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Transnational Governance Interactions: A Critical Review of the Legal Literature

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Abstract:
Overlaps and interactions among diverse legal rules, actors and orders have long preoccupied legal scholars. This preoccupation has intensified in recent years as transnational efforts to regulate business have proliferated. This proliferation has led to increasingly frequent and intense interactions among transnational regulatory actors and programs. These transnational business governance interactions (TBGI) are the subject of an emerging interdisciplinary research agenda. This paper situates the TBGI research agenda in the broader field of transnational legal theory by presenting a critical review of the ways in which legal scholars have addressed the phenomenon of governance interactions. Legal scholars frequently recognize the importance of transnational governance interactions, but their accounts are tentative and incomplete for the most part. Scholars bring varying—often sharply divergent—theoretical, methodological and normative perspectives to bear on the issue. Some scholars focus on rule formation, others on monitoring or adjudication. Some investigate cooperation and convergence, others conflict and competition. Some examine interactions within a particular organization or program, others among programs or even between entire normative orders. Some emphasize description or explanation, others evaluation or prescription. In short, while understanding intersections among the multiple sites, scales and instances of law is a central concern of transnational legal scholarship, the picture that emerges is incomplete and fragmented.

Keywords:
Transnational, business, governance, interaction, international law, legal process, legal order, regime complex, legalization, fragmentation, soft law, network, comparative law, regulation, legitimation, competition, co-opetition, non-state actors, multilevel governance, transnational private regulation, meta-regulation, experimentalism, global administrative law, global constitutionalism, legal pluralism, interlegality, systems theory, autopoeisis

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Transnational Governance Interactions: A Critical Review of the Legal Literature

Overlaps and interactions among legal rules, principles, actors, systems and orders have long preoccupied scholars of international, comparative and transnational law. In recent years there has been a surge of interest in the proliferation of state and non-state efforts to regulate the conduct of business in increasingly globalized markets. This proliferation has led to increasingly frequent and intense interaction among these regulatory authorities and schemes. These transnational business governance interactions (TBGI), as we call them, are the subject of an emerging interdisciplinary research agenda. Elsewhere, my coauthors and I have proposed a common analytical framework for TBGI research and a set of criteria for theory building. In this article, I situate the TBGI research agenda in the transnational legal scholarship by presenting a critical review of the ways in which the legal academic literature grapples with the phenomenon of governance interactions.

Legal scholars frequently recognize the importance of these interactions. Yet with notable exceptions, their accounts are tentative and incomplete. Scholars bring varying—often sharply divergent—theoretical, methodological and normative perspectives to bear on the issue. They employ a wide range of concepts including legal pluralism, conflict of laws, interlegality, regulatory competition and regime complexity, to name a few. Some scholars focus on rule formation, others on monitoring or adjudication. Some investigate cooperation and convergence, others conflict and competition. Some examine interactions within a particular organization or program, others among programs or even between entire normative orders. Some emphasize description or explanation, others evaluation or prescription. In short, while understanding intersections among the multiple sites, levels and instances of law is a central concern of transnational legal scholarship, the picture that emerges is incomplete and fragmented.

Analyses of interactions among normative orders are not, of course, confined to transnational law scholarship. They are informed by developments in private and public international law, comparative law, regulation, sociolegal studies, law and economics, and legal

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3 Stepan Wood and others, ‘The Interactive Dynamics of Transnational Business Governance: A Challenge for Transnational Legal Theory,’ this issue.
pluralism. I draw on those literatures here, while focusing primarily on scholarship concerned with transnational law.4

The article proceeds as follows. Part 1 discusses the literature on private international, public international and comparative law. Part 2 turns to the legal literature on regulation and governance. Part 3 discusses global public law (administrative and constitutional). Part 4 takes up legal pluralism, while Part 5 addresses systems theory. Part 6 offers a brief conclusion. The order of presentation is not intended to imply an intellectual or historical progression, apart from presenting private and public international law first as sort of parent disciplines of transnational law.

1. Governance Interactions in International and Comparative Law

1.1 Private International Law

Private international law is centrally concerned with transnational encounters among legal systems. The question of how to determine which rules prevail when the rules of different legal systems conflict is at the heart of private international law,5 usually accompanied by a strong normative commitment to harmonization.6 National legal systems come into collision with each other when commercial actors use contracts to choose which laws will govern their dealings and which forums will resolve their disputes, or when plaintiffs and defendants contend to have claims heard in jurisdictions whose laws favour their interests. Some scholars have proposed conflicts of law as a framework for understanding and managing encounters among a variety of legal orders.7 A few have sought to displace private international law’s focus on conflict among national legal systems and extend it to the ‘complex interaction among different legal and social regimes’ that characterizes contemporary governance, including non-state normative orders.8 Robert Wai, for example, argues that private international law plays a

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4 My coauthors and I engage with relevant scholarship in international relations, political science and global governance in Eberlein and others, above (n 2).
5 Eg John Westlake, A Treatise on Private International Law, or, The Conflict of Laws: With Principal Reference to its Practice in the English and other Cognate Systems of Jurisprudence (Maxwell; Hodges & Smith, 1858); AV Dicey, A Digest of the Law of England with Reference to the Conflict of Laws, With Notes of American Cases by John Bassett Moore (Stevens & Sons; Sweet & Maxwell; Boston Book Co, 1896).
6 Filomena Chirico and Pierre Larouche, ‘Convergence and Divergence, in Law and Economics and Comparative law’ in Pierre Larouche and Péter Cserne (eds) National Legal Systems and Globalization: New Role, Continuing Relevance (TMC Asser Press 2013) 9, 12 (‘When browsing through the legal literature, one cannot escape the impression that jurists are slightly (at least) biased against divergence’).
8 Robert Wai, ‘Conflicts and Comity in Transnational Governance: Private International Law as Mechanism and Metaphor for Transnational Social Regulation through Plural Legal Regimes’ in Christian Joerges and Ernst-Ulrich
crucial governance role as a decentralized form of coordination that accepts and manages conflicts among various forms of private law and ordering.\(^9\) He argues that private international law concepts such as comity can provide models for addressing conflicts among multiple state and private rule systems.\(^10\) He also argues that private international law’s orientation toward conflict and contestation, if taken seriously, can be an antidote to the tendency of international economic law scholars to emphasize the gains realized from cooperation while downplaying the role of contestation.\(^11\)

Wai’s aeronautical metaphor of transnational ‘lift-off’ and judicial ‘touchdown’ is an intriguing way to characterize the interactive dynamic between non-state ordering and national courts.\(^12\) John Biggins extends this metaphor by arguing that the International Swaps and Derivatives Association uses selective litigation strategies to prevent its derivatives-trading regulatory regime from ‘crashing down to national courts.’\(^13\) The interaction between national legal systems and transnational private orders goes both ways. ISDA does not simply assert its own authority unilaterally: It enlists national courts to validate it. As Anna Gelpern observes, ‘ISDA’s legislative and litigation posture has steadfastly discouraged functional and contextual analysis of its contracts by judges ... it asks the court to fix and police the outer boundary of private regulation, not to interfere in its substance, which remains in ISDA’s domain’.\(^14\) The process is reciprocal: while ISDA has succeeded at minimizing state interference in its transnational regulatory regime, it has tweaked the regime to accommodate national court decisions interpreting certain terms in the ISDA Master Agreement.\(^15\)

This example illustrates a broader interactive phenomenon in which transnational governance authorities interact in attempts to delineate the domains within which each has governance authority.\(^16\) Debates about the extent to which non-state regulation is or should be...

\(^11\) Wai, ‘Conflicts and Comity,’ *ibid*.
\(^16\) Biggins, *ibid*, 1321; see also Biggins and Scott, this issue.
autonomous from state legal systems, or international organizations are or ought to be autonomous from states, can be understood partly as struggles to delineate the respective domains of different authorities in global governance. Philip Jessup anticipated a version of this phenomenon six decades ago when he observed that law-making authority is effective only when other authorities recognize and give effect to its exercise. This opens up a fruitful line of inquiry, which Jessup left unexplored, into the ways in which one actor’s law-making authority is legitimated by other authorities, rendering the conflict of laws inseparable from mutual construction of authority.

1.2 International Arbitration and the New Lex Mercatoria

The literature on international commercial arbitration is another potential source of perspectives on TBGI. International commerce is hailed by some as generating a new lex mercatoria created by and for transnational business and built on the principle of parties’ autonomy to choose which norms will govern their cross-border dealings with each other and who will adjudicate their disputes. The nature and extent of interaction between this normative order and state law are central subjects of academic debate in this field, including the circumstances in which national courts should be able to set aside arbitral awards. Proponents of this new legal order typically strive to minimize such interaction by insisting that the new law merchant is an autonomous legal order that is and ought to be prior to and independent from state law, and that the latter should intervene in this non-state legal order only in very limited circumstances. Others including Peer Zumbansen remind us that the lex mercatoria, like ‘private’ ordering generally, is inextricably embedded in state legal systems with each simultaneously governing and being governed by the other.

Investor-state arbitration under international investment treaties is a particularly controversial example of interaction between non-state and state authority, because it is a site for contestation of states’ sovereign regulatory choices. As in international commercial

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18 Philip Jessup, Transnational Law (Yale UP 1956) 70.
arbitration and the new lex mercatoria, non-state arbitrators play a key role in drawing a line between private interests and sovereign democratic authority. Gus Van Harten shows that, notwithstanding numerous calls for investor-state arbitrators to exercise restraint in favour of sovereign regulatory choices, such arbitrators tend to take an expansive view of investors’ rights and of their own authority, and to pass judgment on states’ regulatory decisions surprisingly often. Unlike national courts, they rarely exercise restraint based on such principles as legislatures’ democratic accountability, governments’ regulatory capacity, or other decision-making forums’ suitability. Van Harten concludes that investor-state arbitrators ‘appear to be reconfiguring the review role of adjudication’ to the point that they are better described as ‘strict controllers’ than ‘gentle civilizers’ of nations.

1.3 Public International Law

Public international law scholarship, for its part, has long emphasized the interaction between international and domestic law, whether as separate systems or as elements of a unified legal system. Much of this literature combines positive analysis (eg which countries are monist or dualist?) with normative-doctrinal (eg which is preferable?). Sophisticated accounts examine processes of interaction such as persuasion, transformation and incorporation. Other writers deny that domestic or international legal systems exist as discrete, stable entities before interacting with one another, focusing instead on their mutual constitution and interpenetration.

