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10-2016

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Abstract:

Previous research generally ignores the costs of international cooperation. Using the principal-agent framework, we draw attention to the agency loss that occurs domestically when multiple international actors simultaneously influence national policy makers. We contribute to the literature by emphasizing the potentially negative consequences of competition between international organizations and citizens for influence over domestic politicians. Drawing upon previous theoretical and empirical work on the multiple-principals-common-agent problem, we hypothesize that the *joint* influence of a country's memberships in multiple international governmental organizations (IGOs) generates consistent, unintended, disruptive effects on governance. The empirical part of the paper applies our theoretical expectations to indicators of the quality of domestic governance. The results support our argument and show that the disruptive effect is strongest in less democratic countries.

Previous research has linked the activities of international actors to improved domestic governance (Waltz 1999) in a wide variety of areas including better human rights practices (Hafner-Burton 2009; Simmons 2009), stricter environmental standards (Frank, Hironak and Schofer, 2000; Spilker 2012), better public health (Clavier and de Leeuw 2013), improved government transparency (Grigorescu 2003), and democratization (Mansfield and Pevehouse, 2006). In all of these studies international actors, multilateralism, and increased global connections of all kinds are theorized as positively affecting domestic governance The prevailing account in the literature is that forces of globalization and international cooperation could promote conditions for better domestic governance and lock politicians into policies necessary to improve economic and social outcomes (Bauhr and Nasiritousi 2012). Here we emphasize that there also are important and often-overlooked costs associated with international cooperation. In our theoretical framework, international cooperation creates a trade-off between gaining capacity and losing domestic accountability.

Some recent empirical studies also emphasize the downside of international influence on domestic governance, especially in developing nations. First, there is the criticism of the effectiveness of foreign aid by prominent economists who argue that aid can undermine incentives for better governance in developing nations.[1] With increases of aid, political accountability of domestic politicians to their own citizens declines (Knack 2001; Knack and Rahman 2007). Second, the effectiveness of conditionality underpinning international aid packages and development assistance has been called into question (Abouharb and Cingranelli 2007; Smith 2007). Third, recent scholarship has concluded that the effect of joining a particular international organization on domestic governance depends upon which other states are members. If the other members of an IGO are well governed, the governance effects on new members will be positive.

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[1] For a review of this literature, see Bourguignon and Sundberg (2007).

Otherwise, the effects could be negative (Greenhill 2010, 2015; Mansfield and Pevehouse, 2006). Thus, the extant literature suggests that, under some circumstances, the activities of international actors and memberships in some IGOs may not contribute to better domestic governance in developing nations.

We also question the idea that increased engagement with international organizations always or at least usually tends to improve domestic governance. Instead, we focus on the potentially negative effects of participation in international governmental organizations (IGO) on governance. We draw upon previous theoretical and empirical work on the multiple-principals-common-agent problem to hypothesize that the *joint* influence of a country's memberships in multiple international governmental organizations generates consistent, unintended, and disruptive effects on governance. In our theoretical framework, the more successful specific international actors are in influencing national governments, and the larger the number of actors influencing a particular country, the larger the *negative* effect on domestic governance.

We do not argue that international governmental organizations intend to cause harm for or take advantage of some of their members. The negative effect on domestic governance we identify is an externality or unintended consequence of multiple international actors seeking to influence national governments. Even if we assume that joining any particular IGO is beneficial for all member states, the competing demands of multiple IGO memberships would undermine the quality of their domestic governance. We emphasize the costs associated with international cooperation: increased activities of the IGOs unintentionally make it more difficult for citizens to control political incumbents. This loss in domestic accountability is more significant in less democratic countries, where citizens have fewer institutional mechanisms for rewarding or punishing their politicians.

There is a theoretical debate over whether to treat IGOs as principals or as agents of the states that created them (Dreher and Jensen 2007). Consistent with Koremenos, Lipson and Snidal (2001:762), we view IGOs "as explicit arrangements, negotiated among international actors, that prescribe, proscribe, and/or authorize behavior." We argue that IGOs act as new principals or as "would be principals" competing for the attention of domestic politicians; that is, over time they seek to become accepted as principals (Keohane 2003: 140). Developing countries typically have had no role or a limited role in creating most of the international organizations to which they belong. Even for more developed countries, once created, IGOs issue demands on the member states that were unanticipated at the time of creation. For example, consider the demands of the European Union on its current members, which, according to some British politicians, were strong and disruptive enough to warrant leaving.

