

Formal Leadership in Multilateral Negotiations: A Rational Institutionalist Theory*

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Summary

The exercise of leadership by the chairs of multilateral negotiations has so far received limited systematic attention in scholarship on international cooperation. This article addresses this gap by presenting a rational institutionalist theory of formal leadership that provides answers to three central questions: Why do states delegate powers of process control to the chairmanship of international negotiations? What are the power resources of formal leaders? And when, why and how do negotiation chairs wield influence over the outcomes of multilateral bargaining? The theory suggests that chairmanships are empowered to fulfil functions of agenda management, brokerage, and representation in international bargaining; identifies procedural control and privileged information as essential power resources of negotiation chairs; and isolates the conditions under which formal leaders shape the efficiency and distributional implications of multilateral bargaining. The article ends by outlining an alternative theoretical approach to formal leadership, drawn from sociological institutionalism.

Key Words

Leadership, chairmanship, bargaining, negotiation, diplomacy, rational choice institutionalism.

Introduction

The chairmanship is a generic feature of political decision-making, whether at local, national or international levels. In city councils, parliamentary

*) I would like to thank three anonymous reviewers and the editors of *The Hague Journal of Diplomacy* for their constructive comments on this article, and Dimitris Bourantonis for organizing this special issue. The article draws on Jonas Tallberg, *Leadership and Negotiation in the European Union* (Cambridge: Cambridge University Press, 2006), ch. 2.

committees and multilateral institutions, chairmen facilitate and influence decision-making by managing the agenda, brokering agreements, and representing the decision-making body *vis-à-vis* external parties. In many cases, the institution of the chairmanship is itself an object of contention. Political parties compete for formal control over legislative committees, and states struggle over the right to appoint the chairmen of multilateral conferences and international organizations. Indeed, this phenomenon extends beyond the narrowly conceived political domain, to decision-making in other areas of social organization, from company boards to university departments and local associations.

Yet so far, political scientists have been slow to ask and answer the kind of questions that are raised by these observations.¹ The main explanation is the widespread and convenient assumption in most bargaining analyses that the parties are functionally and formally equivalent — a product of this sub-field's heritage from game theory. Negotiation is seen as a process between actors that enjoy the same formal status, but differ in terms of power capabilities, preferences, information, ideas and alternatives to negotiated agreements. Where existing literature acknowledges the importance of political leadership or entrepreneurship, this is typically conceptualized as informal influence, anchored in structural power, entrepreneurial capacity, or intellectual capital — not in formal power positions.²

This article presents a rationalist theory of formal leadership that offers answers to three questions of general interest to students of negotiation, bargaining and diplomacy. Why do states delegate powers of process control to the chairmanship of international negotiations? What are the power resources of formal leaders? When, why and how do negotiation chairs wield

¹ For exceptions, see Winfried Lang, 'Multilateral Negotiations: The Role of Presiding Officers', in Frances Mautner-Markhof (ed.), *Processes of International Negotiations* (Boulder CO: Westview, 1989), pp. 23-42; David Metcalfe, 'Leadership in European Union Negotiations: The Presidency of the Council', *International Negotiation*, vol. 3, no. 3, 1998, pp. 413-434; Ole Elgström (ed.), *European Union Council Presidencies: A Comparative Analysis* (London: Routledge, 2003); Spyros Blavoukos and Dimitris Bourantonis, 'The Chair in the UN Context: Assessing Functions and Performance', *Discussion Paper in Diplomacy no. 101* (The Hague: Netherlands Institute of International Relations 'Clingendael', 2005); John Odell, 'Chairing a WTO Negotiation', *Journal of International Economic Law*, vol. 8, no. 2, 2005, pp. 425-448.

² See, for example, Wayne Sandholtz and John Zysman, '1992: Recasting the European Bargain', *World Politics*, vol. 42, no. 1, 1989, pp. 95-128; Oran R. Young, 'Political Leadership and Regime Formation: On the Development of Institutions in International Society', *International Organization*, vol. 45, no. 3, 1991, pp. 281-308; Arild Underdal, 'Leadership Theory: Rediscovering the Arts of Management', in I. William Zartman (ed.), *International Multilateral Negotiations*

influence over political outcomes? The theory, which is summarized in Figure 1, explains the delegation of process powers to the chairmanship as a functional response to collective-action problems in decentralized bargaining, identifies asymmetrical access to information and asymmetrical control over negotiation procedures as the most central power resources of formal leaders, and suggests that opportunistic chairs will use these privileged resources for both collective and private gain. Whereas this article presents an exclusively theoretical argument, I provide an empirical assessment of the explanatory power of this theory in a recent book-length study, mainly exploring negotiations in the EU, but also bargaining in the GATT/WTO, the CSCE/OSCE, and at UN environmental conferences.³

The theory draws on rational choice institutionalism, which was originally developed in the study of American politics and subsequently imported into IR theory: a view of politics as a series of contracting dilemmas that may prevent or inhibit mutually advantageous exchange; a functionalist approach to institutional choice and development; a conception of states as rational actors that behave instrumentally in the pursuit of their preferences; recognition of the agency problems that are inherent in processes of delegation; and a perspective on formal rules as enabling and constraining factors.⁴ Simultaneously, this theory integrates core elements of rationalist bargaining theory: recognition of the collective-action problems involved in complex multilateral negotiations; emphasis on the tension between cooperative and competitive negotiation moves; an appreciation of information as a bargaining asset; a perspective on leaders and entrepreneurs as strategic actors; and analysis of negotiated outcomes in terms of efficiency and distribution.⁵

