Where You Sit is Where You Stand:
The Behavioral Impact of Geography
on International Organizations

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ABSTRACT

The turn to "geography" in the social sciences has been evident in recent years, but the insights from this literature have largely bypassed scholarship on international organizations (IOs). Does geography matter at all for how IOs behave? We argue that, from both rationalist and constructivist approaches, there are theoretical reasons why location, controlling for power and interest, affects institutional design and performance. We suggest how preferences over location arise; what determines where IOs are located; and how and when location affects the design and performance of IOs. To assess the plausibility of our ideas, we provide empirical examples of the effect and importance of location, focusing on evidence from specific IOs; evidence regarding how location influences the staffing of IOs; and evidence on the clustering of IOs geographically.

INTRODUCTION

The turn to "geography" in the social sciences has been evident in recent years. A growing literature (Busch and Reinhardt, 2000; Diamond, 1999; Krugman, 1998; Gallup and Sachs, 1998) has emphasized the importance of geography in explaining different patterns of economic growth. Inspired by the success of Silicon Valley, a parallel literature on innovation and clusters has sought to explain why geographical clusters seem to be important for different industries. The insights from this literature have largely bypassed international relations (IR) scholarship, and in particular the study of international organizations (IOs). Does geography matter at all for how IOs behave?

Recent studies of formal international institutions have focused on explaining the demand for institutions and the way such institutions are supplied. However, such studies have not focused on the importance of the *location* of the institution, as if an institution's location was neither politically relevant nor salient to an institution's design and performance. However, both theoretically and empirically, there are good reasons for arguing that this conventional wisdom is flawed. Empirically, countries involved in creating international institutions frequently argue over the location of the institution—sometimes to have the institution located near to national capitols, and at other times to locate the institution on neutral territory. For example, the secretariat of the International Telecommunication Union (ITU)—one of the first formal international organizations created—was deliberately established in Switzerland in 1868 by ITU member states in order to underscore the neutrality and independence of the secretariat.

Theoretically, there are compelling reasons to argue that location also affects institutional design and performance. On the most mundane level, the local resources available will have some impact on nearby institutions (especially if the IO, as many do, depends on the local

infrastructure for some of its basic staff and supplies). More importantly, the political conditions in a locale will also influence nearby institutions. For example, different countries or cities can have different degrees of mobilization of non-governmental organizations (NGOs), leading to variation in the level of NGO influence on institutions. Also, inasmuch as national officials based in the same locale as the IO have more opportunities to visit the IO at less cost, the ability of national officials to monitor and informally influence IO politics will also vary according to where the IO is located.

A simple thought experiment can demonstrate the importance of location. If one controls for the power and interests of the major players in the World Bank, for example, would it be the same institution politically, producing the same political decisions and negotiations, if it were based in Japan, Nigeria or France instead of Washington, D.C.? We argue that it would not, and therefore that location, *controlling for power and interest*, has an independent effect on institutional design and performance.

To make this argument and demonstrate the empirical effects of geographical location on IO design and performance, our paper is organized as follows. The first section argues that current theories of IOs from both rationalist and constructivist perspectives suggest important avenues for the effect of location on IO behavior. The second section presents our theory for how and when location matters for IOs, hypothesizing how preferences over location arise, what determines where IOs are located, and how and when location affects the design and performance of IOs. The third section provides empirical examples of the effect and importance of location. We present evidence from specific IOs and show how IOs are clustered geographically in ways congruent with our theoretical expectations. Finally, we conclude with

some observations on the implications of locational choices for IOs and their creators, and some suggestions for future research.

LOCATION MATTERS: INSIGHTS FROM CURRENT THEORIES ON IOs

We argue that both rationalist theories of institutions (as outlined in studies such as Keohane, 1984; Martin, 1993; Pollack, 1997; Martin and Simmons, 1998; Koremenos, Lipson and Snidal, 2001) and constructivist theories of IOs, which focus on socialization processes and organizational culture (such as Barnett and Finnemore, 1999; Johnston, 1999; Johnston, 2001) offer theoretical starting points for understanding the importance of location for IO behavior.

Rationalist theories of institutions, inasmuch as they explore why states create IOs and how states control them, provide a starting point for understanding the importance of location for IO behavior. In the past decade, rationalist theories of international institutions have turned from demonstrating that institutions "matter" to explaining *how* they matter (Martin and Simmons, 1998:742-757). As part of this exploration, some scholars have analyzed what factors determine how much control countries will have over the institutions they create (for example, Koremenos, Lipson and Snidal, 2001:791-793). Other scholars have used principal-agent models from economics and political science to explore how much control countries (as principals) have over international institutions (as agents). As Pollack (1997) argues with reference to the European Union, the ability of countries, as principals, to control their IO agents will depend, in part, on the distribution of preferences among member states of an IO; the preferences of the IO itself; and how likely and credible punishment for IO opportunism is. Principal-agent theory rests on the insight that agents may have their own preferences, and that these preferences will not always accord with the preferences of principals. Consequently, agent opportunism is a possibility that

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principals must guard against via monitoring of their agents. However, inasmuch as monitoring can lower the efficiency of agents or may be difficult to institute, monitoring can be costly for principals.