27 Ibid.
29 Eg the Interactions between International and National Law project at the Amsterdam Centre for International Law, which culminated in Janne Nijman and André Nollkaemper (eds), New Perspectives on the Divide Between National and International Law (Oxford UP, 2007). Much scholarship in this vein focuses on reception or application of international law in domestic law and the monist/dualist debate, eg L Erades, Interactions Between International and Municipal Law: A Comparative Case Study (TMC Asser Instituut, 1993).
As for interactions within public international law, to the extent that a stereotype of monolithic, autarkic sovereign states clashing like billiard balls ever held sway, it gave way long ago to more nuanced visions. The New Haven School defined international law as a continuous process of authoritative decision that could be understood in terms of a variety of state and non-state participants; the values, resources and strategies they deploy; the institutional settings in which they interact; and the aggregate values that result from interaction.\footnote{Myres S McDougal, Harold D Lasswell and W Michael Reisman, ‘Theories About International Law: Prologue to a Configurative Jurisprudence’ (1968) 8 Virginia Journal of International Law 188; Harold D Lasswell and Myres S McDougal, Jurisprudence for a Free Society: Studies in Law, Science and Policy (Nijhoff, 1992); W Michael Reisman, Siegfried Wiessner and Andrew L Willard, ‘The New Haven School: A Brief Introduction’ (2007) 32 Yale Journal of International Law 575.} Its normative commitment to a world public order of human dignity provided criteria to manage interactions between state and non-state order, seeking to maximize the latter but intervening if the latter contravened the goals of the former.\footnote{Eg W Michael Reisman, ‘Autonomy, Interdependence and Responsibility’ (1993) 103 Yale Law Journal 401.}

International Legal Process scholars likewise focused attention on the actors and institutions involved in making, implementing and enforcing decisions affecting international affairs, inquiring into how decision-making competence is allocated, why particular regulatory structures emerge, how legal institutions constrain state and individual behaviour, how lawyers shape international affairs and how compliance with international law can be managed via ongoing justificatory discourses.\footnote{Abram Chayes, Thomas Ehrlich and Andreas F Lowenfeld, International Legal Process: Materials for an Introductory Course (Little, Brown 1968); Abram Chayes and Antonia Handler Chayes, The New Sovereignty: Compliance with International Regulatory Agreements (Harvard University Press, 1995).} This tradition continues to evolve with Harold Koh’s work on transnational legal process. Koh emphasizes states’ internalization of international norms, which he theorizes as an interactive process in which norm entrepreneurs such as states, business groups, international organizations and civil society organizations interact with each other in the international arena, forcing articulation or interpretation of applicable international norms. These norms stabilize over time into legal rules that guide future interactions. Repeated participation in this interactive process helps to reconstitute participants’ interests and identities.\footnote{Harold Hongju Koh, ‘Transnational Legal Process’ (1996) 75 Nebraska Law Review 181; Harold Hongju Koh, ‘Why Do Nations Obey International Law?’ (1997) 106 Yale Law Journal 2599.} Koh pays particular attention to specifying pathways by which international norms shape state identities, including transnational public law litigation in domestic courts, incorporation of international norms in legislation, political elites’ adoption of international norms as policy, and broader societal acceptance.\footnote{Harold Hongju Koh, ‘Transnational Public Law Litigation’ (1991) 100 Yale Law Journal 2347; Harold Hongju Koh, ‘Internalization through Socialization’ (2005) 54 Duke Law Journal 975.}
A relevant contemporary extension of transnational legal process theory is the Transnational Legal Orders (TLO) project led by Gregory Shaffer and Terence Halliday.\footnote{Eg Gregory Shaffer, ed., \textit{Transnational Legal Ordering and State Change} (Cambridge UP, 2013); Terrence C Halliday and Gregory Shaffer (eds), \textit{Transnational Legal Orders} (Cambridge University Press, 2015).} This project ‘places processes of local, national, international and transnational public and private lawmaking and practice in dynamic tension within a single analytic frame.’\footnote{Terence C Halliday and Gregory Shaffer, ‘Transnational Legal Orders,’ in Halliday and Shaffer, \textit{ibid}, 3, 3.} This frame conceptualizes transnational legal ordering as a dynamic, recursive process of interaction among transnational and national law, in which national and transnational legal norms influence one another, temporary and contingent normative settlements are reached, and periodic destabilizations trigger further recursive cycles.\footnote{Gregory Shaffer, ‘The Dimensions and Determinants of State Change’ in Shaffer (ed), \textit{Transnational Legal Ordering and State Change}, \textit{ibid}, 23, 47-49; Terence C Halliday and Bruce Carruthers, ‘The Recursivity of Law: Global Norm Making and National Lawmaking in the Globalization of Corporate Insolvency Regimes’ (2007) 112 \textit{American Journal of Sociology} 1135; Terence Halliday, ‘Recursivity of Global Lawmaking: A Sociolegal Agenda’ (2009) 5 \textit{Annual Review of Law and Social Science} 263.} The TLO analytical framework revolves around the interaction of three clusters of factors involving law and politics at the transnational level (including the legitimacy, clarity and coherence of transnational legal norms), law and politics at the national level (including domestic demand, power asymmetries, institutional capacities, path dependencies and cultural frames), and law and politics between them (including transnational power asymmetries and strategically situated norm intermediaries).\footnote{Shaffer, ‘Dimensions and Determinants,’ \textit{ibid}.} This project has begun to explore how transnational legal orders interact and align with each other and the conditions in which they are competitive or complementary,\footnote{Halliday and Shaffer, \textit{Transnational Legal Orders}, above (n 38).} but this remains largely a question for future research.\footnote{Terence C Halliday and Gregory Shaffer, ‘Researching Transnational Legal Orders’ in Halliday and Shaffer, \textit{Transnational Legal Orders}, \textit{ibid}, 475.}

In the 1980s and 1990s critical scholars of international law opened very different analytical avenues, informed in part by the linguistic turn in social theory. They explored how concepts and norms deployed by lawyers, scholars, judges and diplomats interact in various binaries, contradictions and paradoxes to produce and reproduce the discursive fabric of international law while constituting and being constrained by professional practices, institutional cultures and entrenched power disparities.\footnote{David Kennedy, \textit{International Legal Structures} (Nomos, 1987); Martti Koskenniemi, \textit{From Apology to Utopia: The Structure of International Legal Argument} (Lakimiesliiton Kustannus, 1989).} This varied literature provides provocative perspectives on interactions within discursive formations and between ideational and material structures.

During the same period, a resurgence of interest in the relation between international law and international relations theory (IL/IR) introduced a different range of perspectives
relevant to TBGI, from game theory to neoliberal institutionalism to social constructivism.45

Most of this work focuses on explaining the emergence, operation and effects of individual legal regimes.46 To the extent it considers interactions, these usually take the form of competition or cooperation among actors (especially states, but with increasing attention to interstate, sub-state and non-state actors) within particular regimes. Interactions across regimes have recently received increasing attention. Rationalist and institutionalist approaches have been particularly prominent in this respect. Kenneth Abbott and Duncan Snidal introduced the notion of a ‘governance triangle’ to capture the diversity of actors and institutions involved in various aspects of transnational regulatory standards-setting.47 This mapping exercise provides a springboard to examine how ‘old governance’ can interact with ‘new governance’ to support the latter’s innovative features, for example via international organizations’ orchestration of transnational governance.48

Laurence Helfer, Kal Raustiala and others have elaborated regime complexity theory to investigate the overlaps and clashes occasioned by the increasing density of international institutions.49 This literature asks such questions as whether a densely institutionalized order has distinctive political dynamics, whether density benefits certain actors and disadvantages others, whether density is an intended or unintended outcome, and how powerful states use it to advance their interests.50 These scholars study how states pursue strategies of forum-shopping, regime-shifting and intentional rule inconsistencies amongst nested, parallel and

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overlapping international regimes. While most focus on state actors and inter-state regimes, some examine transnational regulatory dynamics.\textsuperscript{51}

Another relevant branch of the rational-institutionalist IL/IR literature addresses the legalization of international governance. Legalization—with its archetype in the European Union\textsuperscript{52}—can be understood in interactive terms as the transposition of distinctively legal features (obligation, precision and delegation) from some institutions and domains to others,\textsuperscript{53} supplementing or displacing softer norms, techniques and practices and recapitulating to a certain extent the wider story of the juridification of social spheres.\textsuperscript{54}

Constructivist IR theory, with its insistence that structure and agency are mutually constituted and that ideas, norms and discourses shape actor identities and behaviour, resonates both with international legal process scholars’ emphasis on the importance of norms, social interaction and identity and with critical international legal scholars’ focus on language, discourse and power. Much constructivist literature on international law focuses on how international norms are generated by social interaction and how they enable or constrain decisions and behaviour.\textsuperscript{55} Jutta Brunnée and Stephen Toope have called upon constructivists to address what, if anything, makes law distinctive in this respect (as distinct from non-legal normative ordering).\textsuperscript{56} They propose an interactional theory that explains the making, remaking and unmaking of international law in terms of interplay between, on the one hand, the intersubjective creation of norms meeting Lon Fuller’s eight criteria of legality, and on the other, ongoing ‘practices of legality.’\textsuperscript{57} Abbott and Snidal have criticized their approach for

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\textsuperscript{51} Eg Kenneth W Abbott, ‘The Transnational Regime Complex for Climate Change’ (2012) 30 Environment and Planning C: Government and Policy 571; Kenneth W Abbott, ‘Strengthening the Transnational Regime Complex for Climate Change’ (2014) 3 Transnational Environmental Law 57. The regime complexity literature relates closely to scholarship on the fragmentation of international law, to which I turn after completing this brief survey of relevant international law/international relations (IL/IR) scholarship.

\textsuperscript{52} Eg Joseph HH Weiler, ‘The Transformation of Europe’ (1991) 100 Yale Law Journal 2403.

\textsuperscript{53} Kenneth W Abbott and others, ‘The Concept of Legalization’ (2000) 54 International Organization 401; but note that Abbott and Snidal have sought more recently to reconceptualize legalization more generally as the process by which law changes and develops. Kenneth W Abbott and Duncan Snidal, ‘Law, Legalization and Politics: An Agenda for the Next Generation of IL/IR Scholars’ in Dunoff and Pollack, above (n 50), 33.

\textsuperscript{54} Gunther Teubner (ed), Juridification of Social Spheres (de Gruyter, 1987).


\textsuperscript{56} Jutta Brunnée and Stephen J Toope, ‘Constructivism and International Law’ in Dunoff and Pollack, above (n 50), 119.

downplaying sources of obligation and legitimacy beyond Fuller’s criteria, discounting the role of pre-interactive formal agreements in creating the expectations on which interactions can develop, and denying the inextricability of law and politics.\textsuperscript{58} Constructivism nevertheless provides insights into the interactive dynamics of the creation, implementation and enforcement of international governance norms, but like other IR-inspired approaches, its attention until now has focused on dynamics within rather than among legal regimes.

