Recursive Recognition in the International Political Economy

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Abstract
How are the tools that govern the world economy legitimated? Here we discuss how governance tools - such as policy scripts, templates, and benchmarks – are developed to contain particular types of knowledge. Such tools contain blueprints of how the world economy should work. Understanding how they are produced and legitimated is important if we are to comprehend how they replicate particular bodies of knowledge, policy languages, and norms. We suggest that ‘recursive recognition’ is an important trend in the international political economy, where different types of organizations legitimate particular governance tools; especially ones producing common metrics. For example: a private foundation releases a study on best practices in policy area X, which is then referred to as best practice by an intergovernmental organization, an NGO, a firm, and a global professional service firm. Investigating the extent of this phenomenon requires address two blind spots. The first blind spot is conceptual in the reification of agency and authority based on organizational types. The second blind spot is empirical in identifying how pervasive recursive recognition has become, and how it affirms the reproduction of power asymmetries.

Keywords: authority, governance, legitimacy, benchmarks, rationalization, structural power, consultancies, intergovernmental organizations, global professional service firms.

Introduction
Susan Strange noted in The Retreat of the State that the “task of the international political economist... is to try and untangle the complex web of overlapping, symbiotic or conflicting authority in any sector or on any who-gets-what issue” (Strange, 1996: 99). For Strange identifying claims to authority was crucial to understanding and explaining the replication of power asymmetries in the international political economy. More than two decades later IPE scholars face the problem of untangling complex webs of authority where different organizations often refer to each other in articulating positions on who-
gets-what. Here we suggest that recursive recognition – cycles of affirmation that legitimate particular forms of policy knowledge – increasingly underpin how these webs are produced and enacted.

A barrier to studying complex webs of authority is that IPE scholarship tends to insist on viewing particular actors as intrinsically endowed with particular authority attributes. This is a problem because there has been a proliferation of governance tools in the international political economy from a range of actors, including the expansion of commensuration activities through benchmarks, indices, and the like (Espeland & Stevens 1998). Such activities increasingly involve consultancies and global professional service firms (hereafter GPSFs) in advising all types of organizations (Boussebaa & Faulconbridge, 2018).

An important change, which has accelerated in the last decade, is that many forms of knowledge exercised by public authorities are strongly informed by market-based and private actors with whom they have ongoing relationships. The point here is not that public and private authority run in parallel tracks or compete in a zero-sum contest, but that they have become enmeshed. Still, IPE scholars tend to associate authority as an endowment of organizational types, and those actors as discrete. Despite the now voluminous literature on multi-stakeholder governance (e.g. Fransen 2012), ‘orchestration’ among actors occurs on an assumption of authority claims and different interests as a property of their organizational type (Abbott & Snidal, 2010).

Such conceptual reification presents a conceptual blind spot we need to reconsider in locating complex webs of authority. Formal authority is considered the domain of public actors, while market actors guiding the process have been considered as the “privatization of regulation” (Büthe & Mattli, 2013). To our minds, we should identify how public and private authority operate in symbiosis rather than revisiting debates that revolve around identifying public authority versus private authority (Cutler et al., 1999; Hall & Bierstecker, 2002). It is the character of relationships between those who seek to govern that is important (Avant et al., 2010). To get at these relationships we require a more ‘liquid’ conception of authority, in which overlapping claims can be recognized in how governance knowledge and objects are constituted (Sending, 2017). This is important in overcoming an empirical blind spot – understanding the extent to which shared, reinforced recognition between organizations now unpins how governance tools are designed and implemented. This has important consequences for the treatment of issues – including climate change and role of corporate power, among others – as well as for the replication of power asymmetries, including the role of race and gender (see the other contributions to this issue).
Recent IPE scholarship has stressed how we need to recognize a ‘new interdependence’ where rule overlap, opportunity structures, and power asymmetries are prominent (Farrell & Newman, 2016). This literature points to how rule overlap creates uncertainty for regulators and market actors, as well as how power asymmetries are replicated not only by institutional access but through consensus around what is legitimate governance knowledge. Particular actors are more able to make claims to what knowledge is most appropriate by exploiting different interpretations in rules, standards, and norms (see, recently, Eskelinen & Ylönen 2017; Hearson 2018). In addition to strategic behavior, certain forms of governance knowledge are commonly enacted by policymakers, professionals, and organizations in an everyday manner that affirms what is legitimate.

