Who Creates Intergovernmental Organizations?*

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Abstract

Hundreds of intergovernmental organizations (IGOs) exist in the international system, and previous research has found that states did not create most of these IGOs alone. Instead, international bureaucrats working in pre-existing IGOs regularly participate in creating new intergovernmental organizations. The nature of that participation differs: sometimes international bureaucrats enjoy substantial discretion in institutional design, other times they possess limited discretion, and yet other times they are completely excluded while states design on their own. What explains this variation? To answer this question, we build upon principal-agent (P-A) theories. P-A theories are increasingly applied to the relationships between states and international bureaucrats, but because scholars often overlook the role of international bureaucrats in creating new IGOs, the application of P-A theories to institutional design is novel. We argue that even an international bureaucracy that disagrees with states' design preferences may enjoy substantial design leeway, due to states' need for bureaucratic expertise. In developing this argument, we use multiple methods: case studies as illustrations, a formal model for general predictions, and an original dataset for statistical probes.

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1 Introduction

The profusion of intergovernmental organizations (IGOs) is an unmistakable development in world politics (Boehmer, Gartzke, and Nordstrom, 2004; Pevehouse, Nordstrom, and Warnke, 2004). Conventional wisdom regards the formation of IGOs as an engineering project in which states weigh the costs and benefits of different design features, such as a dispute resolution mechanism, and then select those that pass the cost-benefit test (Koremenos, Lipson, and Snidal, 2001). This view is incomplete, however. The exclusive focus on states as IGO designers is at odds with the theoretical logic and empirical reality of international delegation: about two-thirds of the IGOs that exist today were created with some form of involvement by international bureaucrats from pre-existing intergovernmental organizations (Shanks, Jacobson, and Kaplan, 1996). Regardless of how "rational" states are, the creation of an IGO is itself an international cooperation problem that is challenging to solve without substantial expertise, and personnel in pre-existing organizations possess considerable knowledge and experience concerning functions that a new body would need to perform. What explains the level of institutional design discretion afforded to international bureaucrats within extant IGOs?

In addressing this question, we employ a complementary approach of case studies, a formal model, and quantitative analyses. We begin with two case studies, for a real-world illustration of the issue. The first case, the International Energy Agency (IEA), was created by the secretariat and several member-states of the Organization for Economic Cooperation and Development (OECD). In general, the states and the international bureaucrats possessed a shared vision for creating a new IGO – thus it is unsurprising that OECD bureaucrats enjoyed design discretion and sat as peers with states at the bargaining table. The second case, the Joint United Nations Program on HIV/AIDS (UNAIDS), is more startling. Disgruntled with the fact that six organizations within the United Nations system operated separate programs to fight Acquired Immunodeficiency Syndrome (AIDS), states demanded a new IGO that would take over all of the proprietary programs. Staff in the World Health Organization and the other five UN agencies vehemently opposed the idea – nevertheless, states asked the six secretariats to design UNAIDS themselves, conceding substantial institutional design discretion to international bureaucrats who had made no secret of their divergence from

the states' institutional design preferences. This puzzling: the design preferences of states and international bureaucrats aligned closely in the IEA case but differed starkly in the UNAIDS case. Yet in both scenarios, international bureaucrats played significant roles in the design process.

With a formal model, we make sense of this and offer more generalizable insights about IGO creation. In the model, a state (or a coalition of states) first decides between working within the status quo or launching a new intergovernmental organization. If the state chooses to discard the status quo, it next shapes how much discretion (ranging from quite substantial to non-existent) the staff of an existing IGO has in the design of the new body. Our model implies that *when states need expertise held by the international bureaucracy, the international bureaucracy may operate with considerable design leeway regardless of whether its design preferences diverge from those of the state.* Even when a state recognizes that the international bureaucracy does not share its design preferences, it may be compelled to allow the bureaucracy to play a substantial role in designing a new intergovernmental organization. Discretion is a way to "sweeten the pot" and thus secure costly design effort from international bureaucrats.

As a preliminary test of our theory, we employ a new and original dataset that covers the origins of 180 randomly selected intergovernmental organizations. In line with previous work (Shanks, Jacobson, and Kaplan, 1996), we find that only a minority of the universe of intergovernmental organizations was created by states alone. For the vast majority, 65 percent, international bureaucrats participated in the design process.[1] For each observation, the dataset contains information about the need for expertise and about the institutional design discretion afforded to personnel from pre-existing IGOs. Cross-tabulations and correlations align with the formal model's predictions and imply that the case study illustrations apply more broadly. We find suggestive evidence that international bureaucrats' institutional design leeway increases as the need for expertise increases. More starkly, we uncover a distinctive characteristic of the minority of intergovernmental organizations that were launched by states without participation by international bureaucrats: these organizations tend to be political forums, bodies that serve largely as "talk shops" for states and do not call for much bureaucratic expertise. Consistent with our argument, states tend not to turn to

[1] Shanks et al. (1996) and other works sometimes refer to such organizations as "emanations."

international bureaucrats for assistance in designing such bodies.

2 The Origins of Intergovernmental Organizations

The attractiveness of creating IGOs stems from the fact that such bodies can facilitate cooperation among states (Keohane, 1984). For instance, IGOs perform various functions, such as coordination and monitoring, that are difficult to administer on an *ad hoc* or decentralized basis (Abbott and Snidal, 1998). Indeed, international bureaucrats' acquisition of expertise is a primary reason why states work through intergovernmental organizations in the first place (Hawkins et al., 2006; Johns, 2007; Nielson and Tierney, 2003).

Given that expertise is a key reason for international delegation, it would also be strange if states did not also attempt to capitalize on such expertise when undertaking the crucial task of institutional design. Thus, there are reasons to expect that the staff of pre-existing IGOs frequently join states in the institutional design arena. Indeed, this is borne out empirically in our original dataset. Sometimes their involvement is circumscribed, with international bureaucrats simply supplying secretariat services for states' negotiations. Other times, their role is more prominent and their discretion is more extensive. For example, they may participate in design discussions at states' invitation, organize conferences that bring states' attention to an issue, or even develop design plans of their own.

Previous scholarship offers valuable insights into IGO creation and state-organization relationships, but it omits several key issues. Neoliberal institutionalism highlights how states use intergovernmental organizations to reduce the transaction costs of cooperation (Keohane, 1984; Abbott and Snidal, 1998). Research on rational design proposes that states craft international institutions to address various cooperation problems, such as enforcement or uncertainty (Koremenos, Lipson, and Snidal, 2001). Theories about bureaucracy and principal-agent relationships shed light on tensions that arise when states delegate tasks to intergovernmental organizations (Barnett and Finnemore, 2004; Hawkins et al., 2006). However, these bodies of work do not detail the strategic interactions between states and international bureaucrats in the creation of a new IGO. The received literature says much about the inter-state frictions that arise in the institutional design arena – but it has

not examined the potential for friction between states and international bureaucrats in this arena. In light of the fact that international bureaucrats usually participate in the creation of new IGOs (Shanks, Jacobson, and Kaplan, 1996), this gap needs to be addressed.

We do so with an insight that distinguishes our theoretical argument from extant theories: *delegation and principal-agent problems complicate the IGO creation process.* This is novel, because the literature on principal-agent relationships has not explored the role of international bureaucrats in institutional design. However, this literature is relevant for the topic at hand, for it highlights the fact that states' interactions with extant organizations always feature some degree of agency problems (Hawkins et al., 2006; Johns, 2007; Nielson and Tierney, 2003). Principal-agent concepts are the foundation of our formal model. In particular, we build on Epstein and O'Halloran (1994), who investigate congressional delegation to bureaucrats in the United States. In their model, Congress (the principal) delegates implementation authority to the Executive (agent). The Executive has information regarding the consequences of different policies but also possesses potentially different preferences than the Congress. Consequently, the Congress may benefit from limiting the discretion of the Executive in policy formation.

Our model is similar, but we incorporate a participation constraint and turn to the institutional design arena. A group of states is the uninformed principal, while the international bureaucracy working in a pre-existing IGO is the informed agent.[2] Thus, for the principal to benefit from informed institutional design, it must ensure that the informed agent (i) is willing to participate and (ii) will not abuse the information asymmetry vis-á-vis the principal. Because providing assistance entails opportunity costs, international bureaucrats do not expend effort to help states design a new IGO unless they somehow benefit from doing so. By giving bureaucrats in the existing IGO greater discretion in the institutional design process, the state can increase the attractiveness of expending effort. A need for bureaucratic expertise complicates the principal's inclination to limit

[2]The terms "uninformed principal" and "informed agent" simply mean that the bureaucracy possesses some kind of informational edge over the state. This is not difficult to imagine. As agents, international bureaucrats accrue specialized knowledge so that their state-principals do not have to – states' efforts to overcome this informational edge would cut into the gains from working with agents in the first place. Examples of international bureaucrats' informational edge include policy knowledge (e.g., in the IEA case study, OECD bureaucrats had valuable experience with managing a multilateral energy stockpile) or intimate insights into the internal workings of their organizational family (e.g., in the UNAIDS case study, bureaucrats from six UN agencies had well-established links to civil society groups undertaking on-the-ground operations).

the discretion of an agent holding divergent preferences.

Our theoretical argument offers an answers to the question posed in the introduction: what explains the level of institutional design discretion afforded to international bureaucrats? One might be tempted to assume that the answer hinges on agent preferences, so that states offer the greatest discretion to international bureaucrats that most closely share states' design preferences. We point out that the relationship between agent preferences and discretion is not monotonic and is complicated by needs for bureaucratic expertise. Due to states' need for bureaucratic expertise, even an international bureaucracy that disagrees with states' design preferences may enjoy substantial design leeway, because offering discretion is a way for states to "sweeten the pot" and thus secure costly design effort from international bureaucrats.

