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Global Internet Governance

A new perspective on the dynamics of co-optation  
using the Internet Assigned Number Authority  
Transition

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## 1 Introduction

Leading up to the recent BRICS<sup>1</sup> summit in Kazan, the Russian Federation strongly encouraged its fellow BRICS nations to consider jointly developing alternative financial frameworks to the alleged Western-dominated Bretton Woods institutions, specifically the International Monetary Fund (IMF) and World Bank (WB) (Reuters 2024). These moves seem to reflect a growing trend, as increasingly new rising powers such as Brazil, India or China deeply dissatisfied with the functioning and principles of the global order, are pressing dominant Western states, particularly the United States (US) to make far-reaching reforms and adjustment to the core financial, political and economic institutions to better mirror the interests of these fast-growing economies (Daßler et. al. 2019; Hopewell 2015; Zangl et al. 2016). But how do the supporters of the status quo and defenders of the global order and its underlying institutions respond to the mounting pressure from emerging countries?

Confronted with strong contestation<sup>2</sup> efforts against the underlying institutions, the hegemon<sup>3</sup> or ruler of the international system may attempt to lower these challenges as they seek to prevent the destabilization of the order (Heinkelmann-Wild et al. 2024: 4). To address these challenges, a hegemon might proactively try to cooperate with the emerging states by forging a mutually beneficial deal that attempts to stabilize the order while simultaneously preventing an extreme departure from the status quo (Kruck/Zangl 2019). To reach such a bargain, a hegemon might engage in *strategic co-optation* which can be understood as a tactical trade-off where a dominant party, a co-optor offers institutional privileges to dissatisfied powers, the co-optees which in return promise to step up their support for the organization they are challenging (Kruck/Zangl 2019). In other words, enhanced support for the order is thereby exchanged for a beneficial position in the inner circle of the institution. To (re-)gain a stabilized institution, the governance responsibilities and exertion of power are thereby increasingly shared between the dominant power(s) and the newly added parties (Selznick 1949: 13-14).

A hegemon must, however, be careful when trying to obtain a beneficial co-optation agreement, as he must find a delicate balance between the inclusion of new actors into the organization's leadership and maintaining control over the institution (Heinkelmann-Wild et al. 2024). More

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<sup>1</sup> BRICS refers to the countries of Brazil, Russia, India, China and South Africa.

<sup>2</sup> This thesis defines contestation as the actions of states to “demand change in or the dismantling of international authorities” (Zürn 2018: 12).

<sup>3</sup> This thesis defines a hegemon as a state “that is powerful enough to maintain the essential rules governing interstate relations, and willing to do so” and is able to “[i]n addition to its role in maintaining a regime [...] abrogate existing rules, prevent the adoption of rules that it opposes, or play the dominant role in constructing new rules” (Keohane/Nye 1989: 44).

specifically, including too many parties might stabilize the institution but dilutes the hegemon's control, while on the other hand, incorporating too little actors helps the dominant party maintain control but would not be sufficient in reducing the contestation that is destabilizing the order (Heinkelmann-Wild et al. 2024: 3). In short, the inclusion of new states deeply impacts the ability of the dominant powers to pursue their own interests and policy goals within the institutions (Viola 2020: 6).

Hegemons are thus seemingly very cautious when it comes to sharing power and ceding partial control over the order, which will in turn impact the size and characteristics of the co-optation deal. The proposed trade-off between co-opter and co-optee will be restricted to only including a few required actors into the institution's leadership (Heinkelmann-Wild et al. 2024: 3), may that be the major challengers themselves or external parties, that are needed to build and stabilize the order (Kruck/Zangl 2019). In other words, the cautious dominant power tries to bring in just as much support as necessary to stabilize the order, but at the same time as little as possible to maintain control over the institution.

For instance, when India, along with a coalition of other states, questioned the legitimacy of the nuclear non-proliferation (NPT) regime (Daase 2003), the United States, together with other recognized nuclear states, co-opted India, allowing it to become an exclusive member of their nuclear "club" and a de facto nuclear state, in return for India's heightened support for the regime (Frankenbach et al. 2021). Here, the US decided to offer institutional privileges directly to the major challenger in return for heightened backing of the institution (Kruck/Zangl 2019). Furthermore, to allow the International Monetary Fund (IMF) to better deal with the financial crises, Western states decided to increase China's voting rights in exchange for urgently needed financial contributions (Wade 2011: 363-365; Keukeleire/Hooijmaaijers 2014: 586). In this case, China was employed as a third party to counter external contestation and stabilize the order (Kruck/ Zangl 2019). Not only do both examples illustrate how the dominant states brought additional parties closer to the inner circle of the organizations to fight contestation and ensure stable governance, but they also illustrated that the inclusion followed the same logic, i.e., the insertion of just limited amounts of influential states that held significance for the stabilization of the institutions.

However, this underlying logic of a reserved hegemon trying to stabilize the order while attempting to preserve maximal control by severely limiting the inclusion of new states is not consistently observable across the variety of co-optation cases. In the instance of the International Corporation for Assigned Names and Numbers (ICANN), the US, faced with

strong external pressure, gave up its unilateral control over the organization to a multitude of different actors (Becker 2019). Against the expectations of a cautious hegemon that tries to carefully constrain the control loss that is caused by the inclusion of new actors, the IANA transition saw the authority being transferred to not only a few powerful challengers but to a multistakeholder community made up of states, private enterprises and civil society organizations (Becker 2019).

This presents a puzzle, as the literature would expect a hegemon trapped in the conflict between control and inclusion to limit the incorporation to only a small number of actors that are needed for the stabilization of the order. It thus seems counterintuitive for a dominant power to extend the co-optation deal to a high number of parties, as this would dilute their control over the organization. Confronted with this conundrum, this thesis thereby poses the following question: *Why do hegemons increase the number of co-optees?*

In order to answer this question, I argue that in some instances hegemons are better off pursuing a strategy of *divide et impera* (divide and conquer) that not only tries to reduce opposition by including the challengers but moreover pulls in third parties to deal with the newly integrated contenders. This co-optation process contains the following two steps: First, the contested hegemon includes the major challengers that, due to their power resources, are needed for the stable continuation of the order. To offset this potentially dangerous inclusion, the dominant power secondly also grants institutional privileges to powers that were not necessarily needed to stabilize the order but are aligned with the social purpose of the institution. Their incorporation helps the hegemon contain the major rivals within the organization by blocking policy change and stabilizing the institution, while simultaneously allowing the co-opter to maintain their control over the order. The underlying logic thus focuses on including more states to preserve power in an again less contested institution. To demonstrate the validity of my arguments, I will use the institutional adjustment of ICANN as a case study and illustrate how the US utilized the divide and conquer strategy to maintain their control over the organization through increasing rather than limiting the inclusion of actors while simultaneously stabilizing the order.

In the next sections, the thesis will be structured as follows: First, I will develop the theoretical framework of the *divide et impera* strategy, including the scope conditions of the hypothesized mechanism, by drawing on the dominant theories of co-optation. Afterward, I will present the methodology and research design of the thesis, which will follow a theory-testing process-tracing approach. This will be followed by a qualitative single-case study of the institutional

adaptation of ICANN, where the causal mechanism will be empirically tested. To conclude, I will reflect on the gained insights of the analysis as well as the overall validity of the findings and offer suggestions for potential future research.

## 2 Theoretical Framework

In the next chapter, I will present the theoretical framework that will be later used for the empirical analysis of the selected case study. The first part will provide a background and better understanding of this bargaining strategy. Next, overcoming the empirical puzzle, I propose a different strategy of co-cooptation that focuses on trying to divide and conquer contestation efforts. Afterward, I will use the developed theory to hypothesize a causal mechanism and lastly, I will map out the scope conditions that are vital for the functioning of the mechanism.