We explore these themes of actorhood, recursive recognition, and enactment in three sections. The first section is concerned with our starting premises in locating actorhood, system effects, and governance tools in the international political economy. The second section discusses how the reproduction of knowledge in governance tools now occurs within a system of recursive recognition. The proliferation of global benchmarks provides an example, which are increasingly used to assess the quality of national policies, institutional designs, and outcomes across many areas of social, environmental, health, and economic governance. The third section discusses how governance tools are enacted, pointing to how this encourages the inculcation of particular forms of policy knowledge.

**Actorhood**

If IPE scholars are charged with the duty of untangling complex webs of overlapping authority, then the first task is to rethink how we have been trained to identify authority, and not to reify particular actors as permanent holders of it. Figure 1 illustrates the key components of how we understand the international political economy. On the left-hand side we have the ‘system’, which includes more diffuse forces such as norms and discourses, both aggregates of varying degrees of indirect social behavior, as well as structural dependencies that determine actual reliance on material resources and differential access to them. On the right-hand side we have actors, who are typically viewed as individuals, organizations, and nation-states that have decision-making autonomy. They typically interact in a direct manner, producing knowledge that is contested among peer groups, with ‘interests’ derived from their assumed wants (Swedberg, 2005), and purporting ‘ideas’ characterized as novel interventions into political and economic deliberations.
In the middle we have ‘Enactors’, who are those individuals or organizations that enact and perform roles that serve to replicate norms and policies in accordance with world ‘blueprints’ (Meyer & Jepperson, 2000; Ramirez, 2002). This middle position is where we commonly find the production of governance tools, such as policy scripts, templates, and benchmarks (Broome & Seabrooke, 2007, 2012). Enactors are not ‘intermediaries’ or ‘orchestrators’ but those acting upon established tasks that link actors to institutions within a framework already theorized and rationalized (Powell & Rerup, 2017). Enactors are not ‘in charge’ of the implementation and operationalization of governance tools but ‘do’ governance by following established practices and theories. Actors do not produce these governance tools by themselves, and cannot do so without system effects. The system cannot produce them either, but places boundaries around their content. Enactors, and their enactments, perpetuate the rhetorical power of these tools as legitimate ways of governing the international political economy (Halliday et al., 2009).

This is the case because they do the bulk of activity, as opposed to actors who make interventions at decision points.

What Figure 1 suggests is that much of the ‘action’ in the international political economy takes place in the middle of the figure, not on the extreme left or right. The lion’s share of IPE scholarship has converged towards the right. From this perspective the key players are actors who have decision-making autonomy and pronounce their interests. Individual actors are commonly conceived of as entrepreneurs pushing ideas (Blyth, 2002; Widmaier et al., 2007), policymakers strategizing to achieve the best win-set for their state (Bailer & Weiler, 2015), or executives steering their organizations (Hall & Woods, 2017). Viewing organizations as actors typically means a particular type of actor, such as an intergovernmental organization (IGO) or non-governmental organization (NGO),
where the command and claim of authority is given by the organizational type. As suggested above, work on ‘orchestration’ affirms that organizations can be distinguished by type, and that claims of authority and assumed interests follow accordingly. While there is no doubt that studying decision-making and entrepreneurship is very important for IPE, the prevalence of actually existing actorhood is often exaggerated (as it is across the social sciences, see Meyer & Jepperson, 2000). Of course, there is also a rich and enduring body of scholarship in IPE scholarship on the left-hand side of Figure 1, locating case dynamics within hegemonic discursive and material structures that have systemic properties (most recently Jessop & Overbeek, 2018). Such approaches have produced detailed accounts of structural processes of reproduction and continuity in contemporary global capitalism, and delve into how the system is reproduced through not only economic determinants but also cultural explanations.

