

EVOLVING HIERARCHIES IN TRANSNATIONAL ECONOMIC NETWORKED GOVERNANCE: THE RELATIONSHIP BETWEEN THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB), THE FINANCIAL STABILITY BOARD (FSB) AND THE G-20

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Transnational governance networks are commonly understood as informal, 'loosely-structured' dialogue-, information- and standard-setting fora. According to this perception, these characteristics distinguish networks from traditional, predominantly hierarchically-organized regulatory mechanisms operating in the domestic realm. This general qualification of networks most certainly continues to apply to many, probably even the great majority of these steering regimes. Nevertheless, more recently there are increasingly also hierarchical structures evolving within and in particular in the relationships between different governance networks. In order to illustrate this proposition, the paper focusses on the international standard-setting activities in the realm of financial reporting; an area of economic and business law that is frequently and rightly considered to be of central importance for transnational business.

The paper is divided into three main parts. The first part provides a discussion of the functions and limits of the network concept as an analytical tool for the description and categorization of transnational steering mechanisms. Subsequently, the second part describes and analyses the recently emerging hierarchical relationships between three well-known transnational steering networks in the regulatory field of financial reporting, namely the private International Accounting Standards Board (IASB), the intermediate Financial Stability Board (FSB) as well as the intergovernmental Group of Twenty (G-20). Based on these findings, the third part is devoted to an evaluation of the underlying reasons for and motives behind the evolution of the respective hierarchical structures, prominently among them concerns for coherence and legitimacy in transnational economic networked governance. Adopting a broader perspective, this final section also addresses some broader implications arising from these structural developments for the future of transnational economic networked governance in general and in particular the role played by state actors therein.