### 2.1 Strategic Co-optation and the Co-optation Dilemma

As previously mentioned, when challenges to the status quo by dissatisfied actors threaten the stability of the order, a ruler attempts to stop the institution from declining by trying to raise desperately needed support. This support must, however, be traded against granting new parties wider participation in the leadership of the order. This transaction is what the literature refers to as co-optation which can be generally understood as a form of cooperation between unequal parties in which one or more powerful actors offer privileges to weaker actors in exchange for the latter pledging to enhance their support of the order (Abbott et al. 2020, Gandhi/Przeworski 2006). Therefore, to raise support for the institution that has come under pressure, the hegemon must strain its own ability to unilaterally control the order by granting new actors greater influence in the governance of the institution. For instance, dictatorships may rely on co-optation to prevent resistance against the regime by offering policy concessions to opposition parties in exchange for greater support of the administration (Gandhi/Przeworski 2006).

Nevertheless, permitting new actors a privileged role in the order is a complex maneuver for the hegemon, as there exists a fundamental conflict between the inclusion of new actors into the institutional leadership and maintaining control over the organization. Heinkelmann-Wild et al. (2024) have coined this struggle between the inclusion into and control of the order the *Cooptation Dilemma*. They argue that when hegemons engage in co-optation, the rulers face a trade-off between including new players into the institution to raise support and maintaining control by protecting an exclusive order. As demonstrated before, this is inherently difficult, as raising support through increasing inclusion will at the same time deplete the hegemon's capabilities to steer the order, but attempting to preserve the dominant grasp on the order will also diminish the backing the organization receives from other parties. Moreover, including too

many new actors into the institution deprives the rulers of control by being unable to override new contestation in the institution's leadership, while not adding sufficiently enough new actors might help maintain control but is not successful in curbing the contestation that is destabilizing the order (Heinkelmann-Wild et al. 2024: 3). In short, while granting too little concessions to other actors is ineffective in dealing with the governance challenge, giving away too much control over weaker parties can in turn lead to new contestation of the status quo (Abbott et al. 2020: 620).

This means that when challenges arise, hegemons must carefully balance the inclusion of new actors, considering the restrictions this will put on their ability to control the order in the future. Therefore, when the supporters of the order are facing increased pressure to expand the membership of their exclusive club and share their privileged institutional status, the dominant powers are incentivized to limit the inclusion to only a selective number of parties to minimize the control loss (Viola 2020). More specifically, Kruck and Zangl (2019), with their theory of *strategic co-optation* focusing on institutional adaptation due to power shifts, have developed different pathways of how powerful states react to major contestation. Addressing internal challenges, they argue that hegemons may choose to directly draw in the challenging actors that are opposing the institution. By including them in the inner circle of the organization, the co-optor hopes to turn the actors that might pose problems to the institution into supporters of the order (Pfeffer/Salancik 2003: 161-163). In contrast, when responding to external challenges, the co-optor tries to erect an alliance against the growing contestation efforts by co-opting outside parties, cementing the exclusion of the main challengers (Kruck/Zangl 2019).

As the literature therefore suggests and illustrates, the inclusion of actors into the leadership of an institution seems to be restricted to only one group of actors, the challengers themselves or third parties, and of each group only a severely limited number of players. The issue is, however, that not all cases of co-optation have followed this same pattern. In some cases, for example, the institutional adaptation of ICANN, seem to be not supporting this very logic, with a plethora of actors being brought closer to the institution's leadership. But what explains the hegemon's choice of increasing rather than limiting the number of co-opted actors? In the following section, I will argue that while hegemons are trapped in this *Cooptation Dilemma*, they might try to optimize this difficult trade-off by combining both strategies, namely including the major challengers and third parties, which might allow the rulers to maintain control and minimize the risk of future instability. In the next part, I therefore propose a new strategy that hegemons



might employ under certain conditions to fight contestation and circumvent possible destabilizing effects of co-optation.

## 2.2 Proposing a New Strategy: *Divide et Impera*

The last section showed that hegemons that attempt to engage in co-optation are trapped in a dilemma between inclusion and control. Although the rulers are still driven by the desire to optimize the trade-off, it appears that when they attempt to maximize either support or control, the other part is consequently constrained. This has let the literature on this issue to conclude that co-optation seems to follow one common pattern, more specifically, hegemons who are confronted with institutional contestation are motivated to maintain a stable by them controlled order and therefore attempt to raise support while at the same time minimizing the inclusion of new powers into the inner circle of the order. In short, the cooperation follows a simple logic: the less new parties added, the more control a hegemon retains. But what if paradoxically, achieving the same goal of protecting the hegemon's long-term control as well as a stable institution is also possible by reversing this approach? While it is true that the rulers will always be restricted by this *Cooptation Dilemma*, I will now argue that under certain conditions the hegemons might be able to successfully optimize their control and the support of the order by combining the inclusion of the major challengers with that of third parties. Therefore, I will now theorize and present a new co-optation strategy that under certain conditions through the purposeful inclusion of more actors attempts to attain stability of the order and ensure the long-term control of the dominant parties.

A hegemon has the desire to protect the institutional status quo that allows him to control and shape the order's design to their benefit, particularly, the ruler aims to defend "the monopoly on privileges that international institutions have facilitated" (Viola 2020: 6). Hegemons thus try to limit the influence from other parties on the direction of the organization, thereby creating an "exclusive" order that only gives a small number of powerful states with aligned interests access to shaping and steering the institution (Heinkelmann-Wild et al. 2024). In other words, a hegemon builds an order that distributes institutional privileges unequally, depriving the majority of actors a voice in the order's leadership. This order can however experience rising tensions for functional reasons, such as changes in the distribution of power among states, and normative causes, for instance, declining institutional legitimacy, that may lead to potential destabilizing effects of the status quo and calls for greater inclusion by the omitted actors (Viola 2020: 176-177). A growing opposition of dissatisfied parties will therefore pressure the order and their underlying institutions, demanding institutional adaptations that better reflect their

interests, which puts the stability of the institution and the dominant control position of the hegemon in jeopardy and thereby raises the benefits of reaching a co-optation deal (Kruck/Zangl 2019: 323-326).

In short, by having preserved a hegemonic dominated order, the rulers have kept their control over the institution and are able to shape it as they wish, but at the same time the rulers have constrained the support of the organization. In this case, the hegemons have successfully maximized their control, but as a result, limited inclusion and therefore the support of the order.

Challenges to the order create incentives for the hegemons to co-opt, as they are deeply interested in preserving the current order and thereby more willing to find a mutually beneficial bargain (Kruck/Zangl 2019: 323-326). The dominant powers are, however, constraint in choosing the co-optees free at will. Unable to co-opt just any parties, they need what Kruck and Zangl (2019) refer to as *systemically relevant* parties to steady the order, meaning they require co-optees that possess enough material or ideational resources to restabilize the institution (see also Heinkelmann-Wild et al. 2024; Zürn 2018). As Kruck and Zangl (2019) showed, they might either include the powerful challengers themselves or try to build a coalition against them by co-opting third parties, depending on who holds systemic relevance.

However, instead of restricting co-optation to one group, I now argue that hegemons faced with fundamental contestation might be advised to combine the inclusion of the major challengers with the additional insertion of third parties. The idea of this strategy focuses on trying to divide and conquer the opposition. While not the classical divide and conquer approach, where a dominant power offers only selective opposition groups privileges or certain side-payments, trying to break or prevent their coalition (see, for example, Cunningham 2011), it follows a similar objective of isolating and fragmenting opposition from uniting against the hegemon.

In the first step of the strategy, if the incorporation of the challenging powers into the leadership or the inner circle of the institution is required due to their importance for the stability of the order, the hegemon attempts to tame the opposition by co-opting the major challengers. Directly including the contenders that are needed to stabilize the institution allows the hegemon to deal with the challengers head-on and by exchanging institutional privileges for support, the ruler can dampen the contestation against the status quo. Granting institutional privileges directly to challengers might reduce their contestation, however, it cannot guarantee that this will prevent any future resistance from these co-optees (Magaloni 2008). The co-optees might be even willing to challenge the original co-optation deal and demand additional concessions from the

co-opter, putting the order's stability under constraint (Kruck/Zangl 2019: 334). This can quickly become a problem if the newly included challengers deeply disagree with the status quo and will continue to destabilize the institution. For instance, the inclusion of India and Brazil into the core negotiation group of the World Trade Organization (WTO) did not fundamentally resolve the institutional stalemate and negotiation standstill between developing and developed countries (Hopewell 2015: 329-330; Zangl et al. 2016: 184).