In the bottom-middle of Figure 1 we have the governance tools: the policy scripts, templates, and benchmarks that are produced and reproduced through recursive processes linking the system and its constituent actors. For example, IGOs have established handbooks and advice on how to reform a particular policy area in line with what they consider best practice. Reforms for tariff regulation, public utility privatization, taxes, capital liberalization, and labor standards are all prominent examples. This advice is often customized for regional and economy-type variations of templates but grounded in theorizations about what policies are optimal (Broome & Seabrooke, 2007). As objects these governance tools reflect decisions made by actors, in the context of the system, and are then enacted. Governance tools are products of iterative processes of classification and inscriptions to create social facts (Hansen & Porter, 2012; Best, 2014). The tools are embedded in claims to knowledge and expertise, and their articulation defines the world in ways that confer authority on some categories, practices, and actors (Sending, 2015). These tools of rationalization encourage particular ways of governing and convergence in how those in the system theorize what is possible (Meyer et al., 1997; Kentikelenis & Seabrooke, 2017; Halliday, 2018). Such tools often promote the technocratization and professionalization of the international political economy (Strange, 1996: 142-3; Knafo, 2020). If we can trace their knowledge content and the processes through which they are constructed, we can gain greater insight into overlapping claims to authority.

**Recursive Recognition**

Governance tools in the international political economy increasingly rely on recursive sequences of knowledge production from public and private sources (Halliday, 2009: 270; Halliday & Shaffer, 2015), and which also conform to a social hierarchy (Broome et al., 2018). The evaluative techniques employed to produce global benchmarks of state performance provide a good example of how governance tools are being created through overlapping claims to authority (Kelley, 2017; Honig & Weaver, 2019).
The Global Benchmarking Database, which tracks the creation of new transnational rankings and ratings, identifies over 300 global benchmarks. More than 75 percent of these benchmarks have been produced by private actors, or in partnership with them. Some 45 percent have been created in partnership with NGOs, 13 percent by private firms, 11 percent by universities and academic researchers, and 6 percent by news media organizations. The rate of proliferation of transnational rankings and ratings in the last two decades has been dramatic, with over 80 percent of the total number of global benchmarks (250 out of 306) being introduced since the turn of the century (Global Benchmarking Database, 2020). The rankings and ratings introduced by benchmarks is “blurring distinctions between private and public functions” (Cooley & Snyder, 2015: 17).

Private actors play a major role in driving the rise of country rankings and ratings in transnational governance processes. It is important to note that they have done so in an epistemic environment where metrics and numbers are widely understood as essential policymaking tools, which help to shape issue salience, define policy problems, and limit the range of legitimate policy responses (Broome & Quirk, 2015; Linsi & Mügge, 2019). While private actors have been at the forefront of benchmark development, they also rely on public sources of knowledge from states or IGOs to do so. In turn, public actors who have promoted the use of benchmarks have increasingly relied on private actors for additional knowledge. Public authorities refer to the use of their data by private and hybrid organizations to bolster their claims to authority. Private actors refer to how public authorities regard their expertise to assert theirs.

Even when benchmarks are produced by IGOs (which currently account for around one-fifth of the total), there are few instances where they represent exclusive expressions of public authority and public knowledge. Most IGO benchmarks depend upon sources of private knowledge as primary inputs. A well-known case in point is the World Bank’s Ease of Doing Business (EDB) ranking, which articulates perceptions about the quality of a country’s business regulations as a potential governance problem requiring policy attention and reform (Doshi et al., 2019). Produced by the World Bank and the International Finance Corporation, the EDB ranking is compiled based on questionnaires completed by nearly 14,000 private sector experts, many of whom are GPSFs and international management and legal consultancies (see Table 1). While the quality of the raw information they provide is unknown (cf. Carruthers, 2013), it is fundamental to how World Bank professionals compile the ranking.
Table 1: Global Sponsors of the 2019 Ease of Doing Business Ranking

