

**Delegating Divisible Sovereignty:
Sweeping a Conceptual Minefield**

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Delegating authority to international organizations (IOs) has recently been attacked by observers on the right and left. Conservatives, especially in the United States, charge that delegating authority to a supranational body or agency violates the Constitution. Certain powers, it is maintained, cannot be transferred to other parties. Even delegating partial authorities to IOs can lead to a lack of accountability and, ultimately, the decline of constitutional order.¹ Conversely, some progressives claim that delegating authority to a supranational body creates a democratic deficit and, in the limit, undermines the sovereign state that remains the most promising arena for liberal politics.² At the extremes, right and left are joined in the claim that sovereignty is necessary for an authentic and accountable sphere of political action. Granting greater authority to IOs is anathema to both extremes, even while it is cautiously supported by moderates and is, indeed, slowly emerging “on the ground” in real ways.³

In this essay, I do not attempt to rebut the various positions on the value of this evolving trend. Rather, without taking any particular side, I aim only to clarify analytic

¹ See Rabkin (2004, 2005). More indirectly, see the critique of international law by Goldsmith and Posner (2006).

² On the democratic deficit, see among others, Held (1996), Schmitter (2000), and Moravcsik (2004). On sovereignty and progressive politics, see Bickerton, Cunliffe, and Gourevitch (2006).

³ For examples, see the substantive chapters in Hawkins et al., (2006a).

issues that underlie these critiques – to sweep a conceptual minefield, as it were.⁴ I make three points of, I believe, general importance, each developed in a separate section below.

First, although often claimed otherwise, sovereignty is eminently divisible. Critics who assert the need to preserve or protect state sovereignty mistake a principle or myth for practice. Even though critics claim that dividing sovereignty will lead to a slippery slope down which it will erode even further, we have nearly four centuries of experience with “slicing and dicing” sovereignty into many forms. Yet, the principle is as robust today as ever. From practice, indivisibility or the fear of the slippery slope should not be barriers to delegating sovereignty to IOs.

Second, it is intuitive that “longer” chains of delegation will be more likely to fail. This intuition underlies much of the concern with democratic accountability. Since IOs are more “distant” from actual voters within countries, they will be more likely to abuse the authority they are granted and become rogue agents that act against the wishes of the citizens who remain their ultimate principals. Thus, anti-globalists criticize the independence of the World Trade Organization (WTO), just as nationalists worry about the United Nations or International Criminal Court usurping their rights. Yet, it is not the length of the chain of delegation per se that matters but whether identifiable conditions for successful delegation between the principal and multiple agents are satisfied. Although accountability is difficult to achieve and a real concern, delegation to IOs is *not* inherently more problematic or always more likely to fail than delegation to other types of agents in other settings.

⁴ I borrow the phrase from Levy (1994).

Third, although the term “delegation” is often used to refer to both, *delegating* sovereignty to an IO agent and *pooling* sovereignty in an IO are analytically different activities. At the very least, delegating and pooling sovereignty pose distinct strategic problems for states and require different institutional solutions. In delegating to IOs, states grant an organization contingent authority to perform certain limited tasks. In pooling authority within IOs, states transfer the authority to make binding decisions from themselves to a collective body of states within which they may exercise more or less influence. Much of the concern with IOs is really about pooling rather than delegating, but the distinction is often lost in popular debate and even academic analysis.

I. Sovereignty is divisible, at least in practice

The principle of sovereignty is said to have been established in the Peace of Westphalia (1648) – itself composed of the Treaties of Münster and Osnabrück. In affirming the principle of *cuius region, eius religio* (whose kingdom, his religion), first articulated in the Peace of Augsburg (1555), the victors gathered at Westphalia are widely understood to have elevated secular rulers to positions of ultimate authority in their realms and secured the dominance of political authority over other possible authorities, especially that of the universal church. As described by Leo Gross (1948), Westphalia is the “majestic portal” through which the age of sovereign states supposedly arrived.