The premise of our argument is that as international organizations become more influential over time, they can more efficiently sanction or reward the policy choices of domestic politicians. Thus, they increasingly act as principals competing with citizens for the attention of national politicians. In theory, the disruptive effects of IGO membership on domestic governance should occur for all states, but we expect them to be strongest for less democratic countries.

We also expect the negative effects on domestic governance to be greatest for states that have relatively more IGO memberships. We draw attention to the problem created when many different international organizations make demands on the same set of domestic politicians. International organizations have widely different criteria for evaluating national governments. Often those criteria are different from those of a country's citizens and from each other. Every time a country joins an IGO, its politicians must respond to new demands. As a result of international pressures, politicians choose to place priorities on policies that are different from the priorities they would have chosen if

they were only responsive and accountable to their own citizens. Conceptualized as a multiple principals-common agent problem, the conflict in incentives for the agent causes an increase in agency loss.[2]

This argument is consistent with the literature arguing that international influence over the policy choices made by domestic politicians is growing. It has now reached a point where we can no longer understand politics within countries without also comprehending linkages between national governments and international actors that seek influence over them. This "internationalization of domestic politics" affects the policies of different countries differently depending upon institutional contexts that affect the incentives of politicians (Hawkins et al.). Here we explore differences in effects on governance due to variations in level of democracy.

In the following sections, we explain why multiple international pressures could lead to extra difficulties in controlling politicians, link difficulties in controlling politicians to reduced domestic political accountability, and connect political accountability with public policies. Then in the empirical part of the paper we apply our theoretical expectations to show that increasing national participation in intergovernmental organizations is associated with a decline in the quality of governance, especially for less democratic countries.

Theory, Previous Research and Hypotheses

Following Fukuyama (2013), we use the term "domestic governance" to refer a government's ability to make and enforce rules. A popular approach is to conceptualize

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[2] Among the related problems are the democratic deficit, representation, transparency, cost-efficiency, expediency, public participation in decision-making, and the accountability of international organizations.

governance in a principal-agent framework and, within such framework, "the quality of governance is different from the ends that governance is meant to fulfill. That is, governance is about the performance of agents in carrying out the wishes of principals, and not about the goals that principals set." (Fukuyama 2013: 350, see also Rothstein and Teorell 2008). Domestic governance is improved when there are fewer incentives for politicians to engage in venal, greedy, corrupt, and rent-seeking methods of governing (Bueno de Mesquita et al 2003: 485). Better governance requires better accountability.

We contribute to the literature on governance by emphasizing the potentially negative consequences of competition between international organizations and citizens for influence over domestic politicians. We make several simplifying assumptions. First, we assume that both citizens and the international actors have a stake in the actions of domestic politicians. Second, both citizens and the international actors can impose certain rewards and costs on domestic politicians. Third, for simplicity we assume that all citizens share the same objectives. However, the objectives of each international actor are different from those of the citizens, and are different from those of other international actors. Correspondingly, with some exceptions, international actors and citizens have distinctive criteria for evaluating domestic politicians.

Under such assumptions, the control of domestic politicians can be analyzed as a common agency model where an agent (in this case, a domestic politician) performs multiple tasks while serving multiple principals. Each principal differs in the relative value it places on each task (Bernheim and Whinston 1986; Holmstrom and Milgrom 1991), and every principal encourages the politician to pour her effort into the activities it values the most, and thus discourages her from performing tasks more valuable to other principals. Encouraging effort on one task could crowd out the effort on other tasks (Dewatripont et al. 2000). In consequence, the number of objectives (such as health,

security, environmental protection and trade) that a politician must pursue is negatively related to her incentives to exert high effort on any particular task.