3 Case Illustrations

Before turning to the formal model, we motivate it with two case studies. Each case is a positive observation, exhibiting state-bureaucracy collaboration. Examining positive observations is valuable, for at least two reasons. First, this demonstrates the reality that the institutional design arena is not the domain of states alone. International bureaucrats in extant IGOs often play a role in design negotiations. Second, looking at positive observations provides real-world illustrations of a puzzle left unresolved by previous scholarship. Personnel in intergovernmental organizations possess notable institutional design discretion – not only when the design preferences of states and international bureaucrats align, but also when preferences starkly conflict.

The first case deals with the origins of the International Energy Agency (IEA). We show that if both international bureaucrats and certain states are genuinely alarmed by the status quo in an existing organization, they may step outside and collaboratively form a new organization. Although existing research often overlooks the role of international bureaucrats in the institutional design arena, the IEA case nevertheless dovetails with intuition. It makes sense that states, facing the arduous task of creating a new organization, would welcome participation by like-minded international bureaucrats.

Yet we show something surprising in our second case, which deals with the origins of the Joint

United Nations Program on HIV/AIDS (UNAIDS). *Even if international bureaucrats are satisfied with the status quo and hold a design preference that differs from states', states may grant them substantial discretion in designing a new organization.* Wealthy donor states demanded a new IGO to take over all AIDS-related programs within the United Nations system. However, international bureaucrats in the World Health Organization and five other UN agencies opposed this idea. They sought to protect their own turf and also make sure that the fight against the pandemic was driven by victims' needs rather than funders' interests. But despite these conspicuous divergences from states' preferences, states invited the six secretariats to take a central institutional design role. International bureaucrats did so – for although they faced a high opportunity cost in organizational creation, states had compensated them by offering significant leeway in the institutional design arena.

3.1 The Origins of the International Energy Agency (IEA)

In October 1973, shortly after Syria and Egypt launched a military attack on Israel, the Organization of Arab Petroleum Exporting Countries (OAPEC) unveiled a novel weapon against Israel's allies. OAPEC announced a total ban on oil exports to the Netherlands and the United States. Meanwhile, "friendly" countries such as France and the United Kingdom were "rewarded" with no formal reduction in their oil supply. The Netherlands and other states called on the Organizational for Economic Cooperation and Development (OECD) to ease the crisis by releasing oil from a stockpile it administered.

But the OECD Secretary-General, Dutch national Emiel van Lennep, was hamstrung. Like other organizational decisions, tapping the stockpile required unanimous approval by member states. In effect, each individual member held a unilateral veto over organizational activities. France and the United Kingdom, unwilling to jeopardize their preferential treatment, refused to allow the staff to distribute supplies from the stockpile. The timing was excruciating: in the midst of an oil crisis, a minority of member states immobilized the OECD secretariat's response.

This was not the first time that the unanimity rule had frustrated organizational activities, nor the first time that the organization's employees had warned members about the stockpile. Earlier in

1973, OECD personnel had held informal discussions on the "need to create a stronger institutional basis to manage a wider range of energy problems" (Scott, 1994, 36). International bureaucrats were already dissatisfied with the status quo – and as the oil fiasco unfolded, many member states came to share this displeasure. But they could not change the decision-making rule itself, for that move, too, required unanimity. They would have to go outside of the official OECD structure.

At first, member states tried to work outside of *any* international institutional structure. However, they "did little collectively but argue among themselves, while scrambling for oil supplies individually, thus serving to bid up the price of oil" (Hubbard and Weiner, 1986, 93). States' informal, unilateral endeavors were failures.

Thus, OECD personnel and their member states agreed on the necessity of creating a new intergovernmental organization. The next hurdle for the OECD secretariat, then, was to have input in the design negotiations and make sure the new body would be a complement rather than a competitor. Secretary-General Van Lennep and other staff pointed out that building on the expertise and legal legitimacy of an existing intergovernmental organization would speed the institutional design process and appear less provocative to the Arab countries (Scott, 1994, 41-42). They argued that their organization was exactly the foundation that states needed. Even though the OECD had been unable to address the oil crisis directly, its staff had valuable experience with energy shortages and stockpiles. Moreover, the OECD offered a better institutional framework than other IGOs. The varied interests of the global membership of the United Nations would be too unwieldy for a rapid reaction. Meanwhile, the nascent supranational bodies of the European Economic Community excluded important players such as Australia, Canada, Japan, New Zealand, and the United States (Lantzke, 1975, 225; Prodi and Clo, 1975, 91).

With the exception of France, the member states concurred: a new organization was needed, and OECD staff should be involved in designing it. As a primary target of the embargo, the United States was determined to lead institutional design negotiations. However, to bring about a swift response to the crisis, American officials needed the help of international bureaucrats. The U.S. was facing an ongoing war in Vietnam, a government embroiled in the Watergate scandal, Congressional pushback against abuses of power in the executive branch, and a weak economy

(Hurwitz, 1976, 4). Moreover, the federal Office of Emergency Preparedness (which had possessed the major responsibility of emergency planning) recently had been dismantled (McKie, 1975, 81). Characterizing the situation as "the economic equivalent of the sputnik challenge," U.S. Secretary of State Henry Kissinger agreed to work with OECD employees (Kissinger, 1973, 8). He invited them, as well as officials from 13 countries, to a February 1974 conference in Washington, D.C.

France adamantly opposed the idea of a new intergovernmental organization. It denounced the Washington D.C. conference and refused to participate in subsequent meetings. But the design negotiations proceeded. Between March and November 1974, representatives of the OECD and 17 of its 24 member states met in Brussels and sketched out the design of a new intergovernmental organization called the International Energy Agency (IEA) (Kohl, 1976, 248; Scott, 1994, 45-46). OECD personnel proposed and obtained several design elements ensuring their own influence in the new body. For instance, they secured the right of the OECD Secretary-General to nominate the IEA Executive-Director.

But OECD staff did not need to exert much pressure concerning one important point: decision-making procedures. The unanimity rule in the Organization for Economic Cooperation and Development had irritated states as much as it displeased OECD personnel. Consequently, states and international bureaucrats agreed in the final design that while some IEA decisions would call for unanimity, others could be conducted with simple or weighted majority voting. Moreover, in emergency situations the IEA Executive-Director would be empowered to tap into oil reserves without receiving states' prior approval.

The case of the International Energy Agency shows states and international bureaucrats that were united in their dissatisfaction with the status quo. OECD personnel had been incapacitated in aiding member states during the oil crisis. The blame rested squarely on a rigid unanimity rule that states had put into place to privilege their individual prerogatives. Both parties realized that addressing the problem necessitated stepping outside the formal institutional structure, to create a new body.

OECD staff were eager to be involved in the design negotiations. States embraced their help. After all, these international bureaucrats offered valuable expertise and experience with energy

stockpiles, and their aims largely coincided with those of states. True, their goals included institutionalizing the influence of the OECD secretariat within the new body, and this was not a priority that states shared. But for the most part, states and international bureaucrats were unified in their desire to design a more effective institution with greater insulation from state control.

It seems natural, then, that international bureaucrats enjoyed discretion in the institutional design arena, where states welcomed them as partners. What is more surprising, however, is that international bureaucrats possess substantial leeway even in situations in which their institutional design inclinations conflict markedly with those of states. The design of the Joint United Nations Program on HIV/AIDS (UNAIDS) is such a case.

3.2 The Origins of the Joint United Nations Program on HIV/AIDS (UNAIDS)

The disease that would become known as Acquired Immunodeficiency Syndrome (AIDS) was first identified in the early 1980s in the United States and western Europe. Initially, it was presumed a "rich country" problem. But by 1985, there were 17,000 reported cases across 71 countries (Merson et al., 2008, 475). Many more went unreported.

The new disease confounded even the most powerful states in the world. For one thing, medical and scientific knowledge was spotty. It took years, for example, to debunk the widely held view that the ailment was confined to homosexuals and intravenous drug users. In addition, states were reluctant to deal transparently with AIDS, because admitting the scale of the problem was risky. For instance, in many countries the disease was prevalent within the military, and states understandably did not wish to advertise this vulnerability. Furthermore, government officials had little experience or inclination to deal with the matters brought up by AIDS. The disease signified "sexuality and death, not the stuff that politicians... gravitate toward" (Behrman, 2004, 12). Even if government officials could have surmounted their uneasiness with topics like drug use and prostitution, the thorniness of the pandemic extended beyond its "unsavory" modes of transmission. More than just a medical problem, it brought up contentious social issues such as poverty, reproductive rights, illiteracy, and discrimination.

In the mid-1980s, the World Health Organization's Director-General, Danish doctor Hafdan

Mahler, recognized a need and opportunity for his staff to take a leadership role – not only to guide the organization's weakest member states, but also the strongest ones. "Political sensitivities and inadequate knowledge, expertise, experience, and financial and human resources" had plagued states' efforts to combat AIDS on their own (UNAIDS, 2008, 14). In 1986, Mahler established an in-house AIDS initiative under the direction of American physician Jonathan Mann. This initiative, which would come to be known as the Global Program on AIDS (GPA), reported directly to the Director-General and was authorized to conduct external fundraising.

