

In the Vanguard of Globalization

The OECD and International Capital Liberalization

David Howarth and Tal Sadeh

Authors' Pre-Print Version. Please refer to the final published version and cite as:

Howarth, D. and Sadeh, T. (2011)

'In the Vanguard of Globalisation: the OECD and Capital Liberalisation', *Review of International Political Economy*, 18:5, December, 622-645.

ABSTRACT

A survey of the literature on the political economy of global financial liberalization shows how little has been written on the role of the OECD, and how Principal-Agent (PA) theory, complemented by Constructivist tools, can be helpfully applied to analyse this process. We show that the OECD's Committee on Capital Movements and Invisible Transactions (CMIT) has played an entrepreneurial role in encouraging the liberalization of capital flows. In particular, we argue that the CMIT slipped by acting beyond its core delegation roles, and against the preferences of OECD member states' governments. This was done by discussing and seeking to expand the list of issue areas on which controls should be lifted to include short-term capital movements and the right of establishment, to adopt an extended understanding of reciprocity, and to eliminate a range of additional discriminatory measures on capital flows. Acting as institutional entrepreneurs, the CMIT members took advantage of the overlap among the networks in which they were engaged, to spread their ideas to the member states. The CMIT's work affected member states' willingness to make multilateral irrevocable commitments through a combination of peer pressure and vertical institutional interconnectedness. Through the work of the CMIT, the OECD was an important actor in capital liberalization, in addition to the role played by other international organizations.

KEYWORDS

Organization for Economic Cooperation and Development; International Organizations; Globalization; Capital Liberalization; Principal-Agent Theory; Constructivism

INTRODUCTION

Scholars have sought to explain the process of liberalization of global capital flows and financial services since the post-war Bretton Woods regime by focusing upon technological change, structural economic changes, nation state preferences, legally binding treaties and, more recently, the role of ideas. Some scholars explored the role of International Organizations (IOs) in this process, but relatively little has been written on the role of the Organization for Economic Cooperation and Development (OECD).

This article analyses that role with Principal-Agent (PA) theory, complemented with Constructivist tools, focusing on the OECD's Committee on Capital Movements and Invisible Transactions (CMIT) from the late 1970s to the late 1980s.¹ We argue that in addition to routine tasks delegated to it, the CMIT played an entrepreneurial role, which made it an important part of the global governance of finance in the 1970s and 1980s. In the terminology of PA theory, this entrepreneurialism took the form of slippage, when the CMIT discussed and pushed for the inclusion in the Code of Liberalization of Capital Movements (CLCM, or the Code) of short-term capital movements (1989), the right of establishment (1984), an extended restriction on the use of reciprocity (1986) and discriminatory measures (1989). Acting as institutional entrepreneurs the CMIT members took advantage of the overlap among the networks in which they were engaged, to spread their ideas to the member states. The CMIT's work affected member states' willingness to make multilateral irrevocable commitments through a combination of peer pressure and vertical institutional interconnectedness. Through the work of the CMIT, the OECD had a significant impact on capital liberalization.

We first situate our analysis in relation to existing political economy literature on the causes of financial liberalization. We focus on the growing PA and Constructivist literatures on the role of IOs in global finance, which offer some of the main theoretical innovations in the field in the past decade. We contrast these two approaches and agree that material factors can be engaged with Constructivist claims, providing a better understanding of reality (Abdelal *et al.*, 2010: 5-8).

The third section of this paper describes how delegation worked in the CMIT, in formal terms and in practice. The fourth section examines CMIT entrepreneurialism and provides evidence of slippage on its part. We base our evidence on archive, interview and newspaper material. We then explain this entrepreneurialism as a result of peer review, vertical institutional interconnectedness and legitimacy. The fifth section provides a theoretical explanation and a process-tracing example to show how the CMIT's actions lead to greater willingness of member states to make irrevocable multilateral commitments; it also analyses the added value of the OECD and the CMIT in this process, relative to the influence of other IOs.

THE POLITICAL ECONOMY OF FINANCIAL GLOBALIZATION

Early accounts of financial liberalization emphasized that the survival and effectiveness of IOs depend on support from nation-states (Kirshner, 2003). Powerful states pursue their own financial interests and those of their financial sectors. However, a state is not a 'black box'; financial liberalization can involve a game on two levels (Abdelal, 2007, 54-85; Singer, 2007) or more (Grossman, 2005). Domestic groups with mobile factor endowments are likelier to support financial liberalization

(Frieden, 1991) than those with fixed (often provincial) assets (Pepinsky, 2008; Verdier, 2002) and labor.²

While domestic groups can explain a national policy, they do not explain how national preferences are aggregated into a particular international or global regime. IOs matter here, especially in finance, where they can be efficient solutions to problems of market failure. States participate in IOs for the mutual absolute gains that cooperation promises (Underhill, 1995). Financial liberalization depends on the collaboration of governments (Kapstein, 1994) or a bargain among them (Moravscik, 1998).

For many years Neo-Liberal Institutionalism and Inter-Governmentalism accounted for much of the literature on the role of IOs in International Political Economy (IPE). However, in recent years the main theory used within the Rationalist approach to analyse issues in the politics of international finance has been PA (Hawkins *et al.*, 2006). Through delegation to an agent, principal(s) hope to manage externalities, facilitate collective decision making, resolve disputes, enhance credibility, and/or lock-in commitments. The principal(s) and the agent bargain over the extent of agent autonomy. The principal(s) prefer that the agent will use its autonomy to further their interests, but agency loss is inevitable through the costs of control and/or slack (Hawkins and Jacoby, 2006).

PA theory has been used to study the evolution of conditionality in approving loans to member states of the IMF (Martin, 2006), changes in the World Bank's lending portfolio (Nielson and Tierney, 2003), American foreign aid policy (Lyne *et al.*, 2006), and negotiations in the WTO (Elsig, forthcoming), and indeed the political economy of financial liberalization (Singer, 2007) .

The added value of PA theory is in explaining puzzles where a group of member states are seemingly willing and potentially able to control the action of an IO but fail to do so. Since PA analyses strategies of rational actors it is particularly relevant when analysing short- and medium-term action, when actors' preferences and interests are fixed. It is helpful in explaining autonomy and shirking (a form of slack in which the agent minimizes the effort it exerted on its principal's behalf and concentrates instead on promoting its own interests) (Bendor *et al.*, 2001).

However, PA is less helpful in explaining slippage (a form of slack in which the agent gradually shifts policy away from its principal's preferred outcome and toward its own preferences, with no apparent opportunistic motive), which is not necessarily a rational process, and in explaining change in principals' preferences, which can be endogenous to the game and redefine agent autonomy. Some Rationalist scholars analyse the diffusion of ideas. States, parties, transnational and supranational actors, such as the European Commission, can use ideas to leverage even limited formal power and facilitate political coalitions for liberalization (Jabko, 2006; and Posner, 2005). Elkins *et al.* (2006) study bilateral investment treaties. However, as long as ideas are deployed by an actor that is immune to the perceptual and contextual changes induced by these ideas, analysing idea diffusion may not offer substantive advantage over PA theory. Indeed, the promotion of ideas may be another manifestation of state power (Blyth, 2003; Simmons *et al.*, 2006).

Constructivist approaches transcend the Rationalist approach in that they focus precisely on changing social contexts. Constructivists assert that IOs' main impact on world politics is by providing new meaning to information, thus changing actors' interpretations, preferences, interests and identities (Barnett and Finnemore,

2004; Marcussen, 2004), and that policy needs to win legitimacy in order to be effective (Seabrooke, 2006).

