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# Form over function in finance: international institutional design by bricolage

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## ABSTRACT

Dominant perspectives in International Relations start from the assumption that the problem-constellation determines international institutional design. Given the difficulty these ends-oriented approaches face when explaining institutional inefficiencies and pathologies, this article develops an alternate perspective based on anthropologist Claude Lévi-Strauss's concept of bricolage. Design by bricolage starts from the premise that actors are means-focused, seeking to recombine and redeploy tools from their existing environment. Designers constantly experiment, adapting institutional elements from cognate fields, with the aim of creating novel institutional arrangements. The outcomes of international cooperation are a function of the design process, more than the initial problem type. To illustrate the usefulness of this perspective, the paper examines the evolution of the International Financial Architecture, with a focus on the evolution of the international securities regime. A design by bricolage perspective is well positioned to make sense of enduring International Relations puzzles such as why second-best solutions often persist yet later succeed, and, importantly, re-opens the conversation on agency in international institutional design that has been downplayed by conventional, structural approaches. The design of international institutional elements is frequently experimental where form trumps function.

## KEYWORDS

International institutions; institutional change; bricolage; global governance; global finance; IOSCO.

this architecture evolved over time as events occurred. It is the result of neither a grand design nor an underlying 'genetic' code that predisposed the evolution of the system to emerge in the way it has. It is more akin to an evolving patchwork quilt of consensus decisions by stakeholders in the major financial centres to deal with problems as they emerged... - (Schinasi and Truman, 2010, p. 3)

## 1. INTRODUCTION

International institutions, be they alliances, treaties or standards, vary tremendously from scope of membership to degree of legal formalization. Such differences matter as they shape the key elements of global cooperation – who participates, in what venue, and by what rules. Scholars in both international security and international political economy tend to privilege rationalist approaches when analyzing variation in international institutions (Keohane, 1984; Koremenos et al., 2001). Institutional designers are likened to engineers – they first identify the problem at hand (e.g. one of distribution or enforcement) and then fashion the optimal cooperative solution based off the problem’s parameters. Even those who recognize the limits of an agent’s cognitive abilities, or the importance of the institutional environment, consistently focus on the problem-type as the key driver of outcomes (Jupille et al., 2013). Such approaches, however, are frequently criticized for their failure to incorporate the contextual and non-material motivation of actors (Copelovitch and Putnam, 2014; Duffield, 2003). Scholars offering a sociological perspective have made large strides in explaining why institutions become pathological or are adopted despite their inefficient nature, yet still leave issues of change unresolved (Barnett and Finnemore, 2004; Pouliot, 2008).

Given these concerns, this paper attempts to develop an alternative perspective based off the work of anthropologist Claude Levi-Strauss (1966), which we label *design by bricolage*.<sup>1</sup> The fundamental insight of the bricolage perspective is that design is often driven by the means available to the designer rather than the problem that the designer faces. Much like craft production systems, designers have a set of multipurpose tools that are reconfigured in response to new events. As a result, design is driven by the existing tool stock. More than simple path dependence, sequencing or bounded rationality (Jones, 2001; Pierson, 2000), the object of design is not problem optimization but the creative use of existing tools.

A bricolage perspective, then, shifts the focus of design discussions from the nature of the problem toward the stock of tools and the moments when they are creatively repurposed. Designers are viewed less as scientists relying on abstract concepts of causality than as craftsmen or artists taking advantage of familiar institutional and social artifacts. Change typically occurs through the grafting of modular components rather than the *de nova* invention of individual institutional features. As designers are engaged in a means-focused exercise, there is considerable room for both institutional mishaps and unexpected successes. The end result does not necessarily produce incremental change. Recombination and grafting, as has been demonstrated across a number of other disciplines, often produce transformative arrangements.

International institutions then emerge through experimentation, tinkering and artistry.

To offer an initial plausibility probe of the design by bricolage approach, we examine the design process behind the regime governing international finance known as the International Financial Architecture. As this article is primarily concerned with theory building, the examples from the International Financial Architecture are used to illustrate the core expectations and contrast them to existing approaches. Theoretically, global finance is a critical case as scholars have routinely used problem-oriented perspectives to explain its characteristics (Raustiala, 2002; Singer 2007; Verdier, 2009). Empirically, it represents a key puzzle as many have criticized its performance in the wake of the recent financial crisis (Lall, 2012). International Finance, then, offers a useful case to scrutinize existing theory and an important real-world challenge demanding further scholarly attention.