Under Mahler and Mann's guidance, the WHO bureaucracy became a global authority on the pandemic. Few states could match the organization's health policy know-how, medical expertise, and worldwide connections. Even the most advanced states had trouble gleaning health data from other countries in the way that WHO staff did. World Health Organization statements and recommendations "provided a form of higher authority to which governments could refer as a benchmark of appropriate policies" (Berridge, 1996, 160). Powerful and weak states alike came to rely on the organization's bureaucrats.

In 1987, the United Nations General Assembly officially designated the WHO the "lead agency" in the global response to AIDS. That same year, the GPA garnered US$ 37 million in extra-budgetary contributions and organized an unprecedented conference, bringing together ministers of health from more than 110 states to discuss the pandemic. It also formed relationships with dozens of non-governmental organizations, thereby gaining access to civil society networks and in-country operations. By 1990, the GPA had concluded agreements to establish AIDS programs within 155 of the World Health Organization's 166 member-states (Okie, 1987).

The efforts of WHO bureaucrats focused on their area of expertise, the pandemic's health aspects. But they publicized the fact that the disease also touched on issues of socioeconomic development, for problems like poverty and inequality hindered prevention and treatment. Further AIDS programs were launched by five other organizations within the United Nations family: 1) the United Nations Educational, Scientific, and Cultural Organization (UNESCO); 2) the United Nations Children's Emergency Fund (UNICEF); 3) the United Nations Development Program (UNDP); 4) the United Nations Population Fund (UNFPA); and 5) the International Bank for

Reconstruction and Development (World Bank). They established programs tailored to their own areas of expertise, such as education, children, social work, family planning, or economic growth. Unlike WHO bureaucrats, these IGO personnel saw AIDS as a development dilemma first, a health problem second.

Initially, states supported the proliferation of programs. But the end of the Cold War changed things. "Victorious" Western states began to muse whether the United Nations was still needed – or at least, whether it needed to be so large. The new or democratizing states of eastern Europe now required foreign aid as well. Among the traditional donor states, many were experiencing economic recessions of their own. Meanwhile, past contributions to fighting AIDS appeared to have a perverse effect: because improved information and surveillance had facilitated greater data collection, the pandemic seemed to be growing rather than abating.

In this context, wealthy Western donor states grew disgruntled with the status quo of six UN agencies running distinct AIDS programs. "What we wanted at the global level," explained a high-level Swedish official, "was one voice [saying] where is the pandemic, what is happening, what are the main avenues for treatment, what are the numbers we're talking about" (UNAIDS, 2008, 22). By 1993, donor states such as the Netherlands, the United States, and Sweden had concluded that the AIDS-related activities of the six IGOs ought to be amalgamated into a single body dedicated to the pandemic. This was "a shot across the bow" – particularly for the World Health Organization, the UN's lead agency for AIDS (Behrman, 2004, 95).

Bureaucrats within the WHO, UNDP, UNESCO, UNFPA, UNICEF, and World Bank favored the status quo. As things stood, each agency controlled the part of the AIDS effort that dealt with its respective area of expertise. Each managed its own financial and human resources, developed its own on-the-ground connections, and maintained its own notions of appropriate policy responses. Their preference for the status quo went beyond mere "selfish egotistical stuff" (UNAIDS, 2008, 39). It reflected sincere ideological concerns about whether optimal policies would come from dealing with AIDS as the dominant WHO program did: as a health problem with development repercussions. The other five agencies had entered the fray because they saw it differently, as a development problem with health repercussions.

The current state of affairs involved occasional overlap and competition over resources, but it permitted all six parties to focus on their individual areas of expertise without being forced to fight one another every time a decision needed to be made. And in this, the international bureaucrats were united: they wanted to continue carrying out their work as they saw fit, without states' meddlesome push for a new intergovernmental organization. International bureaucrats' preference for the status quo, griped one American diplomat, was like "trying to turn around the Queen Mary" (UNAIDS, 2008, 70).

Thus began an intricate power struggle between wealthy donor states and the international bureaucrats. States first tried coercion. They threatened to cut off funds for the AIDS programs of the six IGOs. The message to international bureaucrats was stark: "If you want us to continue to fund multilaterally, you will get together and [work through] a cosponsored agency" (UNAIDS, 2008, 22).

But the threat was not credible. Even if states could create a new body on their own, they would have grave difficulties forcing international bureaucrats to collaborate with it. AIDS was a complex problem, plagued by scientific uncertainty, stigma, politically awkward topics, and worrisome social issues. The pandemic had stymied even the most powerful states, prompting them to defer to WHO bureaucrats in the first place. The six agencies had spent years developing invaluable expertise, experience, and in-country networks for dealing with global AIDS. Excluding any agency from the institutional design negotiations was infeasible, because each had a different, needed specialization: health, economic growth, children, social work, education, family planning. International bureaucrats could withhold their information and connections, or even use them to undermine anything states imposed on them. Cutting the IGOs' funding would antagonize the employees, not win them over.

The international bureaucrats saw the donor states' determination to move away from the current state of affairs and realized they would be better off if they had a say in how it was done. The donor states recognized that, without the buy-in of the bureaucrats, any new body would be doomed. And so states shifted from sticks to carrots. A new IGO, called UNAIDS, would be established by 1996. But personnel of the six agencies would determine its design, via a Committee

of Cosponsoring Organizations (CCO). For the WHO bureaucracy, which until then had been the UN's lead agency for AIDS, there was a special carrot. Peter Piot, a Belgian doctor and WHO employee, would be UNAIDS' first director and the chair of the CCO in the interim.

Such institutional design leeway for international bureaucrats was a "compromise," admitted a Swedish diplomat. A high-level Dutch official agreed, complaining that the employees of the intergovernmental organizations simply had proved "too powerful" (UNAIDS, 2008, 22, 30-31). IGO staff did not shy away from taking advantage of their leeway. Bitter about the donor states' "meddling," they agreed that the new organization should be protected from similar incursions. Condemning governance and control by member states, their initial design inclination was to "set up a board, selected by themselves, that would make all the decisions about expenditure and hiring people... It would have been a matter of [their being] judge and jury" (UNAIDS, 2008, 33-34). The eventual design was toned down, but it still contained some radical aspects. For instance, UNAIDS is governed by a Program Coordination Board (PCB) consisting of states, international bureaucrats, and non-governmental organizations. It is the first United Nations body with governing board seats set aside for civil society representatives. Furthermore, states must rotate in and out of the mere 22 spots allotted to them, while every one of the "cosponsoring" IGOs possesses a permanent spot.

The case of the Joint United Nations Program on HIV/AIDS reveals states and international bureaucrats with opposing views of the status quo. For wealthy donor states, the end of the Cold War prompted a reassessment of funding priorities and raised questions about whether the colossal United Nations system was still tenable and necessary. Six UN agencies separately addressed various aspects of the AIDS pandemic, and by 1993 donor states had concluded this was foolish. For the international bureaucrats involved with such programs, however, the status quo was quite sensible. Each agency controlled its own activities and focused on its area of expertise, without being paralyzed by competition and disagreements with other programs emphasizing different aspects of the disease. Donor states believed a new all-encompassing IGO was needed. International bureaucrats adamantly disagreed.

Nevertheless, if states were determined to get a new intergovernmental organization, then international bureaucrats in the WHO, UNDP, UNESCO, UNFPA, UNICEF, and World Bank preferred

to have input rather than being shut out of the design negotiations. States realized they needed these IGO personnel. The six agencies had expertise, experience, and on-the-ground operations. These resources were indispensable, not only for designing a new AIDS body, but for helping it to operate effectively. To secure their help, states agreed to abide by their institutional design proposals. IGO employees were blunt about their opposition to a new organization and their resentment of states' interference, so this leeway for international bureaucrats was chancy for states. It was clear that the two groups had very different design inclinations. Yet international bureaucrats entered the institutional design arena, with states affording them substantial design discretion.

4 A Formal Analysis

The qualitative illustrations demonstrate that strategic interactions between states and IGO staff are an important element of IGO creation. In the context of a principal-agent relationship, such strategic interactions comprise asymmetric information and various incentives. To capture the effect of asymmetric information and strategic incentives in a deductively valid fashion, we next construct a formal model of IGO creation. In our model, a state (or coalition of states) can either maintain the status quo or create a new organization. If the state decides to create a new organization, it may turn to the bureaucracy of an extant organization for assistance. The bureaucracy then accepts or declines this invitation.

In the case studies, multiple states participated in institutional design. To simplify, the formal analysis focuses on a single state that considers creating a new IGO. This simplification is empirically plausible for two reasons. First, in many cases, such as that of the IEA, it is possible to identify a hegemonic leader, such as the United States. Second, even if multiple powerful states participate in IGO creation, they often negotiate a common position so that they can operate as a collective principal (Nielson and Tierney, 2003).

In modeling delegation, we follow Epstein and O'Halloran (1994) and assume that if the state grants the bureaucracy of an existing IGO the authority to participate in the design of the new organization, the bureaucracy *implements* a policy subject to constraints imposed by the state. For example, the bureaucracy could create voting rules or recruiting policies for a new IGO. An

alternative view of delegation emphasizes *information provision*, so that the bureaucracy would only recommend a policy, perhaps by publishing an advisory report (Lupia and McCubbins, 1998). We rely on the implementation model because it more accurately encompasses the variety of ways in which international bureaucrats participate in creating new organizations.

4.1 Model

Suppose a state is faced with the decision to create a new organization. The state's preferences are defined over outcomes on the real line, $\mathbb{R}$. The state's ideal point is normalized to zero without loss of generality. If the outcome of the game is X, the payoff to the state is therefore

$$U_S = -X^2. \tag{1}$$

This simple quadratic loss function is commonly used in formal models of delegation (Epstein and O'Halloran, 1994, 1999; Johns, 2007).