Along these lines, Constructivists have analysed the IMF's growing involvement in its member states' domestic economic policies (Barnett and Finnemore, 2004: 45-72), the OECD's project on harmful tax competition (Webb, 2004), reforms in the IMF's policy of conditionality (Best, 2007), the role of the OECD in transnational governance in general (Mahon and McBride, 2008) and in the orchestration of global knowledge networks in particular (Porter and Webb, 2008), the recent financial crisis (Abdelal *et al.*, 2010: 227-239), and cross-border cooperation among securities regulators (Newman, 2010).

More relevant to our puzzle of international financial liberalization, Moschella (2009) relates the IMF's failure to effectively promote liberalization of capital flows in the 1990s to the lack of legitimacy of this policy on a global scale. Chwieroth explains capital account liberalization among developing countries since the 1990s (2007), and the IMF's promotion of the liberalization of capital controls as a norm since the mid-1980s (2008) with an ideational change brought about by staff turnover within the IMF and the member states. While these studies demonstrate the potency of ideational change they are less focused on how new ideas are developed within an IO rather than being imported, and how policy-specific ideas, rather than paradigmatic shifts, are developed.

Indeed, Abdelal (2005) asserts that it was in the OECD and European Community (EC) where liberal rules were codified in the 1980s and capital controls became illegitimate for, respectively, rich and European countries. Abdelal (2007: 94-97) explains that the peer review process in the CMIT created the conditions for the 'indoctrination' of the serving individuals. Woodward (2009: 68) and Abdelal (2007:

ch.5) agree that the OECD's review process is the most intense and the most owned by national officials of any IO, and that through personal amities, OECD staff may come to identify more with their international peer group than their counterparts at home. However, this still leaves open the question of why national governments allowed this 'indoctrination', rather than recall experts that they nominated to the CMIT. We believe PA theory can be helpful precisely in explaining this puzzle of CMIT autonomy.

In fact, PA theory and Constructivist approaches may be complementary in analysing the politics of international finance, which involves long-term processes as well as important short-term developments and actions. PA theory is more adept at capturing the relationship between the IO and the member states in the short term (Hawkins and Jacoby, 2006). PA can identify and explain agent autonomy; Constructivist studies, typically surveying developments over decades, are better at analysing why and how autonomy leads to slippage, which is inevitably a gradual and slow change. Similarly, the occurrence of reinterpretation and reconstruction does not invalidate the insights of a PA analysis; rather cognitive changes come back in the long term to shape short-term rational processes (Widmaier *et al.*, 2007).

In the specific case of the CMIT and the Code, it is hard to rely solely on Constructivist tools. The CMIT was not a knowledge network because it was not composed of private institutions, it involved few material resources and little research of its own, and its deliberations, being held behind closed doors, did not contribute to the legitimacy of its members as experts among the wider public. Being composed of policy experts nominated by member states, the CMIT cannot easily be described as a transnational advocacy network either. In the 1970s and early 1980s at least, the CMIT members did not necessarily share principled beliefs, as the debate between

Monetarism and Keynesianism was raging in CMIT discussions as in the academic world, nor did they share causal beliefs, as their discussions reveal. Nor was the CMIT an epistemic community because it was not scientific in composition. Its members were academically educated but they were not scientists, were not engaged in basic research, and did not seek privileged access to decision-making forums on the basis of their expertise (they were already making policy). Policy with regard to capital controls was also not so much transferred from one member state to another (Stone, 2002: 3-5).

It is also impossible to define the CMIT as a bureaucracy (Barnett and Finnemore, 2004: 17-18). The CMIT featured no hierarchy, and no continuity. Its members did not enjoy a full-time salary structure from the OECD and regular advancement within the committee. The CMIT also was not characterized by impersonality – its work was based on review and debate, and it was not prone to tunnelled view. And the CMIT was not assigned tasks that required budgets. Since most CMIT members served long terms, as is explained in the next section, recruitment patterns cannot account for OECD-led processes.

DELEGATION AND DELIBERATION

Terms of delegation

In the OECD Convention, member states agreed ‘to reduce or abolish obstacles to the exchange of goods and services and current payments and maintain and extend the liberalization of capital movements’ (OECD, 1961: 1). The legally binding CLCM is the principal instrument of the organization for the implementation of this aim. Also relevant, though to a lesser extent, is the Code of Liberalisation of Current Invisible

Operations (CLCIO), which covers banking and financial services – and eventually the right of establishment. Annex A to the CLCM details the types of capital movements covered by the Code. Since 1964 these are subdivided into List A and List B, the former subject to the general standstill principle that no new restrictions could be introduced. Operations in List B can be restricted at any time. Measures that were not included in either of the Lists in effect fell outside the member states' obligations under the Code.

The liberalization objective, however, is neither immediate nor unqualified. The OECD (1986b: 8) seeks to 'engage the member countries in a process of progress in liberalization, allowing reasonable scope for countries in different circumstances to move towards the ultimate objective in different ways and varying speeds, according, *inter alia*, to the economic circumstance they face'. For that purpose the Code includes a regime of temporary reservations and derogations, subject to specific conditions and to continuous review. The CMIT was delegated the task of judging the necessity of the exemptions. The Code thus created a common ground among the member states, in spite of their divergent perspectives on the practical ways to manage the trade-off between microeconomic efficiency (generally understood to be served by liberalization)³ and macroeconomic stability (understood to be hampered by it). The member states formed a collective principal (Lyne *et al.*, 2006).

The CMIT was the world's leading body of non-academic policy experts on international capital flows. It was operating in an environment of high uncertainty: The relationship of capital mobility to trade and investment was not fully understood in the 1970s and 1980s, exchange rates and prices were very volatile, and policymakers were looking for new tools. While there was general agreement on the need to liberalize eventually, there were different views on the proper way to achieve

this. Thus, the CMIT managed policy externalities and sought to overcome coordination problems. Committing to financial liberalization ('locking-in' commitments) was also plagued by a time-inconsistency problem. Hence the member states needed an enforcing agent (Hawkins *et al.*, 2006).