We argue that location can affect how efficient or possible the monitoring of agents will be. For example, member states of IOs routinely establish missions or delegations based in the same locale as the IO. Such on-site representation helps countries better participate in—and therefore monitor—IO activities. On-site representation can also reduce the need for principals to rely on third-party "fire alarms" to monitor their agents. Furthermore, principals who are closer geographically to their agents will have more opportunities at lower cost to interact informally with their agents. Such informal interaction does not eradicate the problem of agent opportunism, but does increase the number of chances that principals have to influence the preferences of their agents. Rational principals will seek to influence the preferences of agents in order to prevent agent opportunism. In sum, location can affect both the ability of principals to monitor their agents and the degree of preference convergence between principal and agents.

Recent constructivist literature on institutions, inasmuch as it emphasizes the importance of socialization and organizational culture, also provides a starting point for considering the importance of location for IO behavior. Some constructivist analyses of IOs examine two microprocesses underlying socialization—persuasion and social influence (see Johnston, 2001). Persuasion occurs through "cognition, reflection and argument about the content of new information," where information from "in-groups is more convincing than that from out-groups" and "the persuasiveness of a message may be a function of characteristics of the persuadee" (Johnston, 2001:496-97). Underlying this argument is a somewhat obvious reality: people tend to believe, and be persuaded by, those whom they trust more. Trust is enhanced by repeated

interpersonal interactions and, in turn, the *frequency* of these interactions depends on the micro-geography of location. A similar argument could be made for social influence. Location is therefore an important (but by no means sole) determinant of persuasion and social influence.

Constructivist scholars also emphasize the importance of organizational cultures or environments, and how such cultures can affect IO behavior (Barnett and Finnemore 1999). IOs, according to constructivists, can "exercise power by virtue of their ability to fix meanings, which is related to classification. Naming or labeling the social context establishes the parameters, the very boundaries, of acceptable action" (Barnett and Finnemore, 1999:711). Thus, the social context of information—who provides it and what information is viewed as legitimate—becomes analytically important, and "knowledge"—or the interpretation of information—becomes a factor of one's community.

If knowledge is distinct from information and has a *communal* element in its creation, enhancement and dissemination, then this communal element is susceptible to the effects of location. Information—particularly in a world of internet access and easy travel—can be invariant with distance. But knowledge, and the communities that build knowledge, can be influenced by who is closest and who is accessible—both factors relating to location. And inasmuch as learning is not simply a matter of acquiring information but also of acquiring knowledge, learning can occur as much by "context" and interpersonal peer contacts as by "text." As Brown and Duguid (2000) argue, context can shape content and it is through experiences with others in social settings that people, to a great degree, learn what information implies *for them*. Moreover, learning can also require the cultivation of the attitudes and demeanors of more-experienced practitioners, which is another reason why "communities of practice," as analyzed by Wenger (1998), play an important role. Physical proximity helps knit

such communities together. Inasmuch as the micro-geography of location shapes the thickness of interactions that occur in an IO, and IOs, as constructivists argue, are social environments where learning takes place, distance will affect how knowledge is constructed and what meanings are "fixed."

Our emphasis on the importance of location for political processes has correlates in the literature in political science on civic engagement and on the spatial proximity of firms; and in the literature from psychology on social impact theory. The importance of face-to-face interaction as the key to acquiring the skills to participate is a persistent theme in the literature on civic engagement (Verba et. al., 1995; Putnam 2000). This literature argues that interpersonal interactions both contextualize information and provide normative influence. While, in principle, resources such as information can be acquired from a variety of sources, interpersonal interactions allow for more efficient resource acquisition, both because the information is more specific and the source is more trusted. Furthermore, individuals are cost-minimizing actors and will seek to obtain information as cheaply and efficiently as possible (see Huckfeldt and Sprague 1995). Similar arguments have been used to study the effects on spatial proximity in the behavior of firms. Busch and Reinhardt (2000) argue that spatial proximity fosters collective action by permitting face-to-face interaction; the exchange of specialized political knowledge via "learning-by-doing"; improved social networks that facilitate reciprocity; and easier monitoring of contributions to a public good.

Interpersonal interactions also cast a normative influence and have important socialization consequences, and an analytical lens to understand the former is social impact theory. Latane and Wolf (1981) identify three key variables affecting group influence: group strength (as measured by resources, prestige, task cohesion and solidarity); group size; and group

immediacy (both in time and space). The theory predicts that when all three factors are operational, group members can be influenced to follow diverse types of behavior and belief. Latane and Wolf's inclusion of group immediacy as a key variable underscores the analytical importance of location as a variable that affects behavior.

In sum, both rationalist and constructivist approaches to IOs provide theoretical space for the effect of location on IO behavior. Location affects how much principals can interact with and monitor their agents, and can affect how socialization and knowledge formation operate in IO environments. This theoretical importance of location makes sense, given the empirical evidence regarding how concerns over location have impacted international institutions, particularly regarding choices over where new IOs are to be located. In fact, in international politics more generally, policymakers can be very concerned about the significance of location (from choosing neutral or remote sites like Geneva or Camp David for sensitive negotiations to the impact of a location's political or religious history on current politics, such as in parts of the Middle East or, in Europe's pre-World War II history, between Germany and France over Alsace-Lorraine). In fact, many policymakers' concerns with "geopolitics" reflect this "folk wisdom" that location matters. Yet the literature on international institutions, and in IR more generally, has not adequately conceptualized the impact of geography on politics—or at least tried to gather a set of theoretical insights under one conceptual "roof." We turn to this task in the next section.