Sequence of moves. The state chooses between three possible actions: the status quo, creating the new organization independently, or offering the bureaucracy a level of discretion in creating the new organization $d \in [0, \infty)$. In case the states turns to the bureaucracy for assistance, the bureaucracy next accepts or rejects the discretion level.

Payoffs. If the state chooses not to create a new organization, we assume the status quo produces an outcome $SQ > 0$. Thus, the payoff to the state is $-SQ^2$. For instance, one may interpret SQ as the maintenance of an existing policy produced by an existing IGO, such as the IEA. The assumption that SQ is determinate is unnecessary for the results, but it reduces notation. It is also quite realistic if the existing organization has already implemented similar policies in the past, as the historical record reduces the uncertainty surrounding policy formation. Finally, it actually stacks the deck against new IGO creation, as our quadratic loss function entails the standard assumption of risk aversion. Thus, the state holds a status quo bias.

How should one interpret the status quo? A plausible interpretation is that another state exists, and this other state has an ideal point $K > SQ$, so that the two states have diametrically opposed preferences. In this case, the status quo SQ can be interpreted as a stable bargaining outcome

within the existing IGO. One can also expand this notion by allowing for the possibility that the status quo SQ is also influenced by bureaucratic preferences.

If the state creates a new organization but opts not to involve the bureaucracy, it selects independently a policy P on the real line. The final outcome is stochastic. Suppose nature draws an exogenous shock parameter ϵ that is distributed uniformly on the closed interval $[-R, R]$. Thus, R can be thought of as an indicator of uncertainty surrounding the consequences of establishing a new organization. In the empirical analysis, for instance, we operationalize R as the technical difficulty or scientific complexity of an issue.

How is the choice of policy P interpreted? Since we focus on the creation of a new organization, one plausible interpretation is that policy P refers to personnel selection or rule formulation. The uncertainty surrounding it might stem from "agency slippage" in the new organization – a development that, according to the literature, is difficult to control (Nielson and Tierney, 2003; Martinez-Diaz, 2009; Vaubel, 2006).

The final payoff to the state is $-(P+\epsilon)^2$. Thus, it is easy to verify that the state would set the policy P to its ideal point, $P^{**} = 0$, and obtain an expected payoff of $-\frac{R^3}{4}$. Unsurprisingly, this payoff decreases with uncertainty R. As the uncertainty surrounding the consequences of creating a new organization worsens, the payoff from doing so decreases, especially if the state is not able to benefit from international bureaucrats' expertise.

If the state opts to involve the bureaucracy, it does so by selecting a level of discretion $d \geq 0$. In substantive terms, the discretion variable d describes how much leeway the bureaucracy has in the design of the new organization. In response to the state's offered level of discretion, the bureaucracy says "yes" or "no." If the bureaucracy rejects, the status quo SQ prevails. If the bureaucracy accepts, it selects the policy P on the real line subject to the restriction that $P \in [-d, d]$. The payoff to the state continues to be $-(P-\epsilon)^2$.

As d increases, the range of admissible policies P expands, so that the bureaucracy can better use their informational advantage to control the new organization. The case studies offer real-world illustrations of this. Staff from the Organization for Economic Cooperation and Development gained seats at the negotiating table and worked as full partners with states to design the IEA. They used

this position to install their own avenues of influence, for instance by securing the OECD Secretary-General's right to nominate the Executive-Director of the International Energy Agency. And in the origins of UNAIDS, the institutional design discretion of international bureaucrats from pre-existing IGOs was even greater. Employees of the WHO, World Bank, UNDP, UNICEF, UNESCO, and UNFPA hammered out a design among themselves, then presented it to states. The resulting design included several innovative elements – such as permanent governing board positions – ensuring that the co-sponsoring organizations would wield influence over the new body.

The assumption that the bureaucracy's refusal to participate prompts a reversal to the status quo, as opposed to independent action by the state, is not necessary for the results. The main findings would also hold even if the state could subsequently create a new organization on its own. However, modeling this comes at the expense of formal complications that obscure rather than illuminate. Additionally, it is not implausible to assume that if the state focuses efforts on collaboration with the bureaucracy, and the bureaucracy does nothing in response, the status quo will survive for prolonged periods of time. Indeed, this occurred in the UNAIDS case, wherein states were simply unable to coerce the existing organizations to design an optimal institutional apparatus without offering a "carrot." We leave a full formal characterization of the repeated bargaining interactions between the state and the bureaucracy for future research.

Similarly, the assumption that $P \in [-d, d]$ is innocuous, as it is easy to formally verify that the state never prefers to move the expected policy away from zero. We could have allowed the state to also select a reference point REF different than zero, so that $P \in [REF - d, REF + d]$, but $REF = 0$ would continue to be the optimum regardless. Intuitively, if the state for some reason needs to offer concessions to the bureaucracy, it is optimal to do so by increasing discretion d.

To capture the standard notion that information collection is costly, we use the following payoff structure for the bureaucracy. It has an ideal point, IGO, defined over the outcome space. We suppose $0 < IGO$, so that both the state and the bureaucracy potentially have a common interest in moving away from the status quo. This simplifying assumption can be relaxed, so that $IGO < 0$, and the key results continue to hold. However, this case is not particularly interesting because the bureaucracy unambiguously prefers the state's ideal point to the status quo.

The bureaucracy obtains $-(IGO-SQ)^2$ from the status quo. If the state independently creates a new organization, the bureaucracy obtains $-(IGO-P-\epsilon)^2$. Second, if the bureaucracy agrees to participate, it pays a cost $c>0$ to learn the value of ϵ. The bureaucracy incurs an opportunity cost, such as foregoing work in other issue areas, by expending effort in the creation of a new IGO. Subsequently, the bureaucracy selects the policy $P \in [-d,d]$. This produces a payoff of $-(IGO-P-\epsilon)^2-c$. To simplify, we assume that the c is not so high as to completely prevent participation in all circumstances: if the state offers $d \geq IGO+R$, so that the bureaucracy can always implement its ideal point IGO, the bureaucracy accepts, as $-(IGO-SQ)^2 \geq c$. This plausible assumption simplifies the equilibrium analysis, but it is not necessary for the results.

Importantly, the substantive interpretation of participation by the bureaucracy relates to expending effort – not merely being present at the bargaining table. In reality, by investigating actual cases of how new organizations are created, we found that extant IGO bureaucrats are generally present somehow, even if equipped only with minor responsibilities and competencies. Therefore, the formal model captures more than the mere presence of the international bureaucracy. It captures whether the international bureaucracy actually expends effort to enhance institutional design.

As the case studies illustrate, international bureaucrats' involvement may be compelling for both the state and the bureaucracy itself, yet it nevertheless entails opportunity costs. The International Energy Agency, for instance, emerged after a year's worth of institutional design negotiations in the United States and Belgium – negotiations that took OECD staff away from other tasks and away from their Paris headquarters. The origins of UNAIDS provide an even starker example of opportunity costs for pre-existing IGOs: international bureaucrats from six UN agencies spent several years negotiating with states and with one another in order to craft a new institution. Their time and effort was diverted from the agencies' own in-house AIDS initiatives.

We leave the opportunity cost c exogenous to maintain analytical tractability. In reality, the cost c depends on the mandate that a state gives to the bureaucracy, and the mandate is endogenously determined. However, the cost is also largely determined by the characteristics of the international cooperation problem at hand, such as the degree of scientific uncertainty or technical complexity. Our formulation is intended to capture such variation in the simplest possible fashion.

The structure of this spatial model is illustrated in Figure 1. Intuitively, we observe two basic tradeoffs here. First, the state benefits from involving the bureaucracy, which has expertise that admits improved policy formation. However, such involvement entails a loss of control. Second, the bureaucracy benefits from control at the expense of information collection cost.

[Figure 1 about here.]

4.2 Equilibrium

In this game, the uninformed state moves first and the bureaucracy only learns the value of ϵ upon accepting the offer. Thus, it is easy to verify that we may solve the game using the subgame-perfect equilibrium, as extended to games with stochastic moves by nature.

An equilibrium of the game comprises a policy rule $P^* = P^*(d, \epsilon)$ for the bureaucracy as a function of discretion d and the exogenous shock ϵ. If the state moves independently, it always selects $P^{**} = 0$. Thus, we must only characterize two decisions for the state. First, if the state decides to create a new organization in conjunction with the bureaucracy, what level of discretion d^* yields the maximal payoff? Second, given the payoff from reaching out to the bureaucracy, should the state retain the status quo, act independently, or invite the bureaucracy to participate? These choices must maximize expected payoffs given how the bureaucracy will respond to the offer d^*. As usual, we investigate each of the three subgames (status quo, independent action, invitation) separately and then compare the resulting payoffs.

Status quo. To begin with, recall that the payoffs from the status quo to the state and the bureaucracy are $-SQ^2$ and $-(IGO - SQ)^2$, respectively. Thus, the state selects the status quo if and only if $-SQ^2$ exceeds the value of creating a new organization.

Independent action. Since the state sets $P^{**} = 0$ when it acts independently, the expected payoff from independent action is obtained simply by integrating $-\epsilon^2$ over the uniform distribution on $[-R, R]$. A straightforward computation yields the expected payoff $-\frac{R^3}{4}$. Unsurprisingly, as uncertainty R increases, the payoff from independent implementation decreases.

Invitation. The most interesting possibility, however, is joint action by the state and the bureaucracy. This is only possible in equilibrium if (i) the state prefers the bureaucracy's involvement

rather than independent action and (ii) the bureaucracy is willing to pay the implementation cost c, in order to to avoid the status quo obtaining due to the failure of creation.