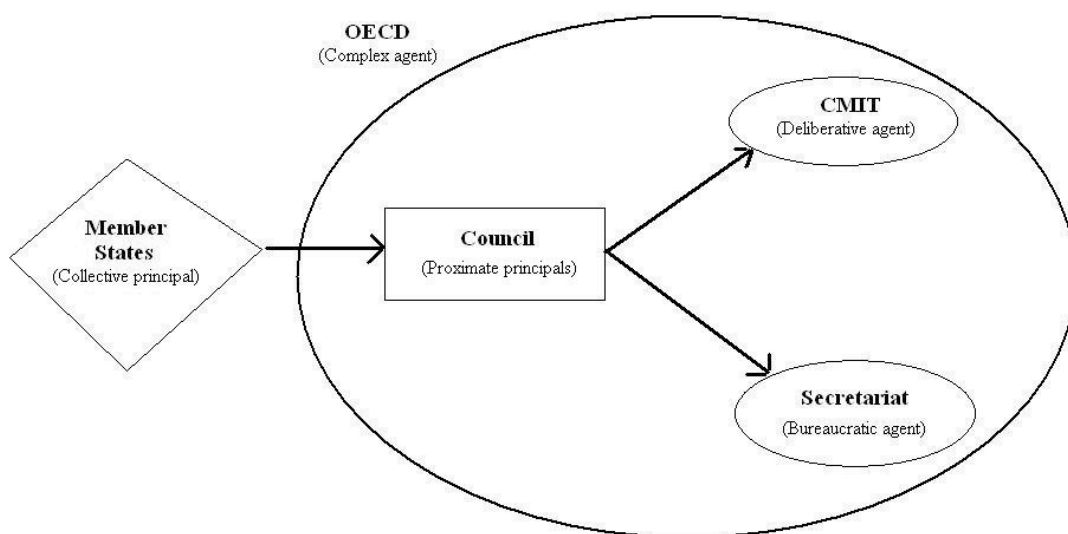
For these purposes the CMIT was granted much autonomy, as discussed in greater detail in the next sub-section. CMIT members were nominated and paid by the member states and appointed by the OECD Council – the supreme OECD body, composed of member states' ambassadors. During their term most continued to work in their national finance ministries, while some also served in national permanent delegations to the OECD. However, in contrast to the other OECD committees, where members represented governments, CMIT members served in an *ad personam* capacity as independent experts whose actions and statements did not legally or politically commit the member states (Bertrand, 1981: 9; Chavranski, 1997). They did not attempt to exert control over the bureaucracy (the OECD Secretariat) and thus did not act as principals. Until 1986 only about a half of member states were given the possibility to nominate an expert to the Committee. Special experts and representatives of the IMF and the European Commission were also allowed to attend meetings. Decisions in the CMIT could formally be adopted by a simple majority, which enabled the CMIT to be critical of member states, but in practice, decision by consensus was the norm (Nipstad, 2010; OECD, 1986a: 83). The CMIT was not an intergovernmental body, nor a bureaucracy.

The CMIT can be understood as part of a complex agent, also consisting of the Secretariat and the Council (see Figure 1). In contrast to members of the CMIT, those of the Council acted as proximate principals, functioning as agents to the member states, and principals (at least formally) to the Secretariat and the CMIT (Elsig,

forthcoming). Thus, the member states and Council were part of a split chain of delegation (Nielson and Tierney, 2003: 249-250) that ended with the Secretariat and the CMIT. The latter two bodies acted as agents, of which only the Secretariat can be described as a bureaucracy. We suggest that the CMIT can be better described as a deliberative agent.

Figure 1: Schematic representaion of OECD chain of delegation

(Arrows represent the direction of delegation)



Mechanisms of control

Weak mechanisms of control left the CMIT with much autonomy. First, the CMIT was allowed much discretion in assessing the situation of the member states and considering how necessary their reservations and derogations were. Members of the CMIT (with a few partial exceptions, such as the Americans and the Japanese) took their *ad personam* status seriously, and this behaviour was tolerated by their member state governments (Nipstad, 2010).⁴ Furthermore, the content of CMIT discussions was secret to the wider public, which allowed greater frankness on the part of its members.

Second, monitoring and reporting requirements were more a formality than a practical mechanism of control. The CMIT was required to transmit all of its reports on capital liberalization to the Council for approval. However, if at all, the Council very rarely amended the reports or took overt action to constrain the CMIT.⁵ The working program of the CMIT had to be approved by the Council but this was a formality too. The CMIT recommended incremental, not abrupt and radical changes and the Council preferred this over lack of decision (Witherell, 2010). Since most CMIT members served many years in practice, and as government turnover back home was higher, they combined expertise and a relatively long-term view. Similarly, member state governments hardly ever directly monitored CMIT discussions that were not focused on their own reservations and derogations from the Codes. And more was discussed in the CMIT than was included in its reports to the Council, or indeed, put on record. This allowed even greater frankness among members of the CMIT and the formation of shared beliefs even before national policies converged.

Third, no serious screening and selection procedures were in place to ensure that CMIT members' preferences were similar to principals'. Some screening partially took place when member states nominated their experts to the CMIT. After all, they sent career finance ministry (or central bank) officials. However, the CMIT members were not screened by other member states, and once appointed most member states seemed to assume that their nominees would remain faithful to opinions at home even after many years serving in the CMIT (similarly, see Martin (2006: 144) on the IMF).

Fourth, there were no institutional checks and balances, as no agency competed with the CMIT, or interfered in its relations with the Council. Quite to the contrary, as described below, the Secretariat often supported the CMIT's interpretation of its mandate. Fifth, no sanction was threatened against the CMIT as a

whole or any of its individual members (possibly with the exception of Japan) for failing to properly pursue their mandate. No CMIT member is known to have been recalled following his/her remarks.

CMIT ENTREPRENEURIALISM

Four examples of slippage

The Code stipulates that member states shall progressively abolish restrictions on capital movements between one another, but only ‘to the extent necessary for effective economic co-operation’ (OECD, 1961: 1). The member states differed over what counted as ‘necessary’, and the CMIT promoted its own interpretation of liberalization, according to which the underlying transactions themselves should not be frustrated by legal or administrative regulations. This understanding of liberalization entailed engagement with an ever wider range of trade and finance policy areas, against the preferences of many member states. Ultimately, the CMIT sought to enable residents of different member states to be as free to do business with each other as are residents of a single country (Chavranski, 1997; Gilman, 1977: 2).

Since, as shown below, the CMIT did not minimize its efforts on its principal’s behalf, and was not opportunistic (its members sought no material gains), it slipped, not shirked. Operationally we define a strong form of slippage to include CMIT discussions of issues that were explicitly excluded from Lists A and B of the Code (assuming that the collective principal could always amend the Code to reflect its preferences), and stronger with the number and political power of the opposing member states.⁶ A weak form of slippage is defined to include discussions on issues that were not clearly defined in the Code, and were not in the preference of at least

some of the member states; slippage is weaker with the number and political power of the supporting member states. Other CMIT action, in explicit and clear accordance with the Code, was not slippage even if some member states were unhappy with it.

The preference of a member state with regard to multilateral commitments is reflected in overt statements of its officials as recorded in official OECD documents, or evident in the reservations and derogations that it secured following Code reforms. Unilateral member state action is not regarded as reflecting national preference with regard to multilateral commitments because the former can be opportunistic and temporary while the latter is irrevocable. Further, once an issue was included in the Code, the CMIT did not tolerate for very long the gap between derogations/reservations and the more liberalized capital flows in practice (Witherell, 2010).

We identify four examples of CMIT slippage. These episodes are important because they are instances when the CMIT's transnational role transcended national interests, where the CMIT had added value in international relations in the short term, which could open the way for its long-term influence. The strongest slippage that we find is embodied in the Committee's efforts from the mid-1970s until 1989 to explore and discuss short-term capital flows, even though such operations were deliberately excluded from Lists A and B by OECD member states (Article 7, List B reservations and remark ii; OEEC, 1961). These included most money market instruments and financial operations with an original maturity of less than one year.

All OECD member states maintained a range of controls on short-term capital movements until the 1980s and discussions on their removal were limited prior to the late 1970s (Gilman, 1977; OECD, 1977a; Wigg, 1974). While some member states (notably the United States (US), Switzerland and later Germany) advocated the

inclusion of short-term operations in the Code, the large majority of member states objected. Nevertheless, from 1977 the CMIT intensified its discussions, sponsored studies on short-term capital movements, and was critical of their use (Bertrand, 1977; 1981). Clearly, CMIT members recognized that at least several member state governments were not ready even to consider the liberalization of short-term flows (Gilman, 1977: 8; Nipstad, 1977; 2010).