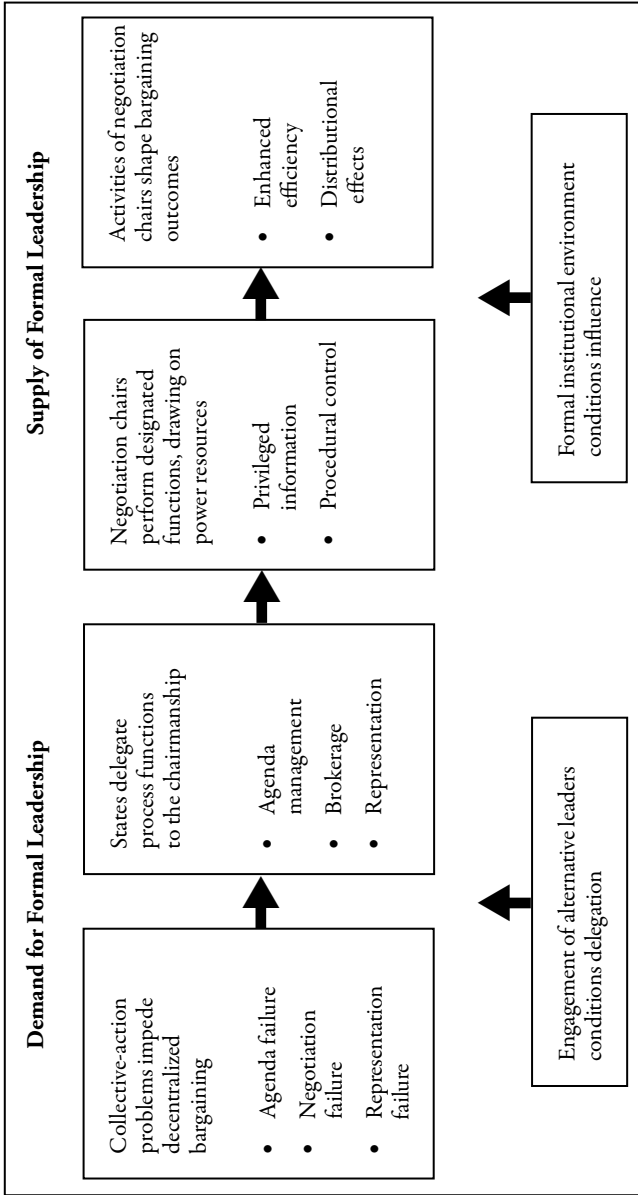
(San Francisco CA: Jossey-Bass, 1994), pp. 178-197; Fen Osler Hampson with Michael Hart, *Multilateral Negotiations: Lessons from Arms Control, Trade and the Environment* (Baltimore MD: Johns Hopkins University Press, 1995); and Andrew Moravcsik (1999a), 'A New Statecraft? Supranational Entrepreneurs and International Cooperation', *International Organization*, vol. 53, no. 2, 1999, pp. 267-306.

³ Jonas Tallberg, *Leadership and Negotiation in the European Union* (Cambridge: Cambridge University Press, 2006). See also Jonas Tallberg, 'The Agenda-Shaping Powers of the EU Council Presidency', *Journal of European Public Policy*, vol. 10, no. 1, 2003, pp. 1-19; and Jonas Tallberg, 'The Power of the Presidency: Brokerage, Efficiency and Distribution in EU Negotiations', *Journal of Common Market Studies*, vol. 42, no. 5, 2004, pp. 999-1022.

⁴ For overviews, see Peter A. Hall and Rosemary C. R. Taylor, 'Political Science and the Three New Institutionalisms', *Political Studies*, vol. 44, 1996, pp. 936-957; and B. Guy Peters, *Institutional Theory in Political Science* (London: Pinter, 1999).

⁵ For overviews, see H. Peyton Young (ed.), *Negotiation Analysis* (Ann Arbor MI: University of Michigan Press, 1991); P. Terrence Hopmann, *The Negotiation Process and the Resolution of International Conflicts* (Columbia SC: University of South Carolina Press, 1996).

Figure 1 Formal Leadership: A Rational Institutional Theory



The article is structured in three parts. The first explains why decentralized bargaining gives rise to a number of collective-action problems, and why the delegation of agenda-management, brokerage and representational powers to the chairmanship constitutes a functional solution to these problems. The second part explains why the office of the chairmanship, once vested with powers of process control, becomes a political platform with implications for the efficiency and distribution of gains in multilateral negotiation. Finally, the third part briefly outlines what an alternative theoretical approach, drawn from sociological institutionalism, would identify as the sources, resources and effects of formal leadership in multilateral negotiations.

The Demand for Formal Leadership

Why do national governments, highly sensitive to challenges to their decision-making authority, agree to vest powers of process control in a specific office — the chairmanship? The theory of formal leadership suggests that the chairmanship as an institution in political decision-making should be understood as a functional response to three forms of collective-action problems: agenda failure; negotiation failure; and representation failure. The functions that states commonly delegate to formal leaders — agenda management, brokerage and representation — constitute a direct response to these demands.

The Demand for Agenda Management

When agendas are unstable, overcrowded or underdeveloped, states' capacities to negotiate and conclude efficient agreements are seriously reduced. This proposition is well anchored in modern negotiation analysis, as well as in the rationalist literature on legislative decision-making. At its most basic, agenda failure is an effect of the complexity of multilateral negotiations, involving a large number of parties, preferences and proposals. At its most advanced, it is a consequence of multi-dimensional issues or multi-peaked preferences in majority-rule systems. The theory of formal leadership suggests that the delegation of powers of agenda management to the institution of the chairmanship offers a functional solution to this problem.

Negotiation analysts commonly stress that complexity increases manifold as we move from bilateral to multilateral settings. 'There's a world of

difference between two-party and many-party negotiations,' notes Howard Raiffa.⁶ Similarly, William Zartman emphasizes: 'The overarching characteristic of multilateral negotiation is its complexity along all conceivable dimensions.'⁷ Multilateral negotiations of today are not only multi-party, but also multi-issue and multi-level. Negotiations seldom deal with one individual issue, but constitute systems of bargaining over a broad range of more or less related dossiers, and often consist of multiple negotiation forums at multiple levels of organization. To some extent, the inclusion of multiple issues can facilitate agreement in multilateral negotiation, by allowing for cross-cutting compromises and the construction of package deals that leave everyone better off.⁸ Yet there are limitations to this rule, as Richard Walton and Robert McKersie note in their seminal contribution to negotiation analysis: 'The parties would want to avoid having an overwhelming number — so that the negotiators are not overloaded and do not need to devote too much time sorting through items to the detriment of genuine exploitation of particular items.'⁹ Conflicts over the format of the agenda and the priority of the items can force states to devote scarce time and resources to pre-negotiation talks and preparations whose sole purpose is to arrive at a negotiable agenda.¹⁰

The complexity of modern multilateral negotiations, suggests Gilbert Winham, has brought about a shift in the challenges facing international negotiators: 'The principal problem for most contemporary negotiators is not to outwit their adversaries, but rather to create a structure out of a large mass of information wherein it is possible to apply human wit. The classical diplomat's technique of the management of people through guile has given way to the management of people through the creation of system and struc-

⁶ Howard Raiffa, *The Art and Science of Negotiation* (Cambridge MA: Harvard University Press, 1982), p. 251.

⁷ I. William Zartman, 'Two's Company and More's a Crowd: The Complexities of Multilateral Negotiation', in Zartman (ed.), *International Multilateral Negotiations*, p. 3.