Given discretion d, it is easy to verify, following Epstein and O'Halloran (1996, 380), that the bureaucracy selects P so that the following condition for the outcome, $P + \epsilon$, holds:

$$P + \epsilon = \begin{cases} \epsilon + d & | -R \leq \epsilon \leq IGO - d \\ IGO & | IGO - d \leq \epsilon \leq IGO + d \cdot \\ \epsilon - d & | IGO + d \leq \epsilon \leq R \end{cases} \tag{2}$$

The interpretation is straightforward, as shown in Figure 2. In the first case, the exogenous shock ϵ shifts the outcome to the left, so that the bureaucracy selects a high policy P to implement the outcome $\epsilon + d$. It would select an even higher policy P, but limited discretion prevents it from doing so. In the second case, the exogenous shock ϵ conveniently allows the bureaucracy to implement its ideal point. In the third case, the exogenous shock ϵ is so high that the bureaucracy would rather implement a low policy as a countervailing measure; alas, limited discretion prevents this course of action.

[Figure 2 about here.]

Given this expectation, how should the state set the discretion d? To solve this problem, it has to be remembered that the bureaucracy must agree to participate. Let us, first, consider the unconstrained optimum for the state: if the bureaucracy was somehow forced to participate, how would the state select discretion d? Following Epstein and O'Halloran (1996, 380), integration yields the expected payoff to the state,

$$EU_S(d) = \frac{-R^3 - 3IO^2d + 3R^2d - 3Rd^2 + d^3}{3R}. \tag{3}$$

It is maximized over d by $d^{max} = max\{R - IGO, 0\}$. Intuitively, as the bureaucracy's ideal point, IGO, moves away from the state's ideal point, zero, discretion d decreases. But if uncertainty R increases, so does discretion. If d^{max} is acceptable to the bureaucracy, this is what the state selects.

If not, recall that we have assumed that the bureaucracy will accept a high enough discretion, $d \geq IGO+R$. Since the payoff to the bureaucracy increases with d, a minimal acceptable discretion, $\overline{d}$, must exist for the bureaucracy to accept. With the expected payoff to the state decreasing in discretion d beyond the unconstrained optimum d^{max}, this level $\overline{d}$, if any, is chosen as the second best by the state. Intuitively, the state is increasing agency discretion to compensate for the high cost of information collection. Let $d^* = max\{d^{max}, \overline{d}\}$. Thus, d^* is the choice of discretion d assuming that the state does profit from involving the bureaucracy.

We now have a full equilibrium characterization. It can be used to prove the following proposition that summarizes behavior on the path of play.

Proposition 1. In equilibrium,

1. The state retains the status quo if $-SQ^2 > max\{-\frac{R^3}{4}, EU_S(d^*)\}$; acts independently if $-\frac{R^3}{4} > max\{-SQ^2, EU_S(d^*)\}$; and invites the bureaucracy if $EU_S(d^*) > max\{-SQ^2, -\frac{R^3}{4}\}$.
2. The bureaucracy accepts any offer $d \geq \overline{d}$ and sets P^* such that condition (2) holds.

Proof. In the main text. ■

This proposition says that the state first compares the status quo payoff with the two payoffs from creating a new IGO. If it decides to create a new IGO, it offers either the optimal discretion d^{max} or the minimal acceptable discretion $\overline{d}$. The bureaucracy accepts an offer if and only if the value of policy discretion exceeds the implementation cost c, and this is possible as long as the offer is good enough. Finally, the bureaucracy sets the outcome P^* as close to IGO as possible.

4.3 Empirical Implications

Given this equilibrium, we are in a position to investigate three empirical issues that, according to our case studies, are integral to understanding IGO creation. First, does the state have any incentive to create a new organization? Second, if the state has an incentive to create a new organization, will it do so independently or in conjunction with the pre-existing bureaucracy? Finally, if the state involves the bureaucracy, how is policy discretion chosen?

Let us first consider the choice between the status quo and a new organization. As we have shown, the state retains the status quo when $-SQ^2 > max\{-\frac{R^3}{4}, EU_s(d^*)\}$. It is thus straightforward to verify that if the status quo is favorable enough, the state retains the status quo.

Proposition 2. For a low (high) enough status quo SQ, the state retains the status quo (somehow creates a new organization).

Proof. For low enough SQ, the state's expected payoff $-SQ^2$ from the status quo approximates zero, the global maximum of the game, with arbitrary precision. With $0 < SQ < IGO$, we must have $-SQ^2 > max\{-\frac{R^3}{4}, EU_S(d^*)\}$ for any $c > 0$. For high enough SQ, the state's expected payoff $-SQ^2$ from the status quo approximates infinity. With $0 < IGO < SQ$, we must have $-SQ^2 < max\{-\frac{R^3}{4}, EU_S(d^*)\}$ for any $c > 0$. ■

As our case studies already implied, the state creates a new organization only if it is dissatisfied with the status quo.

Next, let us suppose that SQ is high enough, so that the state does create a new organization. The state must decide on involving the bureaucracy.

Proposition 3. Let SQ be so high that $-SQ^2 < max\{-\frac{R^3}{4}, EU_S(d^*)\}$. If IGO is high (low) enough, the state invites the bureaucracy to participate (acts independently).

Proof. Recall that the bureaucracy accepts any $d \geq IGO + R$. If IGO is low enough, then clearly $EU_S(d^*) > -\frac{R^3}{4}$, as $EU_S(d^*) > EU_S(IGO + R) > -\frac{R^3}{4}$, so the state invites the bureaucracy to participate. If IGO is high enough, then $EU_S(d^*) < -\frac{R^3}{4}$, as $d^* = IGO + R$ and $EU_S(IGO + R) < -\frac{R^3}{4}$, so the state acts independently. ■

This proposition shows that the state would almost always rather involve the extant bureaucracy if possible. The intuition is that, by regulating discretion d, the state can, if necessary, mini-

mize agency slippage. Since both the state and the bureaucracy prefer to avoid certain outcomes, $P + \epsilon < 0$, there are gains from delegation, as long as the extant bureaucracy does not have too much discretion. However, if the bureaucracy has very little interest in creating a new organization, it may demand such excessive levels of discretion that the state is better off acting independently.

Suppose finally that SQ is high while IGO is low, so that the state does invite the bureaucracy to participate. How does it select the level of discretion?

Proposition 4. If SQ is high enough and IGO is low enough, the state involves the bureaucracy. For low (high) enough participation cost c, discretion d decreases (increases) with IGO.

Proof. First choose a low enough c. Now the bureaucracy participates for $d \geq d^{max}$, so the state offers $d^{max} = R - IGO$ in equilibrium. Thus, d^* is decreasing in IGO. Next, choose a high enough c. Now the bureaucracy participates for any $d \geq \overline{d}$, so the state selects $\overline{d}$. With SQ high enough and IGO low enough, we have $0 < IGO < SQ$. It is easy to verify that as IGO increases, $\overline{d}$ must increase as well for the bureaucracy to participate. To see why, note that an increase in IGO increases the value of $-(IGO - SQ)^2$ (status quo payoff) and decreases the value of $-c + \frac{1}{6}\left((IGO + d - R)^3 W - (IGO - d + R)^3\right)$, as we must have $d \leq IGO + R$ by assumption. ■

In clear contrast to the extant literature, the relationship between agent preferences and discretion is not monotonic. First, if the cost of participation is low for the bureaucracy, discretion increases as the bureaucracy's ideal point shifts towards zero (and away from the status quo). As the extant literature has it, principals rely more extensively on reliable agents. But, second, if the cost of participation is high for the bureaucracy, the state must allow enough discretion, or the bureaucracy is unwilling to expend effort. Thus, as the bureaucracy's preferences move towards the status quo (and away from zero), the state must offer more extensive concessions to compensate the bureaucracy for its costly efforts.

To understand this logic, it may be useful to consult Figure 3. On the left, we have graphed the linear decrease in equilibrium discretion d^*, given that the extant bureaucracy's participation cost

c is so low that extra concessions are unnecessary. On the right, instead, the participation cost c is set so high that as the bureaucracy's ideal point IGO moves towards the status quo SQ, the state must give more, not less discretion, to the IGO to secure costly effort.

[Figure 3 about here.]

Our two case studies illustrate each logic. In the first case, OECD personnel asked to be involved in institutional design negotiations, and states readily welcomed them as full negotiating partners. Seventeen states and the OECD secretariat worked side-by-side to craft the International Energy Agency. Although international bureaucrats' institutional design participation is often overlooked by scholars, state-organization collaboration in the origins of the IEA is not astonishing. After all, OECD staff and the negotiating states held very similar preferences. They agreed that the status quo was unsatisfactory, a new body was needed, and the body would need to be better insulated from state control in order to operate effectively. Furthermore, OECD personnel were knowledgeable about the functions the new organization would perform, and how design elements would help or hinder those functions. Working with international bureaucrats offered states substantial reward and little risk. Therefore, industrialized countries afforded the secretariat an important role (relatively high discretion d) in IGO creation.