Sinclair-Desgagné (2001) models a situation with multiple principals and a common agent, where the agent faces a set of separate contracts, each one designed to align the agent's preferences with those of a specific principal. Each principal compensates the agent for performing certain tasks that are useful to the principal and cost the agent in effort. Since the performance is costly to monitor, and because there is uncertainty and risk, the principal does not observe the agent's effort. As a result, no principal ever gets first-best compliance from the agent. On top of that, divergent preferences among multiple principals who *compete* for the attention of the single agent produce bilateral contracts that deliver even lower incentives to the agent (Sinclair-Desgagné, 2001:11).[3] By extension, when states participate in multiple international agreements, additional agency loss for citizens is expected, because participation in each new IGO comes with a new set of obligations and a new principal. With the addition of new principals, the preferences of citizens become less salient for domestic politicians because the incentives citizens might offer now weigh less.

The tendency for national politicians to accept supra-national commitments varies for different political systems and specific policy areas. Politicians in developing countries depend on financial assistance provided by IGOs such as the IMF and World Bank, often on a negotiated, and, therefore, conditional basis. According to Keohane (2003), increased efforts to expand the benefits that poor countries receive from globalization have created an influence effect, making it easier for donor IGOs to hold these countries accountable for their actions. In the global world, domestic politicians,

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[3] Formally defined, in this context, the "lower incentives" mean that the agent's overall payoff would turn out to be relatively insensitive to the outcome.

particularly in the executive branch, are subject to increasing pressure and demands from institutions of supranational or international bodies that have a right to be heard and, indeed, the authority to insist (Mair 2013). The "agents may sometimes even be persuaded that they owe a greater duty of accountability to these 'external' principals than to their own domestic principals" (Mair: 145).

An important clarification has been introduced by Keohane (2003:140) who referred to the actor holding an agent accountable as a "principal" when the accountability relationship had been institutionalized, and to the actor *seeking* to hold an agent accountable as a "would-be principal". In many policy areas, international organizations are mere "would-be-principles" vis-à-vis national governments, but the global trend is towards the increasing relevance of external actors for domestic political choices. And the developing institutions of multilateralism already hold nation states accountable on some issues (Keohane (2003).

Different disciplines of the social sciences have provided theoretical and empirical support for the argument that the presence of multiple principals reduces an agent's accountability to some (or all) principals. Among studies most relevant for our purposes are analyses of the accountability of international organizations to their member states as a common agency problem (Hawkins et al. 2006). Accountability also features as an important theme in the debate on the EU's democratic deficit (Gustavsson et al 2009). Various versions of the common agency argument have been used to explain the decline of domestic political accountability of politicians to their citizens because of increasing responsiveness to the demands of the European Union (Dehousse 2008; Hix 2002; Lindstädt et al 2012; Scharpf 2013). More generally, Papadopoulos (2010) argues that the trend towards greater international cooperation and the rise of multi-level governance can have negative consequences for domestic democratic accountability.

Here we take the next step and argue that, to the degree that international governmental organizations can sanction or reward policy choices of domestic politicians, IGOs compete with citizens to hold domestic politicians accountable. This competition increases agency loss in the relationship between what citizens want and what politicians and bureaucrats do. Some agency loss is inevitable. The magnitude of agency loss increases when politicians are unwilling to pursue the good governance objectives their citizens prefer and/or when they have difficulty handling the simultaneous demands of multiple principals. The competition among international principals and between international principals and domestic citizens undermines the quality of domestic governance. The disruptive effects are likely to increase with time and with the increase in the each state's number of IGO memberships.

The negative effects are also likely to be strongest in less democratic countries. Politicians in states that are more democratic and economically advanced created most IGOs. Thus, the design and mission of IGOs are more likely to be consistent with what those states wanted (politicians and citizens) wanted, at least at the time of IGO creation. Most importantly, democratic states are better equipped to handle unanticipated international demands without excessively sacrificing their accountability to their own citizens. A country with a high quality democracy also has high quality institutions linking citizens to their politicians such as regular free and fair elections and a free press. Thus, the disruptive effects of more IGO memberships are expected to be weakest for countries with higher levels of democracy.

Since better governance requires better accountability, we hypothesize that (1) joining a greater number of international governmental organization (IGOs) has a negative impact on domestic governance, and (2) the number of IGOs has a stronger negative effect on domestic governance in non-democracies.