⁸ Richard E. Walton and Robert B. McKersie, *A Behavioral Theory of Labor Negotiations* (New York: McGraw-Hill, 1965), pp. 145-146; and James K. Sebenius, 'Negotiation Arithmetic: Adding and Subtracting Issues and Parties', *International Organization*, vol. 37, 1983, pp. 281-316.

⁹ Walton and McKersie, *A Behavioral Theory of Labor Negotiations*, p. 146.

¹⁰ Harold K. Saunders, 'We Need a Larger Theory of Negotiation: The Importance of Pre-Negotiating Phases', *Negotiation Journal*, vol. 1, no. 3, 1985, pp. 249-62; and Janice Gross Stein (ed.), *Getting to the Table: The Processes of International Pre-Negotiation* (Baltimore MD: Johns Hopkins University Press, 1989).

ture'.¹¹ The bottom line of the negotiation literature is that the agenda risks becoming either underdeveloped or overcrowded, in the absence of some form of agenda management.

The fear of agenda failure is shared by rational choice theorists in the study of legislative politics.¹² Decision systems that grant equal agenda-setting opportunities to all actors are liable to issue cycling and will be unable to secure stable majorities for the proposals advanced. The heart of the problem is the multidimensionality of political issues. An issue is multidimensional when it involves more than one dimension on which the parties disagree, for instance, left/right next to environmentalist/industrialist. This is a defining characteristic of most issues in politics. According to the rationalist analysis of legislative politics, the effect of multidimensionality is a constant shifting of coalitions depending on what aspect of the issue is being considered. Each proposal can be beaten by another proposal, and therefore no proposal constitutes an equilibrium upon which the parties can agree. The agenda is cyclically unstable.

The argument was originally developed in relation to national legislatures, but it also sheds light on the challenges of arriving at stable outcomes in multilateral negotiations.¹³ The issues that are up for negotiation in international politics can seldom be reduced to one dimension. Instead, negotiations on regional integration, trade liberalization, security management and environmental protection tend to be multi-dimensional, and it is common that coalition patterns shift depending on what dimension of an issue is being considered.

The primary functional solution to the problem of agenda failure is the institutionalization of procedures for agenda control. Negotiation theorists point to procedures and practices for dealing with complexity, such as issue sequencing and subtraction, coalition building, and single negotiating texts.¹⁴ Rational-choice theorists, for their part, speak of how institutional

¹¹ Gilbert R. Winham, 'Negotiation as a Management Process', *World Politics*, vol. 30, no. 1, 1977, pp. 88-89.

¹² Richard McKelvey, 'Intransitivities in Multidimensional Voting Models and Some Implications for Agenda Control', *Journal of Economic Theory*, vol. 12, 1976, pp. 472-482; and William Riker, 'Implications from the Disequilibrium of Majority Rule for the Study of Institutions', *American Political Science Review*, vol. 74, 1980, pp. 432-446.

¹³ Bruce Bueno de Mesquita, 'Multilateral Negotiations: A Spatial Analysis of the Arab-Israeli Dispute', *International Organization*, vol. 44, no. 3, 1990, pp. 317-340.

¹⁴ Raiffa, *The Art and Science of Negotiation*, ch. 17; Sebenius, 'Negotiation Arithmetic'; Christophe Dupont, 'Coalition Theory: Using Power to Build Cooperation', in Zartman (ed.),

arrangements in legislative politics, such as agenda-setting power, gate-keeping authority and sequential choice, can prevent the manifestation of agenda instability.¹⁵

The theory of formal leadership suggests that the delegation of agenda-management powers to the chairmanship constitutes a prominent strategy for dealing with the risk of agenda failure in multilateral bargaining. Just as national politicians design legislative institutions in order to avoid issue cycling, states delegate agenda-management tasks to the chairmanship of multilateral negotiation bodies in order to avoid agenda failure. The responsibilities conferred on the chairmanship typically comprise the solutions prescribed by negotiation theory and legislative studies for dealing with overcrowded, underdeveloped or unstable agendas. The chairmanship generally possesses the authority to take general decisions on the sequence, frequency and method of negotiation, as well as specific decisions on the structure of meetings, the format of the meeting's agenda, the right to speak, voting procedure and the summary of results. By executing these powers, negotiation chairs can keep the agenda to manageable proportions, assign priority to issues on the agenda, and structure the negotiations. Expressed in a more pedestrian way, agenda management makes it possible for states with competing interests and contrasting views to debate, negotiate, and decide in an orderly way.

The Demand for Brokerage

In multilateral bargaining, states have tactical reasons to withhold information about their true preferences. Yet this stratagem simultaneously risks undermining the possibilities of reaching an accord, by concealing the underlying zone of agreement. Despite preferences that offer possibilities for agreement, negotiations may break down. The theory of formal leadership suggests that the engagement of negotiation chairs as brokers constitutes a functional response to this problem.

International Multilateral Negotiations, pp. 148-177; and Hampson with Hart, *Multilateral Negotiations*, ch. 2.

¹⁵ Kenneth A. Shepsle, 'Institutional Arrangements and Equilibrium in Multi-Dimensional Voting Models', *American Journal of Political Science*, vol. 23, 1979, pp. 27-60; Morris P. Fiorina and Kenneth A. Shepsle, 'Formal Theories of Leadership: Agents, Agenda-Setters and Entrepreneurs', in Bryan D. Jones (ed.), *Leadership and Politics: New Perspectives in Political Science* (Lawrence KS: University Press of Kansas, 1989), pp. 17-40; and David P. Baron, 'A Sequential

What I term negotiation failure is one of the classic bargaining problems.¹⁶ Rationalist bargaining theory suggests that negotiations can break down for two reasons: either because the parties, once they have exchanged information about each others' preferences, discover that negotiations cannot yield a better outcome than existing alternatives; or because parties with joint interests in an agreement conceal information about their actual preferences, to the effect that existing alternatives appear more attractive than a negotiated outcome. As opposed to the first situation, the second constitutes a true bargaining tragedy, since the parties walk away from negotiations despite a sufficient zone of agreement, sometimes also denoted as 'settlement range', 'bargaining zone', or 'contract zone'. Duncan Luce and Howard Raiffa describe this tension between cooperative gain and informational strategizing as 'the real bargaining problem', whereas David Lax and James Sebenius label it 'the negotiator's dilemma'.¹⁷

The essence of the dilemma is information about preferences. For the purposes of finding an agreement that satisfies all of the participants — a Pareto-improving bargain — states must signal what they can and cannot accept. Yet revealing information about one's true preferences is both risky and non-tactical. It is risky because it exposes a party to exploitation and the misfortune of not receiving any gains in return for its sacrifices. It is non-tactical because it deprives a party of the weapon of concessions that can later be used to extract favours from others. Instead, states have incentives to be cagey, secretive or even dishonest about their true preferences, for instance, by exaggerating the value of their own concessions and downplaying the benefit of others' concessions. The result is a distorted picture of preferences that either reduces the perceived zone of agreement, with the effect that 'gains are left on the table', or eliminates it altogether, with the effect that negotiations break down.