The UNAIDS case is more puzzling, but our model explains it as well. Six separate organizations already possessed in-house programs for addressing AIDS. Each program emphasized its organization's area of expertise: health, education, children, social work, family planning, or economic growth. A handful of wealthy donor states eventually tired of funding these "fiefdoms" and instead demanded that all activities be funneled to a single new organization. This would be costly for all six secretariats, which would lose their AIDS programs – and it would be especially costly for the World Health Organization, the United Nation's lead agency on AIDS. Happy with the status quo, the six bureaucracies made it clear that they would leverage their specialized expertise in order to sabotage any new AIDS body imposed from above. All feared that a new organization would be under the thumbs of the donor states and would not fight the disease the way they did. What is startling, then, is that states nevertheless gave the international bureaucrats extensive rights in institutional design. States announced that the new organization must be ready by 1996, but staff

of the WHO, UNESCO, UNICEF, UNDP, UNFPA, and World Bank would craft it. This was risky for states, whose institutional design preference was quite different from that of the six agencies. While extant theories do not account for this outcome, our formal model provides an explanation: if an international bureaucracy can credibly threaten not to expend effort to assist in organizational creation, it must be given high discretion d to "sweeten the pot."[3]

5 A Quantitative Analysis

Our formal model predicts that as the need for specialized expertise increases, the depth of institutional design involvement by the personnel of extant IGOs also increases – regardless of whether the latter's design preferences mirror those of states. In other words, new bodies dealing with issues requiring specialized expertise should be more likely to have been created with participation by international bureaucrats working in a pre-existing IGO and wielding significant institutional design discretion. This occurs in the UNAIDS case study, for example. But does it hold more widely? We offer preliminary evidence that it does.

We employ a new and original dataset. The dataset covers 180 intergovernmental organizations, randomly selected from the universe of existing IGOs as determined by the Union of International Associations (UIA), the publisher of the 2007-2008 online edition of the *Yearbook of International Organizations* (YIO). The unit of analysis is a randomly selected IGO in the year 2008. The Appendix lists the intergovernmental organizations included in the dataset.

To check intra-coder replicability, each of the observations was coded at two different points in time, in a different random order each time. This resulted in coding differences for less than 10 percent of the sample, with that portion generally due to the second-round attainment of previously unavailable information from the IGO's website. A second coder also spot-checked a random subsample of the dataset – this check of inter-coder reliability produced no major changes to the data.

[3]The cases are used as real-world illustrations, rather than comprehensive tests of predictions derived from the formal model. Other factors, such as issue area, also may matter for predicting international bureaucrats' discretion in the institutional design arena. Epidemics include political and economic implications for states, yet energy shortages pertain even more immediately to "high politics" due to their connection to state security. Probing the predictive power of technical expertise, while controlling for multiple other variables, is a fruitful avenue for further research.

5.1 Research Design

We seek to explain variation in the institutional design roles of staff from extant IGOs. This is operationalized with *Depth of International Bureaucrats' Design Discretion*, an ordered variable. Like earlier research (Shanks, Jacobson, and Kaplan, 1996), we find that only about one-third of existing IGOs were created by states alone. Yet unlike previous work, the new dataset begins to parse out the nature of international bureaucrats' involvement in creating the other two-thirds.

Personnel from pre-existing IGOs may serve an information-providing and administrative function in institutional design negotiations, without wielding substantial discretion. Therefore, we distinguish the organizations that stand out in this regard: a) those that were created by states alone (i.e., with below-average discretion of international bureaucrats), and b) those that were created with significant input by staff of extant IGOs (i.e., with above-average discretion of international bureaucrats). This yields a three-category ordering for the variable *Depth of International Bureaucrats' Design Discretion*, with higher values indicating more substantial institutional design roles. Specifically, for each intergovernmental organization in the sample, the variable takes on the following values: 0 if it was launched by states alone; 1 if it was created through inter-state negotiations for which IGO staff merely provided support services; and 2 if it was designed with input from international bureaucrats from a pre-existing IGO. About 65 IGOs fall into the first category, about 80 fall into the second, and about 35 fall into the third.

The *Yearbook of International Organizations* provides brief narratives of the manner in which organizations were created. These generally indicate whether states designed alone, or in what way the staff of pre-existing IGOs participated in the process.[4] To construct the dataset, the information from the Yearbook was verified and supplemented with numerous other sources, such as the organizations' individual websites and the Register of United Nations Bodies. Nevertheless, for some observations the YIO and supplementary sources indicate that international bureaucrats

[4]For example, the entry for the International Monetary Fund reads: "Founded 22 July 1944, Bretton Woods NH (USA), by representatives of the 45 countries who negotiated the details of the Articles of Agreement/Charter. Came into being on 27 Dec 1945, with a membership of 29 of these countries, after acceptance of the Charter for ratification." In contrast, the entry for the Advisory Group on Greenhouse Gases reads: "Founded 1985, by World Meteorological Organization, International Council for Science, and United Nations Environment Program, to ensure adequate follow-up of the recommendations of the International Conference on the Assessment of the Role of Carbon Dioxide and Other Greenhouse Gases in Climate Variations and Associated Impacts, held in Oct 1981."

were involved in institutional design, but the sources do not provide enough detail to determine the depth of that involvement. Process-tracing could unravel this, and does so in the case studies – but it is infeasible in a large-n context. In such circumstances, to avoid overstating the extent of IGO discretion in the institutional design process, *Depth of International Bureaucrats' Design Discretion* is set equal to 1. That is, international bureaucrats are assumed to have provided only support services for negotiations among states.

Based on 180 observations, the mean value of *Depth of International Bureaucrats' Design Discretion* is 0.83, indicating that the average observation was created with international bureaucrats in a support role within institutional design negotiations. The most frequently occurring value is 1, indicating likewise. Thus, *Depth of International Bureaucrats' Design Discretion* is coded conservatively: the variable receives a value higher than 1 only if the information sources provide specific evidence of more intensive participation by IGO staff.[5] This understates the depth of their role, thereby making it *more challenging* to find evidence in support of the argument advanced here.

Next, we code each of the 180 randomly sampled observations in terms of the expertise needed for its activities. Intergovernmental organizations generally have *some* form of specialized knowledge (Barnett and Finnemore, 2004; Hawkins et al., 2006). Therefore, we distinguish the organizations that stand out in this regard: a) those that deal with highly technical issues and therefore are likely to possess above-average expertise, and b) those that serve largely as mere forums for states and therefore are likely possess below-average expertise. The resulting ordered variable is *Need for Expertise*. Higher values indicate greater levels of specialized knowledge needed for organizational activities. Specifically, for each intergovernmental organization in the sample, the variable takes on the following values: 0 if it is a forum for states, possessing below-average expertise; 1 if it is an ordinary organization, possessing some expertise; and 2 if it is a highly technical organization, possessing above-average expertise. About 100 observations fall into the middle category, while each of the other two categories contain about 40 observations.

The coding of *Need for Expertise* is kept objective and replicable by employing a keyword search

[5]Note that this is not missing data: it is clear whether international bureaucrats were involved. Therefore, the coding should not be 0 but there is not enough substantiation to code as 2. Consequently, such observations are coded as 1.

of each IGO's description in the *Yearbook of International Organizations*. "Expert" organizations are those for which the IGO name itself, the YIO entry on organizational aims, or the YIO entry on organizational classification contains at least one of the following keywords: data, expert, expertise, informatics, innovation, Internet, invention, measurement, patent, research, satellite, science, scientific, statistics, technology, technological, telecommunications. "Forum" organizations are those for which the IGO name itself, the YIO entry on organizational aims, or the YIO entry on organizational classification contains at least one of the following phrases: forum, legislature, minister, no permanent secretariat, officials, parliament, secretariat rotates. Based on 180 observations, the mean value of *Need for Expertise* is 1.00, indicating that the average observation requires ordinary expertise levels for its activities. The most frequently occurring value is 1, indicating likewise.

5.2 Findings

We leave an in-depth, cause-and-effect probe of the determinants of IGOs' institutional design discretion for further research. After all, international bureaucrats' participation in the creation of new organizations has received little attention. The first task, therefore, is to examine whether correlations and cross-tabulations align with the case studies and formal model. This provides a valuable check on whether our argument offers a promising foundation for more detailed work.

The correlation between *Need for Expertise* and *Depth of International Bureaucrats' Design Discretion* indeed is positive, as the formal model predicts. The correlation coefficient is 0.22. The cross-tabulations in Table 1 permit a richer picture, albeit one that is almost certainly dampened by the conservative coding of *Depth of International Bureaucrats' Design Discretion*. Note that where the new institution's need for expertise is "below average," staff of extant IGOs tend to possess "below-average" design discretion. In contrast, where the new institution's need for expertise is "average" or above, design discretion also tends to be "average" or above for staff of extant IGOs.[6]

[Table 1 about here.]

For comparisons, the cross-tabulation figures also can be examined as percentages rather than

[6]The difficulty, of course, is that the conservative coding results in nearly twice as many observations in the "below-average discretion" category, compared to the "above-average discretion" category – this stands in the way of seeing a strictly linear relationship.

frequencies. First, consider the 39 randomly sampled organizations that require "below-average" expertise to carry out their institutional activities. Of these, an overwhelming 64 percent were created by states alone, while a mere 3 percent were created with significant discretion by the staff of a pre-existing IGO. This closely adheres to the predictions of the formal model. Next, consider the 39 randomly sample organizations that require "above-average" expertise to carry out their institutional activities. Of these, only 23 percent were created by states alone, while the percentages created with "average" or "above-average" IGO discretion are 56 and 21, respectively. While not strictly linear, the cross-tabulations provide preliminary evidence in support of the formal model's prediction: new bodies dealing with issues requiring specialized expertise do seem to be more likely to have been created with participation by international bureaucrats working in a pre-existing IGO and wielding significant institutional design discretion.

