

Who Wants to Work at a Transparent International Organization?*

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Abstract

International organizations (IOs), like all other organizations, need bureaucrats to function. When member states gather at an IO to conclude a negotiation, they would ideally have competent and responsive international bureaucrats that mediate their conflicts of interest. In this paper, I develop a formal model to delineate how transparency as an institutional feature inadvertently undermines the quality and performance of the international bureaucrats. My formal model predicts that competent international bureaucrats in equilibrium either perform passively or choose not to work at an IO under transparency. An increase in transparency would thus decrease the likelihood of the conclusion of negotiations. I test one of the theoretical predictions with the comparative case study of the leadership of the GATT (General Agreement on Tariffs and Trade) and the relatively more transparent World Trade Organization (WTO). My findings indicate that the international bureaucrats adapt to the institutional design chosen by member states, and such adaptation makes an IO less appealing as a negotiating forum.

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International bureaucrats are hired to improve the functioning of international organizations (IOs). They serve member states by facilitating negotiations and monitoring member states' compliance with international agreements. Theoretically, growing IO membership should increase the demands for international bureaucrats. As more states join an IO, there should be more occasions in which international bureaucrats can help coordinate diverse conflicting interests.

Empirically, however, international bureaucrats these days exercise less power than they used to. The discretion of the Director Generals (DGs) in the World Trade Organization (WTO), for example, has been reduced over time. They were previously “a spiritual leader of the international trade system,” but over time they have become “an international spokesperson and marketing executive” (Trondal et al., 2013, p.94). Not only those in the leadership position, but also the middle-ranking Secretariat officials in recent years have been increasingly bypassed by negotiators (Elsig, 2011). One WTO staff anonymously interviewed that “As a young professional during the Tokyo Round I could do more against the will of members than today as a Director.”¹ Then what explains this declining role of the Secretariat officials?

Previous studies describe the declining influence of international bureaucrats as the decision made by member states. Member states are concerned about the consequence of delegating too much authorities to international bureaucrats, thus they collectively agree to curtail the power of international bureaucrats (Urpelainen, 2012). When curtailing the power of international bureaucrats, member states shrink the boundary of their formal power and delegate more authorities to their own ambassadors. These ambassadors, also known as “proximate principals,” take over what was previously done by international bureaucrats (Elsig, 2011). The assumption behind this explanation is that the demands of the member states determine the degree to which international bureaucrats exercise power as outcomes.

¹Tokyo Round negotiations lasted from 1973 to 1979. This is a quote from Elsig (2011) at an interview with a WTO Director on January 22, 2007.

In contrast to these state-centric views, I argue that international bureaucrats may strategically choose to stay silent to adapt to changes in institutional environment of IOs. I develop a formal model which shows that increasing transparency in IOs can discourage international bureaucrats from exerting effort who would otherwise facilitate negotiations. IOs have become more transparent in recent years (Dingwerth, Schmidtke and Weise, 2020; Jones, 2009). Meeting records and information about the compliance of member states are now often publicly available. If international bureaucrats respond to this institutional change, we should observe their declining influence regardless of the decisions made by member states.

The core insight of this paper is that international bureaucrats as a mediator might perform passively under transparency to maintain their appearance of impartiality. The reputation of impartiality empowers international bureaucrats to wield informal power (Johnson, 2014; Nair, 2020). The appearance of impartiality enhances their credibility to principals, thereby increasing their influence during negotiations. Yet some of their tasks during negotiations invariably involve favoring one side over the other. In such settings, transparency in IOs may undercut international bureaucrats' incentives to offer substantive resolutions in negotiations.

In this paper, I construct a formal model that treats the effort of international bureaucrats as endogenous. By doing so, I find that in equilibrium, international bureaucrats under transparency exert minimal effort in a negotiation when the amount of bias necessary to conclude a negotiation is sufficiently big. The corollary prediction is that international bureaucrats with long career prospects, among others, would respond to transparency in a greater magnitude. I also find a long-term pessimistic consequence of transparency; competent international bureaucrats in equilibrium end up not working at IOs. Knowing that their optimal strategy after entering IOs is to perform in a passive manner, they choose to not work at IOs from the beginning. The implication is that IOs that adopt transparency as an institutional feature may have difficulty in retaining competent international bureaucrats in the long run.

To validate the theoretical intuitions, I compare how the two GATT/WTO DGs, Eric Wyndham White and Supachai Panitchpakdi, mediate multilateral trade negotiations under different levels of transparency. I choose the GATT/WTO among other IOs for two reasons. First, the GATT/WTO has consistently provided forums for international trade negotiations. This means the DGs have been repeatedly expected to mediate delegates' conflicts of interest. Such a setting provides an opportunity to test whether transparency indeed constrains mediation by international bureaucrats. Second, the GATT/WTO has hired a permanent Secretariat to run the organization. My formal theory predicts a greater effect of transparency on international bureaucrats with longer career prospects, and the GATT/WTO is an IO that allows me to test that differential effect.

My findings provide the following three insights. First, I delineate how IOs respond to states' choice of institutional design. States design international institutions to advance their interest (Koremenos, Lipson and Snidal, 2001), but IOs in response adapt to that design choice. The latter arrow, how IOs affect states' choice of institutional design, has often been neglected.² I explain how international bureaucrats adapt to states' design choice by delineating a series of rational equilibria that results from constant interactions between states and IOs as a system. What I eventually show is the unintended costs generated by states that adopt transparency to enhance democratic accountability to their people. Second, I theorize how international bureaucrats as individuals shape negotiation outcomes. Previous literature (Urpelainen, 2012; Fang and Stone, 2012) often treats international bureaucrats as a group. Yet analyzing them as a group prevents incorporating self-centered preference of international bureaucrats (Ege, 2020). By bringing in the preference of individual bureaucrats, I explain why and how transparency might change the behavior of international bureaucrats to a greater extent during certain stages of their career. Third, my findings call for the need

²Johnson and Urpelainen (2014) and Johnson (2014) are exceptions, but the two studies look at how the technical expertise of international bureaucrats empowers them to design *new IOs*. I on the other hand look at how institutional design by states affect how international bureaucrats behave in *existing IOs*.

for selective transparency in IOs. Transparency on compliance might promote international cooperation (Keohane, 1984), but transparency on negotiation procedures might deteriorate international cooperation by preventing a mediator to exert effort in negotiations.

The rest of the article is organized as follows. In the next section, I explain why and how transparency affects behavior of international bureaucrats. I then describe what empowers international bureaucrats as a mediator, and delineate why transparency might be fatal for their mediation activities. After presenting the set-up of the formal model, I derive the theoretical equilibria and empirical predictions. The following section tests the empirical predictions by comparing the leadership of the GATT and the relatively more transparent WTO. The last section discusses the broader implications.

Transparency in International Organizations

IOs in recent years have become more transparent. Information about the compliance of member states and meeting records are often publicly available. As Figure 1 shows, this pattern is observed across issue areas and regions. The increased transparency reflects an intent on the part of IOs to legitimize their authority through democratic procedures (Dingwerth, Schmidtke and Weise, 2020). Their legitimacy through democratic procedures help member states to be more accountable to their citizens.