An opportunity to push more forcibly for the inclusion of short-term flows in the Code's ambit came in 1984, with the Council's broad request to examine necessary modifications to the Codes to achieve further liberalization. The CMIT and CFM (Committee on Financial Markets) established an *ad hoc* joint working group in early 1985 to look into revising the CLCM in view of financial innovation. The Council did not explicitly request that the CMIT consider short-term flows, but nonetheless at its first meeting the working group requested information from the Secretariat on the treatment of short-term movements in the Codes and the 'practices, agreements or commitments' originating from other international bodies (OECD, 1985b). In February 1986, the working group produced an interim report recommending, among other proposals, the further examination of short-term capital movements. In May 1986, the CMIT and CFM agreed a new mandate for the working group, which included an examination of the possible inclusion of short-term flows in the Code's List B, again, without a specific mandate from the Council to do so. The CMIT's awareness that it was operating against the preferences of many member states is clearly evident (OECD, 1986b: 14; 1988). From 1986 to 1989, at least 12 of 24 OECD member states were either opposed or reluctant to accept the inclusion of short-term capital movements in List B. Leading opponents were Austria, Greece, Portugal, Japan, Spain and Turkey. According to Nipstad (2011) other reluctant

member states were Finland, Iceland, Ireland, Italy, Norway and Sweden. The supporters were the Americans, British, Germans and, as very recent converts, French (ibid.). However, American support was waning and Abdelal (2007: 102) notes that by the late 1980s, the US was not 'an enthusiastic proponent of a newly liberal Code'. The Council formally approved the inclusion of a range of short-term capital movements in the Code on 10 May 1989 (effective 1992). The introduction of reservations by the large majority of member states on the short-term movements included in the Code is further evidence of reluctance (Poret, 1992). Four member states introduced a full reservation on money market instruments, while fourteen more introduced limited reservations, with 29 per cent of capital outflow items covered. Three member states introduced full reservations on securities while sixteen more introduced limited reservations, with over a quarter of capital inflow and outflow items covered.

A second example of slippage, and a strong one again, concerns the CMIT's efforts from 1977 to examine and then include the right of establishment in the CLCM's definition of inward direct investment in List A (Chavranski, 1997), even though the omission by the principals in 1961 of the right of establishment from that definition was deliberate. The CMIT created a working group to reconsider and revise articles 9 and 10 of the Code which recommended such inclusion. It reasoned that the distinction between inward foreign investment and measures relating to the establishment of foreign enterprises was becoming increasingly artificial from the investor's point of view (Farhi, 1984). The aim was to eliminate all forms of discrimination by which non-resident investors could be treated differently from residents.

The inclusion of the right of establishment in List A in March 1984 considerably extended the remit of the CMIT's investigations and recommendations and was presented as a major breakthrough in the CMIT's liberalization efforts (Chavranski, 1997; OECD, 1986b: 19; Witherell, 2010). The CMIT was mandated to examine all measures concerning inward direct investment and establishment that treated non-residents less favourably than residents, regardless of the level of government at which the measures are adopted. This extended the CMIT's reach to US States and Canadian provinces for the first time, even though these entities were not formally covered by the liberalization obligations of the Code (OECD, 1986b: 20).

In this episode, CMIT action took place in spite of resistance by most of the member states (France and Sweden in particular), which viewed the right of establishment as part of the broader issue of Multi-National Enterprises (MNEs), and therefore as falling outside the scope of the Code. The persistent member states' reluctance to the inclusion of right of establishment was demonstrated, in addition to official statements, by the adoption by all of the member states of reservations and many of a significant scope (OECD, 1985a; Witherell, 2010).

A third example of slippage, strong again, concerns the CMIT's efforts from 1976 to prevent any extended use of reciprocity by the member states on direct investment and the right of establishment, which culminated in a 1986 revision of the Code. The CLCM discouraged individual member states from seeking reciprocal concessions on specific items from one another on the grounds that this challenged the *erga omnes* principle of the Codes (OEEC, 1961). However, the large majority of the member states maintained such concessions and several vigorously defended their continued use of reciprocity, including the US, which argued that it was an effective

mechanism to force other countries to liberalize (Lambert and Rieffel, 1984; Chavranski, 1997). One 1992 study showed that thirteen member states continued to impose reciprocity requirements for the establishment of the branches of non-resident financial institutions and that one-fifth of all reservations involved less favourable treatment of non-EC member states by EC member states (Poret 1992).

As part of its mandate the CMIT labelled many cases in which reciprocal concessions were offered as unjustifiable discrimination (OECD, 1978). However, since the right of establishment was excluded from the Code until 1984, constraints on establishment-related reciprocal concessions were excluded too. The above mentioned working group on the interpretation of articles 9 and 10 of the Code also discussed this matter and, encouraged by it, the CMIT pushed for Code reform to further restrict the use of reciprocity on direct investment and the right of establishment (OECD, 1978). This is an example of strong slippage in that the Committee not only acted on a matter explicitly excluded from the Code's Lists, but against the preferences of the majority of member states and even the most powerful.

A fourth example of slippage, albeit a weaker one, concerns the CMIT's discussions, starting in 1977, of discriminatory measures such as regulations about payment clearance, taxes and trade credits that had a residual effect of impeding international capital movements (Gilman, 1977: 2; Ley, 1989). The CMIT working group on articles 9 and 10 focused upon these discriminatory measures. Letters from specific CMIT members and Secretariat briefing notes at the time demonstrate detailed discussion of these matters in spite of the realization that some member states objected to their inclusion (Gilman, 1977). At no point in the investigated period was the CMIT given a specific mandate to examine these measures, but some member states, including the US, questioned the exclusion of these discriminatory measures

from the Lists and the CMIT used the resulting vagueness of interpretation to again promote its agenda (Lister, 1978).

From 1986, the abovementioned CMIT-CFM working group on short-term flows also examined these discriminatory measures, criticized their widespread use, and recommended their inclusion in the Codes. In 1989, the CMIT endorsed the inclusion of these measures in the CLCM's General List and in the CLCIO where they touched upon current payments (Poret, 1992). The 1989 revision of the Code eventually expanded the range of discriminatory measures affecting capital movements that were to be subject to CMIT examinations.

Understanding CMIT slippage

What motivated the CMIT in its slippage? CMIT independent interests formed gradually, as discussions led many members to seek what they regarded as the professional truth about the environment in which they were operating (Nipstad, 2010). Freed from the need to repeat their governments' mantras, CMIT members developed a taste for autonomous fact-finding. Furthermore, transnational cooperation is argued to enhance a national bureaucracy's regulatory scope as it extends the domains in which the agency is active (Newman, 2010: 9). At least some national ministries of finance, central banks, as well as individual officials within them, had an interest in an entrepreneurial CMIT because working with it helped them to gain autonomy *vis-à-vis* their national governments. CMIT members were for the most part selected from among mid-range career to senior officials who in most cases would not be further promoted within their bureaucratic hierarchy. As a transnational body, the CMIT held more professional sway than some individual ministries of finance and central banks, and leveraged some of its members' influence. Ideas that could have

been regarded as heresy in discussions at the national level could not have been easily dismissed if they were seriously discussed at CMIT meetings (Nipstad, 2010). Thus, the CMIT provided its members with greater legitimacy (Newman, 2010: 7-10). For example, Jan Nipstad (2010), the Swedish member of the CMIT, became chair of the above mentioned CMIT-CFM working group, in spite of his superiors' awareness that increased pressures to liberalize could be envisaged.

