus on those mechanisms that anchor and stabilize trajectories. Less attention has been paid to the sources and mechanisms of change. In fact, in the strongest versions of path dependency, path transformation is highly unlikely except through rare radical ruptures or reorientations often associated with violent external shocks.

* In alphabetical order. We thank Glenn Morgan, Holger Strassheim and Richard Whitley for very helpful comments and discussions relating to this paper.

In this paper, we are interested by the process of change and, what is more, by the process of change in systems that are presumed open. Our focus is on institutional rules of the game. We want to understand, in particular, what happens to institutional paths when they confront and collide with other institutional paths. We start, in this paper, from a simple observation. National institutional systems are highly structuring and powerful but they are increasingly open systems – and this at least in two ways. First, national institutional systems are in dense interaction and interplay with each other (Djelic and Quack 2003). Second, national institutional systems are increasingly set and nested within higher order – or transnational – institutional frames (Djelic and Quack 2003; Djelic and Sahlin-Andersson forthcoming). An institutional system is therefore a moving target with many junctions and we are interested by what happens to path dependencies in this open and dynamic context.

The value of this question is illustrated by two pairs of case studies. The first pair deals with institutional change in a national system that collides with another institutional tradition. We consider, more precisely, the impact of the attempted transfer of the US competition regime to German product and financial markets, during the post-World War II period. Institutional transformation, in that context, reflected the progressive but complex interplay between two different national paths. The second pair of case studies investigates the creation and generation of transnational paths and the impact of that process on national paths and their (potential) transformation. We look here at the establishment of two transnational rule setting or rule negotiating bodies: the IASB (International Accounting Standards Board) and the ICN (International Competition Network).

From the parallel and comparative analysis of those two pairs of cases, we draw a number of results that are summarized in the conclusion. First, we find that both path transformation and path generation are not the results of clearly identifiable and unique ruptures. Instead, they come about through the succession and combination, over a long period of time, of a series of incremental steps and junctures. We document and provide evidence for gradual but consequential change (Djelic and Quack 2003) or the “cumulative effects of ongoing and often subtle change” (Streeck and Thelen 2005). Second, both pairs of cases reveal in fact roads with many junctions and, in reality, a multiplicity of interlinked and interacting dynamic paths – all “crooked” and reflecting long periods of struggle between countervailing pressures. The picture, in each case, is much more complex than that of a single linear path – or even of a crooked one. Finally, we find that national path transformation and transnational path generation are increasingly in co-evolutionary interaction. This means that we need to deploy analytical tools that are adapted to the analysis of multi-level and nested processes of institutionalization and de-institutionalization.

This chapter has four main sections. In the first section, we give an overview of the debates on change in and around the existing path dependency literature. In the second and third sections, we then summarize the empirical results from our case studies that have been presented in more detail and published elsewhere (Botzem and Quack, forthcoming; Djelic 1998, 2002; Djelic and Quack 2005; Quack and Djelic 2005; Djelic and Kleiner, forthcoming). A comparison of developments in these cases illustrates and reveals the limits of classical path dependency accounts. In the concluding section, we draw from this comparison a number of theoretical suggestions about institutional development and change, and present suggestions for the future study of "path transformation" and "path generation".

PATH DEPENDENCY AND INSTITUTIONAL CHANGE: A REVIEW

The concept of path dependency is widely used in the social sciences. Under the same label, however, one finds different understandings, different versions of what path dependency really means. These different versions of the concept of path dependency are associated with varying views on institutional stability and they are associated with particular models of institutional change.

Variations around the concept of path dependency

There is a weak form of the concept of path dependency that is present either explicitely or more implicitely in history and in some social scientific work with a historical bend. In that weak form, path dependency is defined in very broad terms as the general idea that "what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occuring at a later point in time" (Sewell 1996 :262-3). This implies little more, in fact, than the acknowledgment that contemporary behaviours are being constrained by the aggregation of past actions and decisions, that "innovation" is in a sense "bounded" (Weir 1992). Behind descriptive accounts of a succession of events, there is little sense, in that version of path dependency arguments, of the mechanisms by which constraints are being structured, reproduced or transformed. As such, this particular version of path dependency is seen by a number of social scientists within more nomothetic traditions as having little ‘theoretical bite’ (Mahoney 2000).

At the other end of the spectrum, one finds the path dependency tradition in economics and political science, a tradition with much stronger theoretical claims. In the words of Mahoney (2000: 507), “path dependence characterizes specifically those historical sequences in which contingent events set into motion institutional patterns or event chains that have deterministic properties”. This particular version of the path dependency argument can be traced back to the work on technological trajectories of economic historians such as David (1985) or Arthur (1989). The argument, there, reconciles a view of contingent beginnings with an understanding that these contingent first steps create a path with deterministic properties. Once entered into, a path generates “increasing return effects” that will stabilize and entrench it, turning it into a deterministic frame (Mahoney 2000, Pierson 2000). In this version of the path dependency argument, the equilibrium is stable and highly deterministic but it is also temporary. The path, at some point, comes to an end and a new set of contingent events provokes a radical and partly unexpected reorientation. The logic that characterizes the moment of origins of the path is thus radically different from the logic of its stabilization and reproduction. Both, however, are seen in that version of the path dependency argument as equally important and complementary.

There is, we propose, a third version of the path dependency argument that shares a number of features with the first two versions but is also different on a number of counts. This version is present in the literature on national business systems or varieties of capitalism (Whitley 1999, Hall and Soskice 2001) – a literature that is situated at the crossroads of economic sociology and political science. The focus in that literature has originally been on stable and static equilibria and their differential structuring impact. The main question has long been how and in which way given institutional equilibria influence, constrain or determine economic behaviours and interactions. The tendency has been in fact, in that literature, to see those institutional frames or static systems as highly deterministic at any point in time of economic behaviours and interactions (Crouch et al. 2002). However, that tradition has paid less attention to the logics behind the emergence of those frames and their reproduction. The systematic identification of reproduction and stabilization mechanisms, the analytical description of exactly how those institutional systems persist, resist and become entrenched is only a recent preoccupation in that literature (Aoki 2001, Hall and Soskice 2001, Crouch

2002, Morgan et al. 2005). The double issue of origins and change of structuring institutional frames has been, on the other hand, particularly neglected, and the idea of contingent beginnings or breaking points that was present in the strong version of path dependency identified above has all but disappeared (Crouch et al. 2002).

Path dependency and system stability

Those various path dependency arguments approach the issue of institutional stability in sensibly different ways. In weak, historicist, versions there is no clear specification of the mechanisms through which institutional legacies are entrenched or reproduced. In fact, institutional stability is not necessarily assumed since “contingent, unexpected, and inherently unpredictable events…can undo or alter the most apparently durable trends of history” (Sewell 1996 : 264).

The strong variant of the path dependency argument, with origins in economics and economic history and a large follow-up in political science has, on the other hand, paid more attention to the issue of entrenchment and reproduction mechanisms. This variant distinguishes very clearly between moments of innovation, beginnings and reorientation and longer phases of stability and institutional reproduction in between two such moments. The logics of those two categories of processes are seen as being very different. Institutional stability emerges from increasing returns and lock-in effects that follow from an initial choice or a step in one particular institutional direction. Even if this early step is somewhat contingent, it points, once it has been taken, to a near-deterministic path. This idea is somewhat akin to the concept of “first mover advantage”. Increasing returns and lock-in effects can themselves be explained by high initial or set-up costs, learning and coordination effects as well as adaptative expectations when actors stick to particular institutions because they expect others to adopt or support them as well (Mahoney 2000, Pierson 2000, Deeg 2001, Deeg 2005). In the original work of economists and economic historians, the acknowledged mechanisms for institutional reproduction had utilitarian underpinnings (David 1985, Arthur 1989, North 1990). Political scientists have made their own contribution by pointing to a few non utilitarian mechanisms – such as power orpolicy feedback – that may also contribute to entrenching and reproducing institutional frames (Mahoney 2000).

Although the national business systems or varieties of capitalism variant of the path dependency argument has given pride of place to stability and reproduction of institutional systems, it has only recently started to pay systematic attention to the issue of mechanisms ensuring such stability and reproduction (Aoki 2001, Hall and Soskice 2001, Amable 2003,Morgan et al. 2005). This literature is looking at complex institutional systems that are made up of several institutional subsystems. It points in that context to additional entrenchment and reproduction mechanisms that have to do with the complementarity, the interdependence and the coherence of those subsystems. Each subsystem reinforces the others and the mere interaction of those complementary or coherent subsystems contributes to further stabilizing the system as a whole.

Increasing returns and efficient lock-ins, policy feedback and power plays, as well as institutional complementarities are therefore some of the key mechanisms of stabilization and self-reproduction identified in the path dependency literature. There are, we propose, at least two other important and potentially powerful mechanisms of stabilization and self-reproduction – the quest for legitimacy and socialization. There are many rich sociological literatures that dissect those social mechanisms but the connection with path dependencies is rarely made as such. A "logic of appropriateness" (March and Olsen 1998) and normative and cognitive alignment are behind the quest for legitimacy and socialization. Ultimately, profound socialization can lead to a transparency of structuring and institutional frames and hence to relatively unconscious reproduction – which is probably of the most powerful kind.