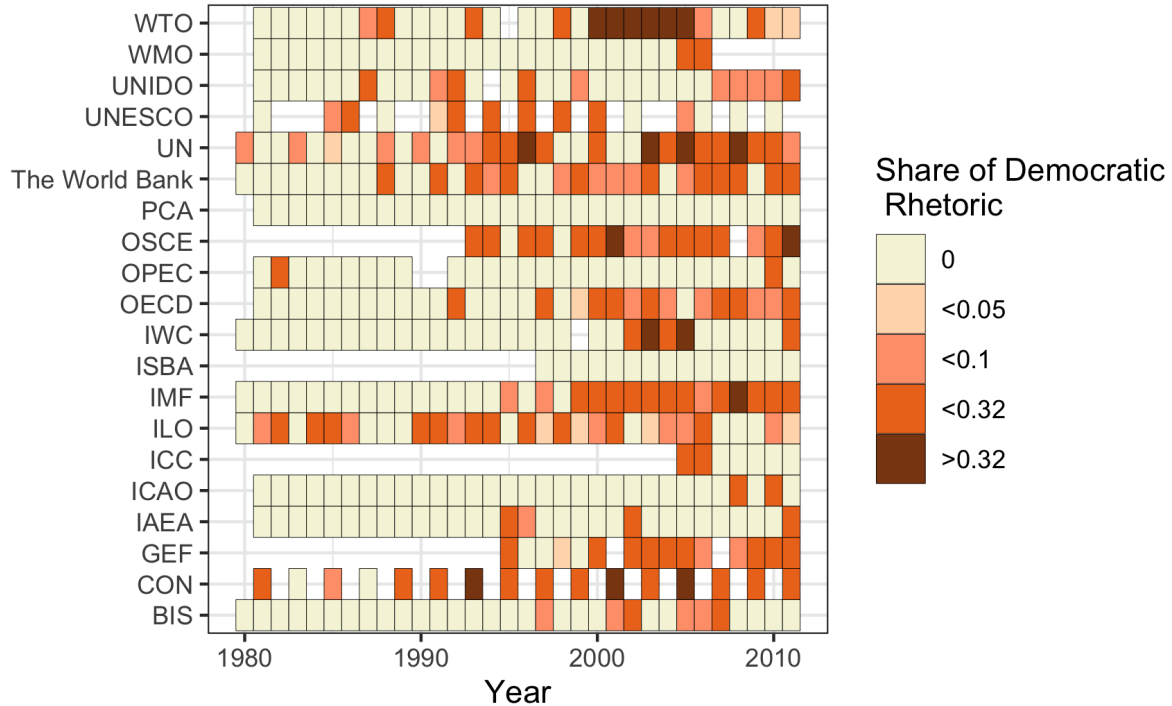
The increased transparency is not an exception to the WTO. Compared to negotiations in the GATT, negotiations in the WTO has adopted a negotiation setting that is relatively more transparent. One example is less reliance on mini-ministerial meetings and informal meetings at the Green Room. The Green Room refers to a Director General's conference room where informal, small-sized negotiations are held. Although negotiations at the Green Room has helped consensus-building necessary for concluding negotiations, this practice has been criticized to favor representation from high-income member states (Jones, 2009).

Existing scholarship warns trade-offs of transparency. One form of trade-off is more fre-

Figure 1: Growing transparency in IOs

Growing Democratic Rhetoric in IOs, 1980-2011

Source: Dingwerth, Schmidtke, and Weise (2020)



Note: The x-axis is the year, and the y-axis is the list of IOs, and each square represents the degree of an IO in a specific year emphasizing democratic rhetoric such as transparency, openness, accountability in its annual report. The fact that the squares are filled with darker colors in recent years provides evidence that IOs in general have become more transparent.

quent breakdowns in negotiations due to increased monitoring from the public. Transparent bargaining leads member states to take more uncompromising positions. In this way, they can signal their public that they cater to their interest (Stasavage, 2004). When domestic bureaucrats in charge of negotiation care about their reputation, for instance, to run for office, the domestic bureaucrats take an even more uncompromising stance, and thus the negotiation is more likely to reach a deadlock. In the realm of investor-state dispute settlements, transparency harms the longevity of investment projects by disabling governments to compromise with an investor (Hafner-Burton, Steinert-Threlkeld and Victor, 2016). For the fear of the public penalizing incumbents through elections, domestic bureaucrats become

more stubborn under transparency.

The second form of the trade-off is the disclosure dilemma that member states face (Carnegie and Carson, 2019). Unless there is proper intelligence agency protection, transparency deters member states to reveal a violation of international treaties of other member states. Fearing revelation of their sources and methods of intelligence, member states end up not reporting the violation of other member states.

Compared to the trade-offs that member states face under transparency, we do not know the trade-offs that international bureaucrats encounter under transparency. International bureaucrats join negotiations as a mediator, and various historical accounts describe their significant role in concluding negotiations (Odell, March 17-20, 2004; Buzan, 1981). Successful mediators gather information and devise tactics that break an impasse in negotiations. As for the examples specific to the GATT/WTO, Peter Sutherland, a former Director General (DG) of the GATT/WTO, threatened Geneva ambassadors that he would call their bosses in capital if they did not make more concessions. (Odell, March 17-20, 2004, p.17) Scholars find that not only DG, but also middle-ranking international bureaucrats do influence decision makings in the GATT/WTO. (Trondal et al., 2013; Xu and Weller, 2004, 2008; Jawara and Kwa, 2004) For instance, Julio A. Lacarte Muró, a former chairman of the WTO Appellate Body, worked to conclude deals by drafting short paragraphs on outstanding issues and pressured member states to support his proposal (Odell, March 17-20, 2004, p.17). If an international bureaucrat as a mediator can steer negotiations, a mediator's preference under transparency should also affect the negotiation outcome.

The definition of transparency used in this paper is open negotiation environment that requires international bureaucrats to mediate under scrutiny of all member states. In multilateral IOs, not all member states might be guaranteed with equal opportunities to participate in all negotiations. When transparency is low, some member states are not invited to important negotiations. The excluded member states would then end up not knowing about the existence of these confidential meetings. Even if they know the existence of those

meetings, they cannot discern the degree to which international bureaucrats mediate the confidential negotiations. On the other hand, when transparency is high, all the member states share knowledge on how international bureaucrats mediate a particular negotiation. The intuition of this paper is that this shared knowledge affects how the member states perceive international bureaucrats, and ultimately affects the way international bureaucrats behave.

International Bureaucrats as Mediators

Perceived impartiality allows international bureaucrats to exercise informal power. The informal power allows international bureaucrats to successfully mediate the interest of member states (Moravcsik, 1999). When seen biased, member states might delegate them less authorities (Urpelainen, 2012). Even if member states believe in the high competence of international bureaucrats, they would limit international bureaucrats' autonomy if they perceive the consequence of tolerating the bias is detrimental.³

International bureaucrats thus want to be seen impartial. As an example, the GATT/WTO Secretariat official named Cheadu Osakwe describes perceived impartiality as “if we lose it we lose everything— we take it very seriously” (Jawara and Kwa, 2004, p.206). In the following, an anonymous WTO Secretariat official responds to the question of what if the Secretariat is seen as biased.