Liberal international relations theory, for its part, explains international governance mainly in terms of functional interdependence across national borders and variation in domestic state-society relations. It directs attention to the diversity of state, inter-state, sub-state and non-state actors that interact in multi-level, nested international and domestic games, as well as the variety of societal mechanisms of state preference formation.\textsuperscript{59} Liberal approaches to international law thus emphasize vertical interaction between international and domestic spheres and horizontal interaction between sub-state actors like regulators and courts.\textsuperscript{60} Anne-Marie Slaughter, for example, identifies five categories of cross-border judicial interactions.\textsuperscript{61} As with other IR-informed legal scholarship, however, the emphasis remains on state actors and on interactions within rather than between regimes.

This is not to say that public international lawyers have ignored the latter interactions. Legal scholars have recently examined the proliferation and increasing congestion of international institutions,\textsuperscript{62} the fragmentation of public international law into multiple, overlapping, specialized regimes,\textsuperscript{63} the interaction between ‘hard’ and ‘soft’ law\textsuperscript{64} and between

\begin{itemize}
\item Abbott and Snidal, ‘Law, Legalization and Politics,’ above (n 53), 38-40.
\item \textsuperscript{58} Eg Anne-Marie Slaughter, ‘Dual Agenda,’ above (n 45); Anne-Marie Slaughter, ‘International Law in a World of Liberal States’ (1995) 6 \textit{European Journal of International Law} 503; Andrew Moravcsik, ‘Liberal Theories of International Law,’ in Dunoff and Pollack, above (n 50), 83.
\item \textsuperscript{59} Eg Anne-Marie Slaughter, ‘Judicial Globalization’ (2000) 40 \textit{Virginia Journal of International Law} 1103.
state and non-state actors,\textsuperscript{65} intersections among different international law regimes (eg various ‘trade and …’ debates),\textsuperscript{66} and the emergence of transnational networks of sub-state actors.\textsuperscript{67} Most legal scholars who study fragmentation and overlap of public international law tend (like their private international law counterparts) to focus on conflict and inconsistency, to worry that proliferation and fragmentation weaken international law’s moderating influence on power, and to share a normative commitment to enhancing harmony and coherence.\textsuperscript{68} Some, however, argue that ‘competitive multilateralism’ and international forum-shopping can improve the quality of rules and decisions and enhance the accountability of international bodies.\textsuperscript{69} Similarly, Margaret Young emphasizes the ‘productive friction’ between international law regimes.\textsuperscript{70} The literature on fragmentation is further fragmented between legal scholarship focused on the normative question of whether fragmentation is good or bad, and social science-informed work that focuses on explaining its dynamics.\textsuperscript{71}

Within the ‘hard law-soft law’ literature, John Kirton and others investigate why the ‘galaxies’ of ‘hard,’ multilateral law and organizations, on the one hand, and ‘soft,’ informal, plurilateral clubs like the G8, on the other, have come to cooperate and converge rather than

\begin{footnotesize}
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\item Standards in Global Trade, Environment, and Social Governance (Ashgate, 2004); Dinah Shelton (ed), Commitment and Compliance: The Role of Non-Binding Norms in the International Legal System (Oxford University Press, 2000).
\item Eg Philip Alston (ed), Non-State Actors and Human Rights (Oxford University Press, 2005); Hanneke van Schooten and Jonathan Verschuuren (eds), International Governance and Law: State Regulation and Non-State Law (Edward Elgar, 2008); Math Noortmann and Cedric Ryngaert (eds), Non-State Actor Dynamics in International Law: From Law-Takers to Law-Makers (Ashgate, 2010); and the journal Non-State Actors and International Law, launched in 2001.
\item Eg International Law Commission, above (n 63); Ruti Teitel and Robert Howse, ‘Cross-Judging: Tribunalization in a Fragmented but Interconnected Global Order’ 41 New York University Journal of International Law and Politics 959; Harro van Asselt, ‘Managing the Fragmentation of International Climate Law’ in Erkki J Hollo, Kati Kulovesi and Michael Mehlng (eds), Climate Change and the Law (Springer, 2013) 329.
\item Margaret A Young, ‘Introduction: The Productive Friction Between Regimes’ in Young, Regime Interaction, above (n 63), 1.
\item Raustiala, above (n 50), 294-95.
\end{itemize}
\end{footnotesize}
compete and conflict. They offer a typology of interactions in which each of these ‘galaxies’ can, in theory, govern through, against or without the other. Focusing more at the level of norms, Gregory Shaffer and Mark Pollack study antagonism and complementarity of hard and soft law. ‘Trade and …’ scholars emphasize normative conflict among legal regimes and the tendency of trade norms to dominate over others, warning recently of the adverse environmental consequences of the emergence of multiple fora (beyond the World Trade Organization) for the resolution of ‘trade and environment’ disputes.

1.4 Transgovernmental Networks

The burgeoning legal literature on transnational regulatory networks is likewise divided between scholarship concerned with understanding how networks work and more conventional legal scholarship concerned with evaluating their legitimacy and effectiveness. Transnational networks of specialized regulatory professionals are relevant to the study of TBGI in at least two ways. First, they provide potentially important pathways through which actors pursue regulatory agendas within and across governance fora. While many legal scholars who study transnational regulatory networks emphasize their agility, flexibility, and promise in fostering cooperation, dialogue, learning and capacity building, Sol Picciotto notes their symbiotic combination of competition and coordination: they result from international regulatory conflicts and provide arenas for continued competition.

The second way in which transnational regulatory networks are relevant to TBGI is that variation in network characteristics may help determine whether interactions between regulatory networks and conventional international regimes are competitive or complementary. Abraham Newman and David Zaring hypothesize that the wider the

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76 Abraham L Newman and David Zaring, ‘Regulatory Networks: Power, Legitimacy and Compliance’ in Dunoff and Pollack, above (n 50), 244, 245.
membership and legitimacy and the deeper the capacity and authority of networks, the more likely they are to compete with conventional interstate institutions; and vice versa.\textsuperscript{79} That said, the legal academic literature on regulatory networks remains focused on state actors.\textsuperscript{80} Its extension to networks of non-state regulators and to interactions among such networks (rather than between networks and conventional treaty regimes) represents a research opportunity.\textsuperscript{81}

1.5 Comparative Law

Comparative law boasts long traditions of examining interactions among national legal systems in such contexts as ‘legal transplants,’\textsuperscript{82} ‘legal irritants,’\textsuperscript{83} convergence and divergence of corporate governance laws,\textsuperscript{84} and other processes of cross-border norm diffusion.\textsuperscript{85} This literature offers various explanations for the dynamics of norm diffusion including transnational normative entrepreneurship by NGOs and lawyers, internalization of transnational norms by domestic elites, and the facilitative role of global communications technology.\textsuperscript{86} The focus of this research is squarely on state law, however.

\textsuperscript{79} Newman and Zaring, above (n 76), 258.

\textsuperscript{80} But see Annelise Riles’ skeptical analysis of the effects of nongovernmental organizations in the context of women and development: Annelise Riles, The Network Inside Out (University of Michigan Press, 2000).


\textsuperscript{82} Alan Watson, Legal Transplants: An Approach to Comparative Law (UP of Virginia, 1974); Brian Z Tamanaha, Understanding Law in Micronesia: An Interpretive Approach to Transplanted Law (Brill, 1993).


\textsuperscript{85} Eg Craig Scott (ed), Torture as Tort: Comparative Perspectives on the Development of Transnational Human Rights Litigation (Hart, 2001); Mary L Volcansek and John F Stack (eds), Courts Crossing Borders: Blurring the Lines of Sovereignty (Carolina Academic Press, 2005); Donald W Jackson, Michael C Tolley and Mary L Volcansek (eds), Globalizing Justice: Critical Perspectives on Transnational Law and the Cross-Border Migration of Legal Norms (State University of New York Press, 2010).

\textsuperscript{86} Eg Jackson, Tolley and Volcansek, \textit{ibid}. 
In addition to international and comparative law, legal scholars have for many decades examined the complex interactions among legislatures, courts, regulatory agencies, rules, standards, regulated firms, NGOs and individuals within national legal systems. Numerous analytical perspectives elaborated in the domestic context have ‘gone global,’ including regulation, governance, private ordering, administrative law, constitutional law, legal pluralism, and systems theory. These approaches, which often overlap, have the potential to elucidate transnational governance interactions in ways I can only hint at here.

2. Governance Interactions in Theories of Regulation and Governance

The literature on regulation offers diverse perspectives on regulatory interactions at various levels of analysis including micro-interactions among actors to produce, interpret, comply with and enforce regulation; meso-interactions among regulatory agencies or between social agency and social structure; and macro-interactions among intersecting regulatory systems.  

Actor-centred approaches grounded in welfare economics, public choice or game theory offer contending explanations of and prescriptions for regulatory interactions, mostly at the micro level. Institutional perspectives explore how social structures enable, shape and constrain regulatory actors’ choices and how actors and institutions interact at the meso level, usually within a given policy domain. Systems theory, discussed further below, examines macro-level interactions between the legal system and other functionally differentiated social subsystems.

The transposition of these approaches to the transnational domain has been facilitated in part by the burgeoning literatures on the (post-)regulatory state and New Governance, which emphasize the decentring of the state, the processes of regulatory legitimation and the dynamics of bargaining and intermediation among actors and institutions that span the conventional public-private divide. From a normative perspective, these literatures—like the

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90 Eg Gunther Teubner (ed), Dilemmas of Law in the Welfare State (de Gruyter, 1986).
systems approaches discussed below—advocate forms of regulation that manage the interaction between regulating and regulated systems by creating choice architecture, setting default rules, nudging regulated entities, and requiring self-monitoring and self-reflection.  

2.1 Global Business Regulation

John Braithwaite and Peter Drahos’s magisterial study of global business regulation is one of the most promising global extensions of regulation scholarship for purposes of studying TBGI. Given the richness of their empirical data and the clarity of their middle-range theory-building, it is a surprise that the book has not had more traction in recent scholarship about transnational law and global governance. Braithwaite and Drahos present a fundamentally interactive theory of the globalization of business regulation in which ‘different types of actors use various mechanisms to push for or against principles’ by mobilizing multiple strands in complex webs of influence. The main actors in their account are organizations, but individuals also act as norm entrepreneurs, epistemic communities enroll support for regulatory agendas, and mass publics sometimes provide impetus for regulatory change.

Actors advance regulatory agendas by engaging in contests of principles. Braithwaite and Drahos find that fewer than three dozen principles have been recurrently important in regulatory globalization over long periods. They show that principles can interact to set regulatory systems in motion upward or downward. Certain principles can combine to prevent a reversal of direction, turning a regulatory race into a ratchet. While downward ratchets predominate in many domains of global business regulation, Braithwaite and Drahos find that upward ratchets predominate in recent global environmental, safety and financial regulation.