HOW AND WHEN LOCATION MATTERS: THE POLITICS OF IO LOCATION

We propose that creators of IOs have several reasons to care about where IOs are located; and that, once IOs are situated, the characteristics of those locations can impact the design and performance of IOs. Thus, we look at location and its characteristics as *both* dependent and

independent variables: we first explain what variables determine where IOs are located; and then we explain how six specific characteristics of an IO's location affect IO design and performance.

Preferences over location and the role of interest and influence

Generally, policymakers are aware that, to quote those who deal in real estate, location matters. The real estate analogy, far from being flippant, can be of theoretical value in pointing out ways to conceptualize why actors would care about the location of IOs. In real estate, buildings or homes that are virtually identical can nonetheless have very different valuations depending on where they are located. There are several reasons for this: 1) the availability of resources varies according to location; 2) certain locations have more prestige than others; and 3) (more true for commercial buildings than homes) locating a building in an area can increase the financial prospects of that area.

In locating IOs, we argue that actors would be sensitive to similar concerns. On the most mundane level, actors who are interested in an IO that works would rationally want that IO located in a place with the necessary supporting physical infrastructure, which would argue for placing IOs in capitols rather than remote areas. Rationalist accounts of international institutions have argued and empirically demonstrated that states in an anarchic international environment, in order to secure joint gains from cooperation, may create formal and informal international institutions to resolve collection action problems, reduce uncertainty and bolster interstate cooperation. Such states, if they want their formal international institutions to work, must consider locating these institutions in areas with adequate supporting infrastructure, and thus must care about where IOs are located.

But which capitols, and why? First, on average, locations in more economically advanced countries would have more infrastructure and more skilled labor than locations in poorer countries, so *ceteris paribus*, we expect that locations in more developed countries should have a higher concentration of IOs. Second, some cities may be more centrally located to other important IO actors, and this proximity may lead these actors to favor some locations over others.

Third, different locations have different intellectual traditions and different sets of political connections or networks. Regarding networks, for example, many high-ranking officials in the U.S. have graduated from Ivy League universities. Many British officials have come from the "Oxbridge" network. In France, top bureaucrats go through the ENA (the so-called "énarques"). We argue that each of these intellectual training grounds generates a network of connections that can be reflected in the knowledge communities and operating philosophies of IOs. Similarly, different locales have different political traditions. For example, the location of the European Community (EC) in Brussels helped to support a distinctly French administrative structure in many EC institutions and the use of French as the unofficial working language for many EC diplomats. For example, in the case of the Secretariat of the EC's Council of Ministers, it was only in 1973, with the arrival of Britain, Denmark and Ireland to the EC, that this French operating structure was challenged. Despite this challenge, many top-level Council Secretariat officials still use French as their working language (see Westlake 1995, 16). We argue that actors may have preferences over what types of intellectual networks and political traditions are represented in IOs. Thus, inasmuch as intellectual networks and national political traditions are partly influenced by location, we argue that actors may have preferences over locations for IOs as well.

Prestige is another reason why actors may have preferences over the location of IOs. Having an institution in a national capitol can positively impact the international stature of that capitol and the country it represents. Such a higher profile can, in turn, attract other businesses and services, and thus have a positive impact on the surrounding economy. And even without the potential economic benefits that come with being perceived as an "international capitol," actors may value the presence of IOs on their territory for reasons of pride. The idea that "pride"— without any other material incentive or gain—could be a motivator should not be a surprising claim to political scientists: after all, many foreign policy decisions have been motivated by a country's view of itself and its perceived importance on the world stage. Such "petty politics"[1] helps explain why countries argue over the geographical distribution of posts in IOs— particularly the nationality of IO administrative heads—and why the location of IOs matters. In fact, inasmuch as the location of an IO may be linked to other prestige decisions such as who heads the IO, actors who care about national representation in IOs will also care about IO location.

The location of an IO may also be used to either reinforce or contest the goals of that IO. Here, IO location gains political salience because location is linked with the IO's prospects for success or its policy directions. For example, during the negotiations over the location of NATO's permanent headquarters in 1952, British Foreign Secretary Anthony Eden pushed for London to be the site of NATO's Secretariat, based on "its medial location between Western Europe and North America" (Jordan 1967, 35). However, continental European powers and the U.S., eager to underscore NATO's commitment to the defense of Europe, pushed for Paris to be the site of NATO's headquarters (see Jordan 1967, 36). The location of NATO headquarters again became a political issue in 1967, when France, in order to underscore its profound

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[1] Thanks to Frank Mora for this phrase.

disagreements with NATO and U.S. policies, withdrew from military cooperation in NATO and demanded the removal of NATO headquarters from Paris (see Kaplan 1999, 128-130).

Actors may also have preferences over the degree of spatial centralization of an IO. How centralized or decentralized an IO is can influence how easy it is for principals to monitor and control that IO. For example, many United Nations (UN) organizations like the United Nations Development Program (UNDP) are much more decentralized than the more-influential international financial institutions (IFIs), especially the International Monetary Fund (IMF). From the perspective of American policymakers who set up the IMF, the spatial centralization of the IMF in Washington D.C. has facilitated the ability of U.S. policymakers to keep watch over the institution and have frequent contacts with Fund personnel. Such contacts, in turn, can facilitate attempts to limit the Fund's agency. Furthermore, spatial centralization can also affect an IO's operations. For example, decentralized IOs with poor coordination may operate less efficiently than centralized IOs.