Indeed, CMIT members that came from central banks tended to be more empowered by membership in the CMIT than those that came from ministries of finance (Witherell, 2010). This seems straightforward in an era when most central banks were not independent. The Japanese felt that sitting in the CMIT conferred prestige on them, at a time when Japan's status as a developed nation was not yet secure. The same cannot be said of the American member of the CMIT (Witherell, 2010). This again is expected, given the clout of the American Treasury, and the American practice of sending State Department officials to CMIT meetings.

It is difficult to find in public media explicit evidence of the CMIT's influence in member states' domestic politics, as the CMIT was too specialized and secretive to merit such attention. However, we can cite several examples from the investigated period of national politicians making public use of OECD discussions and reports (at least part of which were probably based on CMIT output) to achieve domestic objectives. President Nixon backed discussions in the OECD on MNEs to head off protectionist pressures in Congress (Jay, 1971). In Greece, the Prime Minister used OECD reports to assure the public that the country's industry would remain viable after accession to the EC (Modiano, 1976). OECD country reports were repeatedly important in shaping national budget debates (for French and British examples see *The Times*, 1974; 1977; 1984a; 1985a; 1985b).

Using this enhanced position, the CMIT members acted as institutional entrepreneurs (Campbell, 2010: 99). In particular, CMIT entrepreneurship occurred as a translation effort, a blending of new elements (for example, the inclusion in the Code of the right of establishment and short-term flows) into existing institutional arrangements (longer-term liberalization). The interpersonal networks within which the CMIT's members were embedded exposed them to the ideas that they then incorporated into their repertoires. OECD-generated ideas were diffused through OECD-based officials returning home and through peer pressure (Abdelal, 2007: ch.5; Woodward, 2009). Abdelal (2007) has already studied the example of the Swedish member of the CMIT, Nipstad, who confirms (2010) that he found himself exposing doubts at home as to the merits of capital restrictions in view of international trends whilst toeing the official line and defending them in the CMIT. This example shows how the creativeness of CMIT members resulted from the overlap among the networks in which they were engaged, spanning different institutional locations and multiple models, thus providing possibilities for experimenting and creating hybrid institutional forms (Campbell, 2010: 99).

Finally, the CMIT action on restricting reciprocal concessions (the third form of slippage described above) is an example of how slippage became possible when CMIT members could justify their arguments in terms of a widely shared norm (see Webb (2004: 791) on taxation). The norm in this case was to forbid reciprocity in the name of liberalization. It had a sound, clear and undeniable logic and was already applied in non-establishment-related fields. In this way the shared norm was used to legitimize action that was opposed by many member states, and restrained even the major powers.

THE IMPACT OF THE CMIT

The effect of the CMIT on member states

Of course, actual liberalization moves by member states were at times taken unilaterally, on matters that were outside the Code's scope. The French government's rapid push unilaterally to liberalize controls from March 1986, including on short-term capital movements, coincided with the CMIT-CFM working group's interim report, its revised goals and its move to focus discussions upon short-term movements. The change in the French position provided an important backdrop to the inclusion of short-term flows in the Code (Abdelal, 2005; 2007; Chavranski, 1997; 2010; OECD, 1986b). However, as explained above, unilateral policy moves in France and other member states did not in themselves amount to a change in national preferences with regard to multilateral commitments to liberalization, and did not mean that the CMIT's work simply followed developments at the national level and lacked causal effect on national policies.

Indeed, we postulate that the CMIT was one of the actors that helped bring about the shift in acceptance of irrevocable liberalization (OECD, 1988; Nipstad, 2010), even without coercion, and with effective veto powers for concerned member states. The CMIT did so through a combination of peer pressure and a process that Campbell (2010) identifies as vertical institutional interconnectedness. Abdelal (2007: 89-97) and our discussion above show how the CMIT was consequential in changing its members' attitudes through peer pressure. Abdelal explains that the effectiveness of peer review in the CMIT was based on, among other mechanisms, the defining of the boundaries of acceptable behaviour for OECD members. This is confirmed by Chavranski (2010), Nipstad (2010) and Porter and Webb (2008: 4-8). In addition,

much like the IMF's legitimacy, the CMIT's legitimacy was based on the professional source of its authority, and the assumption that there were objective answers to the problems that it sought to address (Best, 2007: 481, 474, 481-2).

Vertical institutional interconnectedness meant that the dynamics of institutional change at the transnational level conditioned institutional change at the national level. Specifically, changes in the attitudes of individual CMIT members then translated into changing national preferences. There were instances when a CMIT member would ask his colleagues to adopt a particular recommendation in order to overcome opponents back home and promote liberalization. For example, such behaviour was not uncommon to Japanese members (Witherell, 2010).

Each quarterly two-day CMIT meeting included a thorough examination of the reservations and derogations of at least one member state and reviews of the liberalization progress of all member states. In the course of an examination efforts were made to identify operations that could be freed from restrictions. A member state under review sent a team of officials to the CMIT discussion. These officials had to engage professionally with the details, and then carried the insights they gained from the meeting back to their national offices. They had to rethink their positions and sometimes this changed their opinions and policies. CMIT members and other attending national officials were careful not to risk their professional reputation by repeating official national positions that were no longer compatible with accepted wisdom among their peers (Chavranski, 2010).

The resulting CMIT report, based on these insights, was then adopted by the Council. If the Council's recommendations were not followed, the matters in question were given particular attention in subsequent examinations in a recursive process of review. In the end, member states almost always accepted CMIT reports. By the

1980s at least, the CMIT's recommendations were treated as policy proscriptions that member states were expected to follow. Chavranski (2010) confirms that during his period as CMIT Chair (1981 to 1994) member state governments normally responded rapidly to the committee's recommendations, by modifying or lifting reservations.

As an example of vertical institutional interconnectedness, which complements the peer-pressure examples given by Abdelal (2007) and our discussion above, we can trace the CMIT's impact on member state policies through the three sets of recommendations issued to Sweden between 1977 and 1986. The Swedish government vocally resisted the elimination of its reservations on capital liberalization on a range of capital movements and re-imposed controls, in contravention of the Codes, on movements on which it had previously lifted reservations; it responded very critically to the 1977 CMIT recommendations (the country's fourth set) (OECD, 1977b). In 1978, the Swedish authorities nonetheless launched a major internal review of their capital controls undertaken by the newly created Exchange Committee. The Swedish government also moved by 1979 to eliminate two of its 21 reservations and limited the scope of one other (OECD, 1981; Nipstad, 2010).

This allowed a more positive CMIT report in 1981 (Sweden's fifth set of recommendations). In November 1985, the Exchange Committee produced its report after seven years of deliberations, calling for significant further removal of controls on a range of long- and medium-term flows. The sixth set of recommendations from 1986 indicated further progress in direct response to the fifth report with the adoption of seven measures, albeit no modification of existing reservations (1986c). The CMIT nonetheless took note of the recommendations of the Exchange Committee and the likelihood of rapid progress to remove many of Sweden's remaining reservations. On 1 June 1989, the Bank of Sweden announced the abolition of virtually all remaining

foreign exchange restrictions, with effect from 1 July, allowing the Swedish government to end two of its reservations and restrict the scope of several others. Kjellén (1989) explicitly outlined the economic distortions that the Swedish policymakers by then agreed that capital controls created. The reform eliminated notably restrictions on the purchase by foreigners of collective investment securities and the purchase abroad of such securities by Swedish citizens, which the CMIT (Council) had called for in 1977, 1981 and 1986.