94 Ibid, 9.
95 Ibid, 24-5, 508-9, 526.
96 Ibid, 518.
97 Ibid, 522.
Their third key concept is mechanisms. Seven mechanisms emerge inductively from their research: coercion, reward, modelling, reciprocal adjustment, non-reciprocal coordination and capacity-building. Of these, modelling is the most consistently important, but regulatory globalization always involves multiple mechanisms. The authors conclude that there is no master actor or mechanism in the globalization of business regulation. Instead, there are complex webs of influence in which many types of actors mobilize many mechanisms. Webs of dialogue are more common and more often effective than webs of reward and coercion.

Using these four key concepts of actors, principles, mechanisms and webs, Braithwaite and Drahos theorize three interactive strategies by which actors can intervene in regulatory webs to effect structural change. In the first two, micro-level regulatory entrepreneurship produces macro-level structural change via the mechanism of modelling. A proactive micro-macro sequence unfolds when regulatory entrepreneurs promote a regulatory innovation; they enroll organizational power in support of the innovation via webs of dialogue and persuasion; the innovation spreads as actors model it; the innovation becomes the new standard; and early adopters reap first-mover benefits. In the reactive sequence a disaster generates media hype and mobilizes mass publics to demand regulatory change; entrepreneurs exploit the crisis as an opportunity to promote a pre-packaged regulatory innovation as a solution to the disaster; the innovation spreads via modelling; the innovation becomes the new standard; and mass publics are placated.

Regulatory entrepreneurs often emerge from civil society, professions, consulting industries, academia, and modest international secretariats. The prevalence of dialogue over reward or coercion enables them to ‘enter existing webs as purveyors of new regulatory ideas and models,’ gain access to inner circles, enrol the organizational power of members of these inner circles, and ultimately ‘remake macro regulatory worlds.’

Braithwaite and Drahos also theorize a third strategy, forum-shifting, in which a structurally powerful actor shifts regulatory negotiations from an unfavourable forum to a more favourable one and secures an outcome in the second forum that entrenches its favoured principles, which then pattern the development of a global regulatory regime.

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98 Ibid, 25-6, 532-33.
100 Ibid, 7, 550.
102 Ibid, 33, 551, 559-62.
103 Ibid, 559-61.
104 Ibid, 563.
105 Ibid, 564, 569-71.
In addition to these generic strategies, Braithwaite and Drahos theorize several strategies aimed specifically at empowering structurally weak actors to intervene in regulatory webs to ratchet up global regulatory standards and enhance citizen sovereignty. These strategies include making government-business-civil society tripartism a constitutional feature of global governance, thus lowering barriers to contestation\(^{106}\) (a strategy already familiar from Braithwaite’s earlier work with Ian Ayres on responsive regulation);\(^ {107}\) mobilizing oppositional principles to create nested vertical and horizontal games, thus increasing game complexity for powerful opponents and occasionally outflanking their forum-shifting strategies;\(^ {108}\) exploiting strategic trade thinking to divide and conquer business (eg setting European against US businesses, or early industry movers against laggards);\(^ {109}\) targeting gatekeepers in regulatory webs;\(^ {110}\) embracing framework agreements;\(^ {111}\) conducting regulatory contests at the level of principles rather than detailed rules;\(^ {112}\) harnessing principles like continuous improvement, best available technology and world’s best practice to create upward regulatory ratchets;\(^ {113}\) and transforming NGOs into experimental model mongers.\(^ {114}\)

Braithwaite and Drahos’ conceptual framework holds substantial promise for building theories of TBGI. It also has limitations. Braithwaite and Drahos’ insistence that the globalization of regulation proceeds—and should be studied—at the level of general principles\(^ {115}\) forecloses an avenue of investigation that the authors themselves recognize as critical to understanding the globalization of regulation: the tedious, mundane processes of detailed rule-making in countless committee rooms, international organizations and voluntary

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\(^{106}\) Ibid, 572-74.

\(^{107}\) Ian Ayres and John Braithwaite, Responsive Regulation: Transcending the Deregulation Debate (Oxford University Press, 1992).

\(^{108}\) Ibid, 612-14, 618.


\(^{111}\) Ibid, 518. They argue that while often vague and spineless, framework agreements facilitate contests of principles, provide fora for dialogue, often harden into complex rule systems, and for these reasons present opportunities for clever NGOs to use the dialogic space so opened to model-monger.

\(^{112}\) Ibid, 572.

\(^{113}\) Ibid, 615-18.

\(^{114}\) Ibid, 626.

\(^{115}\) Ibid, 572.
standardization bodies. As the authors recognize, the many thousands of technical rules that emerge from these processes largely control what we buy and whom we buy it from; they determine how safe we are at work and at play. They constitute a normative fabric far beyond the capacities of any state. Markets wouldn’t exist without them. Regulators wouldn’t know what to do without them.

This limitation notwithstanding, Global Business Regulation is a conceptual and empirical gold mine, an unsurpassed entry point into the history and contemporary practice of transnational business governance in more than a dozen key domains.

2.2 Regulatory Competition

Theories of multilevel or polycentric governance developed in the context of federal and other decentralized political systems also have much to offer the study of TBGI. The regulatory competition literature provides insight into the drivers, dynamics and effects of one form of regulatory interaction: competition among jurisdictions to attract or retain mobile citizens and factors of production by offering attractive regulatory environments. Proponents argue that competition among legal systems enhances social welfare by generating more efficient regulatory standards and can induce regulatory ‘races to the top’ toward more stringent standards. Critics argue that regulatory competition can generate a race to the bottom or put a chill on regulation, especially where there are negative social or environmental spillovers between jurisdictions. William Bratton and Joseph McCahery show that the conditions for competition are often absent and that the welfare-enhancing benefits of decentralization cannot be assumed. Daniel Esty and Damien Geradin coin the term ‘regulatory co-opetition’

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116 Ibid, 475, 499, 530-1, 542, 606, 624.
118 Eg Bratton and others, above (n 78); Daniel C Esty and Damien Geradin (eds), Regulatory Competition and Economic Integration (Oxford UP, 2001).
to argue that regulatory systems should recognize and promote a mix of competition and cooperation across horizontally and vertically arrayed governmental jurisdictions, among the various branches and departments within government, and between governmental and non-state regulatory actors. Others likewise emphasize that international regulatory interactions involve a complicated mix of conflict, cooperation, coordination and harmonization.

Most of the international regulatory competition literature addresses interaction among national legal systems, but some examines how NGOs and industry groups reinforce or exert competitive pressure on government regulation. Extending regulatory competition analysis to transnational governance raises several questions, including whether and when the conditions for competition exist in domains in which jurisdiction is not defined territorially and regulators cannot necessarily require all actors within their jurisdiction to adhere to their standards. In these circumstances, regulatory cooperation or competition may be determined by forces other than factor mobility.

Transnational regulatory competition also raises questions about legitimacy and regulatory races. Errol Meidinger, for example, predicts that competition among schemes for acceptance will create pressure to adopt standards that respond to or even anticipate public demands, leading toward more transparent, participatory processes and more ambitious and effective rules. Other legal commentators are more pessimistic, arguing that such competition—especially between non-state and intergovernmental rulemaking institutions—endangers democratic governance.

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124 Eg Bratton and others, ‘Introduction,’ above (n 119), 4 (global regulation is ‘a practice of competitive interaction among national legal systems’).


2.3 Multilevel Governance

Like regulatory competition theory, accounts of multilevel, multipolar and polycentric governance have emerged mainly in the contexts of federalism and European integration. From US federal politics, to courts, comitology and coordination in the European Union, these accounts paint complicated positive and normative pictures of the distribution of regulatory jurisdiction, accountability and legitimacy among a mix of authorities that interact horizontally, vertically and diagonally across various levels and scales.\(^\text{128}\) Some accounts, like Ernst-Ulrich Petersmann’s ‘plywood principle,’ exhibit a normative commitment to harmony and mutual reinforcement.\(^\text{129}\) All emphasize increasing complexity and overlap of regulatory actors and structures, the increasing interdependence of regulatory agencies, and the increasing salience of coordination and persuasion in the dynamics of regulatory interaction—features that Robert Ahdieh incorporates in his concepts of dialectical (as opposed to merely dialogic) regulatory interaction and ‘intersystemic governance.’\(^\text{130}\) Although this literature remains focused on state actors,\(^\text{131}\) Paul Schiff Berman urges its extension to the variety of non-state regulatory actors and interlocking governance structures that characterize transnational law.\(^\text{132}\) Fabrizio Cafaggi proposes a deterritorialized concept of multilevel governance that predicts different constellations (from plurality to monopoly) of private regulators and different coordination


mechanisms (contract or organization) at different governance levels, depending on how the interests of regulators, regulatees and beneficiaries are aligned.\textsuperscript{133}

\subsection*{2.4 Transnational Private Regulation}

Cafaggi’s proposal is part of a burgeoning literature on transnational private regulation (TPR). The TPR literature holds great promise for generating insights into TBGI but has made only modest progress toward fulfilling that promise because it focuses primarily on the legitimacy, quality, effectiveness and enforcement of particular transnational private regulatory initiatives rather than these initiatives’ interactions with each other.\textsuperscript{134} While it often features deft comparative analysis across regulatory domains,\textsuperscript{135} it pays little attention to governance interactions beyond the relationship between public law and private regulation, often with an emphasis on the use of the former to control the latter.\textsuperscript{136}

Some TPR scholarship examines broader governance interactions, including Cafaggi’s account of multilevel governance discussed above, and Harm Schepel’s exhaustive study of complex, heterarchic interactions in the field of product safety standards.\textsuperscript{137} Other TPR scholars explore meta-regulation, an important mode of transnational governance interaction. Originally used to denote to state regulation of industry self-regulation,\textsuperscript{138} meta-regulation can operate in both directions across the state/non-state and national/international divides. International agreements or non-state actors may regulate state regulation; non-state regulators may regulate other non-state regulation; and so on. Meta-regulation can also be multi-layered. For example, international regulation may regulate national regulation, which in turn regulates industry or individual self-regulation—‘regulation of regulation of regulation.’\textsuperscript{139}

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{137} Schepel, above (n 117).
\item \textsuperscript{138} Parker, \textit{Open Corporation}, above (n 91); see also Sharon Gilad, ‘It Runs in the Family: Meta-Regulation and its Siblings’ (2010) 4 \textit{Regulation & Governance} 485.
\item \textsuperscript{139} Braithwaite and Drahos, above (n 93), 10.
\end{enumerate}
\end{footnotesize}
Meta-regulation includes regulation via ‘meta-norms’—cross-cutting procedural or substantive norms that actors adopt to govern their own transnational standard-setting or conflict-management initiatives. Jacco Bomhoff and Anne Meuwese examine the development and application of meta-norms within and between transnational private regulatory regimes. Fabrizio Cafaggi, Andrea Rendi and Rebecca Schmidt examine how such norms facilitate and steer cooperation among potentially conflicting TPR regimes that strive for power in contested regulatory spaces.