The goal of the paper is not to deny existing approaches to institutional design. Rather, the paper develops an alternative ideal type of how international institutions may emerge and change. The potential payoff of incorporating a bricolage perspective into International Relations' explanations of international institutions is significant. It is well positioned to make sense of organizational pathologies or failures, it can account for how seemingly 'second-best solutions' persist and even achieve unanticipated success, and helps clarify why institutional changes come in waves. Moreover, it prompts a discussion about the contingent nature of agency that has been largely lacking from the problem-centered design literature as well as more structural accounts of diffusion that stress processes of mimesis and competition (Gilardi, 2012; Simmons et al., 2008). While bricolage emphasizes the socio-historical context of the available means, it opens up a window for institutional entrepreneurship as designers seek to devise and promote particular institutional recruitments. As such, it contributes to the growing practice literature (Pouliot, 2008), illustrating a specific way in which the everyday actions of policy designers shape the institutions and rules that govern the global economy.

## 2. EXPLAINING INTERNATIONAL INSTITUTIONAL DESIGN – MEANS VS. ENDS; AGENTS VS. STRUCTURES

The proliferation of international law governing issues as diverse as arms and the environment is marked by a growing variety of institutions and regimes. The core elements of cooperation – the number and character of participants, the content of cooperation, its oversight and

implementation – differ considerably and these variations have been shown to alter organizational effectiveness when addressing global policy challenges.

A number of frameworks have been applied to resolve the puzzle of varying institutional design elements. Before introducing our design by bricolage approach, we develop an analytic typology that serves two purposes. First, it organizes the existing literature on institutional design, and second, it helps elucidate the contributions of our design by bricolage perspective. The typology varies along two key dimensions: means vs. ends inspiration, and agency vs. structure constraints. The former highlights whether institutional designers are seen as deriving inspiration from the functional problem they face or are more disposed to consider the forms of cooperation, and the environment they operate in, when choosing institutional components. The agency–structure division distinguishes between perspectives that focus on actor capabilities as the key to cooperation outcomes and those that see international structure as dictating design. Figure 1 outlines how the combination of our two variables helps organize the literature. We acknowledge that such heuristic distinctions do not depict the full range of nuance in each of the major perspectives but nevertheless serves to highlight important theoretical points of difference.

A sizable literature in International Relations looks to rational institutionalist models to explain institutional design and change (Figure 1, upper right quadrant).<sup>2</sup> Exemplified by the *International Organization* special issue on rational design (Koremenos et al., 2001) and underscored by recent attention to principal agent models (Hawkins et al., 2006; Singer, 2007), the approach starts from the premise that states use international institutions to achieve functionalist goals and, as such, design institutions accordingly. Typically following some form of an exogenous shock, (state) actors identify the respective type of problem that they face: either one of distribution, where more than one cooperative agreement is possible, or one of enforcement, where incentives to cheat exist. After defining

		Means-Ends Inspiration	
		Means	Ends
Agency-Structure Constraints	Agency	Bricolage	Rational Design
	Structure	Sociological Institutionalism	HI/Bounded Rationality

Figure 1. A typology of international institutional design.

the problem type, designers face a series of additional parameters including the number of actors involved, the ambiguity of their preferences and the general uncertainty of the state of the world. Given this information, actors design and implement social-welfare-enhancing solutions, which address the aforementioned constraints.

According to this approach, designers focus on functionality, or ends, when choosing design elements. This view helps resolve a number of crucial commercial issues like why we see exit clauses in some economic agreements but not others (Koremenos, 2005), and clarifies the logics and prospects for regional integration (Mansfield and Reinhardt, 2003). Nonetheless, the perspective struggles to deal with the growing number of suboptimal international institutions that continue to persist, or why actors may 'under-select' institutions in the first place (Barnett and Finnemore, 2004; Hafner-Burton and Tsutsui, 2007). Scholars within the rational choice school of thought critique the approach for paying insufficient attention to the broader institutional environment in which bargaining takes place. For example, recent rationalist scholarship highlights how dissatisfied members of an institution will seek to mimic an existing organization when mounting a challenge to the status quo, and how past instances of cooperation condition institutional outcomes (Copelovitch and Putnam, 2014; Morse and Keohane, 2014).

