

Norms and Principles of Law

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Norms and principles have been viewed as endogenous up to this point in the discussion: they are the essential defining aspects of any given regime. Yet, there are standards and principles that govern the regime in a certain issue-area but are not directly connected to that issue-area might also be seen as causes for regime formation, persistence, and disintegration. Max Weber's Protestant Ethic and the Spirit of Capitalism is the most renowned example of such a statement. Weber contends that the growth of capitalism is inextricably linked to the formation of a Calvinist theological philosophy that encourages hard effort while condemning frivolity and views worldly achievement as an evidence of predetermined destiny [1], [2]. Capitalist institutions, according to Fred Hirsch, would collapse without precapitalist qualities like hard effort, self-sacrifice, loyalty, and honour. Such ideals serve as important restraints on self-interested calculations, which all too frequently lead to untrustworthy and dishonest conduct.

Funding provided by numerous pariah groups across the globe is a striking illustration of how noneconomic standards have encouraged market activity. Bills of exchange, for example, were invented by Jewish bankers in the late Middle Ages to escape violence and extortion from the nobility: it was safer to carry a piece of paper than cash. The receiver, however, had to honour the piece of paper. This suggested a high degree of trust, which was bolstered by conventions: established procedures were reinforced by the group's excluding structure, which permitted monitoring and the administration of punishments. The importance of conventions for the use of bills of exchange is reflected in the fact that they were frequently used in the Mediterranean basin in the 16th century, but not at the interface with the non-Mediterranean world in Syria, where two mutually suspicious worlds met face to face, according to Braudel. All transactions were conducted in barter, or with gold and silver [3]. Sovereignty is a principle that governs the conduct of players rather than an analytic premise. Sovereignty reigns with a few exceptions, including Antarctica, Namibia, and the West Bank. Areas where sovereignty is not applied are ruled by weak regimes or lack governments entirely. Sovereignty recognises nations as the sole players in the international system with limitless powers to act. Other agencies' assertions are vulnerable to question. It is impossible to conceive any other international system remaining intact if the foundational premise of sovereignty were removed.

Usage and Custom

Use and custom, as well as knowledge, are the last two groups of causative factors influencing regime development. This part will cover use and custom, while the following will cover knowledge. Use, custom, and knowledge are not viewed as exogenous elements capable of producing a regime on their own in this. Rather, they amplify and reinforce pressures associated with egoistic self-interest, political power, and ambiguous principles. Use refers to established patterns of action; custom refers to long-standing habit. Patterned conduct accompanied by common expectations is more likely to acquire normative significance: behaviour based only on instrumental calculations might become seen as rule-like or principled behaviour. They take legitimacy for granted. In reality, most of Western business law arose from custom and usage that was first motivated by self-interest. Activities that originated as impromptu private agreements subsequently formed the foundation of formal business law. Some

behavioral patterns are first embraced because they improve individual utility. Once entrenched, such behaviour are bolstered by the expansion of regimes[4].

The third variable utilised to describe regime evolution is knowledge. Knowledge, like use and tradition, is often seen as an intervening, rather than an exogenous, characteristic. In a previous study, Ernst Haas, a prominent proponent of the importance of knowledge, defined knowledge as the sum of technical information and theories about that information that commands sufficient consensus among interested actors at a given time to serve as a guide to public policy designed to achieve some social goal. In another piece, Haas discusses the possibilities inherent in a posture of cognitive evolutionism, which stresses awareness to the repercussions of new knowledge development[5], [6].

Knowledge establishes a foundation for collaboration by uncovering previously unknown intricate relationships. Knowledge may not only improve the odds for convergent state conduct, but it can also cross prevailing ideological cleavages. It may serve as a bridge between what Haas refers to as mechanical techniques most mainstream social science ideas and organic approaches egalitarianism and various environmentally-oriented arguments. Knowledge must be broadly acknowledged by policymakers in order to have an independent influence on the international system. In a world of sovereign nations, information with no agreement has minimal influence on regime evolution. If only certain parties believe a specific set of views, the relevance of those beliefs is entirely mediated by the strength of its followers.

The structural realism perspective is more cautious. International regimes are not the example or standard instance for the realist approach. Regimes emerge only under restricted circumstances marked by the inability of individual decision making to achieve intended goals. Power and interest are the primary causative factors that contribute to the formation of regimes. States are the primary players. I reject a restricted structural analysis that assumes a direct link between changes in fundamental causative factors and associated behaviour and outcomes, and deny the regime concept's value. The essential parametric limitations for these analyses, however, are the same as those used by more traditional structural reasoning. The fundamental analytic assumptions remain the same. Arguments that consider regimes as intervening factors and state interests and power as underlying causal variables fit squarely within the structural realist paradigm. A more substantial deviation from structural thinking arises when regimes are seen as autonomous variables capable of influencing not just associated behaviour and outcomes, but also the fundamental causal factors that led to their emergence in the first place.