Echoing Braithwaite and Drahos’ concept of modelling, Colin Scott shows that even private-private meta-regulation involves public-private interaction insofar as private meta-norms like ISEAL’s Codes of Good Practice are modelled after public metaregulatory initiatives like the OECD’s Better Regulation program. For Scott, private transnational meta-regulation instantiates a broader phenomenon in which private regulation seeks legitimacy by interacting with the state, either via emulation (where private regulators imitate legislative, administrative or metaregulatory techniques deployed by states) or via co-regulation (where state authorities initiate, approve or adopt private regulation).

Christine Chinkin examines subtle and complex interactions among private authority, international law and national law. She characterizes these interactions as chaotic, involving privatization of certain national and international governmental functions; national and international regulation of private authority; some private authorities’ mimicry of public authority; other private authorities’ hostility toward it; and varied national and international legal responses to such hostility. She emphasizes this chaos’s normative ambivalence either as a problem demanding order or an opportunity to accommodate new actors and open new spaces for diverse forms and arenas of regulation.

While the transnational private regulation literature has not (yet) devoted much attention to governance interactions beyond the private-public interface, the literature on private regulation in the domestic context certainly has. Among others, David Snyder argues that putative private lawmakers compete for adherents and that this competition both confers legitimacy on private lawmakers and magnifies the benefits of intergovernmental competition by increasing the speed and flexibility of lawmaking, reducing the risk of capture, producing differentiated regulatory products, and enhancing social welfare by allowing consumers to

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143 Christine Chinkin, ‘Monism and Dualism: The Impact of Private Authority on the Dichotomy between National and International Law’ in Nijman and Nollkaemper, above (n 29), 134.
choose those that match their preferences.\textsuperscript{144} The literature on private lawmaking and social norms\textsuperscript{145} therefore has much to offer the study of TBGI.

2.5 More Regulation and Governance

Global business regulation, polycentric regulation, private regulation, meta-regulation and co-regulation are all closely related to the burgeoning literatures on responsive or smart regulation, regulatory capitalism and the (post-)regulatory state.\textsuperscript{146} These literatures emphasize the increasing allocation of governance authority along functional rather than territorial lines and the crucial role of interaction among state and non-state regulation in shaping the distribution of power and the corresponding forms of interest intermediation in different functional arenas.\textsuperscript{147} Although much of this literature remains focused on interaction between states and non-state actors and institutions,\textsuperscript{148} it also yields numerous more general insights into transnational governance interactions.

At the micro level, for example, Drahos argues that a weak regulator (say, a developing country securities regulator) that lacks the resources or capacity to escalate credibly up a responsive regulation pyramid can employ a networked escalation strategy in which it enrolls increasingly powerful networked partners (say, a global accounting firm) to escalate pressure on regulated actors (say, by reporting on the performance of one of its client firms and then monitoring corrective actions by the firm).\textsuperscript{149}

Bruno Latour’s concept of enrollment\textsuperscript{150} plays an important role in many accounts of regulation and New Governance. It refers to the interactive process by which a regulatory actor


\textsuperscript{146} Olaf Dilling, ‘From Compliance to Rulemaking: How Global Corporate Norms Emerge from Interplay with States and Stakeholders’ (2012) 13 German Law Journal 381, and other research coming out of the Collaborative Research Centre 597 ‘Transformations of the State’ at the University of Bremen, which completed its work in December 2014. For more information see http://www.sfb597.uni-bremen.de/?SPRACHE=en, accessed 4 May 2015.


\textsuperscript{148} Eg Olaf Dilling, Martin Herberg and Gerd Winter (eds), Responsible Business: Self-Governance and Law in Transnational Economic Transactions (Hart, 2008); Olaf Dilling, ‘From Compliance to Rulemaking: How Global Corporate Norms Emerge from Interplay with States and Stakeholders’ (2012) 13 German Law Journal 381, and other research coming out of the Collaborative Research Centre 597 ‘Transformations of the State’ at the University of Bremen, which completed its work in December 2014. For more information see http://www.sfb597.uni-bremen.de/?SPRACHE=en, accessed 4 May 2015.


mobilizes other actors and their resources in support of the first actor’s regulatory agenda. Although scholarly attention focuses on state actors’ enrollment of non-state actors and resources, the concept is also applicable to non-state actors’ enrollment of state and non-state actors and resources. Enrollment of other actors and resources is an important element in the legitimation of regulatory authority. While many legal scholars are preoccupied with the normative question of whether and when transnational governance ought to be considered legitimate, Peer Zumbansen is not alone in pointing out that just as law has come loose from its moorings, so have normative theories of law’s legitimacy. In this context the empirical question of how the legitimacy of transnational regulation is gained or lost comes to the fore. Legitimation and delegitimation are inherently interactive processes, involving micro-level interaction between regulators, regulatory targets, beneficiaries and other audiences in the context of particular regulatory schemes, as well as meso-level interaction among regulatory schemes vying for authority in a larger regulatory arena.

Complicating this picture, the same actors may be regulators, targets and audiences conferring or withholding legitimacy. John Biggins shows that state authorities simultaneously serve as an audience conferring legitimacy on ISDA and as regulators undermining ISDA’s legitimacy as they seek to interpret its norms or even regulate derivatives markets directly in the wake of the global financial crisis. Julia Black urges scholars to pay greater attention to how organizations in regulatory regimes respond to multiple legitimacy claims and how they seek to build legitimacy for themselves in complex and dynamic situations. She probes how transnational governance initiatives pursue ‘regulatory share’ via co-evolution, coordination or competition.

Others employ Foucault’s concept of governmentality to explore the ways in which would-be governors interact with each other and with governed subjects to establish or contest governance authority, and the ways in which material techniques of government interact with discursive mentalities. In this vein, Stepan Wood studies interactive processes of

153 Eg David Szablowski, Transnational Law and Local Struggles: Mining, Communities and the World Bank (Hart, 2007).
154 Biggins, above (n 13).
155 Black, ‘Constructing and Contesting Legitimacy,’ above (n 91).
problematization (the definition of problems in need of governance) and authorization (the allocation of governance authority) in the field of environmental management, and proposes a typology of eight modes of interaction between states and voluntary standardization institutions: steering, self-discipline, knowledge production, reward, command, benchmarking, challenge and borrowing.

At the meso level, the concept of ‘regulatory space’ provides a useful frame for examining the complex mix of cooperation, competition and conflict that determines which players and which issues are ‘in’ or ‘out,’ and which organizations’ rules prevail, when regulation is de-territorialized and regulatory authority dispersed. Leigh Hancher and Michael Moran argue that the domination of most regulatory spaces by large, hierarchical organizations leads to an elaborate cooperative division of regulatory labour that is inevitably accompanied by competitive pursuit of institutional advantage, including ‘pursuit of command over the regulatory process itself, as measured by the right to make rules and to command the means of their implementation.’

At the macro level, Oren Perez proposes the concept of regulatory ‘ensembles’—complex formations constituted by multiple links and cross-sensitivities among global private regulatory regimes. He argues that the regulatory ensemble for corporate sustainability has positive enforcement and normative externalities, constitutes a new transnational political sphere associated with a cross-institutional quest for legitimacy, and presents new political opportunities even while it limits radical critique. Errol Meidinger argues that transnational regulation can be analyzed in terms of ‘regulatory ecosystems’ in which programs occupy different regulatory ‘niches’ reflecting their respective capacities and interests. Like organisms in an ecosystem, these regulatory programs mimic, accommodate, compete with and exchange resources with each other. Some ecologically-inspired approaches to regulation favour multi-scalar, polycentric, multi-modal regulation on the theory that diversity, overlap and even

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redundancy of regulators and forms of regulation, like diversity and redundancy in biological systems, foster experimentation, learning, adaptation and resilience.\footnote{163}

Experimentation and learning are also central to another fruitful approach to TBGI: experimentalist governance. An outgrowth of democratic experimentalism,\footnote{164} experimentalist governance claims to provide the architecture in which regime complexity can promote positive interactive outcomes such as learning, accountability, coherence, effectiveness and resilience.\footnote{165} Experimentalist governance creates a recursive cycle in which central and local governance units set broad framework goals and indicators for a particular issue; local units have a high degree of autonomy to decide how to pursue these goals, but must report regularly on their performance, participate in a peer review comparing different units’ approaches, and take appropriate corrective action informed by their peers’ experiences; and the broad framework goals and metrics are periodically revised in light of lessons learned from the peer review process, to start the cycle again.\footnote{166}

Widespread in the European Union and developed democracies, experimentalist regimes are also emerging transnationally in numerous issue areas.\footnote{167} Christine Overdevest and Jonathan Zeitlin argue that experimentalist governance facilitates the emergence of coherent, effective transnational regulatory regimes in the face of polyarchy, disagreement, volatility and uncertainty—precisely the conditions that are often thought to disfavour such emergence.\footnote{168} By accommodating local diversity and promoting recursive learning from decentralized experience, the experimentalist features of interacting transnational regulatory regimes ‘make it possible to build up a flexible and adaptive transnational governance regime from an


\footnote{167} Overdevest and Zeitlin, above (n 165); Charles F Sabel and Jonathan Zeitlin, Experimentalism in Transnational Governance: Emergent Pathways and Diffusion Mechanisms. GR:EEN (Global Reordering: Evolution through European Networks) Working Paper No. 3. Available from URL: http://www2.warwick.ac.uk/fac/soc/csgr/green/papers/workingpapers/.

\footnote{168} Overdevest and Zeitlin, ibid, 26.
assemblage of interconnected pieces.\textsuperscript{169} That said, creating the institutional infrastructure to ensure that learning actually occurs is a major challenge for experimentalist governance.\textsuperscript{170}

It should be clear from the foregoing that the burgeoning literatures on regulation and governance offer a variety of perspectives on various aspects of transnational governance interactions. Much (though certainly not all) of this literature grows out of a broader public law tradition, which also offers other perspectives on transnational governance interactions in the form of global administrative law and global constitutional law.