Empirical Test

Sample and Time Period: The sample for this study consists of up to 129 countries--all of the countries for which we have data for all variables for the period of 1985-2005. The unit of analysis is the country-year. In the selection of the time period and the countries, we are constrained by the availability of data for our main independent variable, the total number of IGO memberships.

Dependent Variable: For the quality of domestic governance, we use the *Quality of Government Index,* a variable included in the *International Country Risk Guide* (ICRG).[4] This index is the average value of the ICRG variables *Corruption*, *Law and Order,* and *Bureaucracy Quality*, scaled from 0 to 1. Higher values indicate higher quality of government (Quality of Government Institute Dataset 2016). The *Quality of Government Index* (provided by the ICRG) has a number of advantages: it covers the longest period of time and comes from a single source, which claims to maintain consistency and seeks to minimize over-time variation in the meaning of the scale. Other studies have used the ICRG data as indicators of the quality of governance, making the results of our analysis comparable with theirs (Knack 2001; Knack and Rahman 2007; Bäck and Hadenius 2008; Charron and Lapuente 2010; Fortunato and Panizza 2015; Sundell 2015; Heller et al 2016).

As a robustness check, we will employ several alternative indicators of the quality of governance provided by the QOG Institute (2016): the *Control of Corruption Indicator* developed by the World Bank (Model 8, Table 3); the *Government Effectiveness Indicator* also made available by the World Bank (Model 9, Table 3); the *Political Corruption Index* provided by the Varieties of Democracy Project (Model 10, Table 3); and the *Public Sector Corruption Index* by the Varieties of Democracy Project (Model

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[4] https://www.prsgroup.com/about-us/our-two-methodologies/icrg

11, Table 3). More IGO memberships were expected to be negatively related to the *Quality of Government Index*, the *Control of Corruption Indicator*, the *Government Effectiveness Indicator, but positively associated with* the *Political Corruption Index* and the *Public Sector Corruption Index.* Estimations using all of these alternative dependent variables support our theoretical expectations.

   Our main independent variable is the *Total Number of IGO Memberships* held by each country in each year. This variable was calculated based on Pevehouse et al. (2004). We lag the main independent variable by five years, because we assume that it takes time for the changes in the IGO membership to effect measurable change. This use of a five-year lag is admittedly *ad hoc*, but it is consistent with the approach of Bueno de Mesquita et al. (2005), who argue that it takes about 5 years for changes in institutions to improve governance. The five-year lag also helps to address questions about possible endogeneity and directional causality. Using a three-year lag does not change our substantive results.

   To test the expectation that the negative effect of membership in IGOs is weaker in more democratic countries, we create an interaction variable by multiplying the main independent variable (*Total Number of IGO Memberships*) on the level of *Institutionalized Democracy* (the zero to ten indicator from Polity IV). A substantial interaction effect between these two variables would yield a statistically significant result in the following model:

Indicator of Government Quality $_t$ =

$$\alpha + \beta_1\, IGOs_{t-5} + \beta_2\, Democracy_t + \beta_3\, IGOs_{t-5}{*}Democracy_t + \boldsymbol{\beta X}_t + $$

   e_t ,

   where X is a vector of controls

Control Variables: Our control variables are consistent with previous studies of the quality of governance. All control variables demonstrate statistical significance at least in some model specifications. The level of *Institutionalized Democracy* is the most widely used explanatory and control variable in previous studies of the quality of governance. Like many other scholars, we assess the level of democracy using the Polity IV *Institutionalized Democracy* indicator. To see if the level of democracy affects the quality of governance in a nonlinear way, we include the squared term of the institutionalized democracy indicator as well (Bäck and Hadenius 2008; Charron and Lapuente 2010). In an alternative specification we control for the robustness of our results by using a dichotomous measure of democracy (see online Appendix).

Previous studies also reported that the logarithm of GDP per capita and the British legal heritage were positively correlated with the quality of governance (Treisman 2000). The reliance on natural resources, on the other hand, contributed to the decline of the quality of governance and increased corruption (La Porta et al 1999; Aidt, 2003; Pellegrini and Gerlagh 2008). Ethnic fragmentation also negatively affected the quality of government (Mauro 1995). Overall, the estimated coefficients of the control variables in our analysis either are statistically insignificant or are consistent with previous findings.