Such anomalies have lead researchers to loosen some of the rational design school's assumptions and, in particular, start from a bounded rationality basis. While the problem states face still provides the fundamental inspiration for institutional design, actors can no longer compute all the possible, optimal combinations of institutional elements. The uncertainty of cooperation leads policy-makers to rely on heuristics that help solve this dilemma. Actors frequently overemphasize the gains, versus the risks, of cooperation during negotiations or 'satisfice', choosing good enough solutions due to preference inconsistency and cognitive limitations (Poulsen and Aisbett, 2013). Bounded rationality helps explain why we have seen such a massive proliferation of Bilateral Investment Treaties (Skovgaard Poulsen, 2014) and, accompanied by a recent integration with historical institutionalism tools, the long-run evolution of international arbitration (Jupille et al., 2013).

Jupille et al. (2013) represent the most elaborate form of the bounded rationality perspective that incorporates the institutional space. They argue that satisficing actors follow a decision tree like logic of Use-Selection-Change-Creation. When confronted with a cooperation problem, the first step is to use the existing options. If they do not meet a threshold of acceptability, actors may then choose to either adopt or adapt an existing set of institutions. Lastly, and most costly, policy-makers may attempt to forge brand new law or organizations to help resolve their cooperation dilemmas. At each stage, actors are selecting a satisfactory, not optimal,

outcome, conditioned by an issue area's governance space. With their problem basis, emphasis on path dependence and the constraints posed by pre-existing institutions, these arguments fall firmly into the bottom-right quadrant of [Figure 1](#).

Recent work in the historical institutionalist (HI) tradition provides a number of alternate mechanisms that build on such notions of incremental change (Streeck and Thelen, 2009, 2005). These arguments, like ours, underscore the ways in which the institutional context can slowly evolve over time to produce important institutional shifts. This contrasts with earlier work in HI that stressed critical junctures and punctuated equilibrium. International Relations (IR) scholars have adopted these mid-range tools (Farrell and Newman, 2010; Fioretos, 2011) to explain a number of issues related to global governance such as the evolution of accounting standards, and the data security and privacy regime. Crucial for our purpose, however, such applications still see actors as primarily ends-oriented, focusing on using tools (e.g. layering or drift) to overcome blockages that are hindering their material or ideational interests. While paying more attention to context, these arguments largely fall in line with more conventional, rationalist models of strategic action.

Strategic action takes on a different meaning for sociological institutionalism. Actors who aim to do what is seen as legitimate, rather than materially optimal, distinguishes such approaches to international institutions (Meyer, 2010). Legitimacy comes from what is seen as appropriate in the international system, even if the outcomes do not match the initial design goals. This shifts the focus from the problems to be solved to the means at an actor's disposal, as agents are in search of scripts that provide meaning (Checkel, 2005). While this is not necessarily in opposition to efficient institutional selection, efficiency gets redefined by the broader institutional environment. Adoption and design of international institutions starts to take on a ritualistic form where isomorphism becomes the norm. Structure and scripts, as per the bottom-left quadrant of [Figure 1](#), define the design process.

A number of different variants of sociological institutionalism have made their way into International Relations such as Barnett and Finnemore's (2004) classic work. While they further our understanding of why international institutions frequently fail, and provide a rich understanding of bureaucratic intentions, they are frequently criticized for lacking a theory of change. Moreover, critics within sociology have highlighted how meaning itself is contingent and changing, and its variance across countries and organizations often leads to subtle but important variations in how actors choose to adopt or comply with international institutions (Halliday and Carruthers, 2009).

A design by bricolage view takes a number of different features of the three dominant approaches but recombines them to produce novel expectations. Along with rational design, it emphasizes actors and their motivations but, rather than seeing policy-makers as strategic optimizers, actors are focused on the means at hand *à la* sociological institutionalism. At the same time, in line with historical institutionalism/bounded rationality, the design process is fundamentally shaped by the existing set of institutions but, rather than institutional context serving as a constraint on strategic action, it serves as the motivation for it. In the next section, we elaborate on these similarities and the various expectations and scope conditions for a design by bricolage perspective.