3. Governance Interactions in Global Administrative and Constitutional Law

The global administrative law (‘GAL’) research agenda\textsuperscript{171} shares meta-regulation scholars’ fascination with cross-cutting norms of transparency, accountability, reasoned decision-making, fairness and the like, but it emphasizes normative analysis and the study of individual regulatory organizations in isolation. The GAL agenda has only very recently expanded to include inter-institutional interaction. Introducing this theme in 2012, Benedict Kingsbury asked: ‘Might there be some practical pay-offs to studying interactions, rather than institutions in isolation?’\textsuperscript{172} Some earlier GAL-inspired work already answered this question affirmatively, including Kalypso Nicolaïdis and Gregory Shaffer’s work on transnational regimes for mutual recognition and Errol Meidinger’s work on public-private governance interactions in forestry.\textsuperscript{173}

\textsuperscript{169} Ibid, 23.
Constitutional ordering, which holds itself out as distinct from other forms of ordering such as markets, hierarchies and networks,\(^{174}\) provides another potential lens through which to study transnational governance interactions. Insofar as constitutional law is concerned with the fundamental norms and practices that allocate powers among governance authorities, enable and constrain the exercise of those powers, and define relationships between governors and governed,\(^{175}\) it is concerned fundamentally with how governance interactions are or ought to be structured and managed. But the global constitutional law literature is not concerned mainly with interactions within a single constitutional order. Rather, it focuses on two broad types of governance interactions, often in conjunction: interactions among a plurality of constitutional orders, and the constitutionalization of a plurality of state and non-state legal orders.

In this connection Jeffrey Dunoff and Joel Trachtman identify seven constitutional mechanisms: horizontal allocation of powers, vertical allocation of powers, supremacy, stability, fundamental rights, review, and democratic accountability.\(^{176}\) For present purposes, these can be understood both as mechanisms by which constitutional functions are implemented within an existing constitutional order and as mechanisms by which the process of constitutionalization (ie, the process by which constitutional norms and practices emerge and spread to domains previously lacking constitutional features\(^{177}\)) advances. In both senses they operate as mechanisms of transnational governance interaction.

Concepts drawn from constitutional law may thus help fill what David Kennedy identifies as a significant gap in knowledge about the structure of global society: ‘How is public power exercised, where are the levers, who are the authorities, and how do they relate to one another?’\(^{178}\)—precisely the sorts of questions that interest us here. The literature on global constitutionalism approaches these questions from a variety of positive and normative perspectives. Constitutionalization has been mooted as a way to coordinate the various components of the international legal system, to respond to the fragmentation of international law, and to manage the confrontations and intersections of a plurality of constitutional


\(^{176}\) Dunoff and Trachtman, ‘A Functional Approach,’ above (n 175).


\(^{178}\) David Kennedy, ‘The Mystery of Global Governance’ in Dunoff and Trachtman, Ruling the World, above (n 175), 37, 38.
orders. As an example of the latter, Mark Tushnet draws on regulatory competition theory to argue that nations compete with respect to constitutional law and to examine whether the race is to the top, bottom, or to multiple resting points.

The global constitutional law literature displays a strong preoccupation with state and interstate institutions such as the United Nations, the World Trade Organization, the European Union and the international legal system generally. Some authors, however, extend the constitutional gaze to non-state governance. Gunther Teubner and others, for example, conceptualize private law and non-state governance regimes as building blocks of a global societal constitutionalism and propose rules for managing transnational regime collisions. This latter strand has less in common with constitutional law scholarship than it does with global legal pluralism and systems theory, which are the last bodies of literature I consider in this survey.

4. Governance Interactions in Global Legal Pluralism

The study of transnational governance interactions lends itself to a pluralist approach insofar as it is concerned with the interaction of multiple legal and normative orders within a given social field. Legal anthropologists and legal sociologists have long explored such interactions within nation states, often with a focus on how indigenous, customary, everyday

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and informal law and norms interact with the formal, centralized institutions of state law.\textsuperscript{187} More recently, the burgeoning literature on transnational legal pluralism has begun to explore such interactions beyond the nation state. This literature offers a range of promising analytical perspectives and empirical materials, but its progress towards a coherent theory of interactive dynamics and effects remains tentative and fragmentary.

A few examples will have to suffice. Interlegality, a term coined by Boaventura de Sousa Santos in 1987,\textsuperscript{188} is a highly promising analytical concept insofar as it seeks to capture the encounter between multiple legal orders:

We live in a time of porous legality or of legal porosity, of multiple networks of legal orders forcing us to constant transitions and trespassings. Our legal life is constituted by an intersection of different legal orders, that is, by interlegality. Interlegality is the phenomenological counterpart of legal plurality and that is why it is [a] key concept of a postmodern conception of law.\textsuperscript{189}

With its emphasis on the ‘manifold interactions’ among different norm structures, the concept of interlegality represents ‘the starting point of a most promising research programme.’\textsuperscript{190} It requires further specification, however, before it can support a workable theory of transnational governance interactions; and there are many ways it might be elaborated. Some legal pluralists might conceptualize it in terms of interaction among separate legal and normative orders coexisting in the same time and space.\textsuperscript{191} For Santos, however, it refers to the ‘different legal spaces superimposed, interpenetrated and mixed in our minds, as much as in our actions.’\textsuperscript{192} Santos conceptualizes interlegality in cartographic terms, emphasizing that legal orders employ differing scales, projections and systems of symbolization to distort social reality in the service of their competing claims to regulatory authority. The


\textsuperscript{189} Santos, ibid, 298, emphasis in original; see also Boaventura de Sousa Santos, Toward a New Legal Common Sense: Law, Globalization, and Emancipation, 2\textsuperscript{nd} ed (Butterworths LexisNexis, 2002), 437.

\textsuperscript{190} Martin Herberg, ‘Global Legal Pluralism and Interlegality: Environmental Self-Regulation in Multinational Enterprises as Global Law-Making’ in Dilling, Herberg and Winter, above (n 148), 17, 20.


\textsuperscript{192} Santos, Toward a New Legal Common Sense, above (n 189), 437.
asynchronous character of these different legal spaces makes interlegality ‘a highly dynamic process’ that results in ‘uneven and unstable combinations of legal codes.’

Interlegality is far from chaotic, however: Santos emphasizes that it is patterned by rules of scale, projection and symbolization, and by asymmetrical power relations between legal centres and peripheries and between hegemonic and counter-hegemonic legalities. Advocating a counter-hegemonic politics of emancipation, Santos draws attention to the legal peripheries and ‘contact zones’ where interlegality is most frequent and intense, and where the possibilities for counter-hegemonic or ‘subaltern cosmopolitan’ legality are greatest. These contact zones, for Santos, are ‘zones in which rival normative ideas, knowledges, power forms, symbolic universes and agencies meet in unequal conditions and resist, reject, assimilate, imitate, subvert each other, giving rise to hybrid legal and political constellations.’ He identifies four modes of interlegal interaction in the contact zone—violence, coexistence, reconciliation and conviviality—and explores how hegemonic and counter-hegemonic legalities differ both in which modes they tend to favour and in the extent to which they embrace legal hybridity and complexity.

Robert Wai criticizes Santos for presenting ‘flattened, simplified’ and segregated accounts of hegemonic and counter-hegemonic legalities and for neglecting heterogeneity and interlegality within the putatively hegemonic domain of global business itself. Wai presents transnational private law as a model for understanding interlegality within this domain and as a key mechanism for coordinating it. This model portrays interlegality not simply as a site of harmonization but also of productive normative contestation. In a different vein, Zenon Barikowski proposes subsidiarity (the principle that governance authority should reside at the smallest unit of governance consistent with the character of the policy problem) as a master principle to manage interlegality and to engender legitimacy. Marc Amstutz proposes an evolutionary conceptualization of interlegality in which the European Court of Justice’s meta-regulatory requirement for national courts to interpret national law in conformity with

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193 Ibid, 437.
195 Ibid, 472.
197 Wai, ‘Interlegality of Transnational Private Law,’ above (n 9), 111.
198 Ibid, 108.
European directives can trigger a process of trial and error, self-reflection and institutional learning in which Member States define ‘their “niche” in the “biotope” of European law.’

Interlegality might alternatively be conceptualized in terms of a plurality of interacting cultures. It might also be understood in terms of Robert Cover’s concept of nomos, the intersecting and sometimes conflicting normative worlds by which different communities order their experiences and expectations, and from which they perceive the rest of the world. This approach would analyze interlegality in terms of the narratives that constitute these normative worlds, emphasizing the jurisgenerative roles of some actors (e.g., insular religious communities, radical social reformers and revolutionaries) who seek to create and transform normative worlds, and the jurispathic roles of other actors (e.g., judges and courts) who seek to quash alternative normative worlds while reifying dominant ones. Finally, systems theory would conceptualize interlegality in terms of the intersection of self-referentially closed systems of social communication.

Suffice it to say that interlegality accommodates a variety of divergent theoretical, methodological and normative approaches. This variety accentuates the difficulties of individuating legal and normative orders and of specifying units and levels of analysis.

Beyond interlegality, the global legal pluralism literature is a trove of other fruitful perspectives on transnational governance interactions. This literature overlaps substantially with the literature on transnational regulation, discussed earlier. David and Louise Trubek identify three forms of transnational governance interaction—rivalry, complementarity and transformation—but they restrict their attention to interactions between emerging transnational legal arrangements and existing state law. Oren Perez examines trade-environment conflicts through a pluralist lens that emphasizes the intricate linkages and interactions among a range of state-based, non-state and hybrid organizations within a

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201 Eg André Hoekema (ed), Special Issue: Multicultural Interlegality (2005) 51 Journal of Legal Pluralism and Unofficial Law 1; Ralph Grillo, Roger Ballard, Alessandro Ferrari, André J Hoekema, Marcel Maussen and Prakash Shah (eds), Legal Practice and Cultural Diversity (Ashgate, 2009).
203 See Part 5, below.
205 See Part 2.4, above.
'complex discursive labyrinth.'\textsuperscript{207} He argues for an assemblage of context-specific solutions aimed at strengthening ecologically sensitive inter-institutional and discursive linkages and dampening ecologically insensitive ones.\textsuperscript{208}

Others focus on the political economy of transnational governance. Francis Snyder, for example, identifies global commodity chains as key pathways for normative diffusion and other interactions among different governance sites.\textsuperscript{209} Combining agency and structure, he analyzes the institutions, norms and processes of global legal pluralism in terms of structural sites, the structural and processual relations among these sites, and the activities of strategic actors. He argues that the overall constellation of institutions, norms, processes and sites that together govern a specific global commodity chain, and the character of their interaction, depend, \textit{inter alia}, on the number of component units in each segment of the chain, their geographic concentration or dispersal, the extent to which segments participate in multiple commodity chains, the ways segments are linked to each other within one chain, and the types of relations (horizontal, vertical, competitive or cooperative) that exist between the sites. These relations take many forms including ‘equality or hierarchy, dominance or submission, creativity or imitation, convergence or divergence, and so on.’\textsuperscript{210}

Yet other scholars seek to integrate global legal pluralism into general jurisprudence, analyzing ‘purported instances of law beyond, between, within, and/or outside state borders; and any resulting interactions or overlaps between different legal systems.’\textsuperscript{211} Nicole Roughan, for example, contends that the best normative and explanatory account of legal pluralism adopts a relative conception of authority in which authority is shared or interdependent and the relationships between authorities condition the authorities’ legitimacy.\textsuperscript{212} This means that ‘authorities might, depending on context, need to cooperate, coordinate, or tolerate one another if they are to have legitimacy’; or the conditions for legitimate authority might require

\textsuperscript{207} Oren Perez, \textit{Ecological Sensitivity and Global Legal Pluralism: Rethinking the Trade and Environment Conflict} (Hart, 2004), 259.