The Demand for International Regimes

Instead of taking the desirability of international frameworks for granted, emphasizing their need focuses our attention on why we should desire them in the first place. I do not believe that demand and supply can be described and operationalized separately, as in microeconomics. The demanders and suppliers are very certainly the same people. Additionally, variables influencing demand for international regimes are likely to influence supply as well. Yet, supply and demand terminology enable us to draw a helpful difference in separating factors that, in the first place, impact the desire for regimes on the one hand, or the ease of delivering them on the other. Supply and demand should be seen as a metaphor in this approach, rather than an effort to arbitrarily separate, or reify, distinct components of an interconnected process[7]–[9].

Systemic constraint-choice analysis: virtues and limitations

The argument presented here is purposefully restricted to the systemic level of analysis. In a systemic theory, the qualities of the actors are assumed rather than treated as variables; changes in outcomes are explained not on the basis of variations in these actor characteristics, but on the basis of changes in the system's properties. Microeconomic theory, for example, assumes the existence of business enterprises with specific utility functions and seeks to explain their behaviour in terms of environmental conditions such as market competition. It is therefore a systemic theory, as opposed to the so-called behavioural

theory of the business, which studies the actors for internal differences that may explain for conduct that microeconomic theory does not anticipate.

A systemic emphasis allows for a reduction in the number of factors that must be evaluated. This is a significant benefit in the early stages of theory development: trying to account for issues at both the foreign policy and systemic levels at the beginning would rapidly lead to descriptive complexity for theoretical anarchy. Starting the study at the systemic level creates a foundation for future work. We have a better understanding of the utility of incorporating additional variables and higher complexity into the study by examining how well a basic model accounts for behaviour. For example, without the firm's systemic microeconomic theory. This research adheres to the tradition of microeconomics by concentrating on the limitations and incentives that influence actors' decisions. 5 We believe that, in general, global political players react rationally to limitations and incentives. Changes in the parameters of the international system will modify the opportunity costs to players of alternative courses of action, resulting in behavioural shifts. Decisions regarding developing or joining international regimes, in particular, will be influenced by system-level changes in this manner; in this model, demand for international regimes is a function of system features.

As a result, this paper applies a kind of rational-choice analysis, which I like to call constraint-choice analysis since I do not assume some of the severe assumptions often seen in the related literature. I presume a previous background of authority, expectations, values, and customs; I do not contend that rational-choice analysis can generate international regimes from a state of nature just via logic. This work also rejects de-deterministic assertions and the arrogance of claiming that deductive models can provide a thorough explanation. Believing this commits one to a strictly rationalistic mode of analysis in which expectations of gain offer both essential and adequate explanations for conduct. 7 Such faith in the power of Benthamite calculation has been weakened by the inadequacy of solid microeconomic theories, notwithstanding their importance as starting approximations.

Rational-choice theory is not presented here as a magical key to unlocking the mysteries of international regime transition, much alone as a complete means of understanding reality. I also don't use it to explain anything precise activities of specific actors. Rather, I use rational-choice theory to create models that aid in explaining trends or inclinations towards which behavioural patterns tend to converge. In other words, I try to account for usual, or modal, behaviour. This study will not perfectly forecast the actions of all players or what will happen to all regimes; but, it should aid in accounting for overarching tendencies in regime establishment, expansion, decay, and disintegration. This approach's deductive logic allows for the generation of hypotheses concerning international regime transition on an a priori basis. Some such hypotheses will be proposed in this article, albeit their testing will have to wait for further clarification. As a result, we will use heuristic methods to microeconomic theories and rational-choice techniques to help us generate nontrivial hypotheses. The application of rational-choice theory means that we must see choices concerning foreign regimes as being in some way voluntary. Yet, we know that international politics is a place where power is constantly used and disparities abound. Therefore, how can we use a voluntaristic style of analysis to examine international regimes?