That is it! Then you are out, you can't play your role. They come to you

³There are two exceptions to states preferring international bureaucrats who appear impartial. International bureaucrats' bias is welcomed when there is a division in domestic politics. A domestic government is more likely to be persuaded by an international bureaucrat when its domestic expert has diverging preference (Fang and Stone, 2012). Their bias is also appreciated by member states when persuading a negotiating partner of different preferences. If two states are in bargaining and one state has an attractive outside option, a biased international bureaucrat can be optimal for the bargaining conclusion (Johns, 2007).

because they trust you. If they don't trust you, or if they feel that you are more biased toward one part of the membership and not towards the other, it becomes difficult. (Trondal et al., 2013, p.100)

Existing literature on the bureaucrat bias does not see an international bureaucrat as a strategic actor. Most literature depicts international bureaucrats as actors who always exert their full effort (Ege, 2020). However, strategic international bureaucrats would sometimes exert minimal effort if doing so protects their appearance of impartiality. This is based on the calculation that shirking today is beneficial for acquiring trust from member states in the future. This pattern would be especially pronounced among international bureaucrats who are career-minded and committed to at an IO for a long time. This paper, by paying attention to career-mindedness and preference for being seen as impartial, theorizes the impact of transparency on bureaucratic behavior as a mediator. In my model, an international bureaucrat strategically chooses the degree of effort in a way that maximizes career prospects.

The mechanism I establish best applies to IOs that provide forums for negotiations. I expect the mechanism to be less applicable to IOs that are established to predominantly collect information, monitor compliance, or deliver aid. In an IO that provides a regular forum for negotiations, an international bureaucrat's effort can be conceptualized as an attempt to facilitate negotiations. The facilitation in my model invariably leads the bureaucrat to lean on one side over the other. Favoring one side over the other can be explicit, but it can be more nuanced such as agenda-setting. If the bureaucrat prioritizes one agenda over the other, this agenda-setting would favor member states who have a vested interest in the prioritized agenda.⁴ The following interview with one WTO delegate provides a detailed

⁴Historically, agenda-setting by the GATT Secretariat greatly accelerated negotiation conclusions. Arthur Dunkel, the third GATT Director General (1980-1993), for example, created what is called "Dunkel Draft" that reduces hundreds of thousands of pages of diverse, often conflicting, proposals into a manageable single document of some 500 pages. The Dunkel draft became a "historic turning point in the [Uruguay

picture of how an international bureaucrat facilitates negotiations.

Being chair of a committee at the WTO gave me the opportunity to see how the Secretariat functions, and how some group of countries would subtly get what they want into draft documents. It is done in a very clever, sophisticated and subtle manner ... If, for example, the majority of delegates don't agree with a negotiating text produced by a chairperson and thus demand changes, the chair could turn to the Secretariat for help, especially if he or she is not technically competent. Then clever lawyers of the Secretariat will then redraft the text in such a way that it would lean toward what the Quad (the United States, EU, Japan, Canada) wants, and importantly, it would also seem that consensus was reached. The chair would then be placed with the responsibility of presenting this skewed document to the membership without further consultations. (Jawara and Kwa, 2004, p.210)

To be precise, member states' trust in an international bureaucrat is based on the belief that an international bureaucrat is neutral: not between outcomes, but between states (Xu and Weller, 2004). Therefore, if member states succeed in distinguishing the observed agenda-setting from the intention of an international bureaucrat, the bureaucrat might not lose the reputation even after agenda-setting. Yet, the model is rooted in the intuition that distinguishing the two is extremely difficult. Member states cannot see through the true intention of an international bureaucrat, and they can only guess the neutrality of the bureaucrat from the observed performance of the bureaucrat. This means an international bureaucrat who wants to be seen impartial would have incentives to manipulate its behavior.⁵

Round] negotiations(WTO, 2005).”

⁵When member states have a prior that an international bureaucrat is not neutral, the aggressive agenda-setting would further compromise the international bureaucrat's perceived impartiality. For example, developing country delegates in the WTO tend to attribute the Secretariat's refusal to share documents (an

Model

Setup

In the following section, I construct a two-player model between a mediator (M) and member states as a whole. There are two types of mediators in the model: high type (M_H) with probability π ($Pr(M_H) = \pi$) and low type (M_L) with probability $1-\pi$ ($Pr(M_L) = 1-\pi$). M_H is a mediator with high competence who can effectively persuade a group of member states to close a deal. On the other hand, M_L is a mediator with low competence. A competent mediator (M_H) increases the likelihood of a negotiation conclusion. Member states as a whole want to conclude a negotiation and want to hire M_H over M_L . S does not want to hire M_L , and if failed to do so, S wants M_L to conduct minimal tasks during a negotiation.

A mediator's type determines the likelihood of a negotiation conclusion. Here I define successful mediation as the one that leads to the closure of a deal. The M_H 's likelihood of successful mediation is p^H , and the M_L 's likelihood of successful mediation is p^L . Competence and effort together determine performance. If no effort is exerted upon a mediator ($e = 0$), regardless of the type, the likelihood of negotiation conclusion is q , with the condition of $0 \leq q < p^L < p^H \leq 1$. Substantially, q can be thought of as the probability of closure of a deal with minimally passive mediation or closure of a deal without any mediator involvement.

I model M as a career-minded international bureaucrat who behaves in a way that maximizes career interest. Transparency is an opportunity for M to demonstrate its own competence. Member states and a head of an IO can better observe M 's performance under transparency and thus can better reward M if negotiation is concluded. For a high

attempt to preserve secrecy) to its bias in favor of developed countries. One former developing country delegate says "You get assistance with general administrative issues, etc., but I never felt the staff (the Secretariat) worked in my favour. I do not believe the staff are dishonest. I am aware, however, that there is a difference in ideology between the majority of the staff and the majority of developing country delegates. (Jawara and Kwa, 2004, p.208)"

ranking international bureaucrat such as a Director-General, transparency is an opportunity to receive greater external recognition. In this model, M exerting effort ($e = 1$) under transparency leads to an additional gain of δ . Substantially, δ means the size of benefit that M acquires from performing under transparency. It can be thought of as the degree of career-mindedness, as M with higher career-mindedness would gain more by demonstrating its competence its boss or leaving a legacy from concluding a negotiation.

When deciding whether to exert effort, M considers the costs from exerting effort ($e = 1$) under transparency. Exerting effort under transparency accompanies bias (b), and this damages M 's reputation of impartiality.⁶ If M exerts effort ($e = 1$) under transparency, M yields $p^H(C + \delta) - b$. The benefit of concluding a negotiation is C , and this means M earns utilities by achieving both policy goals (C) and individual career goals (δ) (Copelovitch, 2010). If M under transparency does not exert effort ($e = 0$) and chooses to remain appear impartial, M earns $q(C + \delta)$.

Member states (S) are the entire members of an IO. For the simplicity of the model, S is the member states as a whole. What S decides is whether to make the negotiation procedure transparent (T) or not transparent (N) to the public, the media, and civil society groups. This decision would be determined by the IO's voting rule. If the negotiation process is transparent, S earns the benefit of enhancing democratic accountability (d). With d , member states can signal that they are accountable to their citizens (Stasavage, 2004). The democratic accountability is the benefit derived from the procedural transparency, so the size of d is independent from the negotiation outcome.

Modeling member states as a single-player conceptually distinguish state-level dynamics from bureaucrat-level dynamics. In reality, these two simultaneously shape the observed performance of international bureaucrats. The first mechanism originates from strategic interactions among member states. A group of member states might want to limit the

⁶For simplicity, the following model assumes that member states evaluate neutrality of an international bureaucrat solely form the observed outcome.