\textsuperscript{208} Perez, \textit{Ecological Sensitivity}, above (n 207), 261-2.


\textsuperscript{210} Ibid, 72.


\textsuperscript{212} Roughan, \textit{ibid}, 6-8.
them to exclude or conflict with one another.\footnote{Ibid, 8, 10.}

The thrust of Roughan’s argument is normative: she seeks to derive standards for appropriate inter-authority relationships, and hence for the legitimacy of authority, from principles of analytical jurisprudence rather than from observed practice. It does, however, have practical implications. Her account of relative authority ‘is a model for thinking about how and when institutional authorities ought to work with, alongside, or against one another, and a tool for evaluating how well actual institutions are engaging in relative authority relationships.’\footnote{Ibid, 6.}

Unlike Roughan, who focuses on the question of when plural authority can be legitimate, other global legal pluralists focus on how to manage it. Mireille Delmas-Marty’s sophisticated argument for managing legal pluralism emphasizes the elimination or resolution of conflicts between authorities and the integration of interacting regimes.\footnote{Delmas-Marty, above (n 211); see also Mireille Delmas-Marty, Towards a Truly Common Law: Europe as a Laboratory for Legal Pluralism, trans Naomi Norberg (Cambridge University Press, 2002).} Her normative commitment to harmonization and integration contrasts with Paul Schiff Berman’s embrace of productive contestation, local variation and creative adaptation.\footnote{Paul Schiff Berman, Global Legal Pluralism: A Jurisprudence of Law Beyond Borders (Cambridge University Press, 2012), 10.} Berman argues that we should ‘deliberately seek to create or preserve spaces for productive interaction among multiple, overlapping legal systems by developing procedural mechanisms, institutions, and practices that aim to manage, without eliminating, the legal pluralism we see around us.’ The goal of such management is to mobilize a range of procedural mechanisms that provide opportunities to hear plural voices, channel normative conflict and forge ‘provisional compromises that fully satisfy no one but may at least generate grudging acquiescence.’\footnote{Ibid, 14.}

Drawing on existing pluralist scholarship, Berman identifies eight such mechanisms in a tentative, exploratory fashion: dialectical legal interactions, margins of appreciation, limited autonomy, subsidiarity, hybrid participation, mutual recognition, safe harbour agreements, and regime interactions.\footnote{Ibid, 153-88.} His account invites further theoretical and empirical specification\footnote{Ibid, 189.} and focuses on state and interstate arrangements, addressing non-state governance mainly in terms of its interaction with state law.\footnote{Ibid, 43.}
Although many other global and transnational legal pluralists’ work is relevant to the study of transnational governance interactions,\(^{221}\) I close with Gralf-Peter Calliess and Peer Zumbansen’s groundbreaking work on ‘rough consensus and running code’ (‘RCRC’).\(^{222}\) They weave many of the strands of scholarship discussed in this article into a pluralist legal theory organized around an evocative metaphor drawn from internet standard-setting. According to Calliess and Zumbansen, transnational legal regimes are constituted by ‘a complex interaction and overlapping of public and private rule making processes,’\(^{223}\) combining an ‘ongoing evolutionary state-of-becoming’ with an ‘experimental and open-ended nature’\(^{224}\) The interactive, experimental and evolving character of transnational law is captured in an iterative process of ‘rough consensus’ and ‘running code.’ In the first phase, an informal consensus in favour of a new standard emerges from a deliberative process involving relevant actors in a given functional issue area. This rough consensus has three dimensions: social (near unanimity or widely prevailing agreement among participants), substantial (a common core content) and temporal (a provisional or interim character open to future improvement).\(^{225}\) The consensus evolves into a ‘running code’ via a threefold implementation process that involves a pilot phase in which the proposed standard is road-tested; a recognition phase in which the wider community accepts or rejects the standard by implementing it in practice; and a binding phase in which the standard is locked in and becomes an effective requirement in the community.\(^{226}\) The whole RCRC process is characterized by loosely organized deliberation, continual experimentation and reconsideration, a lack of formal voting, and constant creative breaking down and recombination of the paradoxes that constitute any legal order: public vs private, technical vs political, coordination vs regulation, substance vs procedure and authority vs affectedness.\(^{227}\)

From the opening epigraph\(^{228}\) to the last page,\(^{229}\) Calliess and Zumbansen recognize the pervasiveness and importance of transnational governance interactions. They identify a wide range of interactive patterns, including overlap, intersection, interpenetration, intertwining, multi-layering, embeddedness, and densely woven normative webs; and a wide range of modes of interaction including competition, cooperation, collaboration, antagonism, collision,  

\(^{221}\) Eg Günther Handl, Joachim Zekoll and Peer Zumbansen (eds), Beyond Territoriality: Transnational Legal Authority in an Age of Globalization (Martinus Nijhoff 2012), exploring numerous examples of governance interactions and overlaps.  
\(^{222}\) Calliess and Zumbansen, above (n 211).  
\(^{225}\) *Ibid*, 135.  
\(^{227}\) *Ibid*, 135-36, 244, 254-55.  
\(^{228}\) *Ibid*, xxii (reproducing at greater length the excerpt from David Kennedy, above (n 178)).  
\(^{229}\) *Ibid*, 277 (RCRC is ‘emerging as a particular form of societal self-governance at a time where domestic and transnational, public and private law-makers compete over regulatory competency and authority’).
contestation, conflict, harmonization, constitution, delegation, translation, transposition, integration, migration, co-regulation and meta-regulation. Elsewhere, Zumbansen notes that the ‘running code’ of a transnational legal regime changes continually through cross-fertilization, co-evolution, competition and other ‘intricate collision[s]’ among myriad rule-making processes.

And yet RCRC remains tantalizingly underdeveloped, more an evocative image than an explanatory framework or normative recipe. Calliess and Zumbansen neither develop it into a coherent analytical approach nor apply it seriously to the various empirical examples they discuss, aside from the one from which it emerged—internet governance. Numerous questions remain unresolved. Does ‘rough consensus’ include only rule-makers or also rule-addressees, enforcers and audiences? Does RCRC involve micro-level interactions within a single regulatory program, meso-level interactions among programs within a transnational law regime, macro-level interactions among regimes, or all of the above? The authors illustrate the RCRC model mainly at the micro level, but in some cases explore meso-level interactions among transnational governance schemes and macro-level interactions among and between spheres of societal norm-production. As a result of these shifting levels and units of analysis, it is not always clear who or what is interacting: norms, products, actors, regimes, cultures, functionally differentiated social subsystems, spaces or scales, or a little bit of everything.

It is also unclear how RCRC helps explain or predict the drivers, forms, dynamics and effects of interaction in specific contexts. Calliess and Zumbansen identify some possible drivers of regulatory interactions and recognize that interactions can have impacts on legitimacy,

\[^{230}\text{Ibid, passim.}\]
\[^{232}\text{Eg Calliess and Zumbansen, above (n 211), 135.}\]
\[^{233}\text{Eg ibid, 210 (‘market participants’).}\]
\[^{234}\text{Eg ibid, 137-39, 142-44, 191, 234.}\]
\[^{235}\text{Eg ibid, 157, 159, 163, 179 (discussing online consumer protection regimes); 214 (discussing European corporate governance regulation).}\]
\[^{236}\text{ibid, 145.}\]
\[^{237}\text{ibid, 24, 80.}\]
\[^{238}\text{ibid, 161-167 (blurring the line between products (‘private ordering services’) and regulations).}\]
\[^{239}\text{ibid, x, 80.}\]
\[^{240}\text{ibid, xvi, 166.}\]
\[^{241}\text{ibid, 24.}\]
\[^{242}\text{ibid, 34, 46-50.}\]
\[^{243}\text{ibid, x, 244-45.}\]
\[^{244}\text{Primarily, the functional differentiation of societal subsystems, the proliferation of rule-making sites and the limits of state law in the face of globalizing corporate power. Ibid, 34, 46-50, 107, 185, 220, 233, 275-6.}\]
accountability and compatibility of governance efforts.\textsuperscript{245} Much of the time, however, they content themselves with identifying general patterns of overlap, embeddedness, and intersection, only hinting at the dynamics of interaction or acknowledging the need to study them.\textsuperscript{246} Finally, like many scholars of transnational law, Calliess and Zumbansen remain preoccupied with the law/non-law question even while problematizing it.\textsuperscript{247} Throughout the book there is a sustained focus on non-state norms’ relation to state law.\textsuperscript{248}

In short, the global legal pluralism literature provides fascinating insights into transnational governance interactions, but continues to be preoccupied with the definitional dichotomy of law/not law. It often alludes to ‘a complex notion of overlapping authority but does not analyse just what that means.’\textsuperscript{249} It recognizes a wide variety of sources and forms of law—national and international, formal and informal, public and private, state and non-state—yet often fails to provide analytical insight into how these forms and sources interact, or identifies only a limited range of interactions.

This survey of legal perspectives on transnational governance interactions would be incomplete without considering systems theory, which has had a major influence on theories of regulation, legal pluralism and transnational law.

5. Governance Interactions in Systems Theory

Some of the more innovative transnational legal pluralists discussed above, including Perez, Schepel, Calliess and Zumbansen, draw inspiration from systems theory. Like many accounts of transnational law, systems theory starts by recognizing the increasing functional differentiation of society into specialized fields, the increasing organizational complexity of global business, the increasing deterritorialization of regulatory authority, and the multiplication, fragmentation and collision of regulatory regimes.\textsuperscript{250} Systems theory parts company with other approaches, however, by insisting that the basic elements of social systems are communications, not human beings,\textsuperscript{251} and that global society is composed of self-

\textsuperscript{245} Ibid, 264.
\textsuperscript{246} Eg ibid, 196 (‘our attention has to turn as well to the dynamics that are unfolding between different levels and sites of rule-making from a regulatory perspective,’ emphasis in original).
\textsuperscript{247} Eg ibid, ix, 15, 21, 134, 248.
\textsuperscript{248} Eg ibid, 110, 121-2, 125.
\textsuperscript{249} Roughan, above (n 211), 8.
reproducing, self-regulating, autopoietically closed subsystems.\textsuperscript{252} As David Doorey reminds us in this issue,\textsuperscript{253} debates about the relative merits of theories of open and closed social systems continue,\textsuperscript{254} but I focus here on the theory of autopoietically closed systems because of its greater influence on transnational legal theory.