The CMIT and other IOs

The CMIT and the OECD added value to the work of other IOs, such as the IMF and the EC in the process of global financial liberalization. With its smaller and more homogenous membership, the OECD was better able to develop policy than the UN, IMF or WTO (Mahon and McBride, 2008: 4; Wolfe, 2008: 29, 35). For example, the G-7 referred macroeconomic and trade consultations to the OECD in which sometimes important agreements were reached (*The Times*, 1972a; 1972b; 1983; 1984b; Wigg, 1974). It was within the OECD that the member states established the International Energy Agency in response to the oil crisis, and agreed on shipping export credits (*The Times*, 1980b) and on ways to control chemicals (*The Times*, 1980a). In the fields of corporate governance, corruption, money laundering, and taxation results of OECD discussions shaped agreements (if any) later arrived at in the EC, GATT/WTO, and the IMF (Witherell, 2010).

The OECD has had a particularly positive effect on the European Union (EU) over the years (Mahon and McBride, 2008: 14). For example, the OECD invented Inter-Governmental Conferences, the EU's Open Method of Coordination (Marcussen, 2004: 90, 94), and the scoreboard method that the European Commission

uses with regard to the EU's Internal Market (Pagani, 2002: 6). Sometimes the EU sees the OECD as a forum where it has more leverage on the US and Japan (Wolfe, 2008: 32-34). However, it is not clear how influential the then EC was on the CMIT during the 1970s and 1980s; the non-EC committee members (joined sometimes by the British and Dutch) were generally not happy to allow the Commission to intervene and affect the results of the discussions (Chavranski, 2010; Witherell, 2010). Before the Single European Act (SEA) of 1987, the Commission was in charge of fewer issue areas, and work done at the OECD shaped the EC to a greater extent than it later did.

The Commission was more influential when it came to liberalizing short-term flows in the mid to late-1980s. In 1985 the CMIT members were informed of the Commission's early progress on a proposal for an integrated financial market (OECD, 1985b: 5) and could access the Cockfield White Paper. By mid-1986, the CMIT was inspired by the Commission's plan to liberalize all remaining controls on intra-EC capital movements by 1992. The move was important for OECD efforts, especially given that the EC included some of the principal traditional opponents to capital liberalization (OECD, 1986a). However, European integration did not compel the OECD to move towards further liberalization. Provisions in the Code existed (and were clarified in the late 1970s) allowing those OECD member states belonging to a special regime to liberalize and not be required that this cover all member states. And there is no evidence to suggest that the Commission was not inspired by work done at the CMIT in the 1970s and early 1980s.

Indeed, the CMIT's efforts from the 1960s to the 1980s opened the way to capital liberalization not just among EC member states and not just to the extent necessary for the EC's other three freedoms. Thus, it is unlikely that financial liberalization in the EC could have been pulled off without liberalization in the ten

(during the 1970s and 1980s) non-EC member states, including major financial centres, such as Japan, Switzerland and the US. Indeed, early attempts to liberalize capital movements in Europe failed and EC legislation had limited impact upon the movement of capital prior to the late 1980s (Story and Walter, 1997). In CMIT discussions, EC member states learned what they could expect from non-EC states and this affected their calculus about the EC's Internal Market.

The OECD also had a peculiar effect on the work of the IMF. For example, the IMF's method of voluntary adherence to codes, its drive to quantify practices in economic governance, and its emphasis on domestic reform since the early 2000s, were all first developed in the OECD (Best, 2007: 476). With regard to financial liberalization, the CMIT's expertise topped the IMF's because the CMIT examined all dimensions of capital controls and the broader economic effects of the controls, and it engaged in the regular examination of member states' controls and national liberalization efforts. The IMF had a greater capacity to produce studies on the effects of capital movements given its research department but its mandate was more limited. With regard to financial liberalization, the OECD Codes again complement the IMF's Articles of Agreement, which give the IMF the mandate and jurisdiction over current account transactions, but not over capital transactions (Abdelal, 2007: 89).

CONCLUSIONS

The OECD's CMIT played an entrepreneurial role in global financial liberalization. Rather than limiting itself to coordinating member states' approaches in this issue area and maintaining the credibility of their commitments, the CMIT slipped in the 1970s and 1980s when it promoted amendments to the CLCM against the preferences of many of the member states. The CMIT specifically sought the inclusion of short-term capital flows (1989), the right of establishment (1984), an extended definition of reciprocity (1986), and discriminatory measures affecting capital movements (1989). Slippage occurred because discussions led many CMIT members to seek what they regarded as the professional truth about the environment in which they were operating rather than repeating governments' mantras. The CMIT was able to act in this way because of the wide discretion that it enjoyed, weak monitoring, reporting, screening and selection procedures, and lack of institutional checks and balances and sanctions against it. These mechanisms of control were weak because the member states had heterogeneous preferences, and because they were aware of the environment of high uncertainty in which the CMIT was operating, and the highly specialized nature of its work. Turnover among national governments was higher than for CMIT members, and the CMIT's work was extremely incremental.

This slippage enabled the members of the CMIT and their like-minded colleagues back home to gain autonomy *vis-à-vis* national politicians and legislatures. Using this enhanced position, the CMIT members acted as institutional entrepreneurs taking advantage of the overlap among the networks in which they were engaged, to spread their ideas through OECD-based officials returning home. In some cases

CMIT members could use the widely shared norm of liberalization to restrict the actions even of the US. The CMIT's work affected member states' willingness to make multilateral irrevocable commitments through a combination of peer pressure and vertical institutional interconnectedness. This meant that over a long period of time committee work had the effect of converging members' opinions. And it also meant that changes in the attitudes of individual CMIT members then translated into changing national preferences.

Of course, it is no coincidence that CMIT slippage seriously began only following the collapse of the Bretton-woods system of fixed exchange rates. However, nation-states had no firm and consensual idea whether to liberalize or restrict capital flows in the aftermath of Bretton-Woods. This important change was a quick, crisis-management response, not a sufficiently thought-through policy. Discussions on the merits and form of financial liberalization had to proceed following the demise of Bretton-Woods, and other important developments. The CMIT's work coincided with discussions in the IMF and EC, but it had a different mandate, different membership and a different role. Its work on financial liberalization preceded theirs and was much more focused, its expertise was unrivalled, and since it allocated no resources, its discussions were much less burdened with interest groups and nation-state politics. From an historical point of view, the OECD turned out to be very influential because its member states, though few in number, formed much of the world economy and almost all of its financial activity. By the time emerging and developing economies became important, liberalization was the global standard.

ACKNOWLEDGEMENTS

Parts of this paper were written when Tal Sadeh was a visiting scholar at the Institut Barcelona d'Estudis Internacionals (IBEI) and at the University of California San Diego (UCSD). Financial support by the European Commission's Erasmus Mundus programme and The Carnegie Trust for the Universities of Scotland is acknowledged. The authors acknowledge helpful comments on this and earlier drafts from David Andrews, Cornel Ban, Lawrence Broz, John Campbell, Chad Damro, Iain Hardie, Miles Kahler, Robert Ley, Abraham Newman, Jan Nipstad, Christina Schneider, Diane Stone, Kate Weaver, Tom Willett, William Witherell, and other participants in the SPE seminar at CGU, IICAS seminar at UCSD, and AGORA workshop at Brown University. Elena Samarsky provided excellent research assistance. The views expressed in this paper are those of the authors and do not necessarily represent the views of those mentioned above.