The logic of this bargaining problem is strong in bilateral negotiations — its standard representation. Yet it is compounded in the multilateral setting,

Choice Theory Perspective on Legislative Organization', *Legislative Studies Quarterly*, vol. 19, no. 2, 1994, pp. 267-296.

¹⁶ See, for example, R. Duncan Luce and Howard Raiffa, *Games and Decisions* (New York: Wiley, 1957); Walton and McKersie, *A Behavioral Theory of Labor Negotiations*; David A. Lax and James K. Sebenius, *The Manager as Negotiator* (New York: Free Press, 1986), ch. 2; and Young, 'Political Leadership and Regime Formation'.

¹⁷ Luce and Raiffa, *Games and Decisions*, p. 134; and Lax and Sebenius, *The Manager as Negotiator*, ch. 2.

with its particular difficulties of communicating preferences and exchanging information among a large number of participants.¹⁸ As Fen Osler Hampson notes: 'The chief obstacles to multilateral negotiations are complexity and uncertainty: complexity created by the large number of parties to the negotiation and issues on the table; uncertainty heightened by the difficulties of communicating preferences and exchanging information among a large number of participants.'¹⁹ Whether the number of participating states is 15, 50 or 150, it constitutes a challenge for the parties to identify each others' true preferences and jointly construct an agreement that captures the zone of agreement that might — but need not — exist.

The theory of formal leadership suggests that delegation of brokerage responsibilities to the chairmanship of multilateral conferences and international organizations constitutes a common way for states to deal with the risk of negotiation failure. This act of delegation seldom involves the conferral of formal powers. Instead, it takes the shape of a common practice among states to share information about their private preferences with negotiation chairs, and a mandate for negotiation chairs to formulate single negotiating texts around which bargaining can converge. Through bilateral encounters with the bargaining parties, negotiation chairs are provided with privileged information about states' preferences. This information permits them to identify any underlying zones of agreement and to construct compromises that can capture these zones. The authority to formulate a single negotiating text facilitates this process and allows negotiation chairs to cut through the complexity of competing and overlapping proposals from states.

This argument is a variant of the frequent claim in negotiation literature that brokers or mediators can help states to reach agreements that they are unable to reach on their own. Lax and Sebenius emphasize that the use of a broker can reduce tension in the negotiator's dilemma: 'A mediator or third party who enjoys the trust of the parties can enhance the flow of information by only passing on information that, in his judgement, will not hurt the other party. By acting as a selective conduit of information, a third party can reduce the expected or feared cost of disclosing information.'²⁰ Thomas Schelling

¹⁸ Winham, 'Negotiation as a Management Process'; Saadia Touval, 'Multilateral Negotiation: An Analytical Approach', *Negotiation Journal*, vol. 5, no. 2, 1989, pp. 159-73; and Zartman, 'Two's Company and More's a Crowd'.

¹⁹ Hampson with Hart, *Multilateral Negotiations*, p. 23.

²⁰ Lax and Sebenius, *The Manager as Negotiator*, p. 172.

integrates the mediator into game-theoretical models of bargaining: 'A mediator, whether imposed on the game by its original rules or adopted by the players to facilitate an efficient outcome, is probably best viewed as an element in the communication arrangements or as a third player with a pay-off structure of his own who is given an influential role through his control over communication.'²¹ Raiffa underlines the sacrifice involved in conferring brokerage responsibilities to a third party: 'It's my belief that in a great number of such cases, joint gains could be realized if only the contending parties were willing to yield up enough sovereignty to allow a mediator to help them devise creative alternatives and to help them analyze their joint problem.'²²

The Demand for Representation

In the conventional view of multilateral negotiation, the process of interstate bargaining is seen as relatively self-contained: states engage in negotiations with each other in search of an agreement that permits them to reconcile their differences and reach joint gains. Yet in many actual cases of cooperation in world politics, multilateral bargaining in one area or body is nested within broader processes of negotiation and may even be dependent upon agreements with external actors. In such cases, the negotiating states must find a formula for their collective representation *vis-à-vis* third parties. The theory of formal leadership suggests that the delegation of representational authority to the chairmanship of multilateral conferences or international institutions constitutes a response to this demand.

Multilateral negotiations seldom take place in a vacuum, although this simplifying assumption has served bargaining analysis well. More often, negotiations are intertwined with external political processes. The shape of interdependencies and interactions between negotiation forums and their external environments varies greatly. Slightly simplified, three forms seem particularly prominent. First, international institutions and rule systems are today increasingly interdependent, since activities in one issue area often impact on activities in another field. Regime theorists have labelled this interdependence 'institutional interplay' and frequently point to the relationships among trade regimes, environmental regimes and social regulation regimes.²³ One of the implications

²¹ Thomas C. Schelling, *The Strategy of Conflict* (Cambridge: Harvard University Press, 1960), p. 144.

²² Raiffa, *The Art and Science of Negotiation*, p. 219.

²³ For example, Oran R. Young, *The Institutional Dimensions of Environmental Change: Fit, Interplay and Scale* (Cambridge MA: MIT Press, 2002), ch. 7.

of institutional interplay is the need for states to manage relations between international negotiation and decision-making forums.

Second, international organizations or multilateral conferences seldom encompass all potential members and negotiating parties. The membership of regional associations is by definition limited, and not even global regimes and institutions incorporate all sovereign states. Restricted membership creates a demand for procedures to handle relations with non-members. Furthermore, membership of international regimes and institutions is seldom constant, but tends to grow over time, as additional states sign on. In many cases, membership expansion requires negotiations between existing and prospective members over the terms of accession and the implementation of the regime's rules.

Third, the outcomes of multilateral bargaining may be directly dependent on the outcome of collective negotiations with third parties. Negotiation theorists have conceptualized the phenomenon of interdependent bargaining in a number of ways. Walton and McKersie analyse labour negotiations in terms of inter- and intra-organizational negotiations.²⁴ Robert Putnam and others speak of two-level games — intertwined inter- and intra-state negotiations in world politics.²⁵ George Tsebelis refers to nested games where the outcomes in one game are dependent on the outcomes in another game.²⁶ Lax and Sebenius conceptualize these interdependencies as a challenge for the manager in the middle, forced to balance internal and external negotiations.²⁷ This form of interdependent decision-making creates a demand for external negotiation agents.