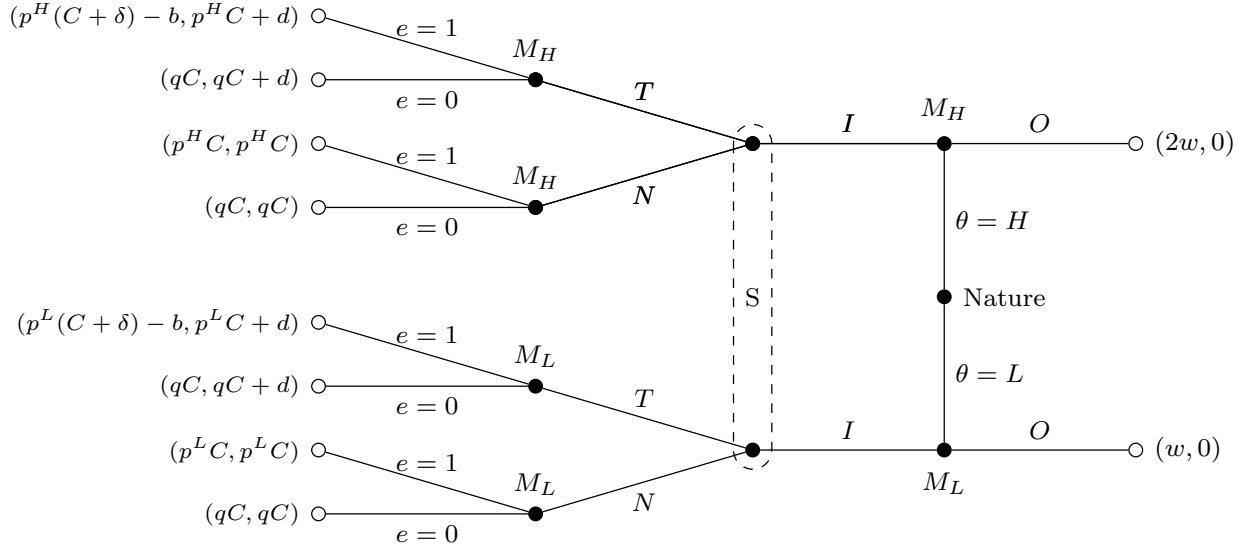
autonomy of an international bureaucrat to prevent other member states from capturing international bureaucrats (Urpelainen, 2012). The second mechanism is driven by an international bureaucrat’s self-interest. Even if member states unanimously agree to delegate more authorities to international bureaucrats, international bureaucrats themselves might voluntarily remain passive to secure the reputation of impartiality. By modeling member states as a single player (S), I can disentangle the second dynamic from the first dynamic.

I assume that the member states as a whole (S) wants to conclude a negotiation, and wants a deal that maximizes its total welfare.⁷ I solve this game by Bayesian Nash Equilibrium (BNE). Below I illustrate the complete sequence of this game. Figure 2 visualizes this game with the payoff of each player written at the end of each node. For each duplet that lists the two players’ payoffs, the first component is M ’s payoff, and the second component is S ’s payoff.

1. A mediator(M) decides whether to work at (I meaning “in”) or not work at (O meaning “out”) an IO. If M decides to not work at an IO (O), the game ends. In this case, M earns the average market wage (either $2w$ or w depending on the mediator’s type) and S earns nothing.
2. If M decides to work at an IO (I), S chooses either transparent(T) or not transparent (N) negotiation environment.
3. After observing the decision of S , M decides whether to exert effort ($e = 1$) or not ($e = 0$).
4. Negotiation outcome is realized, and the payoffs of M and S are realized.

⁷Member states may prefer the shirking of an international bureaucrat when they do not want to conclude a negotiation. In the case of the GATT/WTO, this is the instance in which member states are satisfied with the status quo and block the active mediation (Xu and Weller, 2004). My model does not address this case, and assumes that member states as a whole prefer trade liberalization over the status quo.

Figure 2: Game tree



Results

By backward induction, I first examine the condition in which M exerts effort ($e = 1$) at the last stage. The ideal outcome for S at this stage is M actively mediating a negotiation ($e = 1$) only when M is high type.⁸ It turns out that transparency discourages M_L from actively mediating when the size of bias (b) necessary to conclude a negotiation is neither too high nor low. The size of bias (b) needs to be bigger than the added benefit of M_L choosing $e = 1$ but needs to be smaller than the added benefit of M_H choosing $e = 1$. In other words, $p^L \delta + (p^L - q)C < b < p^H \delta + (p^H - q)C$ (hereinafter “the moderate bias condition”). If this condition is fulfilled, only M_H under transparency mediates actively ($e = 1$). Based on the moderate bias condition, I introduce the following three equilibria of which transparency (T) is chosen by member states(S).

A. Equilibria of efficient selection

Member states as a whole (S) ideally wants only M_H to mediate actively ($e = 1$), and in

⁸ S does not want a low type M (M_L) to exert effort. By M_L exerting effort, S cannot use transparency as an institutional feature to filter out a competent international bureaucrat.

a long run, wants only M_H to work at an IO. The best outcome for S is M_H opting in (I) and M_L opting out (O) at the first stage. Member states can efficiently select international bureaucrats while maintaining transparency, conditional on the relative size of the bias (b) and the average market wage (w).⁹ A big bias necessary to conclude negotiation under transparency (high b) discourages M_H from working at an IO by lowering the benefit from mediating actively ($e = 1$) under transparency. Under this equilibrium, w has to be bigger than qC , M 's payoff when choosing not to exert effort ($e = 0$). The condition of $w > qC$ leads M_L to not work at an IO at the first stage. Yet w must be smaller than $\frac{p^H(C+\delta)-b}{2}$, the benefit that M_H yields by exerting effort ($e = 1$). If $w > \frac{p^H(C+\delta)-b}{2}$, M_H has an incentive to not work at an IO as well.

Though not ideal as the above equilibrium, member states (S) can partially achieve efficient selection despite transparency under less restrictive conditions.¹⁰ That is, in equilibrium, M_H would choose to work at an IO, and M_L chooses not to work at an IO with the probability $z = \frac{d\pi}{(1-\pi)((p^L-q)C-d)}$. In response to the M 's strategy, S in equilibrium chooses transparency (T) with the equilibrium probability $x = \frac{p^L C - w}{(p^L - q)C}$ and chooses confidential negotiation setting (N) with the equilibrium probability $1 - x$.

The equilibrium of partially efficient selection depends on the relative size of the democratic accountability (d) and the average market wage (w). Notice that M_L 's likelihood of working at an IO increases with the increase in d . This is because when S faces high demands of democratic accountability (high d), S would choose transparency even if doing so invites

⁹Full specification of the efficient selection equilibrium is as follows: $S_M(H) = I \& e = 1$, $S_M(L) = O \& e = 0$, $\mu_H(I) = 1$, $\mu_H(O) = 0$, $S_S(I) = T$, $qC < w < \frac{p^H(C+\delta)-b}{2}$ under "the moderate bias condition" of $p^L\delta + (p^L - q)C < b < p^H\delta + (p^H - q)C$.

¹⁰Full specification of the partially efficient selection equilibrium is as follows: $S_M(H) = I \& e = 1$, $S_M(L) = I \& e = 0$ with probability $z = \frac{d\pi}{(1-\pi)((p^L-q)C-d)}$, $S_M(L) = O$ with probability $1 - z$, $\mu_H(I) = \frac{(p^L-q)C-d}{(p^L-q)C}$, $\mu_H(O) = 0$, $S_S(I) = T$ with probability $x = \frac{p^L C - w}{(p^L - q)C}$, $S_S(I) = N$ with probability $1 - x$ under "the moderate bias condition" of $p^L\delta + (p^L - q)C < b < p^H\delta + (p^H - q)C$.

M_L with higher probability. A higher average market wage (w) decreases the equilibrium probability of S choosing transparency. High w incentives M_L to not work at an IO, and knowing this, S no longer needs transparency a selection device.