NOTES

¹ From 1961 to 1979 the CMIT was named the Committee for Invisible Transactions; in 2004 it was merged with the CIME (Committee on International Investment and Multinational Enterprises) to form the OECD Investment Committee.

² See Abdelal, 2005; 2007: ch. 5; Kastner and Rector, 2005; Oatley, 1999.

³ See Chavranski (1997); OECD (2007).

⁴ The Japanese often expressed a ministerial rather than a national line. Intra-national ministerial and bureaucratic turf wars sometimes spilled into the CMIT (Witherell, 2010).

⁵ The complete absence of OECD Council interference with CMIT work and recommendations was confirmed by three of four interviewees with lengthy experience working in the CMIT or the Secretariat.

⁶ We assume that from a political point of view national preferences were aggregated in the Council according to member states' relative power, even if formally each had an equal voting power.

NOTES ON CONTRIBUTORS

David Howarth is a Jean Monnet Chair and Senior Lecturer in Politics and International Relations, University of Edinburgh.

Tal Sadeh is a Senior Lecture in Political Science at the University of Tel Aviv.

REFERENCES

Abdelal, R. (2005) Writing the Rules of Global Finance: France, Europe, and Capital Liberalization, *Review of International Political Economy*, **13**, 1, 1-27.

Abdelal, R. (2007) *Capital Rules: The Construction of Global Finance* (Cambridge: Harvard University Press).

Abdelal, R., Blyth, M. and Parsons, C. (2010) 'Introduction: Constructing the International Economy', in R. Abdelal, M. Blyth and C. Parsons (eds.), *Constructing the International Economy* (Ithaca: Cornell University Press) 1-19. 3.

-
- Barnett, M. and Finnemore, M. (2004) *Rules for the World: International Organizations in Global Politics* (Ithaca: Cornell University Press).
- Bendor, J., Glazer, A. and Hammond, T. (2001) 'Theories of Delegation', *Annual Review of Political Science*, **4**, 235-69
- Bertrand, R. (1977) 'Short List of Points on Efficiency of Controls', *OECD Archives*, DAF/77.255, 16 August.
- Bertrand, R. (1981) 'The Liberalisation of Capital Movements – An Insight,' *Three Banks Review*, **132**, 3-22.
- Best, J. (2007) 'Legitimacy Dilemmas: The IMF's Pursuit of Country Ownership', *Third World Quarterly*, **28**, 3, 469-88.
- Blyth, M. (2003) 'The Political Power of Financial Ideas: Transparency, Risk, and Distribution in Global Finance', in J. Kirshner (ed.), *Monetary Orders: Ambiguous Economics, Ubiquitous Politics* (Ithaca: Cornell University Press) 239-59.
- Campbell, J. L. (2010), 'Institutional Reproduction and Change', in G. Morgan *et al.*, (eds.), *Oxford Handbook of Comparative Institutional Analysis* (Oxford University Press) 87-114.
- Chavranski, H. (1997) 'L'OCDE au coeur des grands débats économiques', dans *La Documentation française*, Notes et études documentaires, no. 5061, 30 octobre.
- Chavranski, H. (2010) CMIT member and Chair from 1981-1994, interview at the OECD, Paris, 19 October.
- Chwieroth, J. (2007) 'Neoliberal Economists and Capital Account Liberalization in Emerging Markets', *International Organization*, **61**, 2, 443-63.

-
- Chwieroth, J. (2008) 'Normative Change from Within: The International Monetary Fund's Approach to Capital Account Liberalization', *International Studies Quarterly*, **52**, 1, 129-58.
- Elkins, Z., Guzman, A. and Simmons, B. (2006) 'Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1960-2000', *International Organization*, **60**, 4, 811-46.
- Elsig, M. (forthcoming) 'Principal-Agent Theory and the World Trade Organization: Complex Agency and 'Missing Delegation'', *European Journal of International Relations*.
- Farhi, A. (1984) Letter to Glen R. Rase, Economic Policy Advisor, US Delegation to the OECD, IME/84.152, 9 August (OECD archives).
- Frieden, J. (1991) *Debt, Development, and Democracy: Modern Political Economy and Latin America, 1965-1985* (Princeton: Princeton University Press).
- Gilman, M. (1977) 'On the Role of Exchange Controls and their Effectiveness', *OECD Archives*, INV/77.70, 3 August.
- Grossman, E. (2005) 'Between Multi-Level Governance and Europeanisation', in A. Baker, D. Hudson and R. Woodward (eds.), *Governing Financial Globalisation* (London: Routledge) 130-46.
- Hawkins, D. and Jacoby, W. (2006) 'How Agents Matter', in Darren Hawkins, David Lake, Daniel L. Nielson and Michael J. Tierney (eds.), *Delegation and Agency in International Organizations* (Cambridge: Cambridge University Press) 199-228.
- Hawkins, D., Lake, D., Nielson, D. and Tierney, M.J. (eds.) (2006) *Delegation and Agency in International Organisations* (Cambridge: Cambridge University Press).

-
- Jabko, N. (2006) *Playing the Market: A Political Strategy for Uniting Europe, 1985-2005* (Ithaca: Cornell University Press).
- Jay, P. (1971) 'Forestalling Protectionist Pressures', *The Times*, June 4, 14.
- Kapstein, E.B. (1994) *Governing the Global Economy: International Finance and the State* (Cambridge: Harvard University Press).
- Kastner, S. and Rector, C. (2005) 'Partisanship and the Path to Financial Openness', *Comparative Political Studies*, **38**, 5, 484-506.
- Kjellén, B. (1989) 'Memorandum on the Liberalisation in Sweden of Exchange Controls', Letter from the Sweden Delegation to the OECD to William Witherell, Director for Financial and Fiscal Affairs, 31 August.
- Kirshner, J. (ed.) (2003) *Monetary Orders: Ambiguous Economics, Ubiquitous Politics* (Ithaca: Cornell University Press).
- Lambert, L. and Rieffel, A. (1984) Letter to Henri Chavranski from the Investment Policy Advisor and Financial Advisor at the United States Mission to the OECD; OECD archives (CMIT), 28 November.
- Ley, R. (1989) 'Liberating Capital Movements: A New OECD Commitment', *OECD Observer*, **159**, 22-26.
- Lister, J. M.(1978), Letter to William Witherell, Deputy Director, Directorate for Financial and Fiscal Affairs, 31 January.
- Lyne, M.M., Nielson, D.L. and Tierney, M.J. (2006) 'Who Delegates? Alternative Models of Principals in Development Aid', in D. Hawkins, D. Lake, D.L. Nielson and M.J. Tierney (eds.), *Delegation and Agency in International Organizations* (Cambridge: Cambridge University Press) 41-76.

-
- Mahon, R. and McBride, S. (2008) 'Introduction', in R. Mahon and S. McBride (eds.), *The OECD and Transnational Governance* (Vancouver: UBC Press) 3-22.
- Marcussen, M. (2004) 'The Organization for Economic Cooperation and Development as Ideational Artist and Arbitrator: Reality or dream?', in B. Reinalda and B. Verbeek (eds.), *Decision Making Within International Organizations* (London: Routledge) 90-105.
- Martin, L. (2006) 'Distribution, Information, and Delegation to International Organizations: The Case of IMF Conditionality', in D. Hawkins, D. Lake, D.L. Nielson and M.J. Tierney (eds.), *Delegation and Agency in International Organizations* (Cambridge: Cambridge University Press) 140-64.
- Modiano, M. (1976) 'Greece and the Community', *The Times*, September 27, special report, 1.
- Moravscik, A. (1998) *Choice for Europe* (London: UCL Press).
- Moschella, M. (2009) 'When Ideas Fail to Influence Policy Outcomes: Orderly Liberalization and the International Monetary Fund', *Review of International Political Economy*, **16**, 5, 854-82.
- Newman, A.L. (2010) 'Knowledge for Power: Regulatory Cooperation, Bureaucratic Autonomy and the International Financial Architecture', Paper proposal prepared for the Georgetown University conference on The International Financial Crisis, Georgetown University, May 7.
- Nielson, D.L. and Tierney, M.J. (2003) 'Delegation to International Organizations: Agency Theory and World Bank Environmental Reform', *International Organization*, **57**, 2, 241-76.