The theory of formal leadership suggests that the delegation of authority to the chairmanship constitutes a functional solution to the problem of representation. Whereas an individual can negotiate on its own behalf, a composite actor cannot engage in negotiations as it is, but must delegate the power of representation to an agent. Just as states cannot be represented by all of their citizens in multilateral negotiations, international organizations cannot be represented by all of their constituent member states in their external relations. Hence, where international organizations and conferences

²⁴) Walton and McKersie, *A Behavioral Theory of Labor Negotiations*.

²⁵) Robert D. Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', *International Organization*, vol. 42, 1988, pp. 427-460.

²⁶) George Tsebelis, *Nested Games* (Berkeley CA: University of California Press, 1990).

²⁷) Lax and Sebenius, *The Manager as Negotiator*.

are involved in interdependent decision-making, this requires that states agree on an institutional arrangement for representation and negotiation. States' decision to empower the chairmanship, by allowing the incumbent to speak on behalf of the collective, constitutes a subset of the general phenomenon of representation powers being delegated to negotiating agents.²⁸

In sum, the theory of formal leadership predicts that the powers conferred on the chairmanship of international negotiation bodies will reflect particular functional demands in cooperation, and will be concentrated in the areas of agenda management, brokerage and representation. Empirical data lend support to this core hypothesis when providing evidence of a causal link between experienced or anticipated collective-action problems and specific acts of delegation in these three areas. By contrast, empirical data challenge this proposition if the conferral of authority to the chairmanship is random, or systematically addresses problems other than agenda failure, negotiation failure and representation failure.

The Supply of Formal Leadership

What are the consequences of empowering the institutions of chairmanship in international cooperation? The theory of formal leadership suggests that the office of the chairmanship, once vested with powers of process control, becomes a political platform with implications for the outcomes of multilateral negotiations. This section specifies the power resources of formal leaders, explains how opportunistic negotiation chairs may exploit their privileged position for private gain, identifies enabling and constraining factors in the institutional environment and describes the potential impact on the outcomes of multilateral negotiations.

Power Resources: Privileged Information and Procedural Control

The office of the chairmanship offers the incumbent a set of power resources that may be used to pursue both collective interests and private concerns. These power resources are integral to the office and the three functions

²⁸ Robert H. Mnookin and Lawrence E. Susskind (eds), *Negotiating on Behalf of Others: Advice to Lawyers, Business Executives, Sports Agents, Diplomats, Politicians and Everybody Else* (Thousand Oaks CA: Sage, 1999).

of agenda management, brokerage and representation that are commonly delegated to the chairmanship. Analytically, they split into two forms: asymmetrical access to information; and asymmetrical control over negotiation procedure.

By virtue of their position, negotiation chairs enjoy privileged access to information that otherwise is unavailable or costly to acquire. In principal-agent theory, the information asymmetries from which negotiation chairs benefit are labelled hidden information and hidden action. Hidden information refers to a situation where the agent possesses or acquires information through its activities that the principals do not possess and cannot obtain. Hidden action refers to a situation where an agent's behaviour is not fully observable and transparent to the principals. In multilateral bargaining, these forms of information asymmetry are expressed in at least four ways.

First, formal leaders tend to gain a better picture of the intensity and distribution of the states' preferences than the negotiating parties. The practice of bilateral encounters, when states offer negotiation chairs privileged information about national resistance points, provides formal leaders with significant informational advantages.

Second, negotiation chairs tend to acquire an unusual technical knowledge of the subject matter, sometimes referred to as 'content expertise' in negotiation literature.²⁹ This information is not unavailable to the negotiating parties — indeed, this is the stuff of the actual bargaining — but it is often relatively more costly for them to obtain. Typically, formal leaders can draw on the content expertise, which is built up over time in the secretariats of international organizations and multilateral conferences. These bodies specialize in the subject matter of the particular regime, and traditionally constitute a resource that is at the chairman's special disposal.³⁰

Third, negotiation chairs tend to develop an unusual command of formal negotiation procedure, which is sometimes referred to as 'process expertise'

²⁹ James A. Wall and Ann Lynn, 'Mediation: A Current Overview', *Journal of Conflict Resolution*, vol. 37, no. 1, 1993, pp. 160-194; and Metcalfe, 'Leadership in European Union Negotiations'.

³⁰ Lawrence Hamlet, 'Resolving Collective Action Problems and Preventing Agency Losses: How States Design the Secretariats of International Organizations', paper prepared for the Workshop on World Politics, University of Michigan, 19 April 2002; and Derek Beach, 'The Unseen Hand in Treaty Reform Negotiations: The Role and Influence of the Council Secretariat', *Journal of European Public Policy*, vol. 11, no. 3, 2004, pp. 408-439.

in the literature.³¹ As with content expertise, process expertise is not unobtainable to the negotiating parties, even if collecting this information requires states to commit scarce resources to the task. Again, negotiation chairs generally benefit from the legal and procedural advice that international secretariats can offer.³² In many cases, these secretariats contain entire departments that are exclusively devoted to procedural and legal matters.

Fourth, formal leaders tend to know more about their own influence over outcomes than the negotiating parties. This logic comes to its clearest expression in the function of representation, where informational asymmetries can prevent states from isolating their own agent's contribution from that of the external counterpart. Principals typically abstain from instituting strong mechanisms of control in the area of representation, because of the negative effects on the agent's capacity to conclude deals with third parties. As Sophie Meunier explains in the context of executive fast-track delegation in US trade policy:

A more extensive delegation of negotiating competence has one immediate effect on the process of bargaining with third countries: it improves the chances of concluding an international agreement. When the negotiators have been delegated more extensive flexibility, autonomy, and authority by the principals, they have more institutional latitude to find creative bargaining solutions. They can successfully negotiate an international agreement, knowing that their principals will not be allowed to bicker on the details of the deal.³³

The second major power resource of negotiation chairs is asymmetrical control over negotiation procedure, owing to formal powers vested in the office of the chairmanship. Simplifying slightly, this control consists of two parts: control over the general negotiation process; and control over specific negotiation sessions. As the process manager, the chair enjoys privileged control over decisions on the sequence of negotiations (from pre-negotiation phase to negotiation phase and agreement phase), the frequency of negotiating sessions (and associated time for internal deliberations and bilateral interaction), the format of negotiations (multilateral, minilateral or

³¹ Wall and Lynn, 'Mediation: A Current Overview'; and Metcalfe, 'Leadership in European Union Negotiations'.