Models of change and their limits

The historicist variant of the path dependency argument is not associated with a "model" of change per se. Change, however, is highly plausible in that variant and there is no sense of regular periodicity – such as long periods of stability and rare moments of change. Change comes about in unexpected ways and in an irregular fashion mostly through a combination of contingent developments and agency that are described but not theorized.

The strong variant of path dependency also acknowledges the possibility of change but essentially as rare and radical ruptures. The image or model of change is one of punctuated equilibrium. The moments of change –or radical reorientation – are rare and reflect in part contingent developments (Mahoney 2000). And those contingent developments or pressures for change tend to be seen as external to the system. They are external shocks that force along a re-railing; the logic of each path being instead, as we have seen, entrenchment, stability and reproduction.

The National Business Systems or Varieties of Capitalism variant of the path dependency argument has left even less space for change and models of change (Crouch and Farrell 2002). The original focus on static comparisons has combined with the perception that increasing return effects at the level of each institutional subsystem are being reinforced by the complementarity or coherence of the various subsystems to give a picture of profound entrenchement of national institutional systems and nearly unshakable stability including in the face of external shocks (Whitley 1999, Maurice and Sorge 2000, Hall and Soskice 2001).

Recent contributions, including from within that tradition, are pointing to the limits of such a picture, though, and calling for the reintroduction of the possibility of change (Crouch and Farrell 2002, Sorge 2003, Thelen 2003, Djelic and Quack 2003, Whitley 2003, Morgan et al. 2005). A number of mechanisms have been identified that open up the possibility for change, including from within the system itself. Crouch and Farrell (2002) emphasize institutional redundancies – the fact that a multiplicity of institutional repertoires, including contradictory ones, can coexist in a particular institutional space. At any point in time, some may be active and others dormant but subtle external or internal pressures may lead to a re-balancing. They also point to the idea of "diffusion" – where institutional solutions that characterize a given action space are transferred to another. Thelen (2003) talks about institutional conversion. Existing institutional frames are redirected to new purposes and in a sense "revisited". She identifies "layering" as another mechanism where new institutional arrangements are "layered" upon pre-existing ones. In general, the model of change that emerges from Thelen's work as well as from some other recent contributions within the literature breaks away from the model of punctuated equilibrium and points instead to the "cumulative effects of ongoing and often subtle changes" (Djelic and Quack 2003, Thelen 2003, Thelen and Streeck 2004).

Another way to look at mechanisms of change is to go back to the mechanisms of stability identified above. Ebbinghaus (2005) proposes that different sources of stability will be sensitive to different pressures for change. A logic of stability that has to do with increasing returns will be sensitive to decreased efficiencies. A policy feedback and power induced stability can be questioned through shifting power relations. Institutional complementarities can work towards stability but a tight interdependence between institutional subsets could also mean that when a particular subsystem evolves, the entire system is under pressure. Finally, socialized stability is sensitive to a conflict of scripts and to the emergence of alternative ideas and paradigms that are relayed by organized interests.

Open systems, crooked paths and nested path generation

We build upon those recent criticisms and efforts at reintroducing “gradual but significant change” (Djelic and Quack 2003, Thelen and Streeck 2005) into business system analysis. From the above discussion of the literature it emerges that the creation of path dependencies through clearly identifiable single junctures within short windows of opportunity are more likely to be the exception rather than the rule when it comes to societal institutional change. In this paper, we therefore focus on the analysis of path generation (Garud and Karnøe 2001; Schreyögg et al. 2003) as a continuous process which can be studied only through time. When we speak of path generation we do not mean necessarily the creation of an ad-hoc new path. We use the concept of path generation in the meaning of “recombinant dynamic analysis” of institutional formation and change (Djelic and Quack 2003, Sorge 2005). We are interested in the sequential engineering and re-engineering of different institutional combinations. Hence the type of institutional transformation described above as gradual but consequential change falls under the label of “path generation” as we use it here.

We show that path generation has to be seen as a “political” process (see Kleiner 2003; McNichol and Bensedrine 2003; Morgan 2005) in which societal actors struggle over the rules of the game. But we also point to the fact that path generation is a highly complex phenomenon, which often involves a sequence of events over a longer time period, instead of a singly juncture. Due to the complexity of the constellations of actors involved, the path is likely to develop emergent qualities – i.e. the steps and resulting path can be traced back to social interations but they are characterised by the fact that they were not directly intended by the actors involved (Boudon 1979).

The complexity of path generation increases considerably if we perceive national institutional systems as potentially open systems in the double sense that they may be in more or less intense interaction with each other and that they are embedded or nested within transnational institutional arrangements (Djelic and Quack 2003). The interaction between national systems may be more or less intense and the articulation of subsystems may be more or less tight. But openness and nestedness mean that there will likely be multiple points of pressure where national subsystems might become subject to change – through transfers, diffusion, and we would add hybridization, through “conversions”, ‘layering’ and/or through the revival of “dormant logics” (Streeck and Thelen 2005, Sorge 2005, Lane 2005).

Furthermore, we suggest that institutionalization as a process and institutional regimes are articulated around at least three different and layered dimensions. Institutionalization naturally refers to formal rules of the game; it also implies associated behaviors ; finally, it may also extend to background logics, contextual rationalities (Djelic and Durand 2004) or “episteme” (Foucault 1994). The fit between those three dimensions may be more or less tight. Pressure for change may be felt quite differently on each of those three dimensions and it may have a variable impact. At the same time, the interplay and reciprocal interaction across dimensions may be more or less significant and the decoupling could be quite important.

Taken together, openness, nestedness and layered dimensions lead to complex logics of change. The multiplicity of points of pressure for change means that it is difficult to predict what the aggregate or cumulative results may be. The multiplicity of institutional seeds and the interactions between various action logics arising from these seeds are likely to lead to paths with emergent qualities. Instead of a path, we see a more or less wide corridor or arena containing multiple paths. Each of those paths is a crooked one that is being cleared along the way – not an already cleared straight road. Critical junctures can play a role – but we propose that they are the equivalent of a small circular opening in the jungle. For a path to emerge, those critical junctures have to combine with a large number of incremental and cumulative steps that can take significant time. The shape of each path can only be recognized and described post hoc; it is not pre-determined by any one of the critical junctures. In our corridor, multiple paths compete and collide, combine with or reinforce each other – leading in this case potentially to a dominant pattern that would then structure path dependencies.

In the following analysis, we proceed from the assumption that the generation of a new path as well as the redirection of an existing path are to be explained as the outcome of interactions among purposefully behaving – individual, collective and corporate – actors. These interactions are structured but not fully determined by the characteristics of the institutional settings in and across which they occur. Different societal actors with their respective economic and political interests, normative orientations and social identities strive to shape the institutional rules which are to govern the overall societal system or specific subsystems.

In doing so, they draw on the existing institutions as a repertoire for more or less acceptable courses of action that leave considerable scope for the strategic and tactical choices of purposeful actors (Mayntz and Scharpf 1995, Clemens and Cook 1999).

Actors within institutional settings also draw on specific sets of power ressources which they can mobilize in order to exert influence in the struggles and negotiations about the creation of new or the redefinition of existing rules of the game. Power is here understood as institutionally embedded power in the sense that different institutional settings provide societal actors variable access to different types of power resources. But once again, one should be careful of drawing deterministic conclusions since institutionally embedded power resources are likely to be rather unspecific, i.e. in which way and to which degree specific actors will be able to mobilize different power resources is likely to depend strongly on the particular actor constellation at a particular historical point in time. In the following, we suggest that access to certain key institutional positions (positional power resources), the ability to create links to other potentially influential groups (relational power resources) and the capacity to mobilize a public discourse which reaches out to members of the society (discursive power resources) are not the only one but nevertheless important power resources to be considered in the process of path generation.

PATH GENERATION THROUGH COLLISION – THE US COMPETITION REGIME IN GERMANY

The first pair of case studies focuses on change in the German competition regime after 1945. The national crisis and the overall geopolitical situation meant that the German system was then relatively open to international influences. We consider the attempted transfer of the US competition regime to Germany and we compare in particular what happened in product markets on the one hand and in the banking sector on the other. The comparison of those two cases is interesting because, in spite of quite similar starting conditions and dynamics, outcomes proved different. The comparison allows us to identify some of the reinforcing mechanisms, which generated momentum in one case towards a new path – or at least towards path deviation – and in the other secured the reproduction and entranchment of existing path dependencies. Since the details of the analysis have been presented elsewhere

(Djelic and Quack 2005; Quack and Djelic 2005) we concentrate in the following on key results and conclusions.

Breaking the old path: the postwar competition regime for product markets

In 1945, Germany was naturally not the only European country with a tradition of cartelization but it probably was the country where the systematic organization of markets had gone furthest. A key factor leading in time to a shift in those rules governing competition in product markets was the significant pressure exerted by the United States and the alternative model this country provided. Motivated by the conviction that cartels and large combines had played an important role in the rise of the Nazi regime, the American military government in Germany insisted from 1945 that German industry should be decartelized and deconcentrated (Damm 1958).

In 1949, the occupation statute was signed and Germany was allowed to progressively regain sovereignty. The American government, however, insisted that certain fields, among them decartelization and financial decentralization, would remain under the full control and scrutiny of the newly created Allied High Commission that took over at the end of the period of military government (Djelic 1998; Berghahn 1986; Horstmann 1991). Germans were to write their own legislation in competition matters but under direct and close supervision from American authorities. Seven years of heated debates and fierce negotiation followed. There were numerous drafts and parliamentary votes before the Law against Restraints on Competition (Gesetz gegen *Wettbewerbsbeschränkungen*, GWB) was finally passed in 1957. This law represented a clear departure from the legacy of cartelization in German product markets and it established, at least formally, a new trajectory.