In summary, as the stability of the order became dependent on the assistance of the major challengers, the hegemon was forced to co-opt them into the order. The major challengers have gained an influential position in the institutional leadership, which in exchange raised the overall support for the organization but will limit the ruler's ability to lead the order in the future. Furthermore, the ruler has lost not only a considerable amount of control by being unable to unilaterally steer the organization, but also the arranged co-optation deal does not necessarily exclude the possibility of future contestation and thus creates the fear that the co-opted states armed with new power resources will potentially continue the destruction of the order directly from within. Considering these circumstances, the hegemon has engaged in a suboptimal trade-off that granted him more support compared to the situation before the co-optation, but his control has become severely limited.

With the looming fears that the co-optation of the major contenders would be unable to fully tame the opposition and potentially relocate the challenge into the leadership of the institution in the second step, the hegemon tries to mitigate these risks by extending the co-optation deal to include third parties that align with the ruler's interests. At first glance, including even more actors into the inner circle of an institution seems counterproductive for multiple reasons: First, an incorporation of more parties could heighten internal contestation, as even more challengers strengthened with privileges could try to rebuild an opposition to contest the institution from within (Frantz/Kendall-Taylor 2014). Second, including more actors means sharing valuable privileges with opposing parties and can therefore be a loss of power for the hegemon, as they now have less freedom to shape the institution and pursue their policy preferences (Heinkelmann-Wild et al. 2024: 5). Overall, it therefore seems like raising inclusion or offering to trade institutional privileges for support with a wider range of actors, only has negative downsides for the hegemon's power and institutional stability. However, I now argue that a broader inclusion might sometimes even be desirable for a ruler.

It is true that continuously adding new members can potentially negatively impact the ruler's *Gestaltungsmacht*, i.e., their ability to attain intended results (Heinkelmann-Wild et al. 2024:

4-5) and possibly even remove their *Verhinderungsmacht*, i.e., their ability to block unwanted outcomes (Daßler et al. 2022). Generally speaking, raising the number of included states increases the fragmentation of interests and policy preferences and thereby complicates the ability to find consensus and govern an institution (Viola 2020: 32, 175). Thus, a broader range of actors with more diverse interests makes it harder to unilaterally pursue policy goals within an organization. To prevent this, a ruler normally tries to limit this undesirable inclusion, but if the major challengers have already been granted a place at the table, these negative effects can in turn become beneficial for the hegemon. With an increasing membership, this hurdle to asserting interests will be expanded to all parties, including the challengers themselves, as every actor will find it more difficult to push through institutional changes and their policy preferences. A splintering of interests within the order might block a hegemon from substantially changing the institutional design or policy preference (Viola 2020: 175), but this obstacle will at the same time apply to the major challengers. Through the additional expansion of the leadership, a ruler has deeply restrained its *Gestaltungsmacht* but has simultaneously created an intrinsically embedded *Verhinderungsmacht* against the interests of the newly included challengers.

The idea is therefore for the hegemon to rebalance the institutional leadership and co-opt third parties that align with the core values of the organization and less with the major challengers. The hopes are that the additionally added actors can help shield the hegemon's beneficial status quo by increasing competition between the objectives of the newly integrated challengers and third parties. Having to find consensus and common ground among a broader number of actors hinders the main contenders from sharply drifting away from the currently engrained policy preferences of the hegemon. While being unable to directly shape the institution in the long term, the ruler continues to benefit from the structurally ingrained status quo.

In summary in the second step, with the fear that the major challengers would continue their aggressive contestation, a hegemon offers the same institutional privileges to outside parties which in return help him contain the new rising challengers. Third parties are thus used to as roadblocks to the challengers' attempts to continue their agenda within the institution. This has not only improved the hegemon's control over the order but through including a bigger number of actors heighten the support of the institution in comparison to the outcome of the first step.

Although the *divide et impera* strategy functions differently from the co-optation approach Kruck and Zangl (2019) have put forward, in both the hegemon tries to optimize the trade-off between inclusion (and thereby support) and control. However, the newly proposed mechanism

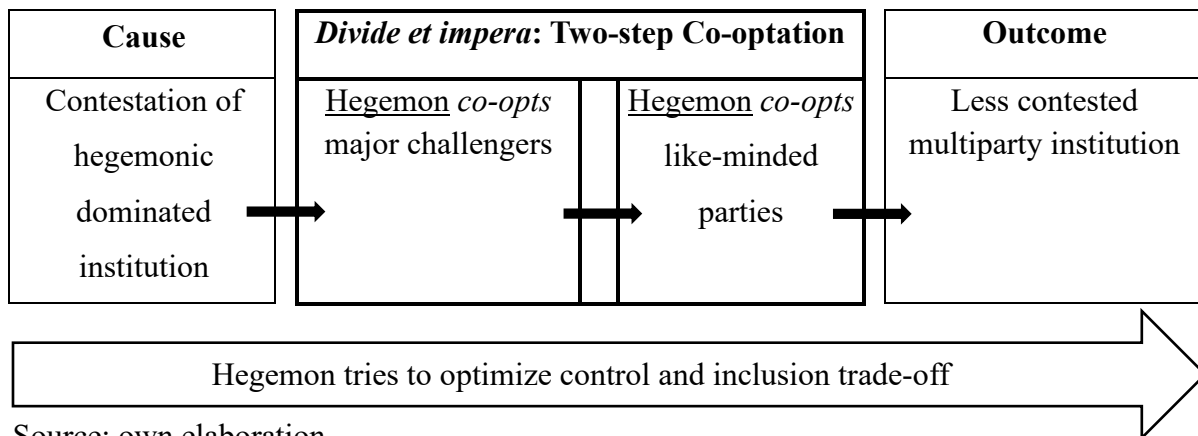
goes further than the one discussed in chapter (2.1), as it tries not only to minimize the opposition outside the institution by only drawing in the major challengers but also attempts to curb the one building within the inner governance circle of the institution. By adding third parties, the hegemon tries to prevent the co-opted main challengers from successfully rebuilding and continuing their opposition within the institution. The power that is granted through the institutional privileges is now being more diffused and with an increasing number of actors, the overall interest overlap between the parties decreases. The inclusion of new third parties does not necessarily have to enable the hegemon to overrule the major contenders, yet the dominant parties profit from the now more complicated coalition-building process by splintering the actors interests. With strong fragmentation, building a clear consensus against the hegemon becomes increasingly difficult and drastic policy change is therefore much more unlikely. While the strategy can prevent policy change, this comes with high costs as the institution now encloses more privileged actors in the inner circle.

In the end, the hegemon does have to offer more institutional privileges to a broader set of parties and is therefore unable to shape the institution at will, but he gains through the containment of challengers by installing outside parties, a stable organization in which he prevents drastic policy change in the long term. The hegemon has thus exchanged its direct and formal power for potential long-term indirect control. While having to accept that the rising challengers play a significant role in the order, hegemons try their best to spoil their ascend by containing their influence, making them just one of many actors. The proposed *divide et impera* strategy thereby pursues an underlying logic of *control through containment*.

Admittedly, the significant expansion of membership to an exclusive club of the *divide et impera* strategy may lead to demands from other parties wishing to be included, this is however also the case when only including smaller amounts of actors (Heinkelmann-Wild et al. 2024; Kruck/Zangl 2019). Furthermore, a larger incorporation of parties can also have positive side effects and be beneficial for the implementation of a co-optation deal, as it reduces the likelihood of vetoes from other left out parties. Strong third-party resistance may cause co-optation to be prevented (Kruck/Zangl 2019), therefore expanding privileges to a wider group could enhance the overall acceptance of a co-optation bargain.

After having discussed the theoretical framework in detail, **Figure 1** summarizes and illustrates the causal mechanism.

**Figure 1: Causal mechanism**



Source: own elaboration

### 2.3 Scope Conditions

The ceding of power through offering institutional privileges to a wide range of actors is a costly strategy for the hegemon and will move forward only under specific constraints. Therefore, I will now establish the two scope conditions under which the above deducted causal mechanism is expected to operate. The functioning of previously made theoretical assumptions is first dependent on the significance of the core challengers for stabilizing the order and second on the alignment of interest between the hegemon and the major contenders.