Although not an IO, the Federal Reserve System in America offers some insights into the complex effects of location and decentralization. The Federal Reserve was created in 1913 mainly in response to a report showing that the Wall Street financial community exerted tremendous control over the American economy. The irony, many argue, is that the Fed merely reinforced that system by being in New York City (Grieder 1987, 270). That said, the essential idea behind establishing numerous regional banks was to avoid centralization and dominance by either Washington or the East Coast money centers (an essential assurance to placate smaller provincial banks, which were, themselves, wary of Wall Street power).[2]

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[2] In practice, decentralization did not work. The regional reserve banks represented the banking interests in the region rather than broad economic interests. The decentralization of the central bank became somewhat farcical for a variety of reasons, including voting rules; constructing the Open Market Committee specifically to undermine the

Given that there are good reasons why actors might have preferences over the locations of IOs, two questions remain: what set of actors would be most likely to have preferences over IO location, and what determines where IOs are located? Arguably, a wide range of actors would care about IO location: leaders of countries; political parties within countries; business and city leaders who want the increased commerce that IOs could bring; NGOs; and even mass publics.

As for the determinants of IO location, we argue that actors must have both interest and influence[3] in order to help determine the location of an IO. Generally, the more interest and influence an actor has, the more that actor will be able to influence where an IO is located. More specifically, if Actor A has high interest and high influence, Actor A should be able to influence where an IO is located. If Actor A has high interest but little influence, we should expect to see Actor A lobby more influential actors regarding where the IO should be located. Therefore, we should expect the possibility that Actor A will be able to influence where the IO is located. If Actor A has little interest, but high influence, more interested and motivated actors (with, possibly, less influence) will have a chance to influence where the IO is located. And finally, if Actor A has little influence and little interest, we expect that Actor A will have little effect on determining where the IO is located. These hypotheses on the determinants of IO location are outlined below in Table 1.

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power of the regional governors; placing a reserve bank in the center of the financial interests in New York City; and making the whole process so complicated and guarded that the regional bank presidents had little power.
[3] Thanks to Steve Ceccoli for written comments that helped develop this section.

Table 1: Determinants of institutional location

| | Actors' Influence | |
	High	Low
Actors' Interest High	Can help determine location	Lobbying of more influential actors and possibility of determining location
Actors' Interest Low	Provides room for more highly-motivated actors (with, possibly, lesser influence) to determine location	no ability to determine location

In sum, we argue that two variables matter for determining IO location: influence and interest. We have no reason to assume that these variables are closely correlated; the only exception would be if high "influence" in fact measured financial power in general. If so, an actor with high influence, who might end up paying the largest contribution to an IO, would be highly motivated to take an interest in where the IO was located and how well it worked. However, this situation need not always apply to either countries or NGOs. Finally, while we have no real way to predict which actors will be more or less interested in a particular IO's location, we expect that mass publics, with their diffuse (as opposed to concentrated) interests, will rarely influence IO location.

Effects of location on IO design and performance

The analysis above, focusing on IO location as a dependent variable, presented an argument for why actors would care about where an IO is located, and for how these location decisions are made. However, once an IO is established in a particular location, how can location matter much, especially in a world of internet communication, video conferencing, fast

transportation and the increasing globalization of ideas? We argue that the characteristics of a particular location directly affect the design and performance of IOs. While the location of an IO need not always correlate with actors' goals for that IO (particularly if IO location is partly determined by concerns about prestige), we argue that a location's characteristics will inevitably affect IO design and performance in at least six ways.

The impact of location on IO design and performance can be both structural and political. The structural impacts of location on IOs can be conceptualized in two ways. First, the *physical infrastructure* in a locale can directly affect an IO in that locale. For example, on the most mundane level, inasmuch as IOs depend on local infrastructure for communications and access, significant changes in the locale infrastructure will impact the IO's ability to operate. Important components of physical infrastructure include ease of transportation, availability of housing for IO staff, availability of conference space, and related "quality-of-life" issues that impact IO staff such as a locale's cost-of-living.

Second, the *intellectual infrastructure* will also affect the IO. On the most mundane level, certain locales could have less of an available pool of qualified workers from which IOs could hire staff, leading to IOs having to recruit elsewhere. More significantly, as argued above, the biases, intellectual traditions and networks of qualified workers (such as a particular educational background or educational orientation) will also influence policy debates and directions in IOs.

The political impacts of location on IOs can be conceptualized in four ways. First, the impact of *proximity*. Proximity to an IO can lead to greater influence in the politics of that IO, due to the increased opportunities for formal and informal contacts between the IO's staff and nearby state and NGO representatives. For example, the U.S. Treasury Department's influence on the World Bank is aided by the World Bank's location in Washington, D.C. Proximity can

magnify the influence of already-powerful actors, or, in rarer cases, can create opportunities for influence where none hitherto existed. Proximity also provides a logic for on-site representation near IOs in the form of national delegations: even in an age where video-conferencing, telecommunications and the internet make information exchange incredibly quick and easy, countries *still* value on-site representation and the advantages such representation brings.

Second, the impact of *distance*. More neutral IOs may be formed if IOs are located far away from the capitols or headquarters of dominant state and NGO actors. For example (as discussed earlier), countries insisted that the secretariat of the first international organization, the International Telecommunication Union, have its headquarters in Switzerland in order to preserve the ITU's neutrality. In fact, many of the secretariats of the oldest international organizations (such as the Secretariat of the Universal Postal Union (UPU), established in 1875) followed the ITU's lead and were located in Switzerland. In both the case of the ITU and the UPU, national delegates requested that the Swiss government play a large role in the creation and administration of these secretariats.