Westphalian sovereignty is widely held to be indivisible. Wherever ultimate authority is vested -- be it in a king or the people – there can be only a single sovereign or ultimate authority within any political community. The idea of indivisible sovereignty originates with Jean Bodin, writing in 1576, who concluded that if sovereignty was

absolute it could not be divided between branches or levels of government or between different actors. Sovereignty by its very nature, he claimed, could only be vested in a single person or institution within a political community (reprinted in Brown, Nardin, and Rengger 2002, 273). This view was echoed other theorists, especially Hugo Grotius, the Dutch legal theorist who wrote in *De Jure Belli ac Pacis* (1625) that “sovereignty is a unity, in itself indivisible” (quoted in Keene 2002, 43-4).

This classical view of Westphalian sovereignty is now much disputed. Revisionist scholars have searched in vain for Gross’s mythic gateway to the modern world (Krasner 1993, Osiander 2001). Even the treaties of Münster and Osnabrück themselves contained numerous violations of the nascent principle of sovereignty, and it is now clear that what was actually agreed at Westphalia and codified in the treaties is substantially different from the received wisdom. It is the myth of Westphalia, rather than Westphalia itself, on which today’s understanding of the principle of sovereignty rests.

Most important, recent research has shown that the principle of sovereignty is frequently violated in practice – an outcome that Krasner (1999) has termed “organized hypocrisy.” Restrictions in the treaties of Münster and Osnabrück on a sovereign’s treatment of religious or ethnic minorities, for instance, persisted long after Westphalia. In the Treaties of Utrecht (1731) and Paris (1763), France ceded its territories in Canada while Great Britain – the victor in these struggles – agreed that Catholic subjects in the former French colonies would have the same rights as those in England. The Treaty of Versailles (1919), which created several new states in Eastern Europe out of the defunct Austria-Hungarian and Ottoman empires, imposed a host of restrictions (unevenly enforced) on how the new sovereigns would treat their minorities. The Austrian State

Treaty (1955), returning sovereignty to that defeated state, once again contained protections for minority rights (Krasner 1999, 81, 90-7). Although human rights obligations are often seen as a recent development in international politics (Keck and Sikkink 1998), they are in many ways a continuation and expansion of the minority rights guarantees of earlier times. The universal terms in which human rights claims are now cast is new, of course, but the practice of restricting how states treat their subjects is part of a longer pattern of infringements on the principle of sovereignty. Since the end of the Cold War, moreover, states have begun to assert the right to intervene forcibly in countries where governments cannot protect their citizens – from the US-led multinational force in Somalia (1992/93) to the French expedition to the Congo (2003) – or actively abuse their citizens, as in NATO’s occupation of Kosovo to protect the Albanian Muslims from the Serb majority in the remnants of Yugoslavia. Yet, this too is a change in degree not in the kind of foreign control exercised by external actors (Finnemore 2003, Marten 2004).

States have also given up more or less control over their foreign policies, including the right to make war -- often seen as the *sin qua non* of sovereignty. By the mid-nineteenth century, for instance, Switzerland (1815), Belgium (1839), and Luxemburg (1867) were all neutralized by agreements between the European great powers and the states themselves. In exchange for collective guarantees of their independence and territorial integrity, they gave up the right to wage war, except in self-defense, or to enter agreements that might require their participation in a future war or deprive them of any part of their territory (Dickenson 1972, 250-55 Fenwick 1974, 12-4). Belgium gave up its neutral status after World War II, but Switzerland and Luxemburg

remain under these constraints. Other states have accepted greater or lesser infringements on their ability to conduct independent foreign policies. As a condition for rearmament after World War II, Germany agreed that in times of war its troops would be entirely under the command of NATO. Japan accepted – and has preserved to date, despite growing domestic opposition – Article 9 of its constitution that outlaws the use of military force except in “self-defense.” At independence, the Federated States of Micronesia and the Marshall Islands agreed that the United States would retain responsibility for their defense and security. The range of security hierarchies actually found in international relations is quite large (Lake 1996, 1999, 2001, Weber 2000, Wendt and Friedheim 1995).