My response is to differentiate two components of the process by which international regimes emerge: restriction imposition and decision making. Environmental variables, as well as strong players, impose constraints. Hence, when we talk of a imposed regime, we are referring in my language to a system that has been agreed upon under restrictions imposed by strong players. 9 Every agreement reached via bargaining will be influenced by the opportunity costs of the individual actors' alternatives: that is, which side has a stronger need for agreement with the other. 10 Power and dependency relationships in global politics are going to be major drivers of the features of international regimes. be given more weight. Consequently, when applying rational-choice theory to the establishment and maintenance of international regimes, we must maintain a constant awareness of the structural environment in which agreements are established. The freedom to choose does not entail equality of condition or result. When we examine international regimes as the outcomes of voluntary agreements among independent individuals within the framework of past restrictions, we do not have to lose reality. Without neglecting

the significance of power and inequality, constraint-choice analysis successfully depicts the nonhierarchical structure of international politics. A systemic approach that stresses limits on choice and the influence of system features on collective outcomes is used within this analytical framework.

According to constraint-choice analysis, international regimes should not be seen as quasi-governments flawed efforts to institutionalize centralized authority relationships in global politics. Regimes resemble contracts when players with long-term goals strive to arrange their interactions in stable and mutually advantageous ways. Regimes are similar to the quasi-agreements that Feller describes while studying the behaviour of oligopolistic enterprises in several ways. Specific restrictions about pricing, quantities, delivery dates, and the like may exist in both contracts and quasi-agreements; for contracts, certain of these rules may be legally enforceable. The most essential objectives of these agreements, however, are not to exclude future discussions, but to build solid shared expectations about the patterns of conduct of others and to form working relationships that will enable the parties to adjust their practises to new conditions. International regime rules are constantly amended, twisted, or violate to match the needs of the time.

Study of international regime formation within a constraint-choice framework necessitates specifying the nature of the environment in which actors make choices, as well as the roles of the institutions whose development and decay patterns are being described. Two aspects of the international situation are especially noteworthy: global politics lacks authoritative political structures and is marked by widespread uncertainty. Under this context, one of the primary functions of international regimes is to encourage the formation of mutually advantageous agreements among countries, so that the overall stability of anarchy does not result in a total. The players in our model work under what Waltz refers to as a selfhelp system, which means they cannot rely on higher authority to solve problems or give safety. Externalities are common: nations are always interfering with one another's interests. In the absence of authoritative global institutions, these conflicts of interest create uncertainty and risk: potential future evils are often more frightening than existing ones. This is all too clear in concerns of war and peace, but it is also typical of the worldwide economic environment.

Actors in international politics may attempt to eliminate conflicts of interest and risk by coordinating their actions. But, since coordination has many of the features of a public good, we anticipate that its supply will be insufficient. 16 That is, additional production of these products, which would result in net gains, is avoided. This discovery serves as the foundation for the primary supply-side argument concerning international regimes, which is exemplified by the notion of hegemonic stability. According to this line of reasoning, dominant international systems should be distinguished by greater levels of public goods production than fragmented systems. This argument, although significant, misses what I call the demand side of the international regimes problem: why should nations want to establish international regimes in the first place, and how much would they be prepared to give to keep them in place? Resolving these difficulties will assist to remedy some of the theory of hegemonic stability's shortcomings, which stem from its one-sidedness, and will contribute to a more complete explanation of international regime transition. The well-known environment of global politics its competition, unpredictability, and conflicts of interest not only restricts the supply of international regimes, but also offers a basis to comprehend why they are desired. But, before we can comprehend why regimes are desired, we must first determine what the functions of international regimes may be from the standpoint of nations.

Students of international cooperation are mainly interested in the plethora of individual agreements signed by governments: to keep their exchange rates within specified bounds, to abstain from trade discrimination, to minimise their imports of petroleum, or to gradually cut tariffs. These agreements are reached despite the fact that, in comparison to domestic political institutions, world political institutions are extremely weak: there is no authoritative legal framework, and regularized institutions for conducting transactions such as markets backed by state authority or binding procedures for making and enforcing contractual agreements are frequently underdeveloped. There is a significant distinction between legislation and treaties from a Westphalian standpoint. Legislation is a method of creating

legislation for a state's internal purpose. This legislation is created by national legislative bodies, which often include a significant democratic component. Treaties, on the other hand, are a kind of contract between governments that governs their mutual interactions. Since treaties do not include universal norms that bind people, democratic involvement into their formulation does not have to be as robust as that required for legislation that does bind individuals.