Third, the impact of *spatial centralization*. The more centralized an IO is, the easier it is to monitor and control, *ceteris paribus*. For example, American Treasury officials have a short cab ride to the headquarters of the IMF and the World Bank, as do Congressional officials who allocate money for U.S. participation in IOs. Assuming that the principals of the World Bank can credibly monitor the Bank, and agree to do so, the degree of centralization of the Bank should affect how easy it is for principals of the Bank to uncover the Bank staff's hidden information and hidden action. More decentralized IOs, with several potential centers of authority, are potentially harder to monitor. For spatially decentralized IOs, countries faced with the problem

of monitoring the organization may choose *ex ante* monitoring methods, such as generating rules that restrict the action of the IO and its branches.

And fourth, the impact of *local political conditions*. For example, the more mobilized local domestic groups are around issues that the IO deals with, the more these groups will influence IOs. We argue that degrees of mobilization differ by country and location, as do the issues around which groups and people mobilize. These differences in local conditions will impact which groups approach and lobby IOs.

What do we mean by "IO design and performance"? Performance simply refers to the institution's ability to achieve the defined goals of its members efficiently. As for design, we focus on two aspects: 1) *staff characteristics and intellectual orientation*; and 2) *institutional cleavages*. We argue that staff characteristics and intellectual orientation are important parts of an IO's design that directly affect an IO's performance. The quality, intellectual training, and intellectual assumptions or biases of an IO's staff will have an impact on how that IO operates—what policies it makes, what assumptions guide its actions, and how it interprets data. Inasmuch as geographical location—as argued above—can directly affect the characteristics of an IO's staff, we have one good means of measuring geography's impact on IO functioning and politics. We also argue that the proximity of countries and/or NGOs to an IO, or countries' insistence on placing an IO in more neutral territory, can affect who dominates an IO and what types of cleavages develop within IOs. By observing the types of cleavages within institutions, we have another way to measure geography's impact on IO functioning and politics.

Based on the above analysis, we can more systematically investigate the effects of location on IO design and performance. Our analysis above highlights six avenues for geography's influence on IO design and performance. The physical infrastructure in a particular

locale could range from substantial to limited. Similarly, the intellectual infrastructure could range from substantial to limited, and also could be either biased (meaning that there is a discernible intellectual tradition or training) or diverse (meaning that there is not). The importance of proximity could range from very important (for actors) to negligible (for actors). Similarly, the importance of distance could also range from very important (for actors) to negligible (for actors). Spatial centralization could be either high (centralized) or low (decentralized). Finally, the degree of mobilization in a locale could range from substantial to limited. These possibilities are outlined in Table 2.

Table 2: Ranges of variables governing location's effects on IOs

Variables	Values	
Physical Infrastructure	Substantial	Limited
Intellectual Infrastructure	Substantial	Limited
Intellectual Infrastructure	Biased	Diverse
Proximity	Important	Negligible
Distance	Important	Negligible
Spatial Centralization	Centralized	Decentralized
Degree of mobilization	Substantial	Limited

We then cluster these variables into ideal types to capture what each ideal type usefully illuminates about IO politics. For example, simply going down the first column of values in Table 2, one ideal type would be an IO based in a locale where physical infrastructure is substantial, intellectual infrastructure is substantial and biased, proximity is an important consideration for actors, the IO is spatially centralized, and the degree of mobilization is substantial. We would expect this type of IO, *ceteris paribus*, to have the following characteristics: 1) more resources; 2) plenty of workers who share both a common network and a discernable ideology or orientation towards the institution and its tasks; 3) evidence of heavy influence by the government, largest governmental mission or NGO in that area (regardless of that government's "power" in the international system); 4) less neutrality than other institutions; and 5) pressure from a mobilized locale populace. We suggest that this ideal type usefully describes some of the characteristics of the World Bank, whose politics have been highly influenced by the U.S. Treasury Department and by American intellectual traditions (particularly economic and business approaches).

EMPIRICAL EVIDENCE ON THE LOCATION AND THE CLUSTERING OF IOs

We do not conduct a full empirical test of our theory in this paper, but rather present empirical data to evaluate the plausibility of our ideas. We present three categories of empirical data: evidence from specific IOs; evidence on the effects of location on secretariat staff in IOs; and evidence on the clustering of IOs by location around the world.

Empirical examples from specific IOs

National officials who work in the offices of Executive Directors representing developing nations at the World Bank frequently complain, off-the-record, about the dominance of American business models and political influence in the organization. It is certainly true that the Bretton Woods institutions are located in Washington D.C., a short distance from the Federal Reserve Board, the Treasury, the White House, and Congress; and a reasonably short airplane flight from key academic institutions on the East Coast. However, would the political realities in these institutions be any different if they were located in New York (as Keynes had wanted, for reasons noted below) or in Europe?