The first scope condition (SC1) is that the major opposition must be particularly powerful, in other words, they must be *systemically relevant* and thus needed for stabilizing the order. Hegemons try to counter the mounting contestation against the order by raising institutional support through co-optation. As already shown, they attempt to include states with *systemic relevance*, i.e., actors that possess the power resources to restabilize the institution (Kruck/Zangl 2019). While a fundamental challenge to the order requires *systemically relevant* initiators (or the order would not be unstable), the availability of third parties with *systemic relevance* could allow the hegemon to avoid co-opting a powerful challenger. If there are however no third parties powerful or significant enough to steady the institution, bringing them in will not successfully stabilize the order. The hegemons will thus be forced to include the major challengers directly to lower contestation efforts, even if undesired. The unavoidable inclusion of the major challengers will then be accompanied by fears of them continuing the contestation of the order from within.

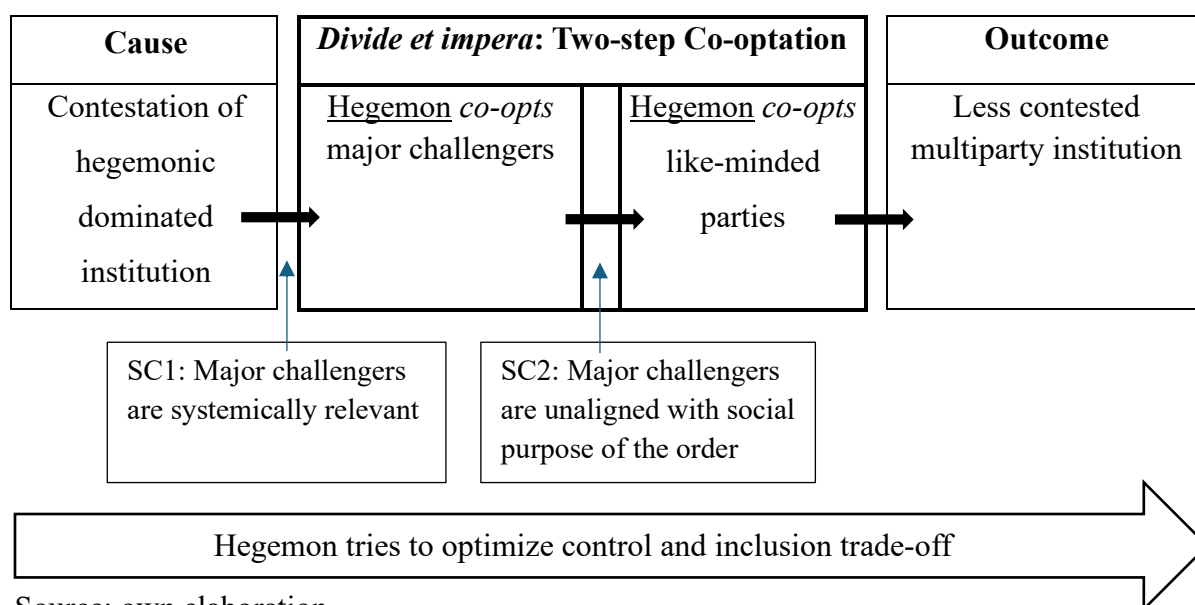
The second scope condition (SC2) is that there must be an absence of converging interests over the core principles of the order between the hegemon and the major challenger(s). Having to include powerful challengers does cut into the hegemon's power resources, but if their interests

do not fundamentally diverge, the risk of future contestation is much lower as in the reversed case (Kruck/Zangl 2019: 327). However, if the co-optor or co-optee have a principal disagreement over the order's core values and its aims, the institution's stability will potentially continue to unravel (Dickson 2000: 519). With major tensions over the social purpose of the order, a ruler would thus continue to face strong opposition, but now also from within the institution.

Before moving over to the methodology and research design chapter, I want to underline that additionally to the above-described scope conditions, the theoretical framework is based on the assumptions that all parties involved in a potential co-optation deal are rational actors driven by their desire to maximize their own benefits and minimize costs as part of that bargain.

As these restrictions are vital for the function of the mechanism, **Figure 2** illustrates the causal mechanism together with the two scope conditions.

**Figure 2: Causal mechanism with scope conditions**



Source: own elaboration

### 3 Methodology and Research Design

Having presented the theoretical framework, the causal mechanism, as well as the scope conditions, this section will explain the methodology and research design of the thesis.

In the prior chapter, I developed a theoretical framework of a *divide et impera* strategy that attempts to explain the mechanism by which hegemons constrained in the *Cooptation Dilemma* try to optimize their inclusion and control trade-off when faced with contestation. These arguments must now be empirically tested, and I will be therefore conducting a process-tracing theory-testing analysis (Beach/Pedersen 2013). To test the validity of my theoretical

assumption, a qualitative single-case study will be used to empirically check if the prior hypothesized mechanism is present and functioning as expected (Beach/Pedersen 2013: 15). Through process-tracing, this thesis aims to track the dynamics of co-optation and attempts to gain insights into how hegemons try to navigate the optimization of the co-optation trade-off between inclusion and control as well as how this in turn impacts the size of the co-optation deal.

The institutional adaptation of the Internet Corporation for Assigned Names and Numbers (ICANN) and thereby the Internet Assigned Number Authority (IANA) transition has been chosen as the case study for the process-tracing analysis. This selection was at the foremost motivated by the fact that this thesis aims to understand why co-optation may potentially follow a different pattern as the dominant theories would predict and therefore explain the outcome of the newly hypothesized mechanism. It is therefore important to examine a case in which the co-optation outcome, the thesis is interested in explaining, has been present (Blatter/Haverland 2012: 100-101). In other words, the goal is to select a case that purposefully breaks with dominant assumptions, meaning a case in which inclusion has not been limited but expanded. As was prior mentioned and will later be shown in detail, the US, instead of restricting the co-optation to a limited number of actors, decided to co-opt a wide variety of stakeholders into ICANN's leadership. In this respect, the ICANN case is an ideal choice for the analysis, as the chosen case not only marginally differs from the traditional understanding of co-optation but fundamentally deviates from it, allowing the analysis to yield important findings for this theorized new form of co-optation.

Admittedly, using process-tracing on only one specific case limits the ability to generalize the causal mechanism to a broader case population, as equifinality, meaning that other possible explanations for reaching the same outcome, must be taken into account (Beach/Pedersen 2013: 153). While characteristics of the case, such as ICANN's unique governance approach, do not allow generalizable assumptions about the presence and functioning of the mechanism in multilateral and informational settings, it is important to reiterate that this thesis, due to a seeming unexplained variation of co-optation dynamics, wants to test if the hypothesized causal mechanism even holds validity in a single case.

Overall, the analysis will draw on a wide range of data sources, including public statements, transcripts, bylaws, minutes of meetings, newspaper articles, official reports and research literature, to evaluate the presence and functioning of the different parts of the causal mechanism.



## 4 Empirical Analysis

The following part will conduct the process-tracing analysis of the ICANN case study, specifically looking at the IANA stewardship transition. The goal is to empirically test the presence and trace the functioning of each part of the hypothesized mechanism. At the beginning of each section of the analysis, I have included the operationalization of the mechanism, as in the expected observations for each part of the causal mechanism. To shortly reiterate the theoretical assumptions, a hegemon confronted with contestation by dissatisfied parties will attempt to maximize their control but also the needed support for the institution by co-opting not only the major challengers but also like-minded parties under certain conditions, which leads to a less contested but more inclusive institution. I will first look at the trigger of the causal mechanism (4.1), then individually examine each of the two steps and their associated scope conditions (4.2/4.3) and finally analyze the outcome (4.4).

### 4.1 Contesting US Oversight

The starting point of the hypothesized causal mechanism is the growing contestation of a hegemonic controlled institution. It is predicted that institutionally disadvantaged parties will become increasingly dissatisfied with a status quo in which a hegemon attempts to consolidate its power and maximize control over the order. Moreover, I expect to see that the increased vocal opposition and calls for institutional adjustments as well as attempts to shift the issue under an alternative framework by the discontent parties, threaten the stability of the institution.

