

Title: The Diffusion of NGO Regulation and the Decline of Global Democracy?

Sub-theme: Government regulation, counter-terrorism, foreign aid, and other constraints

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Governments have clear incentives to regulate non-governmental organizations (NGOs). While NGOs provide useful services, including humanitarian assistance, information, and popular representation, NGOs also challenge the authority and operations of governments and at times misrepresent their intentions and abuse public funding. According to institutionalists, carefully designed regulations should enable governments to control NGO behavior, rewarding good behavior while discouraging bad. I examine the regulations on NGOs within the Organization of Economic Cooperation and Development (OECD) to address two questions. First, to what extent does the regulatory environment facing NGOs vary transnationally? Uneven regulation might encourage NGOs to shop venues and pressure governments to standardize regulation. Second, do successful regulations diffuse within the OECD? If regulations are diffusing internationally, NGOs face increasingly similar institutional contexts which has important implications for their flexibility, voice, and freedoms and thus for global democracy.

International relations has focused on NGOs' roles in promulgating international law (Risse-Kappen 1997; Keck and Sikkink 1998) rather than laws to regulate NGO behavior. Non-profits including the NGO Regulation Network and the Center for Not-for-Profit Law have begun collecting data on NGO regulation to encourage governments to pass a charter on relations between governments and NGOs. This paper fills a theoretical gap by examining the motivations for national regulation of NGOs and the implications for NGO operations and international affairs. Institutions, as formal and informal constraints on behavior, including ideas, norms, legal regulations, and common practice, shape incentives and interactions between agents by providing a complex of opportunities and constraints. (March and Olsen 1983) As NGOs have expanded their functions, activities, and locations, governments have adopted regulations (formal institutions) to control them via prohibitions on bad behavior, and, more importantly given monitoring problems, incentives for good behavior. These regulations have spread internationally as policy-makers learn from others' successes and failures. (Dobbins et al. 2007) Meyer (1977) and Anheier (1990, 2001) expect that NGOs will become even more formally organized, complex bureaucratic organizations to cope with growing regulation. I examine if compounding regulations, intended to improve NGO performance, encourages universalism and rigidity.

I use data on OECD members from the UN Online Network in Public Administration and Finance and national websites for requirements for non-profit and charitable status; taxation legislation; requirements to win and execute a government contract or grant; campaign regulations; requirements to lobby and demonstrate; and access to the legal system. I test two arguments. First, convergence in regulations—e.g. similarities in the wording of requirements to be a non-profit—occurs within bounds, but is not absolute. I expect similarities in regulation (amount, types, and severity) will be greatest among countries in near proximity. Second, the diffusion of regulations between governments will be greatest among like types as they share similar opportunities and challenges facilitating learning (Dobbin et al. 2007; Drezner 2001).

Government regulations have a profound impact on NGOs' roles in policy-making, service provision, and popular representation. This research addresses the question of bounds—when regulations go too far, reducing the resources and expertise NGOs provide, and when regulations are insufficient, allowing NGOs to behave irresponsibly leaving decision-makers distrustful. I suggest there is an optimal amount and type of regulation and provide clues to what this is. I also address whether constraints on the structure and operations of NGOs decrease democratic representation and debate. The diffusion of government regulations may limit the spread of global democracy. (Clark 1999) This research can help decision-makers assess the effects of non-profit regulation to refine rules

to thwart harmful activities by NGOs (such as misuse of tax loopholes) while spurring beneficial activities.

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