I. Realist and neoliberal theories of international regimes are both rationalist (holding preferences stable), but they diverge over the specifications of utility functions, namely whether states are concerned with absolute or relative gains.

II. Keohane's contractualist (or functional) theory retains realist assumptions about the nature of states as rational egoists (though their utility functions are held as independent of one another) and their social environment as providing external structural constraints on foreign policy decisionmaking (strongly systemic). In issue areas where states have common interests (most importantly for Keohane, the Prisoner's dilemma), regimes "facilitate cooperation . . . by providing states with information or reducing their information costs" (p. 34) as well as reducing uncertainty and transaction costs by (a) creating of potential "linkages" between issues, in particular for nested regimes; (b) increasing the shadow of the future; and (c) increasing reputational harm.

a. Keohane proposes to account for the emergence of regimes in terms of their effects. "Institutions exist because they could have reasonably been expected to increase the welfare of their creators" (p. 37). A regime will be created when the transaction costs of creating a regime are lower than the reduction of transaction costs facilitated by the regime (e.g., when the policy space is dense). Moreover, "regimes may persist despite the declining satisfaction of their members, precisely because creating a regime in the first place is so difficult" (p. 39).

b. Issues:

i. Post hoc ergo propter hoc: The role regimes play does not necessarily explain their emergence, in particular if we relax the assumption of rational anticipation.

ii. The distinction between regimes and agreements is not clear and makes the study of regime compliance very difficult.

iii. Circularity: If regimes are regarded as agreements themselves, the strategy of regime-building to solve a cooperation problem depends on its very solution by agreements.

III. Situation-structural theorists expand the number of strategic situations that states may face, arguing that different situation structures lead to different regimes. While the Prisoner's dilemma leads to highly formalized institutions, coordination games (e.g., Battle of the Sexes) lead to negotiation (but not compliance) facilitation, whereas assurance games (e.g., Stag Hunt) lead to facilitation of communication, and suasion games to arrangements that enable tactical issue linkage. Zürn hypothesizes that regimes are likely to form in decreasing probability for the strategic situations of assurance, coordination, collaboration, and suasion. Some remaining issues for situation-structural theorists are: (a) lack of explanation for the supply side of regimes (i.e., when and how demand for regimes is met); and (b) difficulty in distinguishing
whether regimes have an independent impact on states, rather than reflecting domestically-driven convergence of state interests.

IV. The problem-structural approach posits that "the nature of the issue-areas . . . may well be responsible for at least part of the observable differences" (p. 60). Problem-structuralists have hypothesized that economic issue-areas are regime-conducive, whereas issue-areas of "rule" (e.g., human rights) are not amenable to cooperation. Scholars argue that conflict typologies (classifying issue-areas by conflict over means or values and by whether goods are assessed in relative or absolute terms) may explain variation in conflict management. Some issues with this approach are that (a) problem-structuralism remains theoretically underspecified to date, (b) issue-areas are heavily perception-dependent, and (c) mixed conflicts are difficult to classify under the conflict typology that has proven difficult to operationalize.

V. Young's theory of institutional bargaining (or "bargaining with the objective of creating an institution" (p. 69)) is a model of regime formation that views regimes as a kind of agreement, namely a "constitutional contract." Young argues that prospects for successful negotiations are much worse than what rationalist theory suggests. Regime formation is characterized by integrative (as opposed to distributive) bargaining, occurs under a "veil of uncertainty" regarding states' own future positions and interests, and is generally subject to a unanimity rule. Young hypothesizes conditions conducive to integrative bargaining are a contractual environment that creates a veil of uncertainty, and the occurrence of exogenous shocks. Negotiations for international regimes are likely to be successful when a salient equitable solution exists, a compliance mechanism is available, and leadership emerges.