While globally accessible, in order to function as one unified system, the Internet relies on a centrally coordinated technical standardization of its resources, namely its “names” through the Domain Name System (DNS) and “numbers,” including the Internet Protocol (IP) addresses as well as the Autonomous System Numbers (ASN) (Cavalli/Scholte 2021: 39). With every device like phones and computers having a unique identifier (IP address), the DNS as the Internet’s “address book” is particularly important as it helps the users’ devices find and connect to the searched-for website by translating the typed-in domain name (such as google.com) to the IP address of the corresponding server hosting the website (ICANN 2022).

The management of these core Internet resources had first been conducted without any government involvement (Denardis 2014: 47), but with the growing importance of the Internet and therefore the DNS administration, the US government attempted to increase their role and influence in that area. In 1989, the US Department of Commerce (DoC) formally established governmental oversight over and institutionalized the management of the DNS by directing the newly created Internet Assigned Numbers Authority (IANA) to administer the Internet’s core

functions (Kleinwächter 2004: 236). However, as the demand for domain names rapidly increased and the economic opportunities of the Internet were revealed, other countries, especially European nations and intergovernmental organizations such as the International Telecommunication Union (ITU), became interested in controlling and acquiring a stake in the DNS management (Kleinwächter 2003: 1108-1109). The Clinton Administration tried to counter these efforts and proposed, in a released statement of policy (from now on White Paper) in 1998, an alternative approach, suggesting the IANA functions should be best administered by a private-led corporation without (inter-)governmental interference, which would include eliminating US oversight (Department of Commerce 1998). Following a plethora of negotiations and discussions, an agreement was found in which the US government awarded the IANA contract, i.e., the legal right to conduct the DNS management, to a newly formed organization, the Internet Corporation for Assigned Names and Numbers (ICANN) (Kleinwächter 2003:1112-1115).

The newly created not-for-profit “was based on the idea that the providers and users of internet services themselves should have the decision-making capacity, while governments should have only an advisory role” (Kleinwächter 2004: 239) and was supposed to govern the Internet by creating an open and easily accessible bottom-up governance structure (Mueller 2014: 36-37). However, instead of relinquishing their contractual oversight over ICANN and the IANA functions by September 2000, as the released White Paper had suggested, the US decided to preserve their unilateral influence over the new private-led bottom-up or multistakeholder<sup>4</sup> institution (Mueller 2014: 37). In the following years, ICANN stayed, while the frameworks were modified, overall under contractual obligation to the DoC represented by the National Telecommunication and Information Administration (NTIA) (Cavalli/Schulte 2021:42-43). As ICANN remained a contractor to the NTIA, the US government continued to establish itself as a unilateral oversight authority and thereby exercised important influence over the execution and administration of key Internet resources (Mueller 2014: 37-38).

The decision of the US to preserve the formal unilateral authority over ICANN did however lead to increasing opposition from foreign governments. The World Summit on the Information Society (WSIS) which was organized by the ITU and first held in Geneva (2003) and then in

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<sup>4</sup> While the White Paper originally did not refer to ICANN as being a multistakeholder institution, the usage of the term, which holds no single definition has become widely used in the context of ICANN’s governance model even by the NTIA itself. The thesis uses the term bottom-up and multistakeholder interchangeably as both concepts refer to a governance model or approach in which a diverse group of stakeholders, such as governments, the private sector and civil society are all represented. It is thereby seen as the contrary model to multilateral governance.

Tunis (2005), saw the questions of who and how the Internet should be governed emerge as a major point of contention, with developing countries such as China, Brazil and India advocating for bringing the management of the Internet under the jurisdiction of the United Nations (UN) system (Kleinwächter 2004: 233-234). The emerging states heavily criticized US dominance over the Internet infrastructure and questioned the legitimacy and authority of ICANN to govern the Internet space without the direct involvement of all states (Mueller et al. 2007: 240). One of the major outcome documents from the summit, the Tunis Agenda for the Information Society, reflected the overall disagreement over the US government's special role in overseeing and controlling core functions of the Internet, emphasizing that "all governments should have an equal role and responsibility for international Internet governance" (WSIS 2005: para 68).<sup>5</sup> While the debates that surrounded the conferences discussed alternative frameworks of Internet governance, especially arrangements with an increased role of all national governments, in the end a lack of consensus preserved the status quo (Mueller et al. 2007: 241-242).

This fight over the management of the core Internet resources was however reignited during the by the ITU organized World Conference on International Telecommunications in 2012 (WCIT-12), which was convened to revise the two-decade old International Telecommunication Regulations (ITRs). While the US tried to ensure that the Internet realm would remain outside of the organization's jurisdiction (Radu 2019: 130), countries like China and Russia pushed to extend the scope of the ITRs to the Internet, attempting to shift Internet governance under the UN umbrella (Kruger 2016: 13). These efforts were joined by African and Arab countries, which suggested transferring the control over the domain names and IP addresses directly to the national governments themselves (Betz/Kübler 2013: 54). At the end of the conference, the participants split over the inclusion of a non-binding resolution, which was seen as a backdoor to bringing the internet realm under ITU authority, leading the US along with the majority of Western states to not ratify the finalized treaty (BBC News 2012).<sup>6</sup>

Not even a year later, the US government's supposed inappropriate overreach came under fire again with Edward Snowden exposing the surveillance practices of the US National Security Agency (NSA) to the world (Mueller 2014: 40). While the revelations had no direct link to

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<sup>5</sup> One of the outcomes of the WSIS was also finding a working definition for Internet governance that was specified as follows: "Internet governance is the development and application by Governments, the private sector and civil society, in their respective roles, of shared principles, norms, rules, decision-making procedures, and programmes that shape the evolution and use of the Internet" (WGIG 2005: 4).

<sup>6</sup> Resolution Plen/3 was aimed at "fostering an enabling environment for the greater growth of the Internet" and reiterated that "all governments should have an equal role and responsibility for international Internet governance" and welcomed member states "to elaborate on their respective positions on international Internet-related technical, development and public-policy issues within the mandate of ITU at various ITU forums" (ITU 2012: 20).

ICANN and the IANA functions, the leaked materials raised the already existing concerns of how much the US government could be trusted (Raustiala 2016: 501) and demonstrated once more that the “scale and scope of U.S. power over the digital environment vastly exceeded that of any other state” (Mueller 2014: 40).

#### 4.2 Taming Major Opposition

In the first step, following the trigger of the mechanism, a hegemon will now, in light of the growing contestation and destabilization of the order, attempt to co-opt the major challengers. It is hypothesized that this will only happen if the major challengers are systemically relevant for the institution. For this first scope condition to be present, it is therefore expected to see that the biggest challengers possess material or ideational resources that are needed for the continuation of the order. As they are now required for the stability of the order, I predict that the hegemon will engage in a co-optation deal granting more power to the main contenders in the institution’s leadership in exchange for their public support of the order.

With the outcome of the WCIT-12 being equated with the potential emergence of a “digital cold war” (The Economist 2012) and a profound legitimacy crisis brought on by the Snowden revelation, the US-led Internet governance order was evidently in crisis. Long-time challengers and allies alike called on the supposed protector of the free and open Internet to resign their unique oversight role (Radu 2019: 135-136). Faced with relentless contestation and waning support, a continuation of the prevailing order seemed impossible, with especially three global players, notably Brazil, India and China, leading the call to pull away from ICANN. While all three countries differed in size, political system and their domestic approach to Internet governance, they were united in their discontent over US dominance and the international multistakeholder governance approach by ICANN (Mueller/Wagner 2014: 3). What they also all shared was their fundamental role in the global Internet realm, all equipped with significant ideational and material power resources that were needed to stabilize the order and meant that any future Internet governance framework was reliant on their compliance.