The inconsistency between the principle and practice of sovereignty was recognized early. Grotius, after agreeing with Bodin on its indivisible nature, immediately acknowledges that when discussing sovereignty, “a division is sometimes made into parts designated as potential and subjective.” He then enumerates several examples where the conferral of sovereignty was not absolute but, in fact, divided. Most important, Grotius recognizes that unequal treaties can, in practice, lead to a division of sovereignty that favors the superior party, observing that “He who has the vantage in a treaty, if he is greatly superior in respect to power, gradually usurps the sovereignty properly so called.” Although based in power, Grotius also recognizes that unless the weaker party resists, over time “the part of the weaker passes over into the right of ruling on the part of the stronger...then either those who had been allies become subjects, or there is at any rate a division of sovereignty” (quoted in Keene 2002, 44-5, 49).

Later legal theorists repeated and amplified Grotius' practical observation, especially when they were forced to confront the variety of authority relationships that lay outside Europe. Indeed, Henry Sumner Maine, a late 19th century legal theorist, writes that "The powers of sovereigns are a bundle or collection of powers, and they may be separated one from another. Thus a ruler may administer civil and criminal justice, may make laws for his subject and for his territory, may exercise power over life and death, and may levy taxes and dues, but nevertheless he may be debarred from making war and peace, and from having foreign relations with any authority outside his territory." Other legal scholars of the period agreed. Claiming that "international law has suffered for a long time from the theory of the indivisibility of sovereignty," Hersch Lauterpacht still maintained in 1940 that "from the point of view of international law, sovereignty is a delegated bundle of rights... [and] therefore divisible, modifiable, and elastic" (quoted in Keene 2002, 108). As noted by these theorists, especially those concerned more with practice than principle and the world as a whole rather than just Europe, sovereignty is in reality readily divisible and has, in fact, often been divided between levels within states and between states.

Although the divisibility of sovereignty may seem obvious when looking at state practice, the principle of indivisibility remains strongly held. In part, this is because of the dominance of a formal-legal approach to authority which denies the existence of hierarchies negotiated outside any lawful relationship (Lake 2003, 2004). Equally important, scholars have overlooked the political projects behind the intellectual construction of indivisibility. The idea of sovereignty, and the presumption of indivisibility, was born with the modern state. Bodin, Hobbes, and other contemporaries

asserted the principle of sovereignty in the midst of profound conflict and, eventually, transformation. They wrote, in part, to justify the creation of a central authority in the wake of internal unrest and civil war and to legitimate and propagate a centralized secular state against the internal remnants of feudalism and the external vestiges of the universal church. It was their experience and, more fervently, their hope that centralized and ultimate authorities would bring stability and order to their world. In this way, the principle of sovereignty that these early thinkers developed – and which we today have largely inherited – was never meant as a description of practice nor as a foundation for a positive theory of international politics but as a normative ideal in the service of state-building (Tuck 1993).

Similarly, in the contemporary world, the principle of indivisibility is also asserted as part of the state building process against the vestiges of colonialism, on the one hand, and against tribe, group, clan or other sub- or transnational loyalties on the other. Just as the early European states had to be consolidated in the face of competing feudal and religious loyalties, so must the new states created since 1945 overcome continuing allegiances to former colonial rulers and alternative forms of authority. Beset by these competing demands, these often weak states have depended for much of their legitimacy on the Westphalian conception of sovereignty and especially the principle of indivisibility. Sometimes lacking the ability to govern their territories effectively, a traditional requirement for recognition by other sovereign states, these “quasi-states,” as Jackson (1990) terms them, cling to and promote the notion of “juridical sovereignty” to justify their rule (see also Herbst 2000, Boone 2003).

That the claim to indivisible sovereignty has always been part of a larger state-building project implies, obviously, that alternative principles and practices were not only possible but actually existed. One does not need to argue for such claims unless they are contested. Indivisibility was asserted in opposition to plausible rival principles – especially the heteronomy of feudal states without a single authoritative apex, in the age of Bodin and Hobbes, and colonialism and group loyalties, in the contemporary era. In practice, sovereignty is all too divisible. We ought not to mistake political programs for reality.