The stabilization of an alternative approach to competition and cooperation in Germany required, in a crucial way, the mobilization of local support. The American military administration in Germany had understood that from the start. Searching for those Germans who would be sympathetic to their goals and perspective on competition, Americans found support in a small group of “ordo-liberal” economists from the so-called “Freiburg school” and a relay in a few practitioners who had been involved in the competition administration during the Weimar republic. These groups were interested to link up to the Americans with a view to gain leverage nationally for their own pre-existing project and perspective.

Ordo-liberals had been marginal in Germany – both intellectually and institutionally – until the end of World War II. But their ideas were German seeds upon which the American antitrust pressure could be grafted. The support of American occupation authorities brought a number of ordo-liberals into key institutional positions of power from where they could influence political and later on business communities. As Economic Minister of the Federal Republic of Germany, Ludwig Erhard became from 1949 onwards a central figure,mediating between the demands of the American military government in Germany on the one hand and the German resistance and opposition on the other. He remained an eminent proponent of a general ban on cartels during the following parliamentary discussions and negotiations on the Law against Restraints on Competition. Over time the ordo-liberals around Erhard were able to engage in public discussions over the pros and cons of an economic constitution for the newly founded Federal Republic of Germany, linking the choice of a new competition regime with general political issues of democracy and social justice.

Opposition to a general ban of cartels was fierce, on the other hand. During the immediate post war period, informal agreements quite reminiscent of inter-war cartels continued to operate on an illegal basis, particularly in industries with a long standing cartel tradition. The majority of German business leaders were strongly opposed to a ban on cartels (Hüttenberger 1976; Robert 1976). As soon as industry associations became re-established in the late 1940s and early 1950s they began to lobby in favour of established and traditional cartel rules and practices. In particular, the Federal Association of German Industries (*Bundesverband Deutscher Industrien*, BDI) under the leadership of Fritz Berg became a vocal defender of cartels (Djelic 1998). Only the retail sector and parts of the small and medium-sized business community (particularly those represented in the Association of Entrepreneurs (*Arbeitsgemeinschaft selbständiger Unternehmer*, AsU) were in principle supportive of a ban on cartels because they hoped that such a ban could protect them against pressures stemming from big business (Berghahn 1986). Nevertheless, even within those groups, the legitimacy of cartels was still deeply entrenched and it was acknowledged that there were necessary, or at least acceptable, exemptions. Political parties were split on the issue.

Hence, the re-ordering of product markets in postwar Germany started from and with the encounter between dominant foreign and peripheral domestic actors. Once local actors had ensured access to important institutional positions of power and were able to relay their project in broad parts of society, dynamics internal to Germany gained momentum and proved quite significant for the long term stabilization of change. The adoption of the Law against Restraints on Competition in 1957, despite all the compromises that had been made in the course of its negotiation, marked a decisive point in the generation of the new competition regime (for more details see Djelic and Quack 2005). Cartel agreements with restrictive effects on competition were declared null and void and a newly created Federal Cartel Office (*Bundeskartellamt*) was put in charge of monitoring, and if necessary, sanctioning violations of the law. The general prohibition of price and quota cartels, as well as the establishment of the Federal Cartel Office did affect the business behaviour of German companies – though with considerable delay in many cases.

Even though the overall number of cartel agreements registered with the Federal Cartel Office dropped considerably after the passing of the law, informal arrangements continued to exist, and occasionally became objects of official investigations. Whereas the Federal Cartel Office during the first decade of its existenc pursued an explicit policy of dialogue and negotiation, it subsequently turned towards more coercive methods. Still in the 1970s, Nawrocki (1973) reports of court investigations in which business managers entangled in illegal cartel activities could count on an understanding among the judges involved, at the dissatisfaction of the FCO officials representing the case. This shows that it took much more than just the passing of the Law on Restraints on Competition to stabilize the new competition regime.

Several re-inforcing mechanisms were at work, ranging from increasing returns for those companies and economic sectors for which disadvantages of (national) cartelization exceded its advantages (Herrigel 1996; Sorge 2005) to cognitive effects generated by new legal categories, the increasing public legitimacy of the FCO and competition policy as part of the German “economic miracle”. Among the most influential factors were probably policy feedbacks of the established new institutional order on the power distribution and interest articulation of the next generation of business leaders. According to Berghahn (1986) the Law against Restraints on Competition opened up a learning process for parts of the German business community. Cartel strategies became increasingly regarded as inappropriate to achieve a leading position in national and international markets. Among business leaders this reorientation was facilitated by sectoral shifts from the traditionally cartelized heavy industries towards less cartelized consumer good industries as well as by the socialising effects of the new competition regime and the strong impact of American management methods on the younger generation of managers taking over responsibility in the 1960s and

1970s (Berghahn 1986; Djelic 1998). The progressive re-integration of West Germany into the world economy, in particular through the Marshall Plan and the emergence of a European market, furthered this learning process particularly among the younger generation of business leaders. Changes in preferences and actual behaviour, however, were only partly a direct outcome of policy changes. There were multiple causalities at work, since already the negotiations on the Law against Restraints on Competition had been partly shaped by changing behaviours and market interactions.

A special type of policy feedback came through the antitrust regime that was being established at the same time at the European level. Antitrust provisions emerged as an important feature of the European Coal and Steel Community (ECSC) as it was being structured starting in 1951 and of the European Economic Community (EEC) that was born with the Treaty of Rome in 1957 (Djelic 2002). German politicians and competition officials, many of them representing the ordo-liberal tradition, played an influential role in the framing of the European competition regime and its subsequent implementation during the 1960s and 1970s. The concomitant and partly interconnected development of antitrust at the European level became over the long run a stabilizing factor for the shift in the competition regime in the German product markets. In the 1970s, it was not unusual that representatives of the German Federal Cartel Office, when confronted with negligent attitudes towards cartels in court investigations would refer to European anti-trust legislation and directives in order to strengthen their own position (Quack and Djelic 2005). Thus, as it evolved, the European layer of competition regulation and the epistemic community supporting it became a force of its own that could be moblised for support for the German competition regime.

A comparison with the postwar story of competition regime shift in Japan would tend to confirm that (Haley 2001). Although the Japanese story shared a lot of features with the German one, the resulting institutional transformation in Japan was neither as significant nor as stable in the long run as it has been in Germany. One of the explanations, we propose, is that the shift in competition regime in German product markets was stabilized and reinforced through time by the development and emergence of another ‘layer’, as it were, of antitrust, at the transnational or European level. Such reinforcing pressure was entirely absent on the other hand in the Japanese story.

The clear break in the dominant governance mode of product markets in postwar Germany, away from cartelization towards competition, though did not preclude continuities. Business leaders and politicians that increasingly condemned (at least officially) cartelization where often to be found among those actively working towards a further growth of German combines and the re-restablishment of a German company network of interlinking directorships between industrial firms, and industrial firms and banks (Beyer 1998; Streeck and Höpner 2003; Windolf and Beyer 1995). These forms, however, should not be regarded as simple substitute for the industrial cartels of the inter-war period (Shonfield 1977 [1965]). The combination of a clear break with the cartel tradition and the continuation and reinvention of other forms of economic coordination became highly structuring of what was identified in the 1970s as a specific German model of "flexible quality production" (Streeck 1989).

Reinforcing the old path: the postwar competition regime in the banking sector

At the end of World War II, the American military government favoured a similar far-reaching change of the competition regime in the banking sector. When Joseph Dodge, an American banker, was put in charge of financial and banking policy within the American military government (OMGUS) in September 1945, he announced that the German banking sector should become decentralised and decartelised in a way that "the German financial hierarchy will never play any part in disturbing the peace of the World" (cited in Horstmann 1991: 64). A novel banking structure and competition regime should be established that was, here again, to be modelled upon the American experience (Horstmann 1991).

The Dodge plan did not have the expected impact, nor were its consequences long lasting, because, first of all, it was met with considerable opposition in the Allied Control Council. In particular the British and Soviet military governments had conflicting aims and strategies regarding the future development of the German banking sector. In October 1946, the Allied Control Council acknowledged that no agreement could be reached and left military governors to proceed as they wished in their respective zones of occupation. However, as future developments would show, reforms of the banking system in each occupied sectors could not be conducted in isolation from each other.

Another important reason for the failure of the Dodge plan was the inability of the American military government to mobilize local support. With few exceptions, reactions among members of the Länder governments were negative. Even politicians who otherwise endorsed new competition legislation with a strong ban on cartels, like Ludwig Erhard, claimed that the German unified and universal banking system corresponded to the structure of the overall economy and therefore could not be dissolved into parts without endangering the stability and liquidity of the economy as a whole. Representatives of private banks who immediately after the war had started to lobby German politicians with the view of preventing major changes in the banking system objected to any cooperation with American authorities.