All three states positioned themselves as the leaders of a coalition of developing and/or authoritarian countries pushing for a reform of global Internet governance. The Brazilian government that had already established itself as a global authority in the Internet realm (Trinkunas/Wallace 2015: 16-17), shortly after the Snowden revelations, emerged once again under Brazilian President Dilma Rousseff as a central driver in transforming the internet governance space. In her speech to the UN’s General Assembly, she heavily criticized the US surveillance activities and advocated for “the establishment of a civilian multilateral framework

for the governance and use of the Internet” (Rousseff 2013: 2). Her calls were later followed by Brazil’s decision to host the NETmundial conference in 2014, intended to bring together the world to discuss the future of Internet governance (Trinkunas/Wallace 2015: 24-25). Similarly, India, in close coordination with other developing countries, had been involved in pressing forward alternative frameworks to ICANN and the DNS management. For instance, during the 66<sup>th</sup> Session of the UN General Assembly, India proposed the creation of a UN Committee for Internet-Related Policies (CIRP), which would have enhanced the involvement of the national governments in developing and regulating the Internet (Singh 2011). In addition, as mentioned before, China has likewise acted as the powerful leader of a coalition comprising authoritarian states that aimed at largely overhauling the US dominated multistakeholder governance approach.

Besides being key leaders in the efforts to reform Internet governance, their growing population size had also given them an important stake in governing the Internet. With about 2.6 billion worldwide Internet users at the end of 2013<sup>7</sup>, China, which, according to the state-affiliated research organization China Internet Network Information Center (CNNIC 2013: 9) had reached 591 million Internet users, together with India with approximately 190 million wide Internet user base by the end of June 2013 (Internet and Mobile Association of India 2013: 2), were home to more than a quarter of the global population of Internet users. The role of these countries in the domain name market had also grown significantly, leading ICANN to announce in October 2013 to allow generic Top-Level Domains (gTLDs) to include certain non-latin strings, meaning that the gTLDs (like .org or .com) now no longer have to be in English but can also be made up by, for example, Chinese characters (Atallah 2013).

With the looming danger that without their crucial support for the prevailing order the Internet could further destabilize, the US was forced to attempt to cater to the main contenders’ interests and demands. In an effort to salvage the order, the hegemon had to offer certain concessions and “buy” desperately needed support by offering far-reaching institutional privileges.

As a result, in March 2014, the NTIA announced its intent to relinquish its oversight role over the IANA functions and thereby ICANN and transfer the stewardship to the global stakeholder community (NTIA 2014). The announcement from the NTIA made it clear that it did not want ICANN to become a government-led or intergovernmental institution. The US was, however, painfully aware that excluding the national governments from the new governance structure

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<sup>7</sup> This statistic was directly taken from the ITU’s website and is available here: <https://www.itu.int/en/ITU-D/Statistics/pages/stat/default.aspx> (Accessed: 18.12.2024).

would only worsen the already existing contestation. It was envisioned that not the NTIA itself but the multistakeholder community, including governments, civil society and the private sector, should get together and create a transition proposal that in the end needed extensive community backing and adhere to the four principles the NTIA had set forth (NTIA 2014).<sup>8</sup> After two years of deliberations, meetings and discussion between the different stakeholders of the Internet community, a final stewardship transition proposal was presented, that after it was approved by the NTIA caused the IANA contract with the US government to expire by September 2016 (NTIA 2016).

The newly reformed organization once again granted the national government a voice through the Governmental Advisory Committee (GAC). Since the inception of ICANN back in 1998, the institution has given representation to all states and international organizations through creating, along with other advisory bodies, the GAC, which was intended to give “advice on the activities of the Corporation as they relate to concerns of governments, particularly matters where there may be an interaction between the Corporation's policies and various laws, and international agreements” to ICANN’s Board (ICANN 1998). The bylaws did not only deny the GAC a more active role in the policymaking process, but also did not allow the GAC to appoint any voting members to the board, which is the responsible entity for overseeing ICANN’s policy (ICANN 1998). While overtime changes to ICANN’s bylaws enhanced the power of the GAC and the states within the committee attempted to largely extend its role (Mueller 2015: 5-9), the committee remained an advisory forum to the board without direct policymaking authority. In addition, even if the GAC would have been successful in pressuring the board to adapt certain policies, the contract between the US government and ICANN would have allowed the NTIA to block it.

However, the biggest addition to the states’ power was that through the successful IANA transition, ICANN was no longer contractually responsible to the US represented by the NTIA but to the multistakeholder community. The new bylaws that were adopted after the IANA contract expired in September 2016 created the Empowered Community (EC), a mechanism through which all of ICANN’s Supporting Organizations (SOs) and two of the Advisory Committees (ACs) can hold the ICANN Board and organization directly accountable (ICANN 2016b). The EC powers (nine in total) allow the three SOs and two of the ACs to, for instance, recall the board, reject ICANN’s and IANA’s budget and deny changes to the bylaws (ICANN

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<sup>8</sup> While the US government was admittedly not the only stakeholder that could influence the final content of the IANA transition proposal, in the end the NTIA had the final authority and could reject the proposal if it did not align with their future vision of ICANN.

2016b). This is a considerable change to the pre-transition ICANN, in which the national governments could only use their advisory capacity through the GAC to pressure the board to adopt or block policies, as seen earlier. Instead of their only passive advisory role, which they retained, the countries through the GAC now also have the ability to initiate the EC process and make use of any of the nine powers.

In essence, by formally ceding control over ICANN, the US did not only remove their undesired oversight role but enlarged the capabilities of the GAC and thereby the national governments in ICANN. The ability of states to hold ICANN and the organization's board accountable through initiating the EC was expanded to include the GAC and added to their already existing passive advisory role. The US hoped that giving the states a greater voice within ICANN and a more equal position in the multistakeholder governance process would lower their contestation and demands for an alternative multilateral framework.

#### 4.3 Committing Like-minded Partners

After the hegemon became dependent on the resources and capabilities of the major challengers to preserve a stable order, it forced him to bring the contenders closer to the power center of the institution. In the second step of the mechanism, a hegemon will now extend the institutional privileges to like-minded parties in an attempt to rebalance the interest constellation in the inner circle of the institution. It is hypothesized that this will only happen if the major challengers are unaligned with the social purpose of the order. For the second scope condition to be present, I therefore expect to see main contenders disagree over and attempt to fundamentally change the core principles of the order, as well as try to bring the governance under a more favorable institutional framework. To avoid, further instability, I predict that the hegemon will expand the institutional privileges to like-minded parties in exchange for their public support and to contain the newly included challengers.

The controversial outcome of the WCIT-12 and the Snowden revelations made it impossible for the US and ICANN to continue governing the Internet without greater involvement of foreign nations. At that time, countries like China, Brazil and India had not only accumulated a sizeable stake in global Internet users and the domain name industry, but they also emerged as the central leaders of a coalition of states deeply dissatisfied with the prevailing Internet governance system. As it became clear that their inclusion into the order was necessary, the US was however rightfully aware that incorporating them into the institution's leadership could deeply compromise the Internet and its governance as they did not share the fundamental principles of the US-led Internet governance order.

While Brazil and India as democracies did not directly object to an open and free Internet, their significant opposition to the underlying multistakeholder model of ICANN posed a major threat to the order. As Mueller (2015: 3) argues the establishment of ICANN back in 1998 was not primarily motivated by protecting Internet freedom, as the US government even rejected to enshrine demanded protections for freedom of expression into the framework, but instead focused on creating a private-led institution aimed at circumventing all forms of governmental involvement. Moreover, the already mentioned White paper specifically reiterated the four principles the DNS should adhere to were stability, competition, representation and most importantly, private bottom-up coordination (Department of Commerce 1998: 31743). In 2016, when Lawrence Strickling, who served as the Administrator of the NTIA, was called before the US Congress in 2016 to testify on the implications of the Obama administration's pursued IANA transition, he stated:

“The best way to preserve Internet freedom is to depend on the community of stakeholders who own, operate, and transact business and exchange information over the myriad of networks that comprise the Internet. Free expression is protected by the open, decentralized nature of the Internet, the neutral manner in which the technical aspects of the Internet are managed, and the commitment of stakeholders to maintain openness” (Strickling 2016: 3).