This depiction of the distinction between legislation and treaties is basically out of date. Treaties no longer exclusively govern inter-state interactions. They have also become a means of developing legal norms that deal with legal relationships that cross national boundaries. Human rights treaties, which provide rights to individual individuals, are the most visible illustration of this new purpose of treaties. Another example would be the treaties that founded the EU. These treaties established organisations such as the European Commission and the European Court of Justice, which have a direct impact on the lives of European residents. The origins of particular agreements are investigated, and it is discovered that they are not created on an ad hoc basis, nor do they follow a random pattern. Instead, they are nested inside larger accords that address more topics. An agreement reached in the Multilateral Trade Talks between the United States, Japan, and the European Community to cut a specific tariff is influenced by the rules, norms, principles, and processes of the General Agreement on Tariffs and Trade GATT that is, by the trading regime. The trade regime, in turn, is nested inside a collection of other arrangements including those for monetary relations, energy, foreign investment, development assistance, and other concerns that together form a complex and interconnected pattern of connections among advanced market-economy nations. They, in turn, are linked to major-state military-security interactions.

A fundamental role of international regimes within this multilayered structure is to promote the formation of particular agreements on subjects of substantive importance within the issue-area covered by the regime. Transnational regimes contribute to the consistency of governments' expectations. Regimes emerge in part because parties in global politics feel that such arrangements would allow them to reach mutually advantageous agreements that would otherwise be difficult or impossible to achieve. In other words, regimes are useful to governments because some mutually beneficial agreements would be difficult to reach without them. Ad hoc joint action would be poorer in such cases to the outcomes of dialogue within a regime setting.

World politics, like flawed markets, is characterized by institutional flaws that prevent mutually beneficial cooperation. Several of the flaw's center on issues of transaction costs and uncertainty, which have been thoroughly examined by market failure scholars. Theories of market failure outline the sorts of institutional flaws that might stymie agreement; international regimes can be seen as aiding in the correction of comparable institutional flaws in global politics. Insofar as regimes are formed via voluntary agreement between a number of nations, we might understand them as tools for overcoming the impediments to more effective coordination described by market failure theories.

The following study is based on two theorizing. Secondly, the actors whose behaviour we examine perform as rational utility-maximizers in that they consistently react to external changes in ways meant to improve the anticipated value of outcomes to them. Second, the international frameworks with and we are concerned are tools for these parties to use to reach accords. According to these assumptions, demand for international regimes at any given price varies directly with the attractiveness of agreements to states and the capacity of international regimes to actually promote the establishment of such agreements. The theory's functioning that is, the formation of regimes requires that sufficient complementary or shared interests exist such that agreements benefitting all key regime members may be reached. The importance of market failure theories in this study stems from their ability to pinpoint more accurately impediments to agreement.

As a result, they provide insights into how international regimes might assist to eliminate such obstacles, as well as fuller explanations of previously observed but unexplained phenomena related with multilateral negotiations and international policy coordination. Moreover, market failure ideas serve to explain the strength and scope of international regimes by identifying aspects of international systems

or of international regimes themselves that alter demand for such regimes and, therefore, their amount given a supply schedule. Lessons from the market-failure literature therefore carry us beyond the simple cost-benefit or supply-demand arguments with which we started, to ideas concerning fewer familiar connections.

The market-failure literature's focus on efficiency is compatible with our constraint-choice understanding of the decision-making processes that contribute to the development and maintenance of international regimes. Given the preceding structure of limitations, each actor must be as well as or better off with the regime as without it. Of course, this does not mean that the whole process leading to the development of a new international framework would result in overall welfare advantages. Outsiders may suffer; in fact, certain international regimes such as alliances or cartel-type regimes are explicitly structured to penalize them. These external expenditures may possibly exceed the advantages to members. Moreover, prior to the emergence of a new regime, influential players may alter limitations. In such instance, although the regime as a whole may yield overall welfare increases over the previous condition, the outputs of the joint process may be poorer than those that existed prior to the limits being imposed. **The Demand for Agreements and the Demand for Regimes** It is critical to make a clear distinction between international frameworks on the one hand and ad hoc substantive agreements on the other. Regimes, as previously noted, assist the formation of substantive agreements by providing a framework of rules, norms, principles, and negotiating processes. An international regime theory must explain why these intermediary structures are required.

The desire for agreements will be seen as exogenous in our study. Several things may have an impact on it, notably leaders' views of their own interests in agreement or non-agreement. Domestic politics, ideology, and other issues that are not covered by a systematic, constraint-choice approach will impact these judgements. Internationalists in the United States have been drawn to international accords and international organisations as effective tools for achieving American foreign policy; isolationists and nationalists have not. Obviously, our theory cannot account for such disparities. Assuming a certain desire for agreements, we ask what will be the demand for international frameworks under these conditions. One approach to answering this question is to ask its inverse. Inquiring into the circumstances that will render international regimes useless allows us to rely on work in social choice, notably that of Ronald Coase.