In reaction, OMGUS imposed an order launching decentralization and prohibiting any informal contact between banks in different Länder. The Western Allied governments started to talk about having a bi- or trizonal central bank. By 1948, thus, it seemed as if key features of the Dodge plan were becoming reality in the three Western zones. Under the surface of apparent formal changes, however, the old German banking elites were re-asserting their leadership. One of the former board members of the Deutsche Bank, Hermann J. Abs, had been in close contact with the British military government since 1946 and became a key figure in the mobilization of private banks against a decentralization of the German banking sector. Private bank representatives launched a massive media campaign and played strategically with the disagreement between the Allied military governments.

The case of the banking sector in Germany is thus a counterfactual illustration of the pincer argument developed above. The absence of local relays and champions meant that in this case the pincer had only one arm. The case of the banking sector, however, points also to structural limitations as creating significant constraints for actors with the desire to mobilize in the direction of the envisioned project. The underdevelopment of stock markets in Germany meant that both American occupation authorities as well as the very few domestic proponents of a decentralisation of the banking sector had difficulties in pointing to a viable alternative to universal banks – particularly in a situation in which financing was urgently needed for the economic reconstruction and financial markets were still predominantly national. Such structural limitations gave on the other hand the old banking elites significant leverage and the capacity to mobilize in their own interest.

Time was playing into the hands of the German opposition since American influence dwindled with German sovereignty. Not surprisingly then, a law passed shortly after the foundation of the German Federal Republic foresaw that private banks could recombine along the lines of the former banking groups. When compared to the original American plans for a reorganization of the German banking sector, the outcomes of the actual reform process appeared quite limited at the end of the 1950s. Instead, one finds significant evidence of continuity with respect to the structure and functioning of the German banking system across and beyond the Nazi period and World War II.

During the following discussion on a Law against Restraints on Competition, actors from the banking sector proved similarly successful in preventing any kind of deeper change. Since the financial crisis of the 1930s, the German banking sector had been governed by cartel agreements that involved recommendations on interest rates. Soon after World War II, banks and banking associations pleaded for a continuation of these sector-specific restrictions on competition. Their main argument was that free competition in the banking sector would quickly undermine the stability and security of the overall financial system. The authorities in charge of bank supervision in the different Länder generally accepted this argument and declared cartel agreements in that sector valid in principle (Hausleutner 1970: 47-48, 86-7).

The planned Law against Restraints on Competition loomed as a serious challenge to the existing coordination of interest rates and more generally to restrictions on competition within the German banking sector. With the support of financial supervisory authorities, and of several Länder governments, private banks and bank associations lobbied to have the financial sector exempted from the law (Hüttenberger 1976; Robert 1976; Schmidt 1995)[1]. As a consequence, banks and banking associations could officially continue their practice of negotiated and coordinated interest rates until the Federal government declared this policy as invalid in 1967. Even after that, several banking associations went on proposing and registering recommendations on credit interest rates with the Federal Cartel Office (Hausleutner 1970: 111-2). In the absence of any significant domestic opposition, the tradition of interest cartels was re-established as an exemption to the overall changing competition regime and in parallel to the establishment of a more sweeping anti-trust regime at the European level (formally including the financial sector).

It took more than 30 years until the exemption of the financial sector from from the Law against Restraints on Competition came under pressure to be removed. Three developments

[1] A special law concerned with the regulation of the banking sector (*Kreditwesengesetz (KWG)*), was enacted in July 1961. It indicated the conditions under which banks would be allowed to operate but did not touch upon questions of competition in this sector (Hausleutner 1970 : 137ff).

preceded and prepared the 1990 reform of §102 GWB. From the mid-1970s, the Federal Cartel Office (FCO) had systematically gone after collusive behaviour. Increasingly, it was taking a much more critical position on the issue of interest rates recommendations in the banking sector (Schmidt 1995: 77). Then, during the 1980s, the FCO received support from the EC's Directorate General IV, which launched an increasing number of investigations into cases of anti-competitive behaviour in the European financial sector. The European Court of Justice also helped by confirming that the European competition law was applicable without sectoral exemption in all those cases. The European layer of competition law began to penetrate more and more national administrative and legal decision-making and finally constrained the relevant German actors to adapt national legislation to European standards (Schmidt 1995: 26, Quack and Djelic 2005). This coincided with a reorientation of large private banks in Germany from national to international (often European) markets and from universal to investment banking (Morgan and Quack 1999; Vitols 2001). Liberalisation of financial markets as well as increasing international competition between banks undermined the collective capabilities of large private banks with respect to sectoral self-organisation and market coordination (Höpner und Krempel 2003; Lütz 2002; Deeg 2005; Lane 2005).

Learning from the comparison

The two stories and their comparison reveal similarities as well as differences. In both cases – product markets and the banking sector – the initial impulse was exogenous. The initiative for change came from the American military government and coincided with a situation of national crisis and self-questioning. In both cases also, this initial impulse was an attempt at pressing for increasing competition where cooperation had been the structuring principle. In the two stories told above, at the same time, it appears difficult to identify a moment or an event that could represent the type of critical juncture so important in path dependency arguments. Struggles and confrontations evolved over a period of nearly ten years in the first case, much more even in the second, and what appeared at one point in time as being a step in the direction of change could lead only a short time afterwards to severe backlash—and vice versa.

In spite of a number of initial similarities, however, outcomes in the longer run emerge as quite distinct. In the case of product markets, the crooked path ultimately led to a significant transformation of formal institutions, that itself triggered and was reinforced by progressive reorientation of economic actors away from cartelization and towards oligopolistic specialization. In the banking sector, on the other hand, quite drastic formal changes, originally introduced by the Allied occupation government, did not prove stable and were progressively displaced and abandoned. The strength and coherence of German opposition combined with an evolving geopolitical context and a highly constrained and constraining local financial system to deflect and tame changes. Core actors of the German banking sector managed to defend and maintain cartelization in the financial sector well after the 1958 law prohibited cartelization in most industries and product markets. Whereas in the case of product markets, appeals to the European competition authorities were used at a rather early stage by ordoliberal groups in order to stabilize and reinforce the impact of the Law against Restraints on Competition, European competition regulation remained "sleeping" in the financial sector for a rather long period, before it became activated again by interested actors during the 1990s.

PATH GENERATION IN THE TRANSNATIONAL VOID – SETTING INTERNATIONAL STANDARDS

The second pair of case studies investigates the generation of new institutional paths in the transnational sphere and their possible refraction upon national institutional trajectories. International standard setting organizations and networks (Ahrne and Brunsson, forthcoming; Brunsson et al. 2000; Tamm Hallström 2004) are important actors in the generation of transnational institutional paths. They contribute actively to the creation of rules in what used to be on the whole an institutional void. In the following, we consider two international standard setting organizations or networks – the IASC (International Accounting Standards Committee) and the ICN (International Competition Network). We look at the role of those two bodies in generating a new path in transnational rule-setting and ask about the impact at the national level. In both cases, a wide range of private and public actors with shifting participation over time was involved in rule setting. Thus, both represent instances of "distributed" institutional "entrepreneurship" (Garud and Karnøe 2002). Another distinguishing feature of the following as compared to the previous cases is that path generation proceeded largely in the absence of legislative coercion. On both dimensions, the IASC and the ICN display characteristics that are typical for rule setting at the transnational level (e.g. Djelic and Sahlin-Andersson forthcoming).

The IASC – International Accounting Standards and Path Generation[2]

From the emergence of the nation state well into the second half of the 20th century accounting rules have been drafted, implemented and enforced within national jurisdictions. The last decades, however, have seen a proliferation of activities and initiatives to make accounting standards comparable and compatible across national borders. The internationalization of business, the rise of multinational companies and the growth of international capital markets have induced various international organizations in the post war period, and particularly since the 1970s, to work towards a cross-border harmonization of accounting rules (for a detailed account see Botzem and Quack, forthcoming).

Attempts at international rule setting in accounting have to overcome deeply entrenched national differences in understandings and ethical norms of the private and public actors involved. One cleavage runs between the dominant orientation of accounting rules in Anglo-Saxon countries towards the interest of investors as compared to the continental European (and Japanese) primary concern with creditors' interests. A second difference exists between common and Roman law countries with regard to the way in which accounting rules were defined and meant to be changed, i.e. through case or statutory law. The relation of accounting rules to taxation marks a third distinction between countries such as Germany, where annual accounting reports were the base for determining company taxation and countries, like the US, where financial and tax accounting are independent of each other.

In the following we will concentrate on the development of International Accounting Standards (IAS) by the International Accounting Standards Committee (IASC) and its successor, the International Accounting Standards Board (IASB). However, it is important to note that the European Community had already in the mid 1960s launched an initiative to harmonize national systems of regulation with the aim to improve the comparability of companies' financial statements within the Common Market. An expert group was established with the task to prepare a European accounting directive. The resulting draft was met with opposition by the governments of the member states that were not willing to give up their sovereignty on tax related issues.

[2] The following section builds on joined work with Sebastian Botzem (Botzem and Quack, forthcoming) and Sebastian Botzem's ongoing PhD research on the subject of path generation through international accounting standard setting (Botzem 2005).

Partly in reaction to the continental European touch of the European Community harmonization project, British professional accounting associations took in 1973 the initiative to set up the International Accounting Standards Committee (IASC). The founding members of the IASC included representatives of national professional accounting bodies from Australia, Canada, France, West Germany, Great Britain, Japan, Mexico, the Netherlands and the United States of America. The primary purpose of the IASC was to develop basic standards that would improve the quality and comparability of financial accounts and could be rapidly accepted and implemented worldwide (Samuels and Piper 1985: 70).