If sovereignty is divisible and, in practice, has frequently been divided, there can be no practical reason why sovereignty cannot be delegated to IOs today. States may choose not to delegate authority for good cause, two possibilities for which are discussed below. But appeals to an artificial and politically-charged principle should not bar states from delegating sovereignty to others if they so desire.

Moreover, fears of a slippery slope by which delegations of sovereignty today will encourage habits of delegation in the future – or create agents who will “steal” greater authority in the future – appear similarly unfounded.⁵ States have been delegating limited forms of sovereignty since the concept originated without apparent harm to themselves or the robustness of the principle. Indeed, given the rise of the notion of juridical sovereignty, the affirmation of the rights to self-determination and the independence of states in the United Nations Charter, and the creation of over 100 new states since 1945, it could be argued that the principle of sovereignty is healthier now

⁵ Rabkin (2004, 2005) most explicitly makes this argument about the slippery slope. On agents exploiting authority to gain greater authority, see Hawkins and Jacoby (2006).

than at any time in modern history.⁶ Rather than divisions leading to a deterioration of sovereignty, the trend appears to be headed in the opposite direction toward greater respect for sovereignty.⁷ Like Mark Twain, reports of the death of sovereignty appear premature.

II. Weak links rather than long chains cause delegation to fail

A “chain” of delegation involves multiple stages in which the same authority is granted conditionally from one actor to another.⁸ In the simplest case of two “links,” the originating or “ultimate” principal (P_1) delegates to an agent (A_1), who in turn becomes a principal (P_2) and delegates to a second agent (A_2). In practice, delegation chains can be quite long.

It is a commonly held political principle that delegated authority cannot itself be delegated.⁹ Intuitively, and perhaps embodied in this principle, it would seem that the potential for agency slack is very much greater the longer the delegation chain. Yet, applying a simple principal-agent model of delegation with asymmetric information allows us to sharpen this intuition and define more precisely when and why delegation will “fail,” by which I mean that agents will take actions that make the principal worse off than if the delegation had not occurred.

⁶ On the robustness nature of statehood in the contemporary world, see Kahler (2002).

⁷ This is especially true if we include the various formal and informal empires of the nineteenth centuries in the baseline for comparison.

⁸ On delegation, see Hawkins et al. (2006b, 7).

⁹ Classic statements are *Federalist 78* (Hamilton, Jay, and Madison 1961) and Wright (1922 [1970], 95-126). For modern discussions, see Fisher (1994) and Stewart (1975).

Posing a model of delegation in which agents propose policies that principals then accept or reject (an ex post veto), Lupia and McCubbins (1998) demonstrate that delegation will succeed when two general conditions hold: 1) the principal can correctly infer whether the agent's proposal is better or worse for her than the status quo (the knowledge condition), and 2) the agent has an incentive to make a proposal that is better for the principal than the status quo (the incentive condition). The knowledge condition is satisfied when a principal's prior knowledge is sufficient for her to distinguish whether or not a proposal is better for her than the status quo or she can learn enough to make the same distinction.¹⁰ The incentive condition is satisfied only if the principal's ideal point is closer to the agent's ideal point than it is to the status quo and the agent gains more than the cost of making a proposal (C) if the principal chooses his proposal instead of the status quo (principal and agent have common interests), or the knowledge condition is satisfied and there exists a point that both the principal and the agent (after paying C) prefer to the status quo. If only one of the two conditions holds, the worst that can happen from the principal's perspective is that the status quo is retained. When neither condition is satisfied, the principal cannot hold the agent accountable for his actions and the agent has no incentive to increase the principal's welfare. In this case, agents may make proposals the principal accepts but that leave her worse off than the status quo; when this happens, we can conclude unequivocally that delegated has failed.