An alternative way of thinking about this is by focusing on scenarios in which states opt to conduct institutional design without any involvement by international bureaucrats. In Table 1, these scenarios are found in the first column. Of the 65 cases in which international bureaucrats were not involved at all, 25 featured a new IGO with below-average need for expertise. This is 46 percent of the total. By contrast, only nine cases, or 23 percent, produced a new IGO with above-average need for expertise. Exactly the opposite pattern can be found when international bureaucrats had a substantial role in IGO design, as shown in the third column of Table 1. Only one of the 34 organizations created in such as fashion featured below-average need for expertise, whereas eight of the 34 featured above-average expertise.

Finally, it is useful to note that the minority of intergovernmental organizations that were launched by states without the involvement of international bureaucrats, as shown in the first column of Table 1, share a distinctive characteristic: such organizations tend to be political forums. This holds for randomly sampled bodies such as the Commonwealth of Independent States (CIS), Indian Ocean Commission (IOC), League of Arab States (LAS), and Pacific Islands Forum (PIF). As "talk shops" for states, little bureaucratic expertise is required, and states are much more likely to design them on their own. However, many intergovernmental organizations are more than mere political forums and require greater expertise for their operation. For these, international

bureaucrats are likely to have had a role in the creation process.

6 Conclusion

Although the received literature focuses on states' institutional design activities, international bureaucrats also participate quite frequently in the creation process. To delve into why this is so, we employ a complementary approach of case studies, a formal model, and quantitative analyses.

Contrasting the case studies of the International Energy Agency and the Joint UN Program on HIV/AIDS present a real-world puzzle: why would states concede institutional design leeway to international bureaucrats, even when (as in the UNAIDS case) those bureaucrats do not share states' institutional design preferences? Motivated by the cases, our formal model builds upon principal-agent (P-A) theories to make sense of the institutional design arena on a larger scale. P-A theories are increasingly applied to the relationships between states and international bureaucrats, but because scholars often overlook the role of international bureaucrats in creating new IGOs, our application of P-A theories to institutional design is novel. In our formal model's first stage, a state (or coalition of states) decides whether to maintain the status quo or create a new IGO. If the state chooses to discard the status quo, then in the second stage it can invite the staff of an existing organization to assist in the creation process with some level of discretion. This builds on the work of Epstein and O'Halloran (1994) in American politics, but we add a participation constraint. That is, we recognize that the principal (the state) needs to ensure that the informed agent (the international bureaucracy of an extant IGO) will not abuse the information asymmetry vis-a-vis the principal – but it also must ensure that the informed agent is willing to "participate" by expending costly effort.

Thus, a distinguishing feature of our study is the demonstration of bargaining and principal-agent dynamics that complicate the IGO creation process. The institutional design literature has focused on potential conflicts among states, without recognizing potential conflicts between states and international bureaucrats in the creation of new IGOs. The model shows that while there are advantages to the state if it involves international bureaucrats, there are drawbacks as well. If the existing bureaucracy also benefits from the creation of a new IGO, then the state's second-

stage decision is straightforward. It selects discretion to strike the balance between the benefits of discretion and agency slippage. This scenario corresponds to the origins of the IEA and to standard notions of delegation to international institutions.

However, the voluntary participation constraint also implies that in some scenarios the state must increase discretion as a means of "sweetening the pot" and securing costly effort by international bureaucrats. This finding has the surprising implication that states may offer *more* greater design discretion to an international bureaucracy as the bureaucracy's willingness to deviate from the status quo decreases. That is, *an international bureaucracy may possess substantial discretion in institutional design, even if states recognize that the bureaucracy prefers that the new institution not be designed at all.* This counterintuitive finding sheds light on the UNAIDS case. Conventional wisdom does not explain why states would concede institutional design leeway to hostile IGO secretariats, but our formal model proposes the necessity of this for securing costly effort. As the case study itself shows, states found themselves dependent on international bureaucrats for expertise relating to the design of UNAIDS.

Bureaucratic expertise helps to explain the burgeoning role of international bureaucrats in creating new IGOs, even if bureaucrats do not share states' design preferences. A comprehensive, cause-and-effect analysis is beyond the scope of the present study. Nevertheless, we do examine cross-tabulations and correlations with a new and original dataset that characterizes the origins of 180 randomly sampled intergovernmental organizations. This provides preliminary support for the formal model's predictions. International bureaucrats' institutional design leeway is positively related to the need for expertise. What is more, the minority of intergovernmental organizations that were launched by states alone tend to be political "talk shops" with little call for bureaucratic expertise.

Our study refines, links, and extends received scholarship. Work on IGO creation has had little to say about how states and international bureaucrats interact in the creation process. Meanwhile, work on principal-agent relationships has had little to say about how the complexities of delegation apply to the institutional design realm. By highlighting connections between these bodies of work, we elucidate international bureaucrats' involvement in the creation of new IGOs.

Appendix: 180 Randomly Sampled Intergovernmental Organizations

Need for Expertise: "Above-Average" (39)

African Information Society Initiative (AISI)

African Regional Cooperative Agreement for Research Development and Training related to Nuclear Science and Technology (AFRA)

African Telecommunications Union (ATU)

Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures (ALF)

Asia and Pacific Commission on Agricultural Statistics (APCAS)

Asian-African Legal Consultative Organization (AALCO)

Association of Agricultural Research Institutions in the Near East and North Africa (AARINENA)

BioNET INTERNATIONAL Consultative Group (BICG)

Budapest Union for the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (Budapest Union)

Caribbean Information System for the Agricultural Sciences (CAGRIS)

Central American Corporation for Air Navigation Services (COCESNA)

Commission for Inland Fisheries of Latin America (COPESCAL)

Commission for the Scientific and Technological Development of Central America and Panama (CTCAP)

Euro-Mediterranean Legal Metrology Forum (EMLMF)

European Health Committee (CDSP)

Galileo Satellite Navigation Project

Inter-American Center for Development and Environmental and Territorial Research (CIDIAT)

International Commission for the Protection of the Rhine (ICPR)

International Council for the Exploration of the Sea (ICES)

International Energy Agency (IEA)

International Hydrological Programme (IHP)

Internet Governance Forum (IGF)

Nordic Committee for Nuclear Safety Research (NKS)

Nuclear Energy Agency (NEA)

Organization of Arab Petroleum Exporting Countries (OAPEC)

Pan American Institute of Geography and History (PAIGH)

Permanent Committee on Cadastre in the European Union (PCC)

Regional African Satellite Communications Organization (RASCOM)

Regional Centre on Urban Water Management, Teheran (RCUWM)

Regional Information System (SIRI)

Regional Network for the Chemistry of Natural Products in Southeast Asia

SAARC Network of Researchers on Global Financial and Economic Issues

Six Countries Programme (6CP)

United Nations African Institute for the Prevention of Crime and the Treatment of Offenders (UNAFRI)

United Nations Institute for Training and Research (UNITAR)

United Nations Population Fund (UNFPA)

United Nations Programme on Space Applications (PSA)

United Nations Statistical Commission

World Health Organization (WHO)

Need for Expertise: "Average"' (102)

AVRDC - The World Vegetable Center

Action Plan for the Protection of the Marine Environment and the Sustainable Development of the Mediterranean (MAP)

African Development Bank (ADB)

African Economic Community (AEC)

Agency for International Trade Information and Cooperation (AITIC)

Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL)

Allied Command Transformation (ACT)

Andean Community

Arab Industrial Development and Mining Organization (AIDMO)

Arab Investment Company (TAIC)

Asia Pacific Fishery Commission (APFIC)

Black Sea Action Plan (BSAP)

Caribbean Community (CARICOM)

Caribbean Environment Programme (CEP)

Caribbean Festival of Creative Arts (CARIFESTA)

Caspian Environment Programme (CEP)

Central American Council on Housing and Human Settlements (CCVAH)

Collective Security Treaty Organization (CST)

Committee on the Protection of the Rights of All Migrant Workers and Members of their Families (CMW)

Consultative Committee on Industrial Change (CCMI)

Cospas-Sarsat

Council of Legal Education (CLE)

Council of Regional Organizations in the Pacific (CROP)

Court of Justice of the Common Market for Eastern and Southern Africa (COMESA Court of Justice)

ECA Subregional Office for Eastern Africa (SRO-EA Kigali)

Environmental Crime Prevention Programme (ECPP)

European Commission

European Environment Information and Observation Network (EIONET)

European Forestry Commission (EFC)

European Nuclear Energy Tribunal (ENET)

European Sub-Regional Aviation Security Training Centre (AVSEC)

European Youth Foundation (EYF)

FAO/WHO Coordinating Committee for the Near East (CCNE)

Financial Action Task Force (FATF)

Food and Agriculture Organization of the United Nations (FAO)

Global Information and Early Warning System on Food and Agriculture (GIEWS)

Gulf of Guinea Commission (GGC)

Ibero-American Social Security Organization (OISS)

Inter-Agency Network on Women and Gender Equality (IANWGE)

Inter-American Center for Crafts and Popular Arts

Inter-American Commission on Human Rights (IACHR)

Inter-American Committee on Social Development (CIDES)

Inter-American Court of Human Rights (CIDH)

Inter-American Defense Board (IADB)

Inter-American Development Bank (IDB)

Intergovernmental Committee for the Application of the International Convention on the Recognition of Studies, Diplomas and Degrees in Higher Education in the Arab and European States bordering on the Mediterranean

Intergovernmental Coordination Group for the Indian Ocean Tsunami Warning and Mitigation System (ICG IOTWS)

Intergovernmental Organization for Marketing Information and Technical Advisory Services for Fishery Products in the Asia and Pacific Region (INFOFISH)

International Bank for Reconstruction and Development (IRDB)