³² Hamlet, 'Resolving Collective-Action Problems and Preventing Agency Losses'; and Beach, 'The Unseen Hand in Treaty Reform Negotiations'.

³³ Sophie Meunier, 'What Single Voice? European Institutions and EU-US Trade Negotiations', *International Organization*, vol. 54, no. 1, 2000, p. 118.

bilateral), and the method of negotiation (competing proposals or a single negotiating text). As the manager of individual negotiation sessions, the chair opens and concludes meetings, structures the meeting agenda, allots the right to speak, directs voting procedures, and summarizes the results obtained. Expressed in more political terms, the chair tends to enjoy asymmetrical control over who gets to say what, when, how and to what effect.

Opportunism and Influence: Exploiting the Chairmanship for Private Gain

By drawing on these power resources, negotiation chairs can help parties to overcome bargaining impediments that prevent the realization of collective gains. Yet the very same power resources can be exploited to pursue private preferences as well. The theory conceives of formal leaders as opportunistic actors who will seek to take advantage of the chairmanship in order to favour their own interests in the bargaining process.

Whereas the creation and empowerment of the chairmanship may be necessary to address harmful collective-action problems and to reach efficient bargaining outcomes, it simultaneously grants the actor in control of the chairmanship an opportunity to shift the distribution of gains to its own advantage. Information about preferences, proposals and procedures is political hard currency, as is the power to control the process and format of negotiations. The asymmetrical distribution of these assets to the advantage of formal leaders opens up possibilities for political exploitation. This conception of formal leaders as opportunistic actors with private interests resonates with the principal-agent literature on delegation, as well as the bargaining literature on mediation and leadership.

Principal-agent theory posits that opportunism is an ever-present problem when power of decision is delegated from one actor to another. As Roderick Kiewiet and Mathew McCubbins emphasize: ‘There is almost always some conflict between the interests of those who delegate authority (principals) and the agents to whom they delegate it. Agents behave opportunistically, pursuing their own interests subject only to the constraints imposed by their relationship with the principal. The opportunism that generates agency losses is a ubiquitous feature of the human experience.’³⁴

³⁴ D. Roderick Kiewiet and Mathew D. McCubbins, *The Logic of Delegation: Congressional Parties and the Appropriations Process* (Chicago IL: University of Chicago Press, 1991), p. 5.

The bargaining literature similarly recognizes that leaders, entrepreneurs and mediators are players in their own right, with their own interests in the negotiation process. Oran Young stresses that 'entrepreneurial leaders are self-interested: they are motivated or driven to exercise leadership to further their own values or goals rather than to fulfil some sense of ethical responsibility to the community'.³⁵ In the same way, it is a typical addendum in the literature on third-party intervention that mediators have interests too. For instance, Schelling describes a mediator as 'a third player with a payoff structure of his own who is given an influential role through his control over communication'.³⁶

Consider, on this basis, how the delegation of agenda-management, brokerage and representation functions to the chairmanship simultaneously opens up possibilities for opportunistic action. As agenda manager, negotiation chairs are endowed with formal procedural instruments that permit the organization of a negotiable agenda; yet the structuring of the agenda is not a neutral exercise, since it involves prioritizing some issues at the expense of others. As broker, negotiation chairs are granted privileged access to information about the parties' true preferences in their pursuit of viable compromise proposals; yet this exclusive preference information may be used to promote agreements with certain distributional outcomes rather than others. As the representative, negotiation chairs enjoy the power to bargain on behalf of the group; yet the interaction with third parties offers possibilities to present positions and strike bargains that diverge from the group's median preference. In sum, the same asymmetrical advantages in information and procedural control that can be used to help negotiating parties to overcome collective-action problems can also be used to influence distributive outcomes in favour of the chair.

The Formal Institutional Environment: Enabling and Constraining Factors

The extent to which negotiation chairs succeed in shifting distributional outcomes in their own favour is conditioned by the institutional environment in which they operate. The institutional environment consists of formal rules and procedures that enable and constrain negotiation chairs in the execution

³⁵) Young, 'Political Leadership and Regime Formation', p. 296.

³⁶) Schelling, *The Strategy of Conflict*, p. 144.

of agenda management, brokerage and representation. The theory of formal leadership suggests that two factors are of particular importance in shaping the chair's distributional influence: the formal institutional rules governing agenda-setting and decision-making; and the institutional design of the chairmanship. These institutional factors affect outcomes by opening, facilitating, discouraging or obstructing certain courses of action by negotiation chairs.

Formal Institutional Rules. Agenda-setting and rules about decision-making set the formal parameters of multilateral negotiations. Agenda-setting and decision-making rules regulate which actors are allowed to table proposals in a particular forum. These rules shape the ease with which the chair can favour the introduction of proposals that it wants to promote or, alternatively, block the introduction of proposals that it wants to keep from collective consideration. Simplifying slightly, we can speak of two ideal types of agenda-setting rules, each of which carries specific implications for the capacity of negotiation chairs to shape distributional outcomes.

In the first kind of arrangement, agenda-setting power is vested in one specific actor that enjoys the exclusive privilege of formulating proposals for the agenda. Unless this happens to be the chairmanship, this model is associated with limitations on the discretion of formal leaders. Negotiation chairs will be unable to present formal proposals on their own initiative, but must convince the agenda-setter to table them as its own. The agenda-setter effectively constitutes a veto player, whose support must be secured if formal leaders are to wield influence over the proposals put on the agenda. At the same time, we should remember that negotiation chairs enjoy the means to influence agendas that extend beyond formal agenda-setting. Even when dependent upon privileged agenda-setters for the tabling of proposals, formal leaders retain the capacity to emphasize or de-emphasize proposals on the agenda.

In the second kind of arrangement, the parties possess equal agenda-setting powers. Where this model is used, negotiation chairs will find it relatively easier to influence the formal agenda. Where the chairmanship is organized on a governmental basis, negotiation chairs can introduce formal proposals through the states that they simultaneously represent. Where the chairmanship is organized on a supranational basis, negotiation chairs do not enjoy an agenda-setting channel of their own, but need to convince one of the parties to present their proposals as its own. Yet equal agenda-setting

rights benefit formal leaders indirectly as well. By permitting all of the parties to present proposals, this arrangement raises the risk of overcrowded negotiation agendas and the likelihood of agenda-management powers being delegated to the chairmanship, notably the authority to formulate single negotiating texts that replace the multitude of competing proposals.