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<tr>
<th>Advocates for International Development</th>
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<td>BDO</td>
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<td>Deloitte</td>
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<td>Dentons</td>
<td>PriceWaterhouseCoopers</td>
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<td>DLA Piper</td>
<td>Reed Smith LLP</td>
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<td>Eversheds Sutherland</td>
<td>Russell Bedford International</td>
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<td>Ernst &amp; Young</td>
<td>Shearman &amp; Sterling LLP</td>
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<td>Grant Thornton</td>
<td>Talal Abu-Ghazaleh Legal</td>
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<td>GRATA International</td>
<td>White &amp; Case LLP</td>
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Such lists point to the depth of the recursive recognition phenomenon. The World Bank claims the knowledge in the benchmark is relevant because it is gathered with the assistance of market-based actors and knowledge brokers. These private actors link their service provision to the Bank’s benchmark, affirming the importance of their knowledge and the IGO’s capacity to rank and thus stratify.

Bankruptcy and insolvency reforms also provide a clear example of this recursive recognition dynamic (see Halliday & Carruthers 2009). A World Bank taskforce promotes the importance of streamlining fast track insolvency reforms, noting the Indian case (WB IRC 2016: 26), while Ernst & Young, a prominent GPSF, note the importance of insolvency reforms to “give a fillip to India’s ease of doing business ranking” (E&Y/ASSOCHAM 2017: 14). This drive occurs in a context of legal inconsistency from IGOs over what reforms are suggested (see Arslan 2020). Nevertheless, agreement on these best practices is affirmed over successive rounds of surveillance and assessment. Such recursive recognition occurs primarily through enactors rather than by actors we associate with power politics (Halliday et al., 2009).

The effects of such processes have strong redistributive consequences. For example, Berge and St John (2020) note how the World Bank’s selective recommendation of arbitration into national investment laws, via technical assistance, is a case of ‘asymmetric diffusion’. The framing of these legal changes as international best practice, affirmed by a transnational community of professionals and promoted by IGOs, left implementing
countries greatly exposed to legal challenges from investors (Poulsen 2015). We can also see the fallout from recursive recognition in the current global pandemic, just prior to which a hybrid organization funded by the Bill & Melinda Gates Foundation, among others, developed a Global Health Security Index. Using country reported data, affirmed by an international panel of experts, this index ranked the U.S. and the U.K. as the top countries most able to respond to an epidemic. The distance between expectations and outcomes is not only a consequence of failed executive politics, but systems of affirmation between different types of organizations that legitimate particular forms of reported knowledge (Kentikelenis & Seabrooke 2020).

**Enactment**

A further step in identifying overlapping authority is to look at how knowledge and governance tools are enacted. Enactment follows established norms in how issues should be treated, pushing the normative agendas of the day, or reproducing common solutions. Enactment presumes prior processes of theorization linking causal assumptions to behavior, and rationalizations that attribute meaning to behavior (Hwang et al., 2019). When governance tools are enacted by organizations and individuals these processes are invoked.

For example, accountability and transparency are contemporary norms that have been rolled out as rationalization processes across IGOs, NGOs, and firms (Kim & Sharman, 2014; Honig & Weaver, 2019). This has led to greater access to information, and information that can be compared across organizations. Such information is increasingly framed in the same language and values (Moretti & Pestre, 2015), permitting their replicability (Halliday, 2018). The inculcation of ideas relies on this replicability, with the phenomenon of recursive recognition promoting it.

Despite the prominence of accountability and transparency discourses, the knowledge content in governance tools and their production is difficult to contest for those whose authority claims are not recognized. For NGOs, challenging discourses often requires adopting the language and theoretical frameworks of the dominant (Eagleton-Pierce, 2018; Graz & Hauert, 2019). Less visible technocratic processes operate in IGOs through a kind of ‘clandestine politics’, which has important consequences for how global norms are interpreted and applied to policy (Kentikelenis & Babb, 2019).