B. Equilibria of Underperformance

Under certain conditions, international bureaucrats strategically choose to underperform. I delineate two types of such equilibria: underperformance from M_H 's passive mediation (hereinafter “underperformance from no effort”), and underperformance from M_H not working at an IO (“underperformance from no entry”).

The first underperformance equilibrium is “underperformance from no effort,” the case in which both types of M choose to work at an IO, but both types choose not to perform passively ($e = 0$)¹¹. This is a pessimistic equilibrium in which international bureaucrats regardless of the degree of competence mediate passively under transparency. Under this equilibrium, the size of b has to be sufficiently large for M_H to not exert effort ($e = 0$), meaning $b > p^H \delta + (p^H - q)C$.

Note that S 's decision to adopt transparency as an institutional feature depends on the career-mindedness (δ) and the net benefit from M_H 's effort ($(p^H - q)C$). The relatively small career-mindedness (δ) and small net benefit from M_H 's effort ($(p^H - q)C$) would amplify the equilibrium of “underperformance from no effort.” Moreover, this equilibrium requires relatively low outside wage ($w < \frac{qc}{2}$). The current threshold ($\frac{qc}{2}$) would further go down when M_H has even more attractive outside option over M_L .

The second underperformance equilibrium is “underperformance from no entry,” the case in which only low-type mediator (M_L) remains at an IO, but high-type mediator (M_H) who

¹¹Full specification of the equilibrium of “underperformance from no effort” is as follows: $S_M(H) = S_M(L) = I$ & $e = 0$, $\mu_H(I) = \pi$, unrestricted $\mu_H(O)$, $S_S(I) = T$ when $\pi \leq \frac{d - (p^L - q)C}{(p^H - p^L)C}$ and $w < \frac{qc}{2}$, $S_S(I) = N$ when $\pi > \frac{d - (p^L - q)C}{(p^H - p^L)C}$ and $w < p^L C$ under “the upper bias condition” of $b > p^H \delta + (p^H - q)C$.

would have otherwise mediated actively *ex-ante* chooses not to work at an IO.¹² This is an additional pessimistic equilibrium; only incompetent international bureaucrats would want to remain at an IO. Under this equilibrium, an IO as a consequence would have difficulty in recruiting and retaining competent international bureaucrats.

The size of bias necessary to conclude a negotiation (b) in comparison to the outside wage (w) is what drives the decision of a competent international bureaucrat (M_H). If the bias is bigger than the net benefit of M_H working at an IO over an outside option ($b > p^H(C + \delta) - 2w$), M_H chooses not to work at an IO. On the other hand, S has an incentive to maintain transparency only when the benefit from democratic accountability (d) is bigger than the net benefit of M_L 's active mediation ($d > (p^L - q)C$). If M_L 's active mediation is not effective at all ($p^L C = qC$), S would always choose transparency.

Comparative Statics

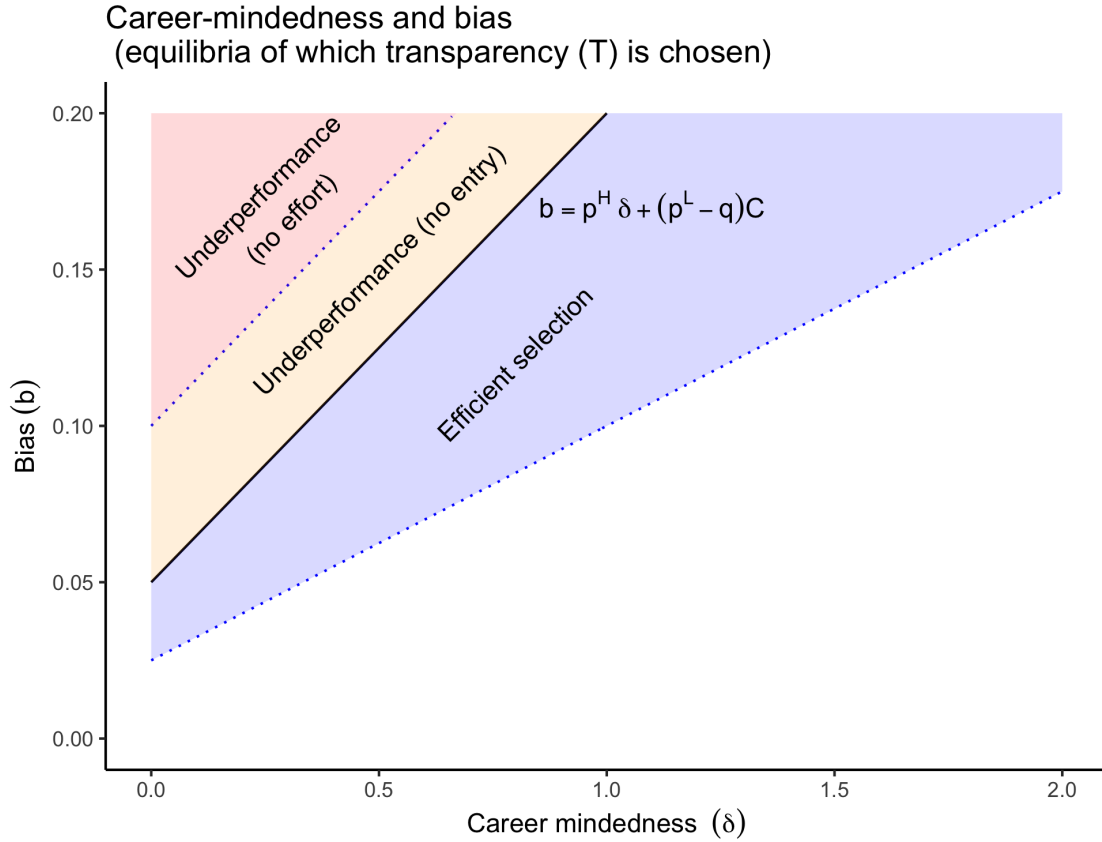
I visualize the above-mentioned equilibria and derive the lemmas for empirical validations. Figure 3 delineates the costs of transparency by visualizing the relationship between the bias (b) and the career-mindedness (δ). Transparency can deter M_L from entering an IO. At the same time, transparency as an institutional feature changes the behavior of international bureaucrats in the following two ways.

First, M_H in equilibrium no longer exerts effort as a mediator (the region colored in red in Figure 3). When the size of bias necessary to conclude a negotiation is sufficiently high, a mediator with low career-mindedness would choose to not exert effort.

Lemma 1 (Passive mediation). *A career-minded mediator under transparency does not exert effort if the size of bias necessary to conclude a negotiation is sufficiently big.*

¹²Full specification of the equilibrium of “underperformnce from no entry” is as follows: $S_M(H) = O \& e = 1$, $S_M(L) = I \& e = 0$, $\mu_H(I) = 0$, $\mu_H(O) = 1$, $S_S(I) = T$, $d > (p^L - q)C$, $\frac{p^H(C+\delta)-b}{2} < w < qc$ under “the moderate bias condition” of $p^L\delta + (p^L - q)C < b < p^H\delta + (p^H - q)C$.

Figure 3: Relationship between bias and career mindedness under transparency



Note: $C = 1$, $p^H = 0.15$, $p^L = 0.075$, $q = 0.05$, outside wage(w)=0.05. The range between two blue dotted lines originates from “the moderate bias condition” of $p^L \delta + (p^L - q)C < b < p^H \delta + (p^H - q)C$.