The early years of the IASC were characterized by the elaboration and gradual institutionalization of a procedural framework that would allow different national and sectoral accounting norms and philosophies to be articulated and the opinions and experiences of potential rule recipients to be heard. This procedural framework was largely inspired by the "due process" of the American standard setter, the Financial Accounting Standards Board (FASB) that had been established in 1973 in order to deal with a wide range of different constituencies. After having identified salient accounting issues, the IASC would set up technical committees to work out a discussion memorandum to be approved by the IASC Board. The memorandum would be published inviting the public to comment on the draft within a fixed time period. Subsequently, the IASC Board would develop an exposure draft and make it available to the public for further comments. Finally, the IASC Board would vote whether the exposure draft should be adopted or withdrawn to develop a new draft (Ballwieser 1998; Vorwold 2000).

In the early years, the activities of the IASC evolved in a rather informal manner towards this more formalized framework. The bulk of discussions took place among experts that had been delegated by international accounting firms or professional associations to the IASC's technical committees (Tamm Hallström 2004). The IASC gave them the opportunity to exchange information, to gain a better understanding of practices in other countries, or to learn about accounting standards as such (i.e. for representatives of developing countries that had no accounting rules in place). In this way, the IASC gave birth to a small community of international accounting experts that acted as bridging posts between different national accounting systems. The International Accounting Standards (IAS) published during the first 15 years of IASC existence have been characterized by Thorell and Whittington (1994: 224) as "consensus standards" because they consisted essentially of a collection of accepted practices in various countries. The options included in some IAS where of such range that they could be used to report under such different financial reporting systems as the US-American Generally Accepted Accounting Principles (US-GAAP) on the one hand and the German commercial law code (HGB) on the other (Daley and Mueller 1982: 45). While the IASC had established itself as international arena for accounting standard setting and fostered the development of an international expert community its standards still lacked coherence, legitimacy and recognition in the early 1980s.

From the mid-1980s onwards IAS standards became more focused and oriented towards the Anglo-American accounting tradition. This change was partly engineered by the IASC itself; partly it reflected transformations in the economic and political context. In order to gain support and legitimacy for its standards, the IASC Board followed an explicit policy of offering membership status to other organizations as a means of co-optation. Constitutional amendments in 1977 and 1982 led to abandon the bias in favour of the nine founding members. A complete overhaul of the organizational set-up in 2001 further increased the influence of preparers and users of company accounts as compared to the accounting professions. A successive expansion of membership in the Consultative Group and the introduction of an observatory status in the IASC Board intensified liasions with governmental and public actors. The overall result of these measures was to shift power and influence away from the representatives of the various national professional associations towards preparers (large accounting firms in general anglo-saxon) and users of financial reports.

At the same time, the internationalization of capital markets, and particularly the increasing centrality of US stock exchanges for global capital flows, gave American accounting rules (US GAAP) a global reach and the American standard setter FASB and the SEC more leverage in international standard setting (Haller 2002). Both agencies viewed US GAAP as superior to IAS in terms of coherence and transparency, and they were not ready to list foreign companies at US stock exchanges unless these fulfilled the reporting requirements as defined in US GAAP – an approach subsequently adopted by the International Organization of Securities Commissions (IOSCO).

In the second half of the 1980s, IASC and IOSCO entered into discussions that led to the joint Comparability and Improvements Project in 1987 and the affiliation of IOSCO to the

Consultative Group of the IASC. The objective of the project was to reduce or eliminate alternatives within standards and to make standards more detailed and prescriptive. The IASC moved into a new stage of its work, described by Thorell and Whittington (1994: 225) as the “normative period”. Professional representatives of continental European and other countries diverging from the Anglo-Saxon model came increasingly under pressure to give up their accounting principles in order to raise the acceptance of IAS among financial market actors (Nobes and Parker 1985; Kleekämper 1995). After a second round of revisions, bringing IAS standards even more in line with Anglo-Saxon practices, IOSCO recommended in 2000 to its members that they allow multinational issuers to use IAS in cross-border offerings and listings.

At the beginning of the new millennium, a clear pattern had emerged in international accounting standard setting. While the boundaries, logics and participants of the regulatory field had shifted from a professional to a financial market logic, the variety of accepted rules within IAS has been narrowed down to predominantly Anglo-Saxon principles of investor oriented transparency and accountability. The future directions of international standard setting in accounting, however, remain contested. While US regulators continue to insist on financial reporting according to US-GAAP or a reconciliation of other reporting standards into US-GAAP as a precondition for companies to be listed on US stock exchanges, decision-making on IAS does not always follow the logic of an Anglo-Saxon dominance. For example, the German proposal for sharebased payment (IFRS 2) succeded over more far-reaching Anglo-American suggestions. We are thus dealing with a path in the making rather than a stable, self-reproducing path.

As a consequence of the changing logic in IAS standards, conflicts with national accounting rules became more acute. How did the clearing of a path in international accounting standard setting affect national developments in this regulatory field? As outlined above, the IASC and its successor do not have any formal authority to impose their standards on national actors. Nevertheless, the IASB and its IAS standards have been decisive for changes in continental European accounting systems. In 1998, for example, the German Commercial Code was amended in order to allow groups of companies on an optional basis to compile their financial reports according to IAS (or US-GAAP) instead of German accounting standards. As part of this legal reform, elements of IAS such as segmentary reporting and capital flow analysis were integrated into German law. Furthermore, accounting rules are no longer set by legislation but by a German Accounting Standards Committee that is structured similarly to the IASC (Botzem 2005). While similar adaptations can be observed in countries that tended to favour prudency principles (such as France and Japan), the case of the US indicates how geopolitical and economic power can immunize national accounting systems against influences from newly emerging international paths – even in times when national rules come under criticism because of public scandals such as the Enron case.

The development of IAS has also effected developments in the European Union. In 1995, the EU abandoned its own accounting standard setting initiative and subsequentially participated in the development of IAS (Commission of the European Communities 1995). Since January 2005, IAS/IFRS is mandatory for the accounts of publicly traded companies in the EU thus ruling out US-GAAP as an accepted alternative (Regulation (EC) No 1606/2002). According to this regulation, national governments may even extend the area of application of IAS/IFRS to other types of companies if they wish so.

The ICN - A Transnational Forum for the Spread of Competition

In 1945, antitrust was essentially an American legal tradition with no impact beyond the national borders of the United States. American antitrust reflected the double belief that competition should be the highest organizing principle and that the economy functions best when competitors have limits for permitted activities. Outside the United States, competition tended on the whole to be feared rather than fostered for its potentially disruptive and chaotic consequences. Sixty years later, a major reversal of trend has taken place. Competition has become the name of the game, both in national and international economic spaces. About one hundred countries have today a competition policy and competition institutions that seem quite compatible, at first sight, with the American antitrust tradition. The last few years have also seen multiple attempts at fostering antitrust principles and institutions within the transnational space as well as initiatives to spread a "culture" of antitrust.

In the story recounted here, path generation at the transnational level was preceded by a long preparatory period when antitrust principles diffused progressively to a number of jurisdictions. There were several stages to that process of diffusion. An early movement was the direct transfer of an American model to a few other countries – in particular to Germany and the budding European community. As this was recounted above, this movement started in the late 1940s and was progressive, step-by-step, cumulative and contested. Another stage was the grafting of antitrust principles in the genetic code, as it were, of key international organizations such as the GATT. The prohibition of cartels and agreements was put forth in Chapter V of the Havana Charter – the foundation document of the GATT and thus of the World Trade Organization (Zeiler 1999).

A third stage came in the 1980s. Three developments then gave a new impetus, and quite a significant one at that, to the spread of antitrust across borders. First, in chronological order, came the revival of the European construction effort. The European Single Act was signed in 1986 and paved the way to the negotiations that led to the 1992 Maastricht Treaty. This process clearly boosted activity around antitrust at the community level. One of the more direct and significant consequences was the enactment of a European Merger Regulation in 1989 giving the European Commission "the exclusive power to investigate mergers with a community dimension". Then, in turn, such activity and activism at the European level trickled down at the level of member states. Both old and recent member states developed and/or modernised their antitrust acts and structures in the late 1980s and early 1990s to fit the European Union's antitrust apparatus. A second important development was the fall of the Berlin Wall and the "extension of the West" as direct consequence. With respect to antitrust, this triggered a wave of international missionary activity unprecedented since the early 1950s and on a scale and scope much greater than had been the case then. Both American and European antitrust authorities were actively involved in the process of trying to "export the rules of competition regulation" to Eastern and Central Europe but soon also to many other areas in the world (Rouam et al. 1994; Pittman 1998; Murris 2002 ; Djelic and Kleiner forthcoming). A third development, finally, that needs to be mentioned is the episode of economic internationalization – or globalization – that gained momentum during the 1990s. Globalization and the multiplication of jurisdictions with competition law systems have undeniably created new constraints and challenges. The problem of overlapping jurisdictions and the associated risks of inconsistent and/or conflicting regulation and decisions have become particularly salient (Monti 2002; Jalabert-Doury 2003). A new challenge for the antitrust world has therefore emerged – to create the conditions for a better co-ordination of existing regimes and jurisdictions.