Decision-making rules shape the ease with which the chair can promote proposals that satisfy the requirements of an efficient bargain while meeting the partisan interests of the chair. The distinction between unanimity and majority voting is the most fundamental, and well illustrates the implications of variations in decision-making rules.³⁷

Where unanimity or consensus are prescribed as the method of decision, formal leaders must take the interests of all parties into consideration, and will find it difficult to steer negotiations towards their own ideal point. Finding an efficient agreement will in itself constitute a major challenge. Given a certain distribution of preferences, the requirement of unanimity leads to a more limited zone of agreement compared to more generous decision-making rules. The number of possible agreements that make all states better off is simply lower than under any other decision-making rule. This effectively reduces the capacity of negotiation chairs to promote their most preferred outcome.

Where decisions may be taken through majority voting, it is relatively easier for states to reach an efficient outcome and for negotiation chairs to influence the distributional dimension of this outcome. Majority voting makes it easier to mobilize the support necessary for an agreement to be concluded, since not all of the parties must be brought on board. In addition, this decision-making rule makes it possible to extract concessions from parties with extreme preferences, which otherwise risk being marginalized and excluded. This expands the range of alternative efficient agreements and makes it relatively easier for formal leaders to steer negotiations towards their own preferred solutions.

Institutional Design of the Chairmanship. The world of multilateral bargaining offers three alternative institutional models for the chairmanship office: (1) rotation of the chairmanship between the participating states; (2) election of a chairman from one of the participating states; and (3) appointment of a supranational official as chairman. The theory of

³⁷ See also, for example, Meunier, 'What Single Voice?'

formal leadership suggests that institutional design carries important consequences by shaping the room for manoeuvre of negotiation chairs.

Rotation of the chairmanship is likely to create dynamics of diffuse reciprocity between the participating states that work to the advantage of formal leaders. This model effectively entails sharing the gains that states can derive from the chairmanship over time. The system of rotation makes the distributional implications of the office acceptable to states. Instead of investing time and resources in costly control mechanisms, we would expect states to offer each other latitude in the execution of the chairmanship, as all parties eventually get their privileged opportunity to direct negotiations. Moreover, rotation in itself constitutes a form of control, by putting a time limit on each state's exploitation of the office. The risk of discontinuity in the execution of agenda management, brokerage and representation is likely to be the most prominent concern in the rotation model.

When states elect a chairman from one of the parties, the question of control becomes a central concern and discontinuity a non-issue. Unless states wish to grant one of the parties extraordinary means of securing national interests, they will establish means of control. The election process itself offers an instrument of *ex ante* control. By electing chairs from states with central and/or weak preferences in the issues under negotiation, the parties can effectively reduce the likelihood that negotiation chairs will shift distributional outcomes from the expected equilibrium. In addition, states can limit the room for manoeuvre through *ex post* oversight procedures. For instance, the participating states can institute time limits, re-election restrictions or a system of co-chairmen with incentives to monitor each other.

When states adopt a supranational design for the chairmanship, control remains an issue, even if the risk is lower that outcomes will be systematically structured to the advantage or disadvantage of any particular government. Supranational secretariats hold preferences of their own, normally the furthering of the political ideals embodied in the international organization or conference that they serve. The supranational promotion of these ideals typically consists of efforts to facilitate the process of cooperation and tends to serve the collective good of the regime. While favouring the most ambitious parties on each individual dossier, the aggregated effect on state interests is likely to be diffuse given the variation between parties in the relative weight that is attributed to alternative issues.

Impact on Outcomes: Efficiency and Distribution

The final stage of the theory of formal leadership consists of the impact of the chair's activities on bargaining outcomes. This impact is conceptualized through the dimensions of efficiency and distribution.³⁸ Any observable effect on outcomes along any of these two dimensions is evidence of the independent input of negotiation chairs in multilateral bargaining. For pedagogical reasons, it is convenient to conceive of the contribution of formal leaders to outcomes as two sequential steps, even if this is a simplification, since real-world chairmen tend to affect the efficiency and distributional dimensions simultaneously.

At the first stage, the chair facilitates decision-making through the execution of agenda management, brokerage and representation, thus raising the efficiency of the negotiations. The ultimate agreement is one that is Pareto-efficient — that is, when negotiations have reached a point (the Pareto frontier) where no other agreement exists that could improve general welfare. Negotiation literature frequently refers to this improvement in efficiency as a movement away from outcomes that 'leave gains on the table' to outcomes that exploit the full potential for agreement.

At the second stage, the chair affects the distribution of gains among the bargaining parties by promoting the one agreement — among a range of efficient outcomes — that is closest to its own preferred position. Exploiting its asymmetrical advantages in information and procedural control, the chair selects the equilibrium that is closest to its own ideal point.

In the end, it is an empirical question whether negotiation chairs exert influence over decision-making outcomes. Whereas some scholars claim that leadership and entrepreneurship are necessary conditions for agreement, this is not the implication of the theory presented here.³⁹ Instead, this theory suggests that the chair's power in multilateral bargaining is conditional and subject to variation, depending on identifiable factors in the negotiation setting.

³⁸ This is a common distinction in the literature. See, for example, Schelling, *The Strategy of Conflict*; Walton and McKersie, *A Behavioral Theory of Labor Negotiations*; Raiffa, *The Art and Science of Negotiation*; Lax and Sebenius, *The Manager as Negotiator*; and Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca NY: Cornell University Press, 1998).

³⁹ For example, Young, 'Political Leadership and Regime Formation.'

Empirical data lend support to the theory's central hypotheses if the influence of negotiation chairs can be linked to informational and procedural power resources, and if it varies as predicted with formal constraints in the institutional environment. By contrast, empirical data that give evidence of random patterns of influence, or systematically speak to alternative power resources and behavioural constraints, challenge the same propositions.

An Alternative Approach: Sociological Institutionalism

The theory forwarded here presents a coherent rationalist argument about formal leadership. Yet rational choice institutionalism does not constitute the only possible theoretical take on formal leadership. This section formulates an alternative approach, drawn from sociological institutionalism. Sociological institutionalists generally perceive of politics as governed by a logic of appropriateness, in which actors are driven by the wish to do the right thing in a certain institutional context, and where identities, expectations, norms and roles define what constitutes appropriate behaviour.⁴⁰ Although no coherent sociological account of formal leadership that is comparable to the rationalist theory advanced so far has been presented, this approach generates expectations that can be formulated as competing hypotheses. These two competing perspectives are summarized in Table 1.