Coase demonstrated that the existence of externalities does not exclude Pareto-optimal coordination among independent agents: under specific circumstances, bargaining among these actors may result in Pareto-optimal solutions. Coase identified three critical conditions a legal framework defining culpability for activities, presumably backed by political power perfect knowledge and zero transaction costs including organisation costs and costs of making side-payments. Ad hoc agreements and regimes would be unnecessary if all of these prerequisites were satisfied in global politics. If international regimes are to be useful as facilitators of agreement to autonomous utility-maximizing players in global politics, at least one of them must not be satisfied. Inverting the Coase theorem therefore yields a set of requirements, at least one of which must be met if regimes are to be useful in enabling agreements between governments:

The Demand for Agreements and the Demand for Regimes

Of course, in global politics, all of these requirements are satisfied all of the time: there is no world government; knowledge is extraordinarily expensive and often hard to get; and transaction costs, including expenses of organisation and side-payments, are frequently quite high. Yet, the Coase theorem is valuable not just for identifying these well-known difficulties, but also for suggesting how international regimes might increase parties' ability to reach mutually advantageous agreements. Regimes may facilitate agreement by providing frameworks for establishing legal culpability even if these are not perfect improving the amount and quality of information accessible to players; or lowering other transaction costs, such as the expenses of organisation or making side payments. This typology enables us to more explicitly identify regime functions as means for making agreements feasible and hence explain demand for international regimes. International regimes may become efficient tools for

achieving state goals if they can remedy institutional flaws in global politics along any of these three dimensions liability, information, and transaction costs.

Regimes do not create legally binding and enforceable obligations in any strict or ultimately dependable sense, while the absence of a hierarchical framework does not prohibit the emergence of bits and pieces of law.

Regimes are much more essential in terms of providing established bargaining frameworks lowering transaction costs and assisting in the coordination of actor expectations increasing the quality and amount of information accessible to governments. With the help of microeconomic analysis, an explanation of these two functions of international regimes will lead to hypotheses about how demand for international regimes should be predicted to vary with changes in the nature of the international system in the case of transaction costs and about the effects of characteristics of the international regime itself in the case of information costs. International accords and international systems do not emerge from thin air. Political entrepreneurs that sense a possible profit in creating cooperation must exist. Not only must there be a probable social value to be drawn from the development of an international arrangement for entrepreneurship to flourish, but the entrepreneur typically, in global politics, a government must anticipate to earn more from the regime than it spends in arranging the activity. Consequently, the entrepreneur's organisational expenses must be less than the net discounted value of the gains that the entrepreneur intends to acquire for himself.

As a consequence, international collaboration with a favourable social outcome may not be launched until a prospective entrepreneur stands to earn significantly. This brings us back to supply and the theory of hegemonic stability, because such a situation is most likely to exist when no potential entrepreneur is large in comparison to the total set of potential beneficiaries, and where free riders cannot be prevented from benefiting from cooperation without paying proportionately. But, our concentration here is on the demand side: we are concerned with the effectiveness of establishing international systems as opposed to merely forging ad hoc agreements. We anticipate regimes to emerge only when the costs of reaching ad hoc agreements on specific substantive issues exceed the sum of the costs of reaching such agreements inside a regime structure and the costs of creating that framework. Where do we anticipate these parameters to be satisfied in terms of transaction costs? To address this question, it is helpful to define issue density, which refers to the quantity and significance of problems that arise inside a certain policy area. The denser the policy space, the more interrelated the various problems are, and hence the agreements reached concerning them. Ad hoc agreements are quite likely to be adequate where issue density is low: different agreements will not have a significant impact on one another, and there will be few economies of scale associated with establishing international regimes each of which would encompass only one or a few agreements.

Additionally, in dense policy landscapes, intricate links between substantive concerns will emerge. Reducing industrial tariffs without harming one's own economy may be contingent on other countries' agricultural tariff reductions; obtaining passage through straits for one's own warships may be contingent on larger decisions made about territorial waters; and selling food to one country may be more or less advantageous depending on other food-supply contracts made at the same time. When such links emerge, the organisational costs of harmonizing disparate goals will grow, as will the desire for broad frameworks of rules, norms, principles, and procedures to address specific clusters of concerns that is, for international regimes. Since they bring together negotiators to evaluate a broad complex of problems, international regimes seem too often enable side-payments among parties within issue-areas covered by comprehensive regimes. In general, side payments are problematic in international politics and create considerable transaction costs: in the absence of a pricing system for the exchange of favors, these institutional defects would stymie cooperation. Foreign regimes may provide a partial remedy. The well-known literature on spillover in negotiating, which is concerned with the European Communities and other integration programmes, may also be understood as being concerned with side-payments.

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