Applying this model to "longer" chains implies that delegation can succeed in the serial fashion described above if and only if each principal at each stage satisfies the knowledge and incentives conditions for its immediate agent. In our relatively "short"

¹⁰ Lupia and McCubbins (1998) further specify the conditions for learning.

chain with two links above, if the conditions are met, A_2 chooses to make proposal, A_1/P_2 knows enough to whether to accept it (pass it on to P_1) or reject it (retain the status quo), and P_1 in turn knows enough whether to accept or reject it as well. If neither the incentive nor the knowledge condition is satisfied at any stage, delegation will fail. As above, if only one of the two conditions holds at any stage, the worst that can happen from P_1 's perspective is that the status quo is retained. As long as the knowledge and incentive conditions are met at every link, delegation can succeed regardless of the length of the chain.¹¹

Satisfying the knowledge and incentive conditions at each link in a chain is, of course, an extremely demanding requirement, and one that becomes progressively less likely to be met as delegation chains become longer (multiplying a low probability event by another low probability event makes for an even lower probability joint event). Despite the difficulty of satisfying these demanding conditions for success, it is important to recognize that delegation is made through very long chains every day – in economic exchanges, in domestic politics, in our daily lives -- which suggests that the problems are not insurmountable. Focusing on the knowledge and incentive conditions, however, sharpens the intuition behind claims that longer chains are more likely to fail. It is not the length of the chain per se that matters, but rather whether the knowledge and incentives conditions are met in the way described above.

Having refined the intuition and identified the conditions necessary for delegation to succeed, it remains an open question whether delegation chains involving or ending

¹¹ Note that in the model the principal always moves last or possesses an ex post veto over the agent's proposal. The conclusions here hold only when the principal can exercise an ex post veto.

with IOs are actually longer than wholly domestic chains. Unlike the above, this question does not appear to have an analytic solution, but it is clear that no general conclusion can be sustained without detailed empirical investigation.

Principals, agents, and delegation itself are analytic concepts or analogies imposed by theorists to help classify and explain real world relationships. Principals and agents – and what constitutes an act of delegation – are defined by the analyst, not the parties themselves. This holds as well for the number of links in a delegation chain. It is possible to disaggregate many delegation acts into numerous parts, and thereby create longer chains. At one level, analysts write of Congress delegating foreign aid policy to the Agency for International Development (USAID). At another level, however, it might be accurate to describe Congress as delegating to the president, who then delegates to his political appointees who direct USAID, who then delegate to senior staff, who then delegate to regional or country experts, who then delegate to USAID employees stationed abroad who first propose projects for funding. The actual delegation is the same in both cases, but the second chain is described as being much longer. What chain length we describe depends on the analytic purpose for which the description is being used. As always, analysts must make “bets” on which links – and how many – are salient to the question they are asking (Lake and Powell 1999, 13-16).

As analytic constructs rather than “real” entities, it is impossible to conclude that delegation chains that include IOs are always longer than chains that end with domestic agents. We can again write that Congress has delegated authority over elements of development aid to the World Bank, which it does by authorizing and appropriating funds that are transferred to that agent – a simple one link chain. But as above, we could greatly

multiply the apparent number of links by including a host of intermediate steps between the passage of legislation in the United States and the ultimate dispersal of aid in developing countries. To argue that one chain is longer than another refers far more to our analytic purposes than to any fixed or absolute trait of an act of delegation.

Thus, even if longer delegation chains are more likely to fail strictly due to the laws of probability, it does not follow that delegation to IOs is more problematic than is delegation to other sorts of agents. Different agency relationships will be characterized by more or fewer links, depending on their purpose and design. Identifying the number of links is also a somewhat arbitrary task. We cannot conclude categorically that delegation to IOs is more prone to failure than other acts of delegation. The issue of accountability is real and important, and should not be minimized. But delegation to IOs is not always and everywhere more likely to fail and IOs are not always and everywhere more distant from their ultimate principals than are other agents.