This has been the objective of the latest phase. Since the 1990s, the project is towards a transnationalization of competition regulation, of standards and practices. A first strategy initially was to develop bilateral agreements as a forum to ensure reciprocal understanding.

Undeniably, bilateral agreements have had positive results (Melamed 2000). This is particularly true of the EU/US connection (Schaub 2000). However, bilateral agreements have also shown their inherent limitations. It became clear in some cases that different legal systems, different procedures, different analyses of the same facts, and possibly different political perspectives could lead to different appraisals of the same operation by two authorities, in spite of the existence of mechanisms for bilateral cooperation (Djelic and Kleiner forthcoming). In parallel, multilateral initiatives progressively imposed themselves. Those initiatives followed different routes that revealed conflicting perspectives and divergent opinions as to the purpose and desired scope of multilateral agreements.

In the 1980s, the OECD was promoting international discussion of competition policy matters within its longstanding work group, the Competition Law and Policy Committee (CLP) as well as within a working group that brought together members of the CLP and of the OECD Trade Committee. The CLP has worked particularly well as a forum for promoting soft convergence of competition policies among its members and for providing technical assistance to certain OECD observers and non-members. It has not, however, achieved much success in rulemaking or dispute settlement and convergence was more in terms of understandings and principles than in terms of rules, processes and practices. Efforts were also undertaken in the framework of the WTO. In 1994, EU Commissioner Van Miert convened a group of “wise men” to think of the stakes and challenges for competition policy. Published in 1995, the Van Miert report called for the elaboration of a “plurilateral framework for competition ensuring the respect of certain basic competition principles” (Commission Européenne 1995). And in 1996, a Competition Working Group was created in the World Trade Organization (WTO) under the strong impulse of Karel Van Miert. At the beginning, this group had a limited mandate but the EU was hoping to push it towards the negotiation of international rules while the US and a number of other countries were much more reticent (Van Miert 1997). A few years later, the EU was again taking the lead, suggesting that competition should be tackled in the new round of negotiations. In April 1999, the former EU Competition Commissioner, Sir Leon Brittan, was proposing that “in negotiating a WTO agreement, we should aim for gradual convergence of approaches to anti-competitive practices that have a significant impact on international trade”. Reactions to the EU position have been far from enthusiastic. Developing countries seemed overall fairly sceptical of the economic interest for them of adopting a multilateral framework. The US also insisted that any agreement should be based on a voluntary basis and that it would be difficult to frame competition in a way similar to trade (WTO 2000; Pons 2002).

In parallel to these developments driven by the EU, the US was launching in 1997 its own initiative: the International Competition Policy Advisory Committee (Advisory Committee or ICPAC). Over the course of two years, the Advisory Committee held extensive public hearings in Washington with the participation of scholars, business executives, economists, lawyers and competition officials from around the world. In the end, ICPAC recommended against the development at that time of binding competition rules subject to dispute settlement procedures within the WTO. Instead, it made a number of propositions based on non-binding agreements (ICPAC 2000). The idea was that binding agreements – as the EU was pushing for within the WTO – were not the only way to develop cooperation in the field of competition policy or to facilitate further convergence and harmonization. The Advisory Committee argued that countries might be prepared to cooperate in meaningful ways but may not be ready to be legally bound under international law. The ICPAC report therefore proposed a Global Competition Initiative to foster dialogue amongst antitrust officials but also between officials and broader communities with a view to bringing about common understandings and a common culture, greater convergence of laws and analyses.

The ICN was born two years later as a direct heir to the ICPAC report (Djelic and Kleiner forthcoming). The ICN is a “project-oriented, consensus-based, informal network of antitrust agencies from developed and developing countries that will address antitrust enforcement and policy issues of common interest and formulate proposals for procedural and substantive convergence through a results-oriented agenda and structure” (ICN website). Membership is voluntary and open to any national or multinational competition authority entrusted with the enforcement of antitrust laws. Not only is the ICN a virtual network. It is also an open one. This concretely means that while only antitrust agencies can be members, there is an attempt at stimulating interaction with a wider community. The targets are “non-governmental advisers”, that is members of international organizations, representatives from consumer and industry associations, associations and practitioners of antitrust law or economics, as well as members of the academic community. The founding fathers often assert their willingness to stimulate the emergence of what they call a “community of interest”. Annual conferences provide the opportunity for a physical rallying point where this “community” comes together. The ICN has a double objective. First, it proposes to enhance collaboration between antitrust authorities so as to stimulate the development and spread, the implementation and the monitoring of “seamless” practices and standards with respect to competition regulation, and this within, across and beyond national boundaries. The second objective is a more cultural one and it is to foster and encourage, within and beyond the antitrust community, a belief and trust in the superiority of markets and competition.

Learning from the Comparison

Both cases of path generation “in the transnational void” clearly show the importance of time, preparatory steps and multiple junctures – many of which were purely accidental and haphazard, “out of path” as it were. What is striking also, in both stories, is the multiplicity of parallel paths that sometimes collide and conflict and at other moments reinforce and strengthen each other. There were several possible routes towards transnational institution building and those routes were constructed and furthered in parallel for rather long periods of time. Interestingly, while one route ultimately seems to become dominant, the others remain open and active and nothing can prevent us to think that they could take over at a later stage.

From this comparison, we also learn about the complex nestedness of transnational and national institutional trajectories. Transnational rule-making is strongly influenced in our two stories by certain national institutional sets. In particular, the role of an American “model” is undeniable in both cases. At the same time, transnational rule-making is in turn shaking and shaping national institutional trajectories – an interesting empirical question being the degree to which this is including or not the United States.

Put together, those two cases seem to show as well that transnational institutional routes or paths are to a large extent of a cognitive and normative kind. Institutionalization and its reinforcing mechanisms in the transnational arena tend to reveal a logic of appropriateness. Socialization and the quest for legitimacy emerge as key mechanisms for institutional stabilization and reproduction in this context. Transnational rule-setting was to have an impact not through hierarchical enforcement but through mutual influence, imitation and learning, in particular between and across national and international standard setting arenas. Both stories thus point to the co-evolutionary nature of path generation at the national and transnational level, suggesting the need for closer analysis in future research of the reinforcing and de-stabilizing effects across levels.

CONCLUDING REMARKS

The four case studies we have described and contrasted in this paper give a sense of how processes of institutional change can be complex, dense and somewhat messy in real life. A comparison of evolutions across those four cases provides us with an illustration of the conditions and limits for institutional change. We now pull together the main hypothesis generated from the empirical material provided in this chapter.

First, the case studies presented above show that institutional change is a process, and potentially a long drawn and slow one at that. Path generation needs time. The narrative on the progressive transformation of the German competition regime, the account of the development of International Accounting Standards, and the story of emergence of an international competition regime all point to a succession of critical junctures and moments. We do not document a pattern of punctuated equilibrium – a single radical and abrupt jump from one stage to another. Instead, the cases tell of multidirectional struggles, of an aggregation of decision points and of multiple critical junctures, charting *a posteriori* a series of crooked path. These crooked paths are made up of a succession of small, sometimes apparently inconsequential steps, each of those steps having partly unintended consequences and stimulating unexpected reactions and developments. Such crooked paths could never have been precisely charted at the beginning of the process; they could only be identified and ascertained *post hoc*.

Second, a configuration where perceived internal crisis, disruptions or dysfunctions combine with external pressure is conducive to the emergence of this type of institutional change and path generation. In particular, institutional systems or subsystems will be more likely to change when pressures and solutions external to the system are being hooked up to local actors and their traditions. We thus argue that the likelihood of path generation (i.e. the creation of a new path, or a significant deviation from an existing path) increases when institutional systems or subsystems are being attacked, through a pincers movement, both from inside and outside, and foreign as well as domestic actors are able to mobilize various resources in favour of a common or at least compatible project (for more examples of that see Djelic 1998, Djelic and Quack 2003).

Third, all four case studies show the importance of nested effects between institutional movements at the national level and institutional dynamics at the international level. From the cases, three mechanisms emerge that link path generation at the national and international level to each other through either reinforcing or destabilizing effects – epistemic communities, procedural matching and the blurring of the distinction between rule setters and rule followers. We conclude with some propositions on the workings of those mechanisms.

Increasing interaction and cultural homogenization of professional communities across borders will be helpful in sustaining a gradually emerging international path of rule setting. Acting as transmitters and mediators, epistemic communities will also facilitate the direct and indirect impact on national institutional sets and systems. In the absence of such a community, conflicts on specific issues are more likely to bring the overall rule setting initiative to a standstill. Diffusion and mediation will also be much more difficult, which could result in significant decoupling between international rule setting and national rule development. This would turn international rules into a mere façade without real impact.

The stabilization of international rule setting will only be possible if a majority of concerned actors agree on common procedures of rule setting, including procedures for the articulation of minority or deviant opinions and conflict resolution. In the absence of such procedures, contested rules will not be able to gain the legitimacy necessary to their functioning vis-à-vis groups with differing interests and goals. Furthermore, the degree to which procedures established at the international level will be matched by similar procedures at the national level, increases the likelihood for new international paths to impact on existing national paths of rule making and vice versa.

The likelihood for a new path in international rule setting to stabilize and to impact on national rule making increases as the boundaries become more porous between private groups involved in rule setting at the international level and public regulatory actors at the national level. This will often be coupled with the fact that the distinction between rule makers and rule followers progressively dissolves and disappears. Rule setting becomes in this sense a reflexive learning process, and the character of this learning process itself provides legitimacy to the resulting rules in the eyes of the participants.