Location has an important, if unstated, impact on the body of knowledge that informs both policy within the Bretton Woods institutions and external research related to these institutions. The presence of "thick" networks between the Bretton Woods institutions and a geographically concentrated pool of academic institutions has played an important role in shaping the policy debates within these institutions, arising from the shared epistemologies, methodological approaches, norms, and even dissertation advisors of many academics involved in advising these institutions. Even controlling for quality, the relative physical proximity of East Coast universities to the IFIs in Washington, D.C. lends academics at these universities a significant degree of access at the Bretton Woods institutions. A conference, consultation or workshop need not entail a commitment of more than a day for academics from these universities. If however, a potential consultant has to travel from the West Coast of America, the time commitment doubles; and if a potential consultant has to travel from Asia, the commitment doubles once again. Moreover, the more expensive it is for potential consultants to travel to the IFIs in Washington, D.C., the greater the opportunity costs for both the potential consultant and

the IFI. Given a budget constraint, academics from universities that are more proximate will have greater access. Clearly, some potential consultants will have no real budget constraints, and some IFI programs will gladly fly in academics from around the globe. However, our point is that, *in the aggregate*, those academics who are closer to Washington, D.C.—and the networks they belong to—have a higher chance of being involved, on a regular basis, in meetings, conferences and informal knowledge communities in D.C.-based IFIs.

Furthermore, the community of scholars who regularly study and write about the Bretton Woods institutions and, therefore, collectively define what counts as "knowledge" about these institutions, will be influenced by proximity and distance. The archives of the Bretton Woods institutions may be open to all legitimate researchers, but the costs of getting to Washington D.C. and staying there for an extended period of time are not equally in reach of all scholars seeking to conduct research on these institutions. The high cost of living in Washington D.C. means that researchers from a distance face substantially greater costs, both in plane fares and in how long they can stay in hotels. Researchers based in Europe and researching the Bank of International Settlements (the BIS) have a relative cost advantage over their American counterparts studying the BIS and vice versa in the case of the Bretton Woods institutions. In aggregate, researchers based in less-developed countries (LDCs)—or in academic institutions in the developed world with smaller budgets—will have greater difficulty accessing the D.C.-based archives of the Bretton Woods institutions.

To test this logic, we obtained data from the World Bank on the nationality of researchers requesting to use the archives of the World Bank. The World Bank requires all external researchers to complete a form listing, among other information, country of citizenship. Data on requests submitted to the Bank's Archives over a ten-month period—from May 17, 2001 to April

4, 2002, revealed that of 204 requests over the time period, 94 of them (46%) were made by researchers who were U.S. citizens. While we have no information on what topics these researchers investigated, this evidence does indicate a pronounced bias towards U.S.-based requests for Bank Archives, making plausible some of our ideas for how the location of the Bank may influence where knowledge about the Bank is generated.

Table 3: Nationality of external researchers requesting use of the World Bank's Archives, May 17, 2001 to April 4, 2002[4]

Citizenship	Number of External Researchers
United States	94
England	18
Italy	8
France	7
Australia	6
Canada	6
Japan	6
Argentina	4
Germany	4
India	4
Turkey	3
Brazil	2
Sierra Leone	2
Sweden	2
Switzerland	2
Austria	1
Chile	1
Congo	1
Cuba	1
Dubai	1
Ghana	1
Greece	1
Grenada	1
Hungary	1
Iceland	1
Iran	1
Jamaica	1
Kenya	1
Mexico	1
Moldova	1
Netherlands	1
Nigeria	1
Philippines	1
Russia	1
Others	17
Total Requests Made	204

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[4] This data was gathered by the Bank Group Chief Archivist from the Archives RDQ database, YPR requests and the external request folder in the Archives Service Account.

The negotiators who created the World Bank were well aware of the importance of

location. Keynes had a keen awareness of the combustible mix of political psychology and the

micro-geography arising from the Bank's location in Washington D.C. when he had pressed for

the Bank's headquarters to be located in New York instead of Washington D.C. Keynes argued

that the locational advantages of New York for the World Bank stemmed from four factors. First,

IFIs that were located in the center of the financial world in America would have informational

advantages. Second, IFIs in New York would be seen as international. Third, no single

government would have undue influence over them. And fourth, co-operation with the UN's

Economic and Social Council would be easier. According to the notes of a member of the British

team, "all opposition to Washington was brushed aside with complete brutality by the

Americans" (Skidelsky, 2000, pp. 465-466). The U.S. countered that the loans would be

governmental, not private, and Washington was the source of any statistics the Bank would need.

At the end of the Second World War, the U.S., as the world's leading industrial producer, had the

influence to make its location preferences stick. The U.S. also had much interest in doing so,

given that it was a major contributor to the Bank's budget. These high levels of influence and

interest, as we argued in the previous section, helped the U.S. determine the location of the Bank.

In time, the location of the Bretton Woods institutions rendered them much more visible

to the U.S. legislative branch, whose indignation at these institutions was often quite out of

proportion either to its members' understanding of international institutions or to the extent of

taxpayer money being used to support what many regard as an over-privileged, inefficient,

runaway bureaucracy. The latter perception was amplified by the physical proximity of these

institutions since the proximity increased the visibility of well-paid untaxed professionals buying

homes in wealthy D.C. neighborhoods and similar financial perks. Congressional pique at international institutions, together with its control of IDA appropriations, eventually gave an entry point for NGOs. For the U.S. policy community, physical proximity has made it easier to engage and thereby influence these institutions.

It is possible that America's control over both the World Bank and the IMF would be great regardless of location, given the dominant position the U.S. held economically when these institutions were founded. However, our analytical point is not that the effects of location will replace those of power; but rather that proximity can *magnify* the power of countries over IOs and *facilitate the effects of power*. Furthermore, inasmuch as these institutions operate within social environments, location influences how knowledge is created and what the consensus is on policy issues facing these IFIs.