Results

We show the effect of membership in IGOs on the quality of governance using four alternative statistical models. They all produce very similar results that fully support our theoretical expectations. We start with a cross-sectional analysis for three periods: the beginning of the available data (in 1985), the midpoint (1995), and the endpoint of available observations (2005). The dependent variable is the *Quality of Government Index*. The independent variables of main theoretical interest, as noted above, are the *Total Number of IGO Memberships* operating within each country in each year and the

interaction term with the level of *Institutionalized Democracy*. As Table 1 reports, the

sign of the *Total Number of IGO Memberships* is always negative and is statistically

significant for 1995 and 2005. In all three equations, the coefficients of the interaction

term have the expected (positive) signs and are statistically significant at the .05 level or

better (Equations 1, 2 and 3).

Second, we study the relationship between the *Quality of Government Index* and

our main independent variables by focusing on the within-country variation as captured

through time-series cross-section fixed effects regression. It incorporates information

from 115 countries for the period of 1985—2005 (Model 4, Table 2). The fixed effects

estimation reduces the likelihood of omitted variable bias since it controls for the possible

effects of both observable and unobservable time-constant variables. However, because

of that, in fixed effects models the time-invariant explanatory variables must be excluded.

In order to control explicitly for various combinations of variables that the literature has

identified as important we supplement the fixed effects analysis with two random effects

time-series cross-sectional estimations (Model 5 and 6, Table 2).

	Section Models: 1985, 1995 and 2005		
VARIABLES	(1) Quality of Government Index 1985	(2) Quality of Government Index 1995	(3) Quality of Government Index 2005
Total Number of IGO Memberships, 5-year Lag	-0.002 (0.001)	-0.005** (0.002)	-0.002** (0.0009)
Interactive Term: IGOs * Democracy	0.0007** (0.0002)	0.0007** (0.0002)	0.0003** (0.0001)
Institutionalized Democracy	-0.04* (0.03)	-0.08*** (0.02)	-0.06*** (0.01)
Institutionalized Democracy Squared	0.0001 (0.003)	0.006*** (0.002)	0.005*** (0.001)
GDP per capita (constant 2005 US$), log	0.05** (0.02)	0.06*** (0.01)	0.07*** (0.009)
Total natural resources rents	-0.003*	-0.004**	-0.003***

(% of GDP)	(0.001)	(0.001)	(0.0005)
Economic Globalization	0.003	0.0006	0.001
	(0.002)	(0.001)	(0.0009)
British Legal Origin	0.06	0.03	0.06**
	(0.04)	(0.03)	(0.02)
Constant	0.1	0.4***	0.03
	(0.2)	(0.1)	(0.08)
Observations	84	99	116
R-squared	0.596	0.687	0.761

Robust standard errors in parentheses
*** p<0.001, ** p<0.05, * p<0.1
Notes: Dependent variable is 'Quality of Government' scaled so that higher scores indicate better government performance (0-1).

Table 2. Dependent Variable: ICRG Indicator of Quality of Government. Cross Section Time Series Models 1985-2005

VARIABLES	(4) Fixed Effect Model	(5) Random Effect Model I	(6) Random Effect Model II	(7) GLS Model AR(1)
Total Number of IGO Memberships, 5-year Lag	-0.001*** (0.0003)	-0.001*** (0.0003)	-0.002*** (0.0003)	-0.0009*** (0.0002)
Interactive Term: IGOs * Democracy	0.0001*** (0.00003)	0.0002*** (0.00003)	0.0002*** (0.00003)	0.00006** (0.00003)
Institutionalized Democracy	-0.008* (0.004)	-0.01*** (0.004)	-0.007 (0.004)	0.0006 (0.003)
Institutionalized Democracy Squared	0.0001 (0.0005)	0.0009** (0.0004)	0.0002 (0.0004)	-0.00007 (0.0003)
GDP per capita (constant 2005 US$), log	0.07*** (0.02)	0.09*** (0.007)	0.07*** (0.008)	0.07*** (0.005)
Total natural resources rents (% of GDP)	-0.002*** (0.0005)	-0.002*** (0.0004)	-0.002*** (0.0004)	-0.0008*** (0.0002)
Economic Globalization	-0.0004 (0.0004)	-0.0002 (0.0004)	0.001** (0.0004)	0.0004* (0.0002)
British Legal Origin			0.02 (0.02)	0.03** (0.01)
Ethnic Fractionalization			0.02 (0.04)	-0.01 (0.03)
Year			-0.004*** (0.0006)	-0.003*** (0.0005)
Dummies for Global Regions			Included	Included
Constant	0.2 (0.1)	-0.06 (0.06)	8.3*** (1.1)	5.9*** (1.0)
Observations	2,079	2,079	2,079	2,077
Number of Countries	115	115	115	113

