

# **International Organizations and the Quality of Government: the Common Agency Problem**

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## **Abstract**

We contribute to the research stream emphasizing competition between international organizations and citizens for influence over domestic policy choices. Drawing upon previous theoretical and empirical work on the common agency problem, we contend that the joint influence of a country's memberships in multiple international governmental organizations (IGOs) generates consistent, unintended, disruptive effects on domestic accountability and, therefore, on the quality of domestic government. Even if we assume that joining any particular IGO is beneficial for member states, having multiple IGO memberships could undermine the quality of their governments. Our comparative, cross-national empirical findings support this expectation. Countries participating in a higher number of IGOs tend to have poorer scores on five widely used indicators of the quality of domestic government. Future research should identify the types of policies and countries where the negative externalities of international cooperation on domestic accountability are greatest.

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Our paper focuses on domestic consequences of globalization (international cooperation). Many studies have emphasized the upside of globalization for domestic governance-- that international cooperation usually promotes better governance and locks politicians into policies necessary to improve economic and social outcomes. Previous inquiry has also linked the activities of international actors to improved domestic outcomes in a variety of specific policy areas, gender equality, stricter environmental standards, better public health, improved government transparency, and democratization. In all of these studies international actors, multilateralism, and increased global connections are theorized as positively affecting domestic governance at least under some circumstances.

In contrast, some studies (and politicians) highlight the potential negative consequences of globalization and international cooperation on domestic politics, economics and public policy. Recent research argues that it is getting even more difficult for member states to control the bureaucracy of international organizations as their numbers, influence and the complexity increase. There are also dysfunctional effects when international organizations proliferate and they compete with each other duplicating functions. Still others have argued that international organizations can behave in ways that undermine their missions.

We contribute to this research stream emphasizing problems associated with international cooperation by highlighting an important and inevitable domestic cost--the loss of accountability of domestic politicians to their citizens, which we refer to as "domestic accountability." In our theoretical framework, membership in international governmental organizations (IGOs) entails a trade-off between gains achieved through cooperation and an inevitable loss of domestic accountability.

We do not argue that international organizations intend to cause harm for or take advantage of all or some of their members. But we emphasize the costs associated with international cooperation. For example, increased activities of IGOs unintentionally make it more difficult for citizens to control domestic political incumbents. In particular, the loss of domestic accountability is an important theme in the debate on the EU's democratic deficit. The negative influence on domestic governance we focus on is an inevitable externality--an unintended consequence of international actors seeking to influence national governments.

The loss of domestic accountability we identify is a negative externality that inevitably arises when international actors try to influence national governments. Even if joining any particular organization is beneficial, the competing demands of organizations would still undermine domestic accountability. What we emphasize is the cost aspect to such benefits: increased activities of international organizations unintentionally make it more difficult for citizens to control political incumbents. The decline in accountability is likely to contribute to a decline in the quality of government, and our empirical analysis supports this theoretical expectation.

All nations face a trade-off between the advantages of international cooperation and the negative influence of adding international principals (or would be principals) on domestic accountability. Our findings show that there are negative effects for more and less economically developed countries as well as for electoral democracies and non-democratic countries. Still, it is possible that the “internationalization of domestic politics” affects the policies of different countries differently depending upon institutional contexts that affect the incentives of politicians. Future research could explore differences in the effects of international cooperation on the quality of government depending upon the type of country and type of policy.

Our argument and findings do not imply that international cooperation will have net negative consequences on every policy outcome. 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. Thus, our contentions are consistent with previous research showing both positive and negative effects of international cooperation. After more findings accumulate, we can refine the theory to better anticipate the characteristics of policies and types of nations where the negative externalities of international cooperation are greatest.