Empirical evidence on the characteristics of IO staff

Despite a global labor market in which IOs recruit on a worldwide basis, data on the characteristics of IO secretariats shows the influence of location, and makes more plausible the idea that location may influence the types of discourses within IOs.

For example, the location of the Bretton Woods institutions in the United States has had an impact on the characteristics of their staffs. Focusing on the distribution of nationalities working in these IOs, in the IMF, U.S. nationals held the highest number of posts in 1980— 25.9% of total professional posts. Over time, this percentage has remained stable: in 1990, U.S. nationals held 25.9% of all professional posts; and in 2002, U.S. nationals held 24.4% of all professional posts in the IMF.[5] The same geographic trend can be observed in the World Bank.

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[5] See the 2003 Annual Report of the IMF, Table 9.2, available at
<http://www.imf.org/external/pubs/ft/ar/2003/eng/pdf/file3.pdf>, accessed September 19, 2004.

Of the 3,000 regular and fixed-term professional staff as of May 1997, 26.8% of them were U.S. nationals.[6]

This trend is also observable in other IOs around the world. In the UN as of June 1998, U.S. nationals made up the largest percentage of UN staff-members—14% of 10,786 staff-members of all grades (doubling the percentage for the country with the next highest amount of nationals in the UN, France, with 7%). For staff only in the professional category, the same trend is evident: U.S. nationals were the highest category, at 13%, followed by the Russian Federation with 7%.[7] The fact that the UN, as a global organization that recruits worldwide, shows such a marked trend towards U.S. nationals in the secretariat—both overall and at the professional levels—is telling evidence of the impact of the UN's location on the UN's staff characteristics. Similarly, in the UN family of IOs, the ITU, which as we discussed above has been headquartered in Geneva since the mid-19th century, also shows the effects of location on secretariat staff characteristics. For professional staff in the ITU at the end of 1994, 1995, 1996 and 1997, France had the highest number of nationals (around 10%) closely followed by the U.S. and Switzerland.[8]

Location similarly impacts the staff characteristics of the World Trade Organization (WTO), also located in Geneva. As of the end of 2003, of the 601 staff-members of the secretariat of the WTO, France's nationals comprised 155 staff-members or 25.8%, followed by the United Kingdom (with 13.3%), Spain (6.8%), Switzerland (6.2%), Canada (4.5%) and the U.S. (4%).[9]

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[6] See Filmer et. al. 1998, Appendix Table 1.
[7] See United Nations 1998, Paragraphs 56 and 57.
[8] See ITU 1995, Table 4; ITU 1996, Table 4; ITU 1999a, Table 4; and ITU 1999b, Table 4.
[9] See WTO 2004, Table III.1, p. 120.

While we cannot conclude from this data how much of the behavior of these IOs is influenced by these geographic trends in secretariat staff, this data does suggest that the effects of location may influence IOs regardless of size or issue area in which the IO operates.

Empirical evidence on the clustering of IOs by region and city

If location influences IO behavior, the effects we have outlined above should be discernable in a broad range of cases and not just for IFIs. Thus, we gathered data on the location, distribution and concentration of IOs worldwide in order to investigate the empirical implications of our argument. We gathered data from the 37th edition of the *Encyclopedia of Associations: International Organizations.* The total number of organizations listed in this index is 20,022. The encyclopedia divided these organizations into 15 categories, not all of which were multinational in scope.[10] Our database includes all organizations from three of the fifteen categories (Trade/Business/Commercial, Environment/Agriculture, and Public Affairs) listed in the Encyclopedia as "multinational" as opposed to those that are "national" in scope. However, since certain international or multinational organizations, such as the Organization of American States, were listed as "national," we augmented the list of "multinational" organizations by scanning all organizations listed as "national" and including just those that clearly had multinational membership (i.e. those organizations whose members are from more than one country).

Tables 4 through 7 encapsulate some of the empirical evidence. The first feature of the political geography of IOs is that they cluster by country and city. Of the 20,022 international

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[10] The fifteen categories were Trade/Business/Commercial; Environment/Agriculture; Legal/Governmental/Public Administration/Military; Engineering/Technological/Natural and Social Sciences; Educational; Cultural; Social Welfare; Health/Medical; Public Affairs; Fraternal/Nationality/Ethnic; Religious; Veterans/Hereditary/Patriotic; Hobby/Avocational; Athletic/Sports; and Labor Unions/Associations/Federations.

organizations listed in the *Encyclopedia of Associations*, 12,067 of them, or over 60%, are

multinational and are located in ten advanced industrial countries (Table 4). The geographic

concentration is even higher in the top three countries (Table 5): England, the United States and

Canada are home to 8,440 IOs, or over 40 percent of the 20,022 organizations listed in the

Encyclopedia of Associations. As we hypothesized earlier, countries that want IOs to function

well will want to locate them in areas with the necessary supporting infrastructure, and many of

these areas will be in advanced industrial countries.