Standard errors in parentheses
*** p<0.001, ** p<0.05, * p<0.1
Notes: Dependent variable is 'Quality of Government' scaled so that higher scores indicate better government performance (0-1).

For the random effects regressions we present the results with the two nested groups of controls. We start by controlling only for variables that change over time in our sample - the level of *Institutionalized Democracy,* the level of *Institutionalized Democracy Squared,* the log of real GDP per capita, the degree to which the economy depends upon the extraction of natural resources, and the degree of economic globalization (Model 5, Table 2). Next, we add controls for variables that are time-invariant in our sample: ethno-linguistic fractionalization, British legal origin, and the dummy indicators for the world's regions. We also add a year counter as a way to control for trends in the independent variable (Model 6, Table 2). Finally, we run time-series cross-section GLS regression with correction for panel-specific AR(1) autocorrelation and heteroskedastic error structure, while including all control variables (Model 7, Table 2).

The results of time-series cross-section regressions are fully consistent with our theoretical expectations. The sign on the *Total Number of IGO Memberships* is always negative and statistically significant; the sign on the interactive term with democracy is always positive and statistically significant. The signs of estimated coefficients of the control variables are consistent with the results reported by the previous studies and are statistically significant in most cases, with the notable exception of the *Ethnic Fractionalization* coefficient, which is not statistically significant in Models 6 and 7.

Robustness Checks and Substantive Importance

We replicate our full GLS model for the four alternative dependent variables as descried above, in order to verify the robustness of our findings. Empirical research on the quality of governance has employed numerous and diverse indicators.[5] Though the concepts purportedly captured by those indicators vary, there is a high cross-sectional

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[5] Most empirical studies rely on perception based measures.

correlation among indicators. As a rule, the results of previous research on the quality of government hold up even when alternative measures of the concept are used.

As shown in Table 3, this is true for our empirical results as well. Two measures commonly used in previous research come from the World Bank's Worldwide Governance Indicators: *Control of Corruption* (Model 8) and *Government Effectiveness* (Model 9). These measures range from -2.5 to 2.5, with higher scores representing higher quality of governance. These measures were developed by combining information from experts and surveys. However, these variables have observations for a shorter period of time: 1995-2005. We also use two relatively new variables from the data set assembled by Variety of Democracy (V-Dem) Project as alternative dependent variables. First, we use *Political Corruption Index by V-Dem* based on expert answers to the questions: how pervasive is political corruption in specific government institutions and activities? The index is arrived at by taking the average of (a) public sector corruption index; (b) executive corruption index; (c) the indicator for legislative corruption; and (d) the indicator for judicial corruption (Model 10). Finally, we present separately the results the *Public Sector Corruption Index by V-Dem* as the dependent variable (Model 11).[6] The V-Dem variables have observations for 1985-2005 and range from 0 (least corrupt) to 100 (most corrupt). The regressions based on alternative dependent variables produce very similar results.

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[6] Regressions with other measures of corruption by V-Democracy as dependent variables produce similar results.