-
- Nipstad, J. (1977) 'On the role of exchange controls and their effectiveness', *OECD Archive*, Note, DAF/INV/77.28, 11 May.
- Nipstad, J. (2010, 2011) former CMIT member 1979-1994 (and alternative member from 1974-1979) and former Sveriges Riksbank official, 1973-1994, interviews by email, 7-12 November 2010 and 11 April 2011.
- Oatley, T. (1999) 'How Constraining Is Capital Mobility? The Partisan Hypothesis in an Open Economy', *American Journal of Political Science*, **43**, 4, 1003-27.
- OECD (1961) *Code of Liberalisation of Capital Movements* (Paris: OECD).
- OECD (1977a) 'Ad Hoc Working Group on the Role of Multinational Enterprises with Respect to Short-Term Capital Movements', OECD Archives, CES/74.77, 25 July.
- OECD (1977b) 'Fourth Examination of the Swedish Reservations Recorded in Annex B to the Code of Liberalisation of Capital Movements', Note by the Secretariat, DAF/INV/77.36, 10 August.
- OECD (1978) 'Intepretation of Articles 10 and 9 of the Code of Liberalisation of Capital Movements', Report by the ad hoc Group, CMIT, 2nd Revision, DAF/INV/77.50, 14 March.
- OECD (1981) 'Fifth Examination of the Swedish Reservations Recorded in Annex B to the Code of Liberalisation of Capital Movements', Note by the Secretariat, DAF/INV/81.23, 9 September.
- OECD (1985a) 'Member Countries' Reservations to the Amended Obligations under the inward direct investment item in the Code of Liberalisation of Capital Movement, Addendum 1', Note by the Secretariat, DAFFE/INV/85.14, 13 February.

-
- OECD (1985b) ‘Background information on Short-term Capital Movements and Euromarket Operations’, Note by the Secretariat, DAF/INV/85.30 and DAF/INV/MC/SF/85.7, 12 June.
- OECD (1986a), ‘Recent Measures Affecting International Capital Movements and Invisible Transactions’, Note by the Secretariat, Working Document 1/162, 9 June.
- OECD (1986b) ‘Explanatory Brochure on the OECD Codes of Liberalisation’, note by the Secretariat, DAF/INV/86.50, 27 November.
- OECD (1986c) ‘Sixth Examination of the Swedish Reservations Recorded in Annex B to the Code of Liberalisation of Capital Movements’, Note by the Secretariat, DAF/INV/86.17, 22 May.
- OECD (1988) ‘Summary of the CMIT Committee’s exchange of views on the question of modifying the procedures of the capital movements code’, TIR/M(88)1, Annex II.
- OEEC (1961) *Liberalisation of Current Invisible Operations and Capital Movements by the OEEC* (Paris: Organisation of European Economic Cooperation).
- Pagani, F. (2002), *Peer Review: A Tool for Co-operation and Change – An Analysis of an OECD Working Method*, SG/LEG(2002)1 (Paris: OECD).
- Pepinsky, T. (2008) ‘Capital Mobility and Coalitional Politics: Authoritarian Regimes and Economic Adjustment in Southeast Asia’, *World Politics*, **60**, 3, 438-74.
- Poret, P. (1992) ‘Liberalisation Capital Movements’, *OECD Observer*, **176**, 4-8.
- Porter, T. and Webb, M. (2008) ‘The Role of the OECD in the Orchestration of Global Knowledge Networks’, in R. Mahon and S. McBride (eds.), *The OECD and Transnational Governance* (Vancouver: UBC Press) 43-59.

-
- Posner, E. (2005) 'Sources of Institutional Change: The Supranational Origins of Europe's New Stock Markets', *World Politics*, **58**, 4, 1-40.
- Seabrooke, L. (2006) *The Social Sources of Financial Power: Domestic Legitimacy and International Financial Orders* (Ithaca: Cornell University Press).
- Simmons, B., Dobbin, F. and Garrett, G. (2006) 'Introduction: The International Diffusion of Liberalism', *International Organisation*, **60**, 4, 781-810.
- Singer, D. (2007) *Regulating Capital: Setting Standards for the International Financial System* (Ithaca: Cornell University Press).
- Stone, D. (2002) 'Introduction: Global Knowledge and Advocacy Networks', *Global Networks*, **2**, 1, 1-11.
- Story, J. and Walter, I. (1997) *Political Economy of Financial Integration in Europe: The Battle of the System* (Manchester: Manchester University Press).
- The Times* (1972a) 'OECD Doubts on American Recovery', June 15, 23.
- The Times* (1972b) 'OECD Studies Impact of Payment Switches', September 14, 15.
- The Times* (1974) 'Elusive Report', September 30, 21.
- The Times* (1977) 'M Mitterrand Draws a Sombre Picture of French Economy', July 13, 7.
- The Times* (1980a) 'Backing for Balanced US Budget', May 2, 22.
- The Times* (1980b) 'Checklist', February 11, 16.
- The Times* (1983) 'A Summit in Danger of Bonhomie', May 26, Business News section 27.
- The Times* (1984a) 'Community Powers', November 13, 17.
- The Times* (1984b) 'Seven Nations Unite on Strategy for the Future', June 11, Home/Overseas News section 4.
- The Times* (1985a) 'Best Prospects for New Jobs', February 6, Home News section 4.

-
- The Times* (1985b) 'General Appointments', May 23, 29.
- Underhill, G. (1995) 'Keeping Governments out of Politics: Transnational Securities Markets, Regulatory Cooperation, and Political Legitimacy', *Review of International Studies*, **2**, 3, 251-78.
- Verdier, D. (2002) *Moving Money: Banking and Finance in the Industrialised World* (New York: Cambridge University Press).
- Webb, M. (2004) 'Defining the Boundaries of Legitimate State Practice: Norms, Transnational Actors and the OECD's Project on Harmful Tax Competition', *Review of International Political Economy*, **11**, 4, 787-827.
- Widmaier, W.W., Blyth, M. and Seabrooke, L. (2007) 'Exogenous Shocks or Endogenous Constructions? The Meanings of Wars and Crises', *International Studies Quarterly*, **51**, 4, 747-59.
- Wigg, R. (1974) 'Mr Shore Says Trade Pledge Will Aid Britain', *The Times*, May 30, 19.
- Witherell, W. (2010) member of the OECD secretariat 1977-2005 (and Director for Financial and Enterprise Affairs 1989-2005), interview, 14 November.
- Wolfe, R. (2008), 'From Reconstructing Europe to Constructing Globalization: The OECD in Historical Perspective', in R. Mahon and S. McBride (eds.), *The OECD and Transnational Governance* (Vancouver: UBC Press) 25-42.
- Woodward, R. (2009) *The Organisation for Economic Co-operation and Development (OECD)* (Routledge: London).