The results thus suggest that the concept of path generation allows for a better specification of the conditions for change in existing paths and for the emergence of new paths in the case of open systems than the concept of path dependency as used in the three versions identified above. The creation of a new path or the redirection of an existing path do not come out of single critical junctures but rather emerge and are being constructed through a historical sequence of multiple junctures that cannot be fully anticipated. Such crooked paths show the interplay between pressures for continuity and stimuli for change – reinforcing mechanisms being challenged by external and internal triggers for change, a constellation which is likely to become more common in a world characterised by increasing cross-border and transnational interdependencies.

References

Amable, B. (2003). *The Diversity of Modern Capitalism*. Oxford: Oxford University Press.

Aoki, M. (2001). *Toward a Comparative Institutional Analysis*. Cambridge, MA: MIT Press.

Arthur, W. B. (1989). 'Competing Technologies, Increasing Returns and Lock-in by Historical Events'. *Economic Journal*, 99: 116-31.

Berghahn, V. (1985). *Unternehmer und Politik in der Bundesrepublik*. Neue Historische Bibliothek. Frankfurt: Edition Suhrkamp.

Berghahn, V. (1986). *The Americanization of West German Industry*. Cambridge: Cambridge University Press.

Beyer, J. (1998). *Managerherrschaft in Deutschland? „Corporate Governance" unter Verflechtungsbedingungen*. Opladen/Wiesbaden: Westdeutscher Verlag.

Beyer, J. (2005). 'Pfadabhängigkeit ist nicht gleich Pfadabhängigkeit! Wider den impliziten Konservatismus eines gängigen Konzepts'. *Zeitschrift für Soziologie*, 34(1): 5-21.

Braunthal, G. (1965). *The Federation of German Industry in Politics*. Ithaca: Cornell University Press.

Boudon, R. (1979). *Widersprüche sozialen Handelns*. Darmstadt: Neuwied.

Botzem, S. and S. Quack (forthcoming). 'Contested Rules and Shifting Boundaries: International Standard Setting in Accounting', in Djelic, M.-L. and K. Sahlin-Andersson (eds.), *Transnational Governance: Institutional Dynamics of Regulation*. Cambridge: Cambridge University Press.

Bundesanzeiger (1950). 'Vorläufiger Bericht der deutschen Kommission zum Studium von Kartell- und Monopolfragen in den Vereinigten Staaten'. *Beilage zum Bundesanzeiger* Nr. 250 vom 29. Dezember 1950.

Clemens, E. and J. Cook (1999). Politics and Institutionalism: Explaining Durability and Change. *Annual Review of Sociology*, 25: 244-66.

Crouch, C. and H. Farrell (2002). 'Breaking the Path of Institutional Development? Alternatives to the New Determinism'. *Discussion Paper 02/5*. Köln: Max-Planck-Institut für Gesellschaftsforschung (MPIfG).

Damm, W. (1958). 'National and International Factors Influencing Cartel Legislation in Germany'. *PhD dissertation*. Chicago: University of Chicago.

David, P. A. (1985). 'Clio and the Economics of QWERTY'. *American Economic Review*, 75: 332-337.

Deeg, R. (2001). 'Institutional Change and the Uses and Limits of Path Dependency: The Case of German Finance'. *Discussion Paper 01/6*. Köln: Max-Planck-Institut für Gesellschaftsforschung (MPIfG).

Deeg, R. (2005). 'Change from Within: German and Italian Finance in the 1990s', in Thelen, K. and W. Streeck (eds.), *Beyond Continuity. Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press, 169-202.

Djelic, M. L. (1998). *Exporting the American Model*. Oxford: Oxford University Press.

Djelic, M. L. (2002). 'Does Europe mean Americanization? The case of competition'. *Competition and Change*, 6(3): 223-50.

Djelic, M. L. and K. Sahlin-Andersson (eds.) (forthcoming). *Transnational Governance: Institutional Dynamics of Regulation*. Cambridge: Cambridge University Press.

Djelic, M. L. and R. Durand (2004). 'Strong in the morning, dead in the evening: toward a theory of firm selection for strategic management'. Working paper available upon request.

Djelic, M. L. and S. Quack (2003). *Globalization and Institutions: Redefining the Rules of the Economic Game*. Cheltenham: Edward Elgar.

Djelic, M.-L. and S. Quack (2005). ‘Rethinking Path Dependency: The Crooked Path of Institutional Change in Post-War Germany‘, in Morgan, G., R. Whitley and E. Moen (eds.), *Changing Capitalism? Internationalization, Institutional Change, and Systems of Economic Organization*. Oxford: Oxford University Press, 137-166.
Djelic, M.L. and T. Kleiner (forthcoming). ‘The International Competition Network: Moving towards Transnational Governance’, in Djelic, M.L. and K. Sahlin-Andersson (eds), *Transnational Governance: Institutional Dynamics of Regulation*, Cambridge University Press.
Dobbin, F. and T. J. Dowd (2000). ‘The market that antitrust built: public policy, private coercion and railroad acquisitions. 1825-1922’. *American Sociological Review*, 65(5): 631-57.
Ebbinghaus, Bernhard (2005). ‘Can Path Dependence Explain Institutional Change? Two Approaches Applied to Welfare State Reform’. *Discussion Paper 05/2*. Köln: Max-Planck-Institut für Gesellschaftsforschung (MPIfG).
Edwards, J. and S. Ogilvie (1996). ‘Universal Banks and German Industrialization’. *Economic History Review*, 49: 1-29.
Erhard, L. (1958). *Prosperity through Competition*. New York: Frederick Praeger.
Erhard, L. (1963). *The Economics of Success*. Princeton: Van Nostrand.
Foucault, M. (1994). *The Order of Things*. New York: Random House.
Garud, R. and P. Karnøe (eds.) (2001). *Path Dependence and Creation*. Mahwah/London: Lawrence Erlbaum Associates.
Garud, R. and P. Karnøe (2003). ‘Bricolage versus breakthrough: distributed and embedded agency in technology entrepreneurship’. *Research Policy*, 32: 277-300.
Haley, J. O. (2001). *Antitrust in Germany and Japan: the first fifty years: 1947-1998*. Seattle: University of Washington Press.
Hall, P. and D. Soskice (2001). *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.
Hausleutner, J. P. (1970). *Die Kartellrechtliche Bereichsausnahme für das Kreditgewerbe und die Fachaufsicht nach dem Kreditwesengesetz.* Köln.
Hilferding, R. (1923). *Das Finanzkapital*. Vienna: Verlag der Wiener Volksbuchhandlung.
Herrigel, G. (1996). *Industrial Constructions. The Sources of German Industrial Power*. Cambridge: Cambridge University Press.
Holtfrerich, C. L. (1995). ‘Die Deutsche Bank vom Zweiten Weltkrieg über die Besatzungsherrschaft zur Rekonstruktion. 1945-1957‘, in L. Gall, G. Feldman, H. James, C. L. Holtfrerich and H. E. Büschgen, *Die Deutsche Bank 1870-1995*. München: Verlag C. H. Beck, 409-578.
Höpner, M. and L. Krempel (2003). ‘The Politics of the German Company Network’. *Working Paper 03/9*. Köln: Max-Planck-Institut für Gesellschaftsforschung (MPIfG).
Horstmann, T. (1991). *Die Alliierten und die deutschen Großbanken. Bankenpolitik nach dem Zweiten Weltkrieg in Westdeutschland*. Bonn: Bouvier Verlag.
Hüttenberger, P. (1976). ‘Wirtschaftsordnung und Interessenpolitik in der Kartellgesetzgebung der Bundesrepublik. 1949-1957’. *Vierteljahreshefte für Zeitgeschichte*, 24(3): 287-307.
ICPAC 2000. *ICPAC Final Report*. www.usdoj.gov/atr/icpac/finalreport.htm
Jalabert-Doury, N. 2003. ‘The International Competition Network, Convergence in Merger Control?’ *International Business Law Journal* 6: 697-710Kipping, M. and O. Bjarnar (1998). *The Americanisation of European Business: The Marshall Plan and the Transfer of US Management Models*. London: Routledge.
Kocka, J. and H. Siegrist (1979). ‘Die hundert größten deutschen Industrieunternehmen im späten 19. und frühen 20. Jahrhundert. Expansion, Diversifikation und Integration im

internationalen Vergleich‘, in N. Horn and J. Kocka (eds.), *Recht und Entwicklung der Großunternehmen im 19. und frühen 20. Jahrhundert*: *Wirtschafts-, sozial- und rechtshistorische Untersuchungen zur Industrialisierung in Deutschland, Frankreich, England und den USA*. Göttingen: Vandenhoeck & Ruprecht, 55-122.

Lehmbruch, G. (2002). ‘Der unitarische Bundesstaat in Deutschland: Pfadabhängigkeit und Wandel‘.*Discussion Paper 02/2*. Köln: Max-Planck-Institut für Gesellschaftsforschung (MPIfG).

Lehnich, O. (1958). *Gesetz gegen Wettbewerbsbeschränkungen (Kartellgesetz).* Köln/Berlin: Carl Heymanns.

Liefmann, R. (1938). *Cartels, Concerns and Trusts*. New York: Dutton.