The same opacity and power asymmetries are present for GPSFs in how they seek to influence governance tools. Research on GPSFs has shown how knowledge flows between their own entities have boosted the supremacy of transnational commercial logics and eroded the power of ethical codes from national professional associations (Suddaby et al., 2007; Harrington & Seabrooke, 2020). Asymmetries between sending and receiving
parties within GPSFs reflect neo-colonial networks where racial politics is present (Boussebaa et al., 2012). Increasingly, claims to authority are being made by consultancies and GPSFs, who are viewed as credible sources of best practice knowledge across a range of policy areas (Sturdy, 2018; Ylönen & Kuusela, 2018), even on contentious issues like labor standards (Fransen & LeBaron, 2019). The relationship between public authorities and GPSFs reflects such convergence (Campbell-Verduyn, 2015; Faulconbridge & Muzio, 2017). The consultancy profession has made serious inroads into the domains of IGOs and NGOs (Seabrooke & Sending, 2020). Their promotion of ‘abstract managerialism’ in providing solutions to a range of organizations creates a space for mutual recognition on what is best practice and what is not to be considered (Meyer & Bromley 2013).

Enactment occurs through the replication and application of what has become legitimate knowledge. This has important “who-gets-what” implications in how governance knowledge is reproduced and what political, economic, and social resources are distributed to whom. Governance tools created within a system of recursive recognition directly influence policies that link transnational and local political economies in gendered and unequal ways (Elias & Roberts, 2016). Recursive recognition also empowers those who can make claims to being involved in multiple networks and elite clubs (Tsingou, 2015).

In this manner there is a clear relationship between enactment and structural power conceptions in IPE. In the current literature structural power is now framed as dependence on certain actors and “the power to punish by not doing” (Roos 2019: 58), or as ‘quiet politics’ on non-public issues (Culpepper, 2011). It certainly can be. Strange’s conception of the role of knowledge in structural power, however, includes a broader dimension that includes enactment and rationalization, based on an understanding that the knowledge structure in the international political economy helps codify what is to be known, what is to be excluded, and what is to be done (Strange, 1988: 115; see recently Mytelka 2018). Certain states and organizations (typically the U.S. in Strange’s work) have an interest in providing world blueprints to be enacted. This includes the establishment of how organizations and individuals, such as professionals, should operate and adhere to particular rationalizations of best practice (Strange, 1987: 565). We also know that IGOs and GPSFs invest significantly in training systems to disseminate common policy languages and business diagnostics in order to maintain a healthy supply of those ready to enact their blueprints (Suddaby et al., 2007; Broome & Seabrooke 2015; Johnson 2016).

The embedding of particular knowledge and normative structures is critical to how structural power favors particular organizations and states over others, as many current investigations of structural power make clear (Winecoff 2015; Fichtner et al., 2017;
Henriksen & Seabrooke 2020). Policy change need not only be through clear paradigm shifts but also through more everyday and diffuse forms of policy engagement (Kaya & Reay, 2019). To analyze how these systems work, we need to move beyond conceptions of structural power as simply a property of institutional design or a post-hoc determinant of bargaining outcomes, to investigate how governance tools are enacted. In this respect, the enactment of structural power needs to be better developed for us to understand the connection between world blueprints and the everyday business of governing the world economy.

Conclusion
Our intervention in this special issue concentrates on one conceptual blind spot and one empirical blind spot:

1. The conceptual blind spot: We should not exaggerate agency or reify authority as a property of organizational types. It is important to look at those who are responsible for the bulk of activity directed to governing the international political economy. They concentrate around the production and replication of governance tools such as policy scripts, templates, and benchmarks.

2. The empirical blind spot: Governance tools are increasingly constructed in an environment where recursive recognition has become commonplace. IGOs, NGOs, GPSFs, and consultancies are producing governance tools where their legitimation occurs through repeated affirmations of particular types of knowledge over time.

In addressing both blind spots we suggest that enactment is important to understand because it propels rationalizations of how the world economy should be governed, inculcating certain ideas and privileging certain organizations and individuals. Enactment, especially of governance tools, is crucial to what we understand as structural power because it supports their replication and legitimation.

Studying how governance tools are constructed and enacted by overlapping authority is a particularly fruitful avenue for future research in IPE. What is on offer here is a way to understand how power is exercised that differs from a conventional focus on actors with formal authority at decision points, ascribing outcomes to structural forces, or how governance tools are automatically inscribed with authority. Focusing on how recursive recognition is changing how governance tools are legitimated, and the everyday business of how these tools are enacted, can shed light on blind spots in the international political economy.
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