Table 3. Robustness Check using Alternative Dependent Variable: GLS AR(1) Cross Section Time Series Models

| VARIABLES	(8) Control of Corruption World Bank 1996-2005	(9) Government Effectiveness World Bank 1996-2005	(10) Political Corruption V-Dem Index 1985-2005	(11) Public Sector Corruption V-Dem Index 1985-2005
Total Number of IGO Memberships, 5-year Lag	-0.003** (0.0009)	-0.004*** (0.0009)	0.0009*** (0.0002)	0.001*** (0.0002)
Interactive Term: IGOs * Democracy	0.0004** (0.0002)	0.0004** (0.0001)	-0.00008*** (0.00002)	-0.0001*** (0.00002)
Institutionalized Democracy	-0.08*** (0.01)	-0.06*** (0.01)	0.003 (0.002)	0.007** (0.002)
Institutionalized Democracy Squared	0.01*** (0.001)	0.009*** (0.001)	-0.0005** (0.0002)	-0.0010*** (0.0002)
GDP per capita (constant 2005 US$), log	0.2*** (0.02)	0.3*** (0.01)	-0.08*** (0.004)	-0.08*** (0.004)
Total natural resources rents (% of GDP)	-0.010*** (0.0009)	-0.009*** (0.0008)	0.0010*** (0.0001)	0.001*** (0.0002)
Economic Globalization	0.01*** (0.0010)	0.008*** (0.0008)	-0.0006*** (0.0001)	-0.0003** (0.0001)
British Legal Origin	-0.03 (0.04)	0.06** (0.03)	-0.04*** (0.006)	-0.02* (0.009)
Ethnic Fractionalization	-0.007 (0.08)	0.2** (0.05)	0.10*** (0.02)	0.09*** (0.02)
Year	-0.02*** (0.003)	-0.01*** (0.002)	0.004*** (0.0003)	0.004*** (0.0003)
Dummies for Global Regions			Included	Included
Constant	34*** (5.0)	21*** (4.2)	-7.1*** (0.5)	-6.8*** (0.6)
Observations	875	875	2,295	2,295
Number of Countries	129	129	125	125

Standard errors in parentheses
*** p<0.001, ** p<0.05, * p<0.1

Figures 1 helps to evaluate the substantive effects of the number of IGOs in which a nation participates conditional on its level of democracy. Figure 1 shows the marginal effects of IGO number of IGO memberships by the level of democracy: Lowest (score = 0), Moderate (score = 5) and Highest (score = 10). The figure illustrates that the negative effect of multiple IGO memberships on the quality of government is the highest for non-democracies and is significantly smaller for "perfect" democracies. For example, a hypothetical change in the *Total Number of IGO Memberships* from the minimum (of 0) to the maximum (of 150) results in the decline of the *Quality of Government Index* from 0.6 to 0.43 if the democracy level is 0, but only from 0.6 to 0.55 if democracy level is 10. See the online appendix for Figures 2-5, which show similar results for the alternative indicators of the quality of governance used in Table 3.

Figure Marginal Effect of IGOs on ICRG Indicator of Quality of Government
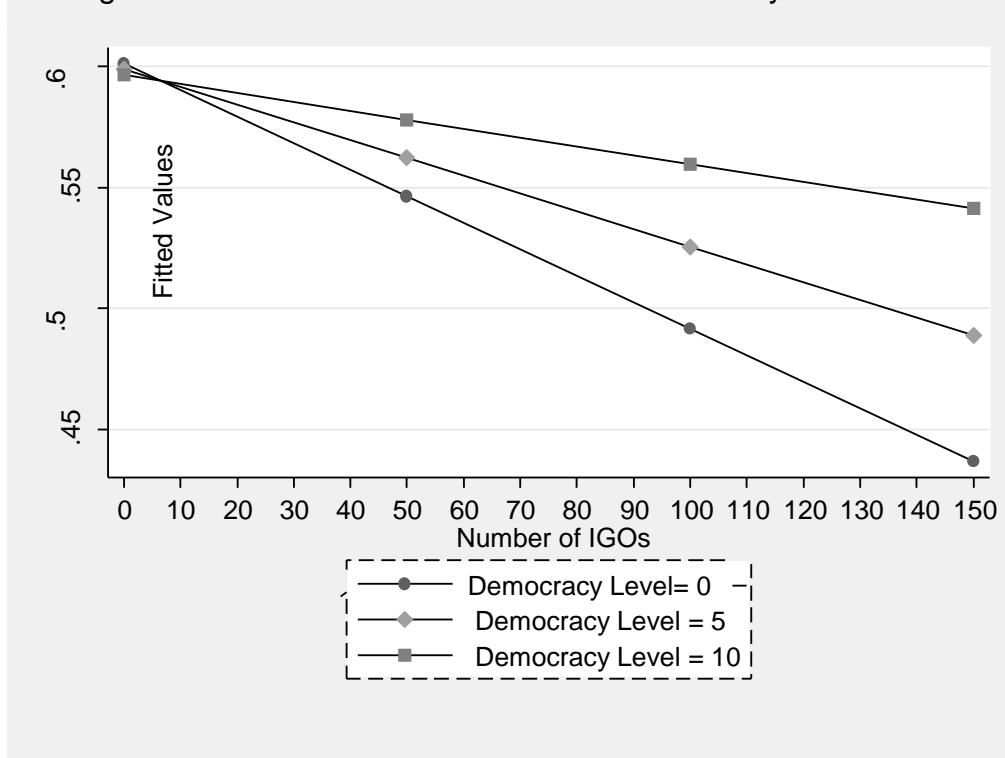
Conclusion