III. Delegating and pooling are not the same

In the literature on international organizations, and more so in popular discourse, the term delegation is often used in two related but distinct ways.¹² The more common usage is delegation as a hierarchical relationship in which an agent receives a conditional grant of authority to act for a principal under some specified conditions. I will continue to refer to such relationships as delegation. A less common but not infrequent usage is delegation as collective decision-making at the interstate level, or where states are described as having delegated authority over a policy domain to the European Union, the

¹² Pointing to just several recent works, by delegation Pollack (2003) refers primarily to an agency relationship, Bradley (2003) refers primarily to what I call here “pooling,” and the authors in the various chapters in Goldstein et al. (2001) use both.

WTO, or some other IO. This is more properly thought of as pooling sovereignty.

Importantly, the strategic problem in each use is analytically distinct, but obscured unless careful attention is paid to the particular meaning of the term.

In delegation, a principal (or group of principals) hires an agent to perform some specified task(s). The grant of authority from the principal to the agent must be conditional and revocable, and the principal retains all residual rights of control including the right to veto actions by the agent either directly or indirectly by cutting funding or other means (Hawkins et al. 2006b). The key problems in such agency relationships are hidden information and hidden action by the agent, which if present allow the agent to act opportunistically or “shirk.” Under the conditions for success identified in the previous section, delegation will be welfare improving for both principal and agent.

When pooling sovereignty, a state transfers authority to a collective decision-making body, most typically an IO, to set policy in a given area. The transfer of authority can be conditional and revocable, or not, and the state can retain residual rights of control, or not. Clearly, the fewer the conditions, the harder it is to revoke authority, and the fewer the residual rights of control retained, the greater and more permanent the transfer of authority will be. But these differences do not distinguish between delegation and pooling. Rather, in pooling sovereignty, the strategic problem is not shirking but collective decision-making. Where previously a country might set policy at its own national “bliss point,” policy is now made by a collective of member countries with varying preferences under a set of decision rules that may produce outcomes more or less distant from the state’s ideal point. Any individual state may be more or less happy with the collective decision, but this will be a function of the particular group of countries,

their preferences, and the set of rules they use to determine policy. But even when a state is unhappy with a collective decision quite distant from its preferred outcome, it is inappropriate to think of the IO as shirking or “escaping” control. Rather, states may have perfect and complete information about others and the IO and still not see their preferences enacted into policy.¹³ Presumably, in pooling sovereignty, states are trading off between a unilateral policy closer to their preferences and a collective policy that is more efficacious in addressing some common problem. In pooling sovereignty within an IO, states are compromising to some extent on their ideal policy to get a policy that actually “works” and solves the problem before them. Pooling will typically be Pareto-improving, but it is still the case the individual states might desire a different common solution closer to their own ideals.

At least two “grey areas” exist between delegating and pooling, and they may account for the common confusion between these terms. First, it is often the case that states charge IOs to propose solutions to common problems – trade liberalization, climate change, competition policy – over which they retain an ex post veto. The IO presents a proposal to states, which they can then accept or reject as their interests dictate. Even though the IO in this instance may reach a collective decision, that proposal is not binding without further action by the states. This remains a case of delegation, not

¹³ As a liberal democrat in a heavily republican Congressional district, I am typically very unhappy with the way my representative votes on legislation, but it would be inappropriate to say that he is shirking his responsibility when he follows the wishes of the majority of my neighbors. I am dissatisfied, and might wish to be a “dictator” who could send a representative to Congress who shares my political views, but however far my preferences are from my neighbor’s I cannot say that delegation has “failed” in any meaningful sense. Better information and greater transparency cannot solve this problem.

pooling.¹⁴ In this case, the strategic problem remains shirking and the conditions for successful delegation still apply. Pooling occurs only when the collective decision is binding for member states.