Second, M_H in equilibrium does not work at an IO (the region colored in orange in Figure 3). Fearing the loss of the appearance of impartiality, M_H is deterred to work at an IO. By adopting transparency, an IO in return becomes less attractive as a negotiating forum.

Lemma 2 (Inefficient selection). *A career-minded mediator under transparency does not work at an IO if the size of bias necessary to conclude a negotiation is sufficiently big.*

Comparative Case Study

In this section, I compare and contrast degrees of transparency in different periods of the GATT/WTO negotiations that affected the behavior of two Director Generals (DGs), Eric

Wyndham White (1948-1968), and Supachai Panitchpakdi (2002-2005). This comparative case study provides suggestive evidence that increased transparency discourages the DG from actively mediating conflicts of interest. Following the comparative study, I provide interview evidence that this impact of transparency extends to international bureaucrats with higher δ , namely middle-ranking international bureaucrats.

Following the trend of many other IOs, the GATT/WTO has become more transparent over time (Dingwerth, Schmidtke and Weise, 2020). The WTO has become more open and fragmented in the organization. During the GATT, a small number of developed countries made deals behind ‘closed door.’ In comparison to the GATT, the WTO is more diverse in its membership, and the performance of the WTO Secretariat is closely watched by the member states and the society as a whole. (Trondal et al., 2013, p.29) As Xu and Weller (2004) point out, the WTO Secretariat no longer cannot go back to the previous anonymity and has to “adapt to the greater visibility” (p.252).

Trade negotiations are usually confidential, but the GATT negotiations were particularly confidential. During the GATT negotiations, countries had unequal information on when and what kind of meetings were going to be held. One negotiation practice that highlights this confidentiality is the Green Room. A small subset of member states gather at the Green Room under the leadership of DG. DG exercises significant discretion during the Green Room meetings. DG decides the meeting participants and sets agendas for each meeting. The agendas include sensitive issues that could not be coordinated in previous meetings (Jones, 2009).¹³ One delegate from uninvited member states complained, ‘You are representing a country, and it’s humiliating and ridiculous to be hanging around the corridor (of the Green Room) ... Who gave legitimacy to this meeting? ... It was not discussed at the Committee of the Whole’ (Jawara and Kwa, 2004, p.105).

The Green Room meetings are later heavily criticized by developing countries and non-

¹³Besides DG, members of the Secretariat also exercise discretion by sitting and drafting documents at the Green Room in final hours (Jawara and Kwa, 2004, p.107).

governmental organizations. They criticized the Green Room practice as “undemocratic,” “lack of inclusiveness,” and “unfair” (Jones, 2009; Sharma, 2003). Reflecting these criticisms, DGs in the WTO have been discouraged from relying on the Green Room and have used other means to resolve deadlocks in negotiations such as public appeals.

The Two DGs under Different Levels of Transparency

Eric Wyndham White is known for building up the legitimacy of the GATT. Initially as First Executive Secretary and later as the first DG, he contributed to turning the GATT a provisional agreement into a de facto international organization. As DG, he successfully mediated multilateral negotiations in the Kennedy Round. The agreement reached in the Kennedy Round in average led to 35 percent reduction in tariff levels of non-agricultural products, and this far exceeds any tariff reductions negotiated in the previous five GATT rounds (Riedel, 1977). The GATT contracting parties elected him as secretary of tariff negotiations, and he showed a “towering presence” during the negotiations (McKenzie (2012)’s interview with John Jackson, November 17 2004).

A series of archival evidence indicate that Eric Wyndham White aggressively mediated member states’ interest by taking advantage of confidentiality. According to Jake Warren, a Canadian delegate with long experience in GATT negotiations, he “smoked them [the delegates] out in the small hours of the night” (McKenzie (2012)’s interview with Jake Warren, May 18 2005). Eric Wyndham White also frequently threatened the delegates to resign if they do not reach an agreement (The New York Times, May 4, 1964). The fact that his threat to resign worked and persuaded member states to reach an agreement implies that he had secured trust from the member states. With the credibility from member states, he “coaxed, cajoled, bashed together the heads of stubborn negotiators” (The New York Times, May 4, 1964).

This aggressive mediation would not have been possible if negotiation procedures were more transparent and the audience outside of a negotiation room could question his impar-

tiality. In one declassified letter which Eric Wyndham White himself wrote to member states (White, 1955), he states how much he values confidentiality in negotiations:

I have the honour to inform you that I have recently been advised by the Greek Government that the content of its notification on Article XXVIII negotiations (document SECRET/23) were recently published by a periodical in Athens. ... I am sure that all contracting parties will appreciate the gravity of this incident and the importance of preventing any recurrence in the future. ... It is the responsibility of any official to whom such documents are entrusted to ensure that the secret nature of their content is safeguarded, and in particular, that secret documents when not actually in the custody of the official concerned, shall be kept under lock. - MGT/19/55 (March 30, 1955)

Supachai Panitchpakdi, on the other hand, failed to actively mediate member states' conflict of interest in later years with higher demands on transparency. As a first DG from a developing country, Supachai Panitchpakdi himself organized a confidential, informal meeting at the Green Room on December 19-20, 2002. His decision was very unusual. The WTO, especially after the Seattle protest in 1999, had been bombarded with the complaints that all countries were not treated equally during the negotiations. While taking risks, Supachai Panitchpakdi convened a series of confidential meetings to resolve the stalemate on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and public health. Specifically, he tried to persuade member states to support the US's narrow interpretation of the Doha mandate on TRIPs (Jawara and Kwa, 2004, p.231).

Unfortunately, the existence of the confidential meetings were later caught by a group of excluded member states and civil society groups. After hearing about the Green room meetings, they denounced Supachai Panitchpakdi as "undemocratic" and questioned his reputation of impartiality. After close observation of Supachai Panitchpakdi, Jawara and Kwa (2004) conclude that this was a big loss for him because he indeed cared about maintaining the appearance of impartiality:

In his first months as DG, he (Supachai Panitchpakdi) tried to find a balance between *appearing* to push the developed countries in areas where they did not want to give ground, and avoiding ‘losing credibility’ with them. In a meeting with NGOs in Geneva on 2 December 2002, he said, ...‘I am trying to balance as much as I can without losing my credibility.’ (Jawara and Kwa, 2004, p.232)

The example of Supachai Panitchpakdi is consistent with Lemma 1 in the formal model. If Supachai Panitchpakdi knew that uninvited member states would later find out the existence of the Green Room meetings, he either would have cancelled the confidential meetings or would have chaired the confidential meetings in a passive manner. This example implies that transparency, an institutional design adopted by member states, constrains an international bureaucrat’s incentives to mediate conflict of interest that invariably involves taking sides. Under the equilibrium in which transparency is chosen, it is rational for DG to step back from active mediation.

Admittedly, it is hard to attribute transparency to the only reason behind the failure of recent WTO negotiations. Besides recent Director Generals being constrained by transparency, other factors, such as diversified issue areas and membership, can equally explain recent negotiation deadlocks in the WTO. In that sense, comparing the levels of transparency and linking it to the negotiation outcomes does not reject alternative explanations. However, the comparative analysis indicates that transparency as an institutional design can limit what DGs can do as a mediator.