Table 4: Concentration of IOs by country

Country	# of IOs	% of total
England	4040	20.18%
US	2280	11.39%
Canada	2120	10.59%
France	680	3.40%
Belgium	680	3.40%
Germany	587	2.93%
Australia	560	2.80%
Switzerland	440	2.20%
Netherlands	360	1.80%
Japan	320	1.60%
Total	12067	60.27%

Table 5: Concentration of IOs in the top 3 countries

Country	# of IOs	% of total
England	4040	20.18%
US	2280	11.39%
Canada	2120	10.59%
Total	8440	42.16%

The top eight cities with the highest concentration of IOs are home to over 20% of the 20,022 organizations listed in the *Encyclopedia of Associations* (Table 6). As one would expect, the concentration is much lower at the city level than at the country level, since many IOs are in the neighboring suburbs and towns of the cities with high concentrations of IOs. Consequently, despite their spatial proximity, it is difficult to rank beyond those listed. For instance, in Table 6, after Geneva (ranked eighth), it is much more difficult to rank cities, as there is a much lower concentration of IOs in each city and many cities have similar numbers of IOs.

Table 6: Concentration of IOs by city

City	# of IOs	% of total
London	1640	8.19%
Brussels	640	3.20%
Ottawa	440	2.20%
Paris	380	1.90%
Washington, DC	330	1.65%
Tokyo	290	1.45%
New York	280	1.40%
Geneva	163	0.81%
Total	4163	20.79%

Far fewer IOs are located in less-developed countries (LDCs). LDCs are conspicuous by their absence from the countries and cities with the greatest concentration of IOs. Table 7 lists the concentration of IOs in the seven developing countries with the highest concentration of IOs as well as the principal city in each of these seven LDCs that has the most IOs. These 7 LDC countries possess only 1,100 IOs, or 5.49% of the 20,022 organizations listed in the *Encyclopedia of Associations*.[11]

Table 7: Concentration of IOs in LDCs (by country and city)

Country	# of IOs	% of total	**City**	# of IOs	% of total
India	314	1.57%	New Delhi	100	0.5%
South Africa	230	1.15%	Johannesburg	35	0.17%
Zimbabwe	180	0.9%	Harare	160	0.8%
Malaysia	120	0.6%	Kuala Lumpur	70	0.35%
Kenya	100	0.5%	Nairobi	90	0.45%
Thailand	100	0.5%	Bangkok	80	0.4%
Nigeria	56	0.28%	Lagos	23	0.11%
Total	1100	5.49%	Total	558	2.79%

Of course, these numbers say little about the importance of these organizations. Moreover, the data does not distinguish between regional and global organizations. Nonetheless certain patters are discernable. Knowing what we do about the location of the most powerful IOs, if we were to attach notional weights to IOs by some measure of "importance," the weight of

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[11] To check our results, we looked at the concentration of IOs by city, country and LDC in the dataset of IOs compiled by Jacobson (see Jacobson 1998). We found that the results were roughly comparable: the United States, France, Switzerland, Belgium, Italy and England led the list for IOs; and LDCs once again possessed a small percentage of IOs.

LDCs is even more limited. This reality would appear to stack the deck to an even greater extent *against* the *substantive* participation of LDCs in IOs. Another noteworthy feature of the location of IOs is the importance of Anglo-Saxon countries. While Canada, the United Kingdom and the U.S. dominate among developed countries, former British colonies dominate among LDCs— only one of the top seven LDCs (Thailand) is not a former British colony. The reasons for this are not obvious, other than the importance of English language skills for participating in certain types of international activities.

CONCLUSION

We have argued in this paper that geography impacts the design and performance of IOs, and have outlined hypotheses regarding why actors would care about IO location; how IO location is determined; and what the effects of location are on the design and performance of IOs. Our preliminary evidence, culled from IFIs and from a wider set of IOs, shows the plausibility of some of the causal processes that we hypothesized.

However, what we have presented here should not be considered as more than a plausibility probe into our topic. In the future, we envision several steps that would develop our work. First, we would test our hypotheses about the determinants of IO location, seeing if our predictions work and if actors are concerned about the factors we mentioned above. Second, we would develop more ideal types from Table 2 in order to analyze more precisely the role of our six variables. And finally, we would look at cases beyond the IFIs.

There are two implications from our work. First, physical distance, *ceteris paribus*, increases the social distance between groups traditionally disadvantaged and those with ready access to both cultural and economic capital. Given the propensity of IOs to be located in richer

countries, the greater geographical distance between them and LDCs implies that the latter's structural disadvantages are likely to be amplified.

Second, the location decision of IOs does not concede any possibility of mobility. This reduces the bargaining power of IOs vis-à-vis their principals. Firms regularly physically relocate, and their willingness and ability to do so enhances their bargaining power, be it with labor or governments. The larger IOs in particular are significant contributors to the local economy. For instance, the Bretton Woods institutions and the UN each contribute about $1 billion to the economies of Washington D.C. and New York, about as much as the U.S. contributes to these institutions. The large financial firms in New York intermittently threaten to move out of New York so as to extract fiscal incentives from the state and the city. Only once (in the 1990s) did a UN organ (the UNDP) threaten to move, when Germany offered inducements to relocate to Berlin, which it wanted to develop as an international city. Indeed that possibility prompted New York to look upon the agency much more favorably. Similarly, Geneva, with its large concentration of UN agencies, the WTO and international financial organizations like the BIS, enjoys large economic benefits from the presence of these international organizations. If international organizations looked upon physical location as a long-term lease rather than as something permanent, the possibility of exit could result in bidding wars from countries to attract these organizations (just as states compete to attract investment), which would, in turn, give IOs greater access to resources.

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