In other words, while ICANN, under the oversight of the US, was successful in creating and preserving an open and free Internet, this was only possible because it was governed by the multistakeholder Internet community. The countless attempts of India and Brazil to push Internet governance under a UN structure or in general a multilateral setting without the involvement of the wider Internet community, therefore fundamentally misaligned with the prevailing Internet order pursued by the US together with ICANN. Furthermore, while India and Brazil advocated for a multilateral but also democratic Internet governance framework<sup>9</sup>, China did in comparison, not only fundamentally oppose the idea of the multistakeholder approach but also an unrestricted Internet. China's support for a multilateral governance framework and its attempts to bring Internet governance under the UN framework was motivated by wanting to impose top-down censorship and regulation on the Internet (Mueller 2010: 69).

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<sup>9</sup> For instance, as part of the India-Brazil-South Africa (IBSA) format in 2011, the countries underlined the importance of building alliances to pursue a “multilateral, democratic and transparent” Internet regime (Ministry of External Affairs India 2011: para: 54).



Considering this, the required inclusion of these states, which were fundamentally at odds with the current order, had to be accompanied by fears that this could severely damage the prevailing order. These concerns were echoed by US Congress Members, who after the NTIA announced its intent to relinquish their stewardship role, heavily criticized the decision and called for an immediate halt of the transition process (Room 2016). One of these critics was US Senator Ted Cruz, who emphasized that suspending US oversight would lead to the UN and authoritarian states taking control over Internet governance and thereby endangering Internet freedom (Romm 2016).

In order to avoid potential instability by paradoxically trying to stabilize the institution through co-opting the major challengers, the US now had to attempt to minimize the threat these new powerful powers posed to the order by also co-opting like-minded actors. There was particularly one group of parties that were aligned with the core principles of ICANN and where the US held significant support: the Internet community itself.

With ICANN's founding, the US tried bringing an end to direct governmental oversight and moved the management of the DNS under a governance system with the participation of a wide array of stakeholders, namely governments, civil society and the private sector. The Clinton administration did, however, emphasize that ICANN was supposed to be run by private actors, which consequently quickly led to an ingrained structure that systemically benefited commercial and corporate interests (Froomkin 2000: 71). Additionally, this multistakeholder community became not only heavily dominated by business interests but was also characterized by a lopsided representation made up of mostly stakeholders from the United States for "path dependent and technical expertise reasons" (Nye 2014: 12). It is therefore not only the private sector that holds considerable influence in the Internet community, but specifically the US private sector, whose interests had largely converged with that of the US government in the past (Carr 2015: 654-655). This interest alignment had already undermined the legitimacy of ICANN, as the organization was confronted with accusations of "favouring American corporate and political interests over European and especially Third World concerns" (Drissel 2006: 110). Similarly, civil society organizations were also proponents of a free and open Internet, even going so far as pressuring their own governments who opposed the Internet's multistakeholder model or less liberal approaches to Internet governance (Mueller/Wagner 2014: 3-4)

Moreover, this diverse stakeholder community also had gained a self-interest in sustaining or even expanding their power in the Internet governance process. Since the inception of ICANN, the organization gave the private sector and the civil sector the main power in the policymaking

process, organizing them in the previously mentioned Supporting Organizations (SOs) and Advisory Committees (ACs) (ICANN 1998). As it was this bottom-up governance model that granted them a voice in Internet governance in the first place, states trying to pull the Internet under a multilateral framework would have taken away their ability to participate and influence the governance process.

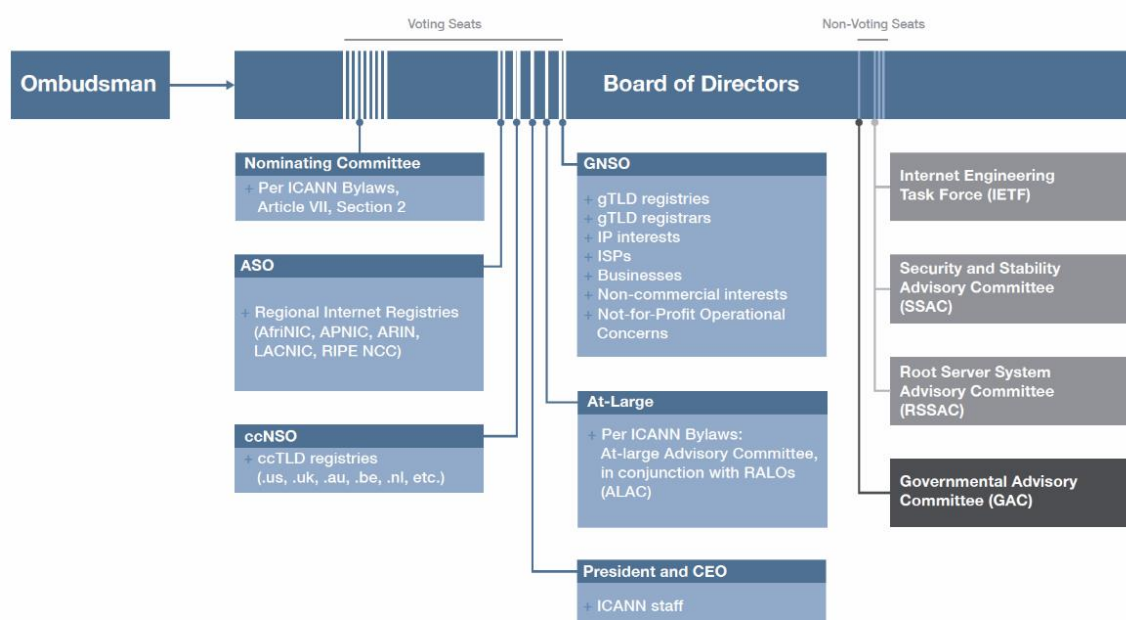
The mounting contestation made clear to the US that while exclusion of the major challengers was no longer possible, their threat to the order's core principles had to be countered. The US therefore looked to its allies in the Internet stakeholder community, who since the inception of ICANN had been involved in administering the DNS and supported the prevailing order with its free and open Internet as well as had a positive experience with a governance model that greatly benefited them. In order to contain the powerful challengers of the order, the US had to ensure that these groups would (once again) have a large role and influence in the newly reformed ICANN and that they would continue to unequivocally support its bottom-up governance approach.

Therefore, instead of only granting states a greater role in ICANN or potentially allowing the organization to become state-led, the US made clear that the IANA stewardship transition was finalizing the always envisioned privatization of the organization. The NTIA did not only state in its announcement that it would only agree to a transition proposal that had cross-community support and backed a multistakeholder governance model, but also underline that it would deny any proposal that would replace the oversight role of the US government with a government-led or intergovernmental structure (NTIA 2014). Therefore, in addition to enhancing the role of states, as the US saw itself forced to, the newly reformed organization gave considerable powers to the different multistakeholder groups of ICANN in the hopes they would be able to contain the newly granted influence and voice of the governments.

As previously elaborated, states were once again given a role in ICANN's post-transition governance structure, but this time equipped with more power. However, the US tried to impede the execution of that power by creating structural veto points through the inclusion of like-minded actors. While it is true that the national governments, besides keeping their advisory role through the GAC, received a greater voice in holding ICANN and the board accountable through the Empowered Community, the new Bylaws required that the challenge against the organization or the board could only be successful if the majority of the three SOs and the two selected ACs were in agreement (ICANN 2016b).

This is extremely important as none of the following three entities, namely the Generic Names Supporting Organization (GNSO), which makes policy recommendations regarding the generic Top-Level Domains (like .com), the Address Supporting Organization (ASO), which concerns itself with the allocation of IP addresses and the At-Large Advisory Committee (ALAC), which enhances the voice of the individual internet users, have any governmental representation (Cavalli/Scholte 2021: 40-41). As **Figure 3** shows in more detail, the GNSO is made up of commercial and non-commercial groups, including business, registrars and civil society actors, the ALAC only consists of individual internet users and the ASO is comprised of the five non-profit Regional Internet Registries (RIRs).

**Figure 3: ICANN Organizational Chart**



Source: ICANN<sup>10</sup>

Furthermore, even in the Country Code Names Supporting Organization (ccNSO) which concerns itself with country-code top-level domain names (like .de), states do not have sole authority, with the majority of country codes being owned by non-profits, companies and government-affiliated organizations (Cavalli/Scholte 2021: 41).