Salience of the Two DGs

To additionally test Lemma 1, I plot the salience of Eric Wyndham White and Supachai Panitchpakdi over time. If transparency as an institutional design shapes the degree to which DGs mediate in international negotiations, their salience during their term as DGs should vary across periods of high and low transparency. As transparency was relatively low under Eric Wyndham White and high under Supachai Panitchpakdi, I expect relatively high

salience of Eric Wyndham White, and low salience of Supachai Panitchpakdi during their terms as DGs. The underlying assumption here is that salience is a proxy of how influential the DGs are in mediating member states' conflicts of interests.¹⁴

I focus on the within-variation of each figure, especially the changes in salience before and after one becomes DG. This is because salience at the individual level greatly varies depending on one's previous career background. Eric Wyndham White, for example, was a career bureaucrat in the British government before becoming the GATT Executive Secretary in 1948. On the other hand, Supachai Panitchpakdi was an elected politician in Thailand. Before starting his career as the WTO DG, Supachai already won public recognition through working as Deputy Minister of Finance (1986-1988), President of Thai Military Bank (1988-1992), and Deputy Prime Minister of Thailand (1997-2000). Given these individual-level differences, I examine whether the two DGs gained higher or lower salience within their career.

To measure salience, I use the Google Ngram Viewer. It is an online search engine that counts the frequencies of keywords in entire Google text corpora. All the scanned books available in Google Books constitute the text corpora. I conducted the Google Ngram analysis with the keywords "Eric Wyndham White"/"Eric Wyndham-White" and "Supachai Panitchpakdi" based on the text corpora between 1913 and 2019. Figure 4 visualizes the outcome of the analysis. The x-axis is the year, and the y-axis is the frequency of the keyword in percentage. The two dotted lines in Figure 4 represent each DG's term, and a grey area in between the lines highlights the salience as DG.

¹⁴The author acknowledges that there can be ways other than mediation in which DG can raise its salience. For example, DG may borrow other venues such as the Organisation for Economic Co-operation and Development (OECD) to publicly appeal the necessity to conclude the multilateral trade negotiations. The salience plot cannot disentangle this alternative explanation, but if this explanation holds, it would be more difficult to observe changes in the salience in favor of my theory. If DG can raise its salience through other venues, we would observe DG's high salience even under high transparency.

One noticeable pattern from Figure 4 is that while working as DGs, Eric Wyndham White's salience increases whereas Supachai Panitchpakdi's salience does not. In Eric Wyndham White's case, compared to his early years, more books and documents refer to his name during his term. On the other hand, the salience of Supachai Panitchpakdi remains constant during his term. In the appendix, I extend the Google Ngram analysis to all nine DGs in GATT/WTO (Figure 6). From the extension, I find that the salience conspicuously decreases in two most recent DGs, Pascal Lamy and Robert Azevedo. The increasing salience of Eric Wyndham White, stationary salience of Supachai Panitchpakdi, and the decreasing salience of the two recent DGs together suggest that the increase in transparency over time may discourage an international bureaucrat to exert effort as a leader of an international organization.

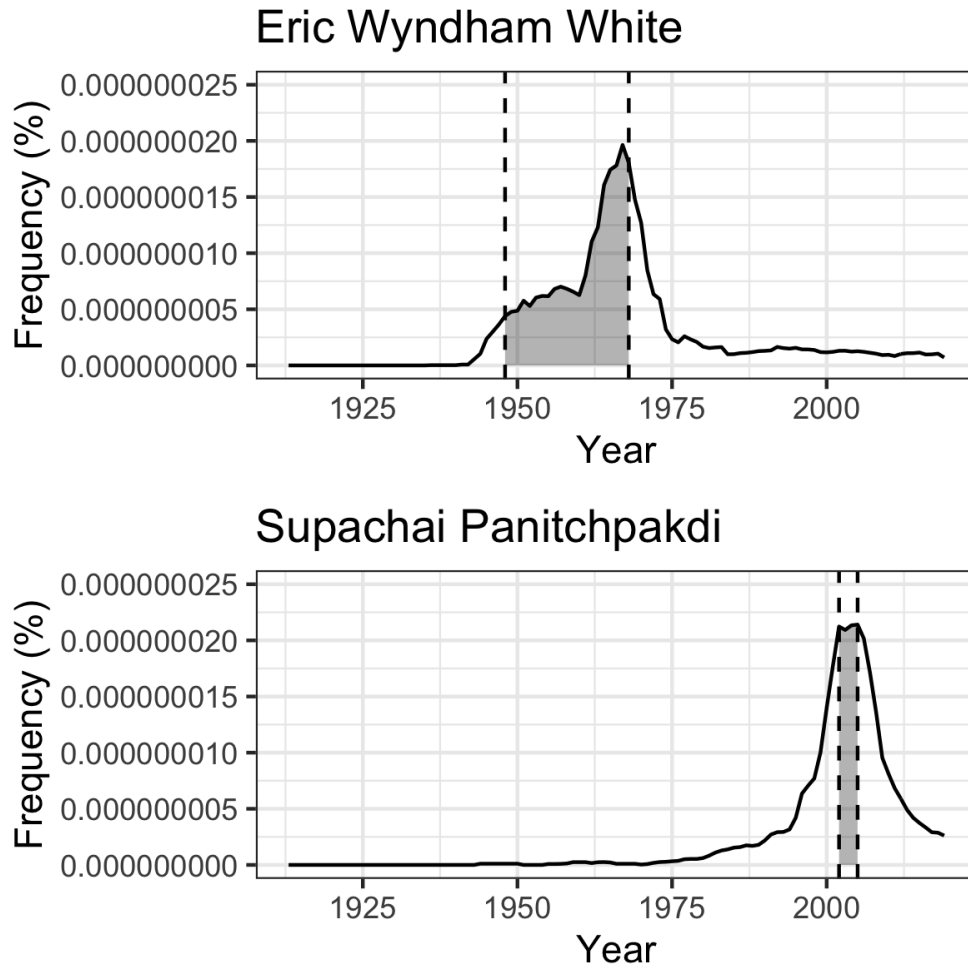
Middle-ranking international bureaucrats under transparency

My model additionally predicts that transparency further inhibits an international bureaucrat's active mediation when the international bureaucrat is more career-minded (δ). This means middle-ranking international bureaucrats, in comparison to high-ranking ones like DG, would end up behaving more passively in the WTO period. This is because the middle-ranking bureaucrats have reasonable expectations to interact with member state delegates in a longer time horizon. Unlike DG with a fixed term limit, the bias would thus hurt the future career prospects of middle-ranking bureaucrats to a greater extent.¹⁵ Vinod Rege, a retired senior officer of the GATT Secretariat, confirms that the long-term career prospects do drive the middle-ranking international bureaucrats to perform passive.

The high management would generally discourage publications by the Secretariat

¹⁵One option for the middle-ranking bureaucrats in response to transparency would be to exert bias and then exit the IO, but at least this did not happen in the GATT/WTO. Many international bureaucrats who worked as the staff of the GATT continued to work at the WTO (Xu and Weller, 2004, p.5).

Figure 4: Google Ngram Saliency of the Two DGs



Note: The two dotted lines represent each DG's term in GATT/WTO. Google's text corpora between 1913 and 2019 are used in the analysis.

of any papers that express views that go against the negotiating positions of the major players. The officials themselves may be reluctant to do so, because they fear that this may affect *their long-term career prospects*. Further, the experience has shown, that if any official persists in pursuing approaches, that in their view are in the interests of countries with weaker bargaining positions, but not favoured by the major players, the latter build up pressures through complaints to the higher management and require them to shift to other assignments. (Jawara and

Kwa, 2004, p.205-206)

If the middle-ranking international bureaucrats are aware of the penalty that Rege describes, then this would lead them to not fully exert their effort as a mediator. In the following, an anonymous WTO Secretariat explicates the gap between given informal discretion and the actual effort that the Secretariat puts in reality. The underperformance equilibria, the red region in Figure 3, is the theoretical account of this gap.