Second, states often pool sovereignty before delegating to an IO agent. One example among many is the states on the United Nations Security Council deciding (pooling) on a common policy and then delegating inspections of a country's nuclear reprocessing facilities to the IAEA (Brown forthcoming). In such situations, pooling before delegating introduces additional strategic complexities. In domestic acts of delegation, there is typically only one stage at which a collective principal pools "lower level" preferences and sets policy goals whose implementation may then be delegated to specialized agents. Voters, the ultimate principals in a democracy, elect representatives to the legislature, which then pools (through various rules and with more or less bias) the preferences of citizens into policy. The legislature may then choose to delegate implementation to an executive, directly to agencies, or even to municipalities and other lower levels of government. But importantly, there is only one "pooling point" at which a collective policy decision is being made. At the international level, by contrast, delegations to IOs often proceed through two pooling points: first, from citizens through their governments and, second, from governments through IOs, which then typically hire a professional staff to implement their decisions. In this more complex decision-making structure, an individual state faces both strategic problems, complicating the problem of inferring whether or not their interest is being served by delegation to an IO. If the staff

¹⁴ This is equivalent to Bradley's (2003) argument that delegation is not inconsistent with constitutional concerns as long as the decisions taken by the IO are not "self-executing."

does not ultimately implement policies in ways it desires, is this the product of shirking by opportunistic agents, the country's own extreme preferences distant from the collectively adopted policy, or perhaps both? The more uncertain voters, the ultimate principals, are about where the policy process fails, the less willing they will be to delegate or pool sovereignty.

The existence of this second pooling point is a key divergence between delegation within states and delegation to IOs. To return to the aid example above, from the perspective of American voters and their elected representatives, the main difference between delegating to USAID and the World Bank is not the number of bureaus between the appropriation of funds and the delivery of aid, or even the amount of knowledge and information they possess about their agents, but rather that the Bank's collective decision-making structure takes into account the policy preferences of states other than their own – even despite the disproportionate influence of the United States within the organization. What Americans believe is shirking by overpaid Bank employees, may simply be a product of their large but still limited power to set policy within the organization. But precisely because it is difficult to distinguish between the two, Americans will be hostile to expanding the Bank's role and resources.

The important point, however, is that shirking within agency relationships can be solved or mitigated by crafting better monitoring and enforcement mechanisms. By addressing the sources of hidden information and hidden action, states can design institutions that satisfy the knowledge and incentive conditions identified above. Pooling sovereignty, on the other hand, will always leave some states aggrieved. Institutions will affect how the preferences of the member states are aggregated into a collective decision,

but unless national preferences are identical or the status quo is extreme, a policy that is more preferred by one state will typically be less preferred by at least one other.

Institutions can minimize the bias in collective decision-making, and thereby minimize the aggregate dissatisfaction of states, but they cannot ultimately solve the problem of disparate preferences and collective choice inherent in pooling sovereignty.

Conclusion

Debates about the wisdom of delegating authority to IOs fracture over many issues, not all of them with an analytic root. In a “small is beautiful” world, people may just prefer political processes to which they feel more directly connected, that are more “local” and permit more direct participation. Yet, some issues require interstate cooperation or a coordinated response, and delegating to IOs can facilitate the identification and negotiation of mutually preferred outcomes. States can also pursue their interests more effectively in some cases by delegating authority to an IO. It is hard to imagine that states could acquire the same information on the nuclear programs of others without the IAEA or some similar organization – or that information by one would be accepted as credible by the others. There are real advantages in some instances to delegating to IOs (Hawkins et al. 2006a).

In a globalizing world, peoples and states are faced with demands for greater international cooperation. IOs are not the solution to every problem. Yet, in considering when and where to delegate authority to an IO it is important to focus on facts and analysis rather than prejudices. Sovereignty is divisible, and dividing it in the past has not led to an inexorable erosion of the principle. IOs are not always less accountable than agents in other settings. And the inevitable problems that arise in pooling sovereignty are

not the same as in delegating sovereignty – and should not spill over into a general indictment of the latter concept and practice. States must remain vigilant about their interests and the actions of their agents. As the conditions for successful delegation make plain, ensuring that agents remain accountable is not easy. But being clear about the analytic issues involved is a necessary first step in deciding when and what to delegate and in then making delegation work.

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