First, sociological institutionalism challenges the rationalist claim that institutions are created in response to specific functional needs and subsequently adapt efficiently to changing demands in the environment. Instead, sociological institutionalists perceive of institutional creation and development as processes where low priority is given to concerns of efficiency, relative to concerns of legitimacy.⁴¹ States adopt certain institutional solutions because these are widely accepted as legitimate and appropriate — not because they necessarily are the most efficient. This is seen as explaining the

⁴⁰ James G. March and Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics* (New York: Free Press, 1989); and James G. March and Johan P. Olsen, 'The Institutional Dynamics of International Political Orders', *International Organization*, vol. 52, no. 4, 1998, pp. 943-969.

⁴¹ Paul J. DiMaggio and Walter W. Powell, 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields', *American Sociological Review*, vol. 48, 1983, pp. 147-160; Walter W. Powell and Paul J. DiMaggio (eds), *The New Institutionalism in Organizational Analysis* (Chicago IL: University of Chicago Press, 1991).

Table 1 Competing Perspectives on Formal Leadership

	Rational choice institutionalism	Sociological institutionalism
Institutional development	Efficient; designed to address specific functional demands; adjusted when functional needs change	Inefficient; designed to fit legitimate institutional model; slow adaptation to changing environmental demands
Power resources	Asymmetric access to information; and asymmetric control over negotiation procedures	Legitimacy of claim to authority; and capacity to persuade through good arguments
Constraints on behaviour	Formal rules and actor preferences; strategic calculation of costs and benefits	Informal norms about appropriate behaviour; socialization and internalization

phenomenon of isomorphism — the spread of organizational models across functional domains through processes of emulation and diffusion. Furthermore, sociological institutionalism emphasizes the slow pace of institutional adaptation to changing demands in the political environment.⁴² Political actors seldom enjoy the capacity to adjust institutions instantaneously to unexpected consequences and changing functional pressures. The match between political institutions and environmental demands is therefore less automatic, less continuous and less precise than rational choice institutionalists assume. If sociological institutionalists are right, we would expect legitimacy to play a more prominent role than efficiency in the creation and empowerment of chairmanship offices, institutional emulation to be a stronger determinant than functional pressure in the design of chairmanship offices, and stickiness rather than adaptation to characterize the development of chairmanship offices over time.

⁴² March and Olsen, 'The Institutional Dynamics of International Political Orders'; and Paul Pierson, 'The Limits of Design: Explaining Institutional Origins and Change', *Governance*, vol. 13, no. 4, 2000, pp. 475-499.

Second, sociological institutionalism challenges the rationalist conception of informational advantages and formal powers as central political resources. Instead, sociological institutionalists stress the legitimacy of an actor's claim to authority, and persuasion through good and normatively appropriate arguments.⁴³ Actors' perceptions of interests, alternatives, problems and solutions are seen as malleable — not fixed. Informal authority and the ability to convince others through the power of argument therefore become important means of influencing political outcomes. Leadership and authority rest less on formal power and hierarchy than on trust, legitimacy and social acceptance. This sociological perspective resonates well with claims in negotiation literature about the importance of legitimacy for successful brokerage and mediation.⁴⁴ The chairmanship is seen as a source of legitimacy in itself, which negotiation chairs can draw on in their efforts to influence parties. At the same time, negotiation chairs can easily ruin this legitimacy, the parties' trust and chances to win support for their arguments, if they violate widely held principles of appropriate behaviour, notably the notion that chairmen should be impartial. If this approach correctly captures the power resources of formal leaders, we would expect to see negotiation chairs influence agreements not when they mobilize informational and procedural resources, but when they evoke the legitimacy of office to persuade parties of their interests in a particular outcome.

Third and finally, sociological institutionalism conceives of informal norms of appropriate behaviour as the primary constraint on actor behaviour, and challenges the rationalist emphasis on formal rules and cost-benefit calculations.⁴⁵ According to this perspective, states operate in a universe of prescriptive and proscriptive norms that specify appropriate behaviour.

⁴³ John W. Kingdon, *Agendas, Alternatives and Public Policies* (Boston MA: Little, Brown, 1984); March and Olsen, *Rediscovering Institutions*; and Thomas Risse, "Let's Argue!": Communicative Action in World Politics, *International Organization*, vol. 54, no. 1, 2000, pp. 1-39.

⁴⁴ Lang, 'Multilateral Negotiations'; Jacob Bercovitch, 'The Structure and Diversity of Mediation in International Relations', in Jacob Bercovitch and Jeffrey Z. Rubin (eds), *Mediation in International Relations* (Houndmills: Macmillan, 1992), pp. 1-29; Hopmann, *The Negotiation Process and the Resolution of International Conflicts*, ch. 12; and Metcalfe, 'Leadership in European Union Negotiations'.

⁴⁵ March and Olsen, 'The Institutional Dynamics of International Political Orders'; Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change', *International Organization*, vol. 52, no. 4, 1998, pp. 887-917; and Jeffrey T. Checkel, 'Why Comply? Social Learning and European Identity Change', *International Organization*, vol. 55, no. 3, 2001, pp. 553-588.

Norms spread and become internalized through processes of socialization, thus changing the way that actors conceive of their interests. Actors conform to these norms, not on the basis of cost-benefit calculations, but because they wish to do the right thing in a given situation. Following this logic, sociological institutionalists would expect negotiation chairs to be guided by widely held conceptions of appropriate behaviour rather than strategic gains calculations. We know from negotiation literature that the expectation of neutral and impartial behaviour constitutes one such norm.⁴⁶ Hence, instead of opportunistic chairs that exploit the office within the bounds set by formal rules, we would expect to see negotiation chairs that strive to meet the norm of neutrality with limited regard to private interests.

In sum, sociological institutionalism offers competing hypotheses on central aspects of formal leadership in multilateral negotiations: the institutional development of chairmanship institutions; the power resources of formal leaders; and the constraints shaping the actions of negotiation chairs. This scope for theoretical contention promises a rich agenda for future research, especially when coupled with growing empirical interest in the role of chairmen in various multilateral settings, as illustrated by this special issue of *The Hague Journal of Diplomacy*.

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⁴⁶ Peter J. Carnevale and Sharon Arad, 'Bias and Impartiality in International Mediation', in Jacob Bercovitch (ed.), *Resolving International Conflicts: The Theory and Practice of Mediation* (Boulder CO: Lynne Rienner, 1996), pp. 39-53; Metcalfe, 'Leadership in European Union Negotiations'; and Ole Elgström, 'The Honest Broker'? The Council Presidency as a Mediator', in Ole Elgström (ed.), *European Union Council Presidencies: A Comparative Analysis* (London: Routledge, 2003), pp. 38-54.