International Centre for Promotion of Enterprises (ICPE)

International Commission of the Schelde River (ICS)

International Commissions for the Protection of the Moselle and Saar (ICPMS)

International Court of Justice (ICJ)

International Criminal Tribunal for Rwanda (ICTR)

International E-Road Network

International Seabed Authority (ISBA)

International Tropical Fruits Network (TFNet)

Joint ILO/WHO Committee on Health of Seafarers

Maritime Organization of West and Central Africa (MOWCA)

Mekong-Ganga Cooperation Scheme (MGC)

Multinational Force and Observers (MFO)

Near East Forestry Commission (NEFC)

Network of Aquaculture Centres in Asia-Pacific (NACA)

Nile Basin Initiative (NBI)

Nordic Film and Television Fund (NFTF)

Office of the Special Coordinator in the Occupied Territories (UNSCO)

Organization for Economic Co-operation and Development (OECD)

Pan American Health Organization (PAHO)

Programme on Institutional Management in Higher Education (IMHE)

Regional Centre on Agrarian Reform and Rural Development for the Near East (CARDNE)

Regional Marine Pollution Emergency Information and Training Centre - Wider Caribbean (REMPEITC-Carib)

Regional Maritime Academy, Accra (RMA)

SADC Electoral Commissions Forum (SADC-ECF)

Secretariat of the Convention on the Conservation of Migratory Species of Wild Animals (UNEP/CMS)

Sistema Regional de Informacion sobre Formacion Profesional (SIRFO)

South Centre

South-South Cooperation WIDE (SSC WIDE)

Southern Africa Postal Operators Association (SAPOA)

Standing Committee for Economic and Commercial Cooperation (COMCEC)

Supreme Headquarters Allied Powers Europe (SHAPE)

Trade and Investment Council

Trans-European North-South Motorway Project (TEM)

UNESCO Regional Office for Education in the Arab States (UNEDBAS)

UNRWA/UNESCO Institute of Education (IUNRWA/UNESCO IE)

United Nations (UN)

United Nations Civilian Police Force (UNCIVPOL)

United Nations Committee on Negotiations with Intergovernmental Agencies

United Nations Development Group (UNDG)

United Nations Development Programme (UNDP)

United Nations Economic Commission for Europe (UNECE)

United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)

United Nations Industrial Development Organization (UNIDO)

United Nations Organization Mission in the Democratic Republic of Congo (MUNOC)

United Nations Special Committee on the Situation with Regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (Special Committee of Twenty Four)

United Nations Standby Arrangements System (UNSAS)

Venice European Centre for the Trades and Professions of the Conservation of Architectural Heritage

West-Nordic Foundation (Vestnordenfonden)

Western European Union (WEU)

World Food Programme (WPF)

YOUTH Community Action Programme

ZEP-RE - PTA Reinsurance Company

Need for Expertise: "Below-Average" (39)

ASEAN Central Bank Governors Forum (ACBGF)

Amazonian Parliament

Baltic Council

Baltic Sea Region Energy Cooperation (BASREC)

Berne Club

Board of Governors of the European Schools

Committee of Ministers of the Council of Europe

Commonwealth Heads of Government Meeting (CHOGM)

Commonwealth of Independent States (CIS)

Commonwealth Youth Programme (CYP)

Conference des ministres de la jeunesse et des sports des pays d'expression francaise (CONFEJES)

Conference of the European Regional Legislative Parliaments (CALRE)

Conferencia de las Fuerzas Armadas de Centroamerica (CFAC)

Council of Arab Ministers for Social Affairs

Council of Arab Ministers for Youth and Sports

Council of Europe (CE)

European Network on Teacher Education Policies (ENTEP)

Group of Eight (G8)

Group of States Against Corruption (GRECO)

Indian Ocean Commission (IOC)

Joint Force Command South (JFC Naples)

League of Arab States (LAS)

Ministerial Conference on the Protection of Forests in Europe (MCPFE)

Multilateral Organizations Performance Assessment Network (MOPAN)

NATO Airborne Early Warning and Control Force Command (NAEW&C FC)

Niger Basin Authority (ABN)

Non-Aligned Movement (NAM)

Nordic Contact Agency for Agricultural and Forestry Affairs (NKJS)

Nordic Council (NC)

Nordic Council of Ministers (NCM)

Pacific Islands Forum (PIF)

Parliamentary Commission of the Central European Initiative

SECI Regional Centre for Combating Trans-Border Crime (SECI Center Bucharest)

South Asian Association for Regional Cooperation (SAARC)

Standing Committee of Parliamentarians of the Arctic Region (SCPAR)

Transit Transport Coordination Authority of the Northern Corridor (TTCA)

United Nations Security Council (UNSC)

Standing Committee on Commonwealth Forestry

Visegrd Group

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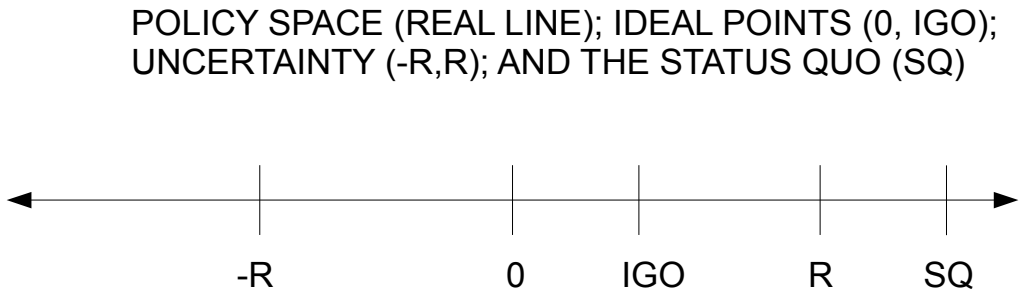

Figure 1: The structure of the spatial policy model.

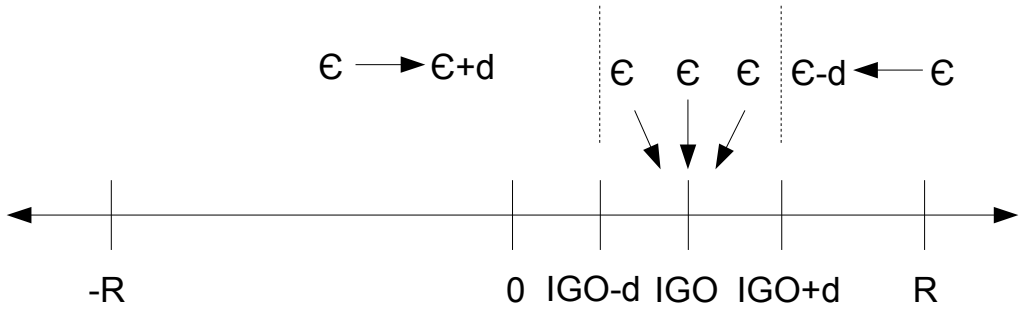

Figure 2: Organization creation by the bureaucracy. If the shock ϵ is low enough, the bureaucracy selects the highest admissible policy d. If the shock ϵ is high enough, the bureaucracy selects the lowest admissible policy $-d$. For intermediate values close to the ideal point IGO, the bureaucracy selects the policy to implement the ideal point IGO.

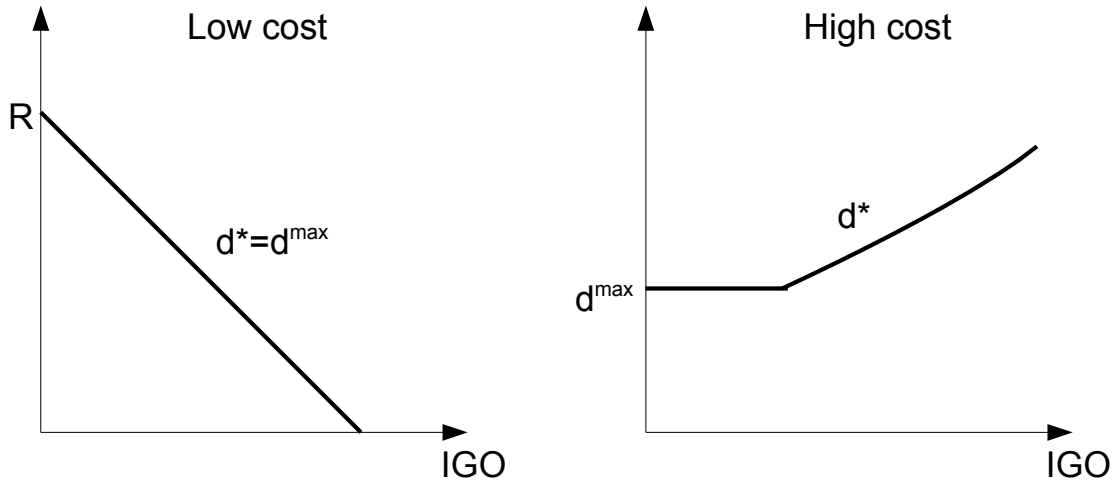

Figure 3: Equilibrium discretion as a function of preference divergence. The horizontal axis measures preference divergence between the state and the bureaucrat while the vertical axis measures equilibrium discretion.

		Depth of international bureaucrats' design discretion			
		Below Average	Average	Above Average	**Total**
Need for Expertise	Below Average	25	13	1	**39**
	Average	31	46	25	**102**
	Above Average	9	22	8	**39**
	Total	**65**	**81**	**34**	**180**

Table 1: A cross-tabulation of expertise versus discretion as frequencies in the random sample. The table also provides percentages for each row.