Rapid economic, political and social globalization has led to an increase in the scope and intensity of international pressures on all nations. This is a fact of modern life,

but there is debate over whether it is a good or bad thing for most of the world's citizens. Though there are dissident voices, the prevailing account in the literature is that international collaboration encourages domestic politicians to adopt policies that lead to a wide variety of good outcomes including improved domestic governance (Bauhr and Nasiritousi 2012).

We have presented a more nuanced picture by noting that a particular type of international cooperation—an increasing membership in IGOs —is likely to have a mix of good and bad consequences for member states. On the positive side, IGOs help member states to solve coordination problems and to deal with rapidly changing global demands and expectations in technology, the economy, and the natural environment. They also help transmit international norms and standards. Yet, as we have shown, participation in multiple IGOs also has a disruptive effect on domestic governance—in particular for less democratic countries.

Our theoretical expectations about the negative influence of multiple IGO memberships on the accountability of domestic politicians (the agents) to their citizens follows directly from the established results in the principal-agent literature. The loss of domestic accountability we identify is a negative externality that inevitably arises when many international actors try to influence national governments. Even if joining any particular IGO is beneficial, the competing demands of multiple IGO memberships would still undermine accountability of domestic governance. What we emphasize is the cost aspect to such benefits: increased activities of the IGOs unintentionally make it more difficult for citizens to control political incumbents--especially in less democratic nations. Such nations face a trade-off between the advantages of international cooperation and the negative influence of adding international principals on domestic accountability. The decline in domestic accountability is likely to contribute to a decline in quality of domestic governance and our empirical analysis supports such theoretical expectations.

It is important to note, that our theoretical prediction concerns domestic accountability loss and decline in the quality of governance, but not necessarily a decline in all policy outcomes. The strength of the disruptive effect on specific policy outcomes depends on the balance of costs and benefits, which are likely to vary for different policy areas and types of countries. We have emphasized the costs of international cooperation, which, depending upon the policy area, may or may not outweigh the benefits from participation.

Previous research has demonstrated, for example, that there are benefits from international cooperation for stopping the spread of epidemic disease, for providing better sanitation and improving environmental quality (Frank, Hironak and Schofer, 2000; Spilker 2012; Clavier and de Leeuw 2013). For other policy areas such as improving human rights practices and stimulating economic development (Abouharb and Cingranelli 2007 Bourguignon and Sundberg 2007; Knack and Rahman 2007) the findings are less conclusive. Our theoretical argument and findings suggest that the balance of the positive and negative effects of international cooperation is likely to vary for different policies and types of countries. After more findings accumulate, we can refine the theory to better anticipate the characteristics of policies and nations where the disruptive effects are likely to be greatest.

Increasing international cooperation, pressures and conditionality are unavoidable, so the decline in domestic accountability is likely to continue. Our findings suggest that the negative consequences for domestic accountability are strongest for less democratic countries. In other words, the negative consequences of international cooperation we have identified are not evenly distributed among nations. This finding implies that more democratic countries should develop strategies to reduce those negative consequences for their less democratic counterparts. One possibility would be to make it harder for domestic politicians in less democratic countries to shirk their responsibilities

to their own citizens by blaming international organizations for their lack of efforts. Another possibility would be to directly compensate less democratic countries for the declines in policy outcomes likely to result from the loss in domestic accountability due to increasing international cooperation.

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