Lütz, S.(2002). ‘Der Staat und die Globalisierung von Finanzmärkten: Regulative Politik in Deutschland, Großbritannien und den USA‘. Zugl.: Hagen, FernUniv.Habil.-Schr. 2001. Schriften des Max-Planck-Instituts für Gesellschaftsforschung. Bd. 43. Frankfurt: Campus.

March, J. G. and J. P. Olsen (1998). ‘The Institutional Dynamics of International Political Orders’. *International Organization*, 52(4): 943-969.

Mahoney, J. (2000). ‘Path Dependence in Historical Sociology’, *Theory and Society*, 29: 507-548.

Martin, J. (1950). *All Honorable Men*. Boston: Little Brown.

Maurice, M. and A. Sorge (eds.) (2000). *Embedding Organizations. Societal Analysis of Actors, Organizations and Socio-Economic Context*. Amsterdam/Philadelphia: John Benjamins Publishing Company.

Mayntz, R. and F. Scharpf (1995). ‘Der Ansatz des Akteurszentrierten Institutionalismus’, in R. Mayntz and F. Scharpf (eds.), *Steuerung und Selbstorganisation in staatsnahen Sektoren*, Frankfurt: Campus: 39-72.

Melamed, D. 2000. ‘Promoting Sound Antitrust Enforcement in the Global Economy’, *Speech of the Acting Assistant Attorney General, Antitrust Division, US DoJ, before the Fordham Corporate Law Institute 27th Annual Conference on International Antitrust Law and Policy*, New York, October 19. http://www.usdoj.gov/atr/public/speeches/6785.htm

Monti, M. 2002. ‘A Global Competition Policy ?’, *Speech by the European Commissioner for Competition at the European Competition Day*, Copenhagen, September 17. http://europa.eu.int/comm/competition/speeches/index_speeches_by_the_commissioner.htmlMorgan, G. and I. Kubo (2005). ‘Beyond path dependency? Constructing new models for institutional change: the case of capital markets in Japan’. *Socio-Economic Review*, 3: 55-82.

Morgan, G. and S. Quack (1999). ‘Confidence and Confidentiality: The Social Construction of Performance Standards in Banking’, in S. Quack, G. Morgan and R. Whitley (eds.), *National Capitalisms, Global Competition, and Economic Performance*. Amsterdam/ Philadelphia: John Benjamins Publishing Company, 131-157.

Muris, T. 2002. ‘Competition Agencies in a Market Based Global Economy’. *Speech of the Chairman of the Federal Trade Commission at the Annual Lecture of the European Foreign Affairs Review*, Brussels, July 23. http://www.ftc.gov/speeches/muris/020723brussels.htm Nawrocki, J. (1973). *Komplott der ehrbaren Konzerne. Marktmanipulation, Wettbewerbsverzerrung, Preisdiktate*. Hamburg: Hoffmann und Campe.

North, D. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

OMGUS – Office of Military Government for Germany, US (1947). ‘Explaining Decartelization to the Germans, September 10’, 18(11/11-3/7).

Pierson, P. (2000). ‘Increasing Returns, Path Dependence, and the Study of Politics’. *American Political Science Review*, 94: 251-268.

Pittman, R. 1998. ‘Competition Law and Policy in the United States’, *Working Paper US Department of Justice*. Washington, DC

Pons, J.-F. 2002. ‘Is it time for an International Agreement on Antitrust?’, *Speech at Frauenchiemsee*, June 3-5Quack, S. (2004). ‘Cross-societal Diffusion during German Industrialisation. The Role of the ‘International’ in the Emergence of ‘German’ Capitalism’. Unpublished manuscript available upon request.

Quack, S. (2005) ‘Zum Werden und Vergehen von Institutionen - Vorschläge für eine dynamische Governanceanalyse’, in Schuppert, G. F. (ed.), *Governance-Forschung. Vergewisserung über Stand und Entwicklungslinien*. Baden-Baden: Nomos, 346-370.

Quack, S. and M.-L. Djelic (2005) ‘Adaptation, Recombination, and Reinforcement: The Story of Antitrust and Competition Law in Germany and Europe’, in Streeck, W. and K. Thelen (eds.), *Beyond Continuity. Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press, 255-281.

Quack, S., G. Morgan and R. Whitley (eds.). *National Capitalisms, Global Competition, and Economic Performance*. Amsterdam and Philadelphia: John Benjamins Publishing Company.

Robert, R. (1976). ‘Konzentrationspolitik in der Bundesrepublik - Das Beispiel der Entstehung des Gesetzes gegen Wettbewerbsbeschränkungen‘. *Volkswirtschaftliche Schriften Nr. 250*. Berlin: Duncker & Humblot.

Rouam, C., Thinam J., Lisbe, S. 1994. ‘La Politique de concurrence de la communauté à l’échelle mondiale : l’exportation des règles de concurrence communautaires’. *EC Competition Policy Newsletter* 1(1):7-11Schmidt, H. A. (1995). *Die Europäisierung des Kartellrechts im Bereich der Kredit- und Versicherungswirtschaft*. Baden-Baden: Nomos Verlagsgesellschaft.

Schaub, A. 2000. ‘Assessing International Mergers: The Commission’s Approach’, Speech of the Director General for Competition, European Commission, at the EC Merger Control 10th Anniversary Conference, Brussels, September 14-15. http://europa.eu.int/comm/competition/speeches/text/sp2000_015_en.html

Schreyögg, G., J. Sydow and J. Koch (2003). ‘Organisatorische Pfade - Von der Pfadabhängigkeit zur Pfadkreation?’ *Managementforschung*, 13: 257-294.

Schwartz, T. A. (1991). *America’s Germany*. Cambridge, MA: Harvard University Press.

Sewell, W. H. (1996). ‘Three Temporalities: Toward an Eventful Sociology’, in T. J. McDonald (ed.), *The Historic Turn in the Human Sciences*. Ann Arbor: University of Michigan Press, 245-280.

Shonfield, A. (1977 [1965]). *Modern Capitalism. The Changing Balance of Public and Private Power*. Oxford: Oxford University Press.

Siegrist, H. (1980). ‘Deutsche Großunternehmung vom späten 19. Jahrhundert bis zur Weimarer Republik‘. *Geschichte und Gesellschaft*, 6, 87-88.

Sorge, A. (2003). ‘Systemic perspectives on business practices and institutions. A plea beyond comparative statics’. Paper for Workshop on National Business Systems in the New Global Context, Oslo, 8-11 May 2003.

Sorge, A. (2005). *The Global and the Local Understanding the Dialectics of Business Systems*. Oxford: Oxford University Press.

Streeck, W. and M. Höpner (2003). ‘Einleitung: Alle Macht dem Markt?‘, in W. Streeck Wolfgang and M. Höpner (eds.), *Alle Macht dem Markt? Fallstudien zur Abwicklung der Deutschland AG*. Francfort: Schriften des Max-Planck-Instituts für Gesellschaftsforschung Köln, Bd. 47, 1-49.

Streeck, W. and K. Yamamura (2003). ‘Introduction: Convergence or Diversity? Stability and Change in German and Japanese Capitalism’, in K. Yamamura and W. Streeck (eds.), *The End of Diversity. Prospects for German and Japanese Capitalism*. Ithaca and London: Cornell University Press, 1-50.

Streeck, W. and K. Thelen (ed.) (2005). *Beyond Continuity - Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press.

Thelen, K.(2003). 'How Institutions Evolve. Insights from Comparative Historical Analysis', in J. Mahoney and D. Rueschemeyer (eds.*), Comparative Historical Analysis in the Social Sciences*. Cambridge, MA: 208-240.

Van Miert, K. 1997. 'International Cooperation in the Field of Competition; A View from the EC', *Speech by the European Commissioner before the Fordham Corporate Law Institute 24th Annual Conference*. New York, October 16. http://europa.eu.int/comm/competition/speeches/text/sp1997_073_en.html Vitols, S. (2001). 'The Origins of Bank-Based and Market-Based Financial Systems: Germany, Japan, and the United States'. *Discussion Paper FS I 01-302*, Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).

Voigt, F. (1962). 'German Experience with Cartels and their Control during Pre-war and Post-war Periods', in J. P. Miller (ed.), *Competition Cartels and their Regulation*. Amsterdam: North-Holland Publishing Company, 169-213.

Weir, M. (1992). *Politics and Jobs: The Boundaries of Employment Policy in the United States*. Princeton: Princeton University Press.

Whitley, R. (1999). *Divergent Capitalisms*. Oxford: Oxford University Press.

Whitley, R. (2003). 'The Institutional Structuring of Organizational Capabilities: The Role of Authority Sharing and Organizational Careers'. *Organization Studies*, 24(5): 667-695.

Windolf, P. and J. Beyer (1995). 'Unternehmensverflechtung im internationalen Vergleich', *Kölner Zeitschrift für Soziologie und Sozialpsychologie*, 47(1) 1-36.

Windolf, P. and S. Schief (1999). ‚Unternehmensverflechtung in Ostdeutschland', *Kölner Zeitschrift für Soziologie und Sozialpsychologie*, 51(2): 260-282.WTO. 2000. *Report of the Working Group on the Interaction between Trade and Competition Policy to the General Council*, http://docsonline.wto.org/imrd/

Zeiler, T. 1999. *Free Trade, Free World*: *The Advent of GATT*. Chapel Hill: University of North Carolina Press