For autopoietic systems theory, regulation is all about interaction,\textsuperscript{255} but what interacts are communications, not individuals, groups, norms, institutions or cultures. Regulation involves communicative interactions within and between self-referential autopoietic systems. Such systems are of two main types: formal organizations, understood as operatively closed decision-making cycles; and functionally differentiated social subsystems such as law, politics, science and the economy. The ‘pressing question’ for regulation in this context is how to achieve and steer inter-systemic coordination.\textsuperscript{256}

Autopoietic closure means that one system, such as law, cannot regulate another directly, be it a functional social subsystem like the economy or a formal organization like a firm. The only way to regulate such systems ‘from the outside is to grant them a high degree of autonomy and to lay down only general structural guidelines to regulate the context of action.’\textsuperscript{257} Systems theory, like New Governance and responsive regulation, thus advocates reflexive law, which influences the other system’s own self-regulation indirectly by encouraging self-reflection and self-regulation by regulatory targets in line with values articulated in the regulating system.\textsuperscript{258} Efforts to regulate other systems confront Gunther Teubner’s ‘regulatory trilemma’: one system’s effort to regulate another can result in the disintegration of the initiating system, disintegration of the target system, or mutual indifference.\textsuperscript{259}

To escape this trilemma, systems must achieve ‘structural coupling,’ which occurs when elements of different systems (eg law and the economy) are linked via the same communicative event (eg a business dispute).\textsuperscript{260} The singular, micro-level social interaction is the eye of the needle through which all macro-level inter-systemic interactions must pass, because it is here


\textsuperscript{253} David Doorey, ‘Mapping the Ascendance of the “Living Wage” Standard in Non-State Global Labour Codes,’ this issue.

\textsuperscript{254} Eg Richard Nobles and David Schiff, \textit{Observing Law Through Systems Theory} (Hart, 2013).


\textsuperscript{256} Schepel, above (n 117), 15.

\textsuperscript{257} Teubner, \textit{Law as an Autopoietic System, above} (n 255), 142.


\textsuperscript{260} Teubner, Law as an Autopoietic System, above (n 255), 86-89.
that ‘the expectations of various subsystems converge, complement each other, supplement each other and conflict with each other.’\textsuperscript{261} Structurally coupled systems can co-evolve such that their structures develop via exposure to various systems’ selection processes, the expectations singled out in individual interactions are reconciled with the different systems’ logics, and these logics exert reciprocal (albeit very indirect) influence on each other by having to be compatible with other expectations in concrete interactions.\textsuperscript{262}

The processes of structural coupling and co-evolution are generally blind,\textsuperscript{263} but different systems’ conflicting demands can prompt deliberate efforts to regulate inter-systemic interaction.\textsuperscript{264} Teubner argues that inter-systemic regulation employs two mechanisms: information and interference.\textsuperscript{265} Information refers to a system’s generation of knowledge about other systems within the system itself. This is a process of reciprocal observation. This is how command-style regulation typically operates, despite its aspiration to intervene directly in the regulated firm or domain. There is no genuine interaction between systems: rather, each system creates an image of the other within itself and interacts with that internally generated image.\textsuperscript{266} Regulation succeeds to the extent that regulatory acts withstand the auto-poiesis of both systems.\textsuperscript{267} The likelihood of such success can be enhanced by deliberately exposing the ‘regulating’ system to greater evolutionary forces of variation, in particular by opening it to a wider variety of actors and claims.\textsuperscript{268}

Interference, by contrast, allows autopoietic systems to ‘get beyond self-observation and link up with each other through one and the same communicative event.’\textsuperscript{269} Interference is the key to structural coupling and can occur at the level of events, structures or roles. Event interference is the simultaneous presence of the same communicative event in multiple systems.\textsuperscript{270} Contracts and rights are leading examples, insofar as ‘three actions—namely, legal, social and economic—coincide’ in every contract and every assertion of a right.\textsuperscript{271} Structural interference exists where one system’s general expectations coincide with another’s or where


\textsuperscript{262} Teubner, Law as an Autopoietic System, above (n 255), 62-3; Teubner, ‘Evolution of Autopoietic Law,’ above (n 261), 236; on structural coupling and co-evolution see also Oren Perez, Ecological Sensitivity and Global Legal Pluralism: Rethinking the Trade and Environment Conflict (Hart, 2004), 17-23.

\textsuperscript{263} Teubner, Law as an Autopoietic System, ibid, 80.

\textsuperscript{264} Teubner, ‘Evolution of Autopoietic Law,’ above (n 261), 237.

\textsuperscript{265} Teubner, Law as an Autopoietic System, above (n 255), 65, 97.

\textsuperscript{266} ibid, 79, 84.

\textsuperscript{267} ibid, 80.

\textsuperscript{268} ibid, 81-82, 95.

\textsuperscript{269} ibid, 87.

\textsuperscript{270} ibid, 89.

\textsuperscript{271} ibid, 92.
one system adopts another’s reality constructions. Reflexive regulation can intensify both types of interference by requiring regulated entities to choose from a menu of regulatory options, putting conditions on the exercise of chosen options, linking the choice of options to valuable entitlements, or linking regulatory impulses belonging to different system logics (eg making economic incentives available via the legal system). Third, role interference exists where communicative events in different systems are linked via overlapping organizational roles. Formal organizations can communicate with each other across system boundaries through interlocking memberships, neo-corporatist governance arrangements, multi-stakeholder discussion groups and other intermediary structures that bring political, economic and other constituencies together. Technical and scientific experts and the standards they develop—often outside or in the penumbra of legal systems—can play key roles in inter-systemic interference and coupling. This form of interference can be regulated indirectly, for example by mandating particular forms, procedures or competencies for intra- and inter-organizational relationships.

Both information and interference are highly indirect modes of regulation, preserving regulated systems’ autonomy in substantive rule-making while encouraging them to take heed of collective values and assumptions articulated in the regulating system. And yet, even if reflexive law has more inter-systemic regulatory potential than does command regulation, it ‘is still a closed autopoietic system operating in a world of closed autopoietic systems’ and ‘cannot break down the barriers which result from this double closure.’

Aside from these deliberate efforts to regulate inter-systemic interaction, systems theorists predict that the legal system will respond more or less organically to the perpetual conflicts among social subsystems by developing a new ‘inter-systemic law of conflict’. Building on Santos’ interlegalivity, Teubner examines how the legal system evolves to mediate three kinds of conflicts: conflicts among non-legal social subsystems; conflicts among the various legal and quasi-legal orders that comprise a pluralist legal system; and conflicts among

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272 Ibid, 90.
273 Ibid, 93-95.
274 Ibid, 90.
278 Teubner, Law as an Autopoietic System, above (n 255), 97.
279 Ibid.
280 Ibid, 100; Fischer-Lescano and Teubner, above (n 250), 1000.
specialized legal fields within state law. Each type of conflict has its own analytical and normative challenges, but legal responses include formal ‘collision rules’ referring a matter to one system or another; procedural rules guaranteeing self-regulatory autonomy or creating fora for negotiating ‘intersystemic agreements’; substantive legal norms (eg for standard contract clauses); and quasi-constitutional rules governing the constitutive conditions of quasi-legal orders. The focus in all cases is on balancing the intrinsic logics and functional requirements of conflicting systems, rather than balancing the conflicting interests of individual or collective actors.

Systems theory’s focus on inter-systemic interaction makes it very relevant to the study of TBGI. Built around self-referential communicative cycles rather than actors or institutions, it offers a radical alternative to other theoretical perspectives. It departs from other approaches in insisting that every attempt to regulate a formal organization or a social field from the outside involves inter-systemic interaction and can at most have an indirect effect. Systems theory’s demanding theoretical assumptions and radical implications make dialogue and comparison with other approaches difficult. Yet despite its singularity, it shares with other approaches an emphasis on the relationship between state law and private ordering. Harm Schepel’s highly nuanced systems theory-inspired analysis of technical product standards, for example, documents in exquisite detail the complex interactions among multiple organizations, codes and standards ‘beyond the state,’ but focuses ultimately on the questions of whether private governance is the ‘impulse-generating periphery’ of state law or vice-versa; when state law should recognize private standards as legitimate; and how public administrative law principles have been imposed upon or borrowed by private standardization.

6. Conclusion

Despite its length, the preceding account of transnational legal scholarship’s treatment of governance interactions is oversimplified and incomplete. It suffices, however, to illustrate the tendency in contemporary transnational legal scholarship either to view interactions

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281 Teubner, Law as an Autopoietic System, above (n 255), 109-114.
283 Ibid, 110.
284 Ibid, 112.
285 Schepel, above (n 117), 405.
286 Jürgen Habermas, Between Facts and Norms: Contributions to a Discourse Theory of Law and Democracy (Polity, 1995) 442.
288 Schepel, above (n 117), 2, 413-14.
289 Ibid, 409, 414.
narrowly and in isolation, or to examine them in a tentative, preliminary manner. The literature exhibits a heavy emphasis on interaction within and between state-based legal orders, and between state and non-state normative orders, as opposed (for example) to interactions among various transnational non-state regulatory programs. Many authors are concerned primarily with conflict or competition, others with cooperation. Many confine their attention to interactions within individual institutions or regimes; some examine interactions between competing or overlapping regimes within larger legal or organizational fields; while a few address interacting social systems. Many focus on one or two components of regulatory governance to the exclusion of others, with rulemaking and compliance getting the most attention often at the expense of other aspects such as implementation or interpretation.  

The transnational legal literature is nevertheless a rich mine of empirical, theoretical and methodological insights into transnational governance interactions, ripe for consolidation in an overarching conceptual framework that defines a fruitful research agenda and allows these diverse perspectives to speak to each other. Given the great variety of legal scholarly perspectives on the proliferation, fragmentation, intersection and interaction of actors, institutions and systems in transnational and international regulatory governance, it would not be fair to claim, as Kal Raustiala does, that understanding the implications of these developments ‘is a question that has only begun to be asked.’ On the contrary, this question, in one form or another, has been at the heart of transnational law since its beginnings. Yet Raustiala is surely correct in going on to claim that ‘the most interesting question for the future is probably not whether international institutions matter—they do—nor why they are designed the way they are. It will be how to manage and navigate an international order that is growing ever more complex.’

The critical literature review presented here provides useful intellectual and historical context for this task and for the exercise in theory-building that it will require.

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291 My coauthors and I propose such a framework in Eberlein and others, above (n 2).
292 Raustiala, above (n 50), 316.
293 ibid.
294 This theoretical challenge is laid out in Wood and others, this issue.