Since governments are thereby confined to their direct representation in the GAC (except the ccNSO), this means while being able to unilaterally initiate the mechanism, states need to work

<sup>10</sup> This chart was directly taken from ICANN's website and is available here: <https://www.icann.org/resources/pages/groups-2012-02-06-en> (Accessed: 18.12.2024).

across the aisle with the other organizations and committees if they want to succeed in their efforts. However, with every single SO and the ALAC being either completely controlled or dominated by companies, the domain name industry, civil society and the technical community and these non-state stakeholders, as shown above, being historically US-dominated and in general in alignment with the US government's vision of Internet governance, the states through the GAC will find it difficult to assert their goals. Therefore, any EC process initiated by the GAC can be stopped by the US-aligned multistakeholder community represented through the SOs and the ALAC. Even prior to the transition announcement by the NTIA, the five RIRs who make up the ASO, declared in the so-called Montevideo Statement their support for the globalization of ICANN and the IANA functions as well as reiterated their firm support for the multistakeholder model (ICANN 2013). This stands to show that if the states that disagreed with the multistakeholder approach attempt to widen their power and impose their will on ICANN through the newly strengthened GAC, the other SOs and the ALAC are not only able but willing to stop them.

Moreover, other institutional features from the ICANN's pre-transition structure that curbed the states influence were continued or tightened including that the GAC continues to appoint only a non-voting liaison to the board (while in comparison every other SO or even the ALAC can appoint one or more voting members), that the advice the GAC provides to the board has to be made by consensus (meaning without formal dissent by any state) and the advice can now be more easily rejected by the board (ICANN 2016b).<sup>11</sup>

In conclusion, as the US was forced to include the major challengers of the order which deeply disagreed with the fundamental values of ICANN, the US chose to include like-minded actors to prevent further instability. As the Internet community was not only dominated by US actors but also generally aligned with protecting an open and free internet as well opposed state intervention in Internet governance, the US also granted them considerable power in newly reformed ICANN. Through the SOs and the ALAC, these groups not only regained their influence on decision-making, but their blessing was also needed if states decided to push against the board's or the organization's actions.

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<sup>11</sup> This outcome did also once again reflect the US government's power in influencing the final transition proposal. As it was the US government and US companies which pushed for the so-called "Stress Test 18", which aimed at evaluating if states could find a way through the GAC to impose their views on ICANN (Cavalli/Scholte 2021: 46-47). After the NTIA deemed the test as a necessity for their approval of the transition proposal and further deliberations, the US was able to convince the majority of negotiation parties to preserve the consensus rule but also to lower the board's threshold to reject the GAC's advice (Cavalli/Scholte 2021: 46-47).

#### 4.4 Globalizing ICANN

Following the inclusion of first, the major challengers, and second the like-minded parties, the mechanism results in a less contested multiparty institution. For the last part of the mechanism, I therefore predict that the hegemon has brought an increasing number of actors closer to the power center of the institution, granting them greater influence. Furthermore, I expect to see that in exchange for their inclusion, the parties express their public support for the order, which lowers the dissatisfaction with and contestation of the institution.

The intent to transition the IANA functions to the global community received cross-community support. On the side of the national governments, while some authoritarian states like Russia remained opposed to a multistakeholder solution, the majority of states, including India and China welcomed the transition (Cavalli/Scholte 2021: 46). In particular, India turned away from their previously long-held support for a multilateral Internet governance framework and endorsed ICANN's multistakeholder system. During the opening of ICANN's 53rd conference in 2015, then Indian Minister of Communications & Information Technology Ravi Shankar Prasad underlined the countries support for the multistakeholder approach stating "[t]he Internet must remain plural. [It] must be managed by a multilayered and multistakeholder system" and "not only do we support multistakeholderism, but also we encourage multistakeholderism itself to embrace all geographies and all societies" (Prasad 2015).

More support came from the private sector and organizations. For instance, the world's largest Internet companies, such as Google, Facebook and Amazon as well as important players in the domain name industry, voiced their support for enhancing the bottom-up governance approach through the transition (ICANN 2016a). They were joined by international and US-based civil society groups such as the Centre for Democracy & Technology and Human Rights Watch which underlined the importance of the transition for preserving a free and open internet as well as emphasized the multistakeholder model as the best tool to prevent any governmental takeover of the DNS (ICANN 2016a).

With the approval of the transition proposal, the IANA contract expired in September 2016, removing US oversight over ICANN and confining the US government's representation to the GAC. It is no longer the US represented by the NTIA holding ICANN responsible, but the organization and the board now answer to the global stakeholder community. This has, however, not given governments a primary role in Internet governance but shared the power over the DNS among different stakeholders, including companies, civil society and states. Each group has received a voice and their own specific role in shaping Internet governance.

Ultimately, faced with mounting contestation endangering the stability of the order, the US decided to give up their control over ICANN and opened the institution to more parties. However, instead of caving to the demands for a multilateral framework, the US decided to grant governments as well as other stakeholders a voice in the institution. The US was confident that these stakeholders would be willing and able to contain any attempts of governments trying to assert their dominance and their policies over the organization. Giving up their oversight role was thus contingent on having like-minded parties within the institution that would prevent the institution deviating from the status quo and from being dominated by certain interests (Becker 2019). In the end, the transition was able to restore the legitimacy of the order through strengthening support among governments, civil society and businesses and created an institution with more diverse actors at the center of power.

## 5 Conclusion

Although the research literature has recognized co-optation as an important form of cooperation for a hegemon to maintain power, it has understood this strategy as more of a homogenous process. This thesis attempted to go beyond these dominant assumptions, by investigating the specific mechanisms behind this strategy and trying to better understand the hegemon's behavior when balancing the inclusion and control trade-off. To address a seemingly unexplained variation in the number of co-opted parties, this thesis presented a new theoretical framework. It was argued that hegemons might pursue a strategy of *divide et impera* pulling in not only major challengers but like-minded parties, which might under certain conditions enable them to successfully optimize the co-optation trade-off between inclusion and control. The thesis has conducted a process-tracing analysis using the case of the institutional adaptation of ICANN to empirically test the validity of the hypothesized causal mechanism. The analysis has yielded the following findings:

Since the early 2000s, the US, through the NTIA held a unique oversight role over ICANN and thereby core Internet resources such as the Domain Name System. While the US tried to protect its unilateral oversight role, dissatisfaction grew quickly among Western but especially emerging states, calling for greater involvement of all governments in Internet governance. With the controversial outcome of the World Conference on International Telecommunications in 2012 and the Snowden revelations in 2013 exacerbating this conflict, the US realized it was unable to continue and stabilize the order without the assistance of countries like Brazil, India and China, which had not only accumulated a significant stake in the domain name industry and a quickly growing Internet user base but had become the key leaders of a coalition of states

attempting to push Internet governance under a multilateral framework. As a response the US announced its intent to relinquish its oversight role over ICANN, but instead of allowing the organization to become a state-dominated institution, which would have threatened the ability of the US to control the future order, their power was deliberately contained by also including a plethora of like-minded stakeholders with equal powers. These stakeholders were not only already influential and widely represented in the Internet community but were also aligned with the US government's vision of preserving a free and open internet through a bottom-up multistakeholder approach. The IANA transition received widespread support from civil society, companies and even countries like China and India, which successfully restabilized the Internet governance order and lessened calls for an alternative multilateral framework. In the end, the US allowed an institutional adaptation to move forward that exchanged their hegemonic oversight with a multiparty-led institution, which has however permitted the US to remain control over a now less contested organization.

The analysis has thus shown that each part of the causal mechanism and its two scope conditions were present, and the mechanism functioned as expected. As mentioned, while not the primary aim of the thesis, the case selection has unfortunately limited the generalization of these finding. A next step for research could be, however, to widen the analysis to a greater population of cases, including multilateral and informal institutions. There seem to be interesting cases such as the creation of the Group of 20 (G20) out of the Group of 8 (G8) (Smith 2011) and again the upgrade of the G20 from a venue of finance ministers to a forum of heads of state and government (Kruck/Zangl 2019) or even the co-optation of China into the WTO core negotiation group (Hopewell 2015) that seem to follow a similar *logic of containment* and should be studied from this new perspective.

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