I think the Secretariat has a hugely unrecognised influence, because in almost everything that the WTO membership does, the Secretariat is generating the analysis, drafting the documents ... So to the extent that we introduce ideas, we shape existing ideas, so we have influence, but it is totally invisible because it goes out as a committee report or a member tables a paper or a dispute case report of a panel. My perspective is that the Secretariat has quite a bit of influence, but it is probably also *not fully using the influence*. (Trondal et al., 2013, p.99)

The implication here is that Secretariat officials know how to retain “a hugely unrecognized influence.” If the international bureaucrats persist in pushing approaches using the given informal power, that would decrease their future informal power by losing trust from member states. Transparency in this setting would make the career-minded international bureaucrats even more cautious in exercising informal power.

Discussion

To the question of why do we see the declining influence of international bureaucrats overtime in an IO like the WTO, existing studies look at the degree to which member states delegate formal authorities to international bureaucrats (Urpelainen, 2012; Elsig, 2011). If the member states as a whole are concerned about international bureaucrats being captured by a few powerful member states, member states might agree on limiting delegation to international

bureaucrats. This explanation, however, depicts international bureaucrats as non-strategic actors who always exert their full effort to exercise their authority.

I argue that the declining influence of international bureaucrats can be explained by international bureaucrats' strategic choice under transparency. International bureaucrats, particularly those that intend to stay in an IO for a long time horizon, have incentives to maintain the reputation of impartiality. This is what enables them to have more informal power over member states in future negotiations. Therefore, international bureaucrats who are exposed to transparency in equilibrium would voluntarily curtail their effort as a mediator. This explains why we recently witness international bureaucrats performing their tasks with extreme caution and passivity (Nair, 2020).

Member states rationally choose the design of international institutions to advance their interest (Koremenos, Lipson and Snidal, 2001), but IOs also adapt to the states' design choice. Among various design features, I explicate how international bureaucrats as a mediator respond to the states' choice of transparency. My formal model predicts that competent international bureaucrats would respond to transparency either by not exerting their full effort or by choosing not to work at an IO. The former response leads to the declining influence of international bureaucrats, and the latter response leads to a lack of talented personnel within an IO. Member states might benefit from transparency by being more democratically accountable to their citizens, but this risks an IO's capacity to provide an effective forum for negotiations.

My argument calls for the necessity to distinguish so-called "procedural transparency" from "compliance transparency." Open information about the degree to which member states abide by international law might promote overall compliance (Keohane, 1984). In contrast, open information about how negotiations reach consensus can impede international cooperation by discouraging deeper consensus. This implication aligns with Stasavage (2004) and Hafner-Burton, Steinert-Threlkeld and Victor (2016) in a sense that transparent negotiations can be fatal to the closure of a deal. Different from the studies in the past, however, I pro-

vide one mechanism of how procedural transparency demotivates international bureaucrats to mediate conflicts of interest.

The findings in this article caution against labelling international bureaucrats as zealots or slackers based on their observed performance. Two equally competent international bureaucrats of the same IO may end up exerting maximal and minimal effort depending on the institutional designs that vary over time. In May 2020, the WTO began a formal procedure for selecting a new DG. Since then, the WTO has hosted press conferences and aggregated member state preferences to find out a candidate with the best quality. My findings imply that transparency as an institutional feature can nullify the entire effort to select a high-quality international bureaucrat. Even if a new DG is highly competent, transparency might constrain its performance as an active mediator. Under continued emphasis on transparency in negotiations, it is extremely difficult to come across another influential supranational entrepreneur like Jean Monnet.

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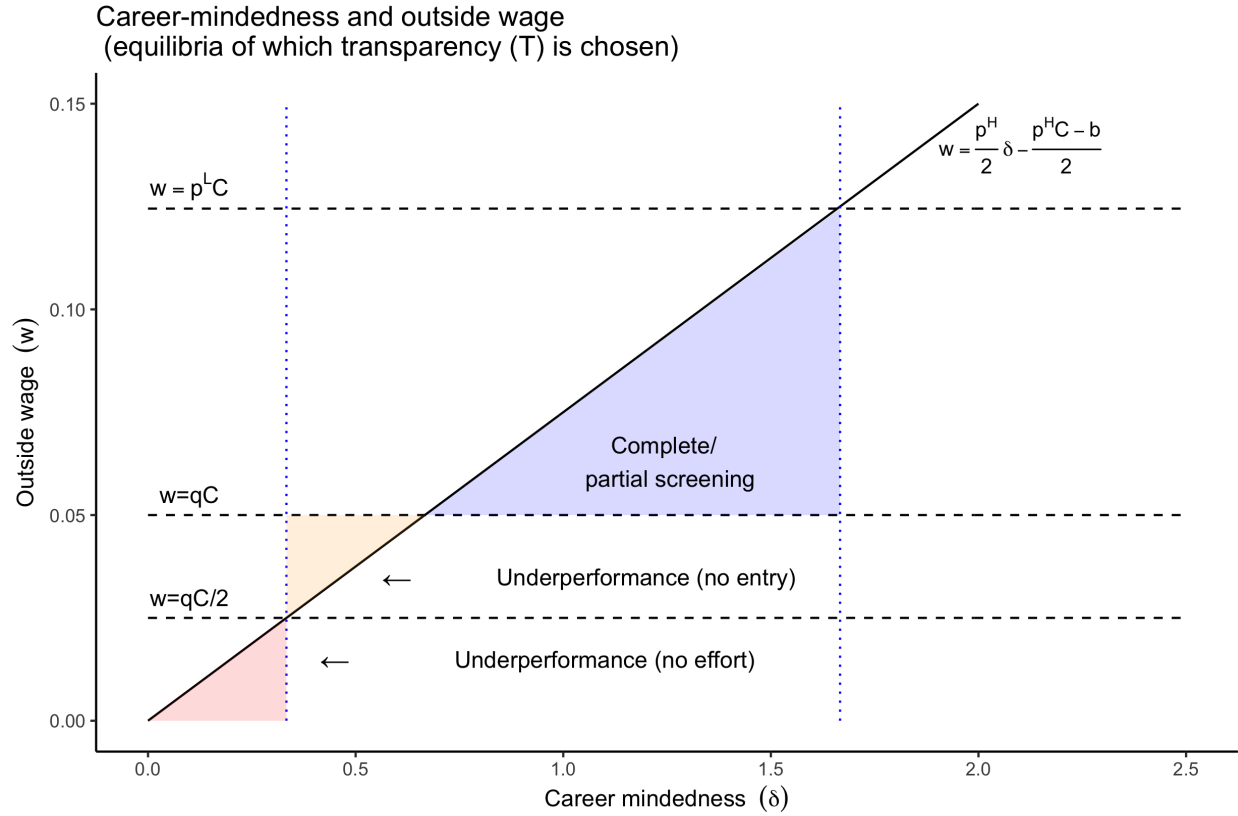
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Appendix

Additional Comparative Statics

Figure 5: Relationship between outside wage and career mindedness under transparency



Note: $C = 1$, $p^H = 0.15$, $p^L = 0.075$, $q = 0.05$, $b = 0.15$. The range between two blue dotted lines originates from “the moderate bias condition” of $p^L \delta + (p^L - q)C < b < p^H \delta + (p^H - q)C$.

Salience of all the GATT/WTO DGs

Figure 6: Google Ngram Salience of all the GATT/WTO DGs