### 3. DESIGN BY BRICOLAGE

Lévi-Strauss juxtaposed the scientific or engineering view of knowledge creation, where actors go out and create new tools to solve a problem, to one where actors, akin to craftsmen, engage in a process of 'bricolage'.<sup>3</sup> *Design by bricolage* emphasizes the means available to the designer rather than the need to find the optimal outcome. Problems, events or crisis give impetus to the design process. But the design process is concerned primarily with an examination and recombination of the tools available. For our purposes, international institutions emerge and evolve as policy-makers mix design elements to create state-of-the-art combinations.

Much like rational or sociological institutionalism, design by bricolage still assumes that actors are driven by their interests. But what drives actors, and as such what constitutes their interests, varies. Like craftsmen or artists, policy-makers find meaning in the redeployment process – creating novel combinations is an end in itself. More than vainly self-interested, transnational bureaucrats are like contributors to open-source software who innovate so as to participate in something new and potentially revolutionary (Weber, 2004). Moreover, actors compete in a status ecology with other policy-makers to get their design elements adopted. Members of the policy-making community share a respect for institutional creativity and entrepreneurship – each wants to be viewed as the pre-eminent craftsperson earning themselves personal satisfaction, status amongst peers and potentially financial remuneration.

Lévi-Strauss emphasized the design 'stock' as the critical element in bricolage that creates the building blocks for craftspersons/policy-makers. Instead of problem diagnosis characterizing the initial response to a crisis, bricolage sees the first step as retrospective where actors look back at the available design stock. Designers have a set of ready-made, multi-purpose institutional components – design by bricolage centers on the creative redeployment of these components into novel configurations. Rather than interests being *a priori*, the existing tool stock shapes an

actor's understanding of his or her interests. Creating something new can only be done or understood in reference to what already exists. In line with recent work in economic sociology, we then see existing technologies setting the parameters of the entrepreneurial environment (MacKenzie, 2008), with the outcome defined by how actors choose to graft these technologies. Crucially, the design stock is defined by not only the objective number of tools available but also by the range of socially constructed uses of those tools.

The reconfiguration process is often triggered by a desire to solve a specific *local* problem but once design begins the problem takes a back seat. A lack of a long-term plan is a key characteristic of bricolage (Mérand, 2012). Institutional designers, bricoleurs, do not simply reproduce structurally given solutions but instead meld them to fit their own contexts. As Mérand (2012, p. 3) has noted, while applying the concept of bricolage to explain security cooperation in Europe, '...bricolage is what happens when social agents decide to play with these scripts and templates to create new institutions'. We see this on display in the evolution of trade agreements. As elements like Investor-State-Dispute-Settlement gained popularity, designers adopted and adapted them into the international trade context. They *de facto* combined two regimes – trade and investment – that had been seen as distinct spheres, and unwittingly created a new form of global regulation.

In line with scholars who draw on Bourdieu in the practice turn, bricolage is not a basic default option, but instead describes a key aspect of actor intentionality. The actor-centric approach, with an emphasis on the means and scripts at one's disposal, places bricolage in the top-left quadrant of Figure 1.

While political scientists seldom draw on anthropological theory the bricolage perspective should be intuitive given how it mirrors the standard research process we follow. When confronted with an empirical puzzle, we rarely try to immediately come up with a new solution – instead we apply the various theories from our (sub-)fields, utilizing our pre-existing toolkit. When the tools are deemed insufficient, we do not step back and start from scratch, mindlessly apply an existing theory, or simply settle on one of the incongruent theories as 'sufficient'. We engage in a recombination process of different ideas that we are already familiar with, frequently borrow from complementary fields or popular fads, and re-mold them to help make sense of the world. Engaging in this creative process leads to the formation of new theory that goes beyond the problem that inspired its formulation.<sup>4</sup>

*The Savage Mind* (1966), where Lévi-Strauss first introduced the concept, only spent a handful of pages explaining its logic. Despite this limited analysis, the concept has become increasingly popular, seeing its application across a host of fields ranging from biology (Lavorgna et al.,

2001; Wilkins, 2007) to innovation studies (Baker and Nelson, 2005). For example, management research demonstrates how firms practicing bricolage made critical technology breakthroughs when compared to those employing a traditional engineering perspective, as it allowed agents to productively go off the equilibrium path (Garud and Karnøe, 2003). Importantly, this research then demonstrates that bricolage is not necessarily limited to incremental change as recombination can result in quite transformative outcomes (Baker and Nelson, 2005; Cleaver, 2002).

The extension of the concept to other disciplines further allows us to delineate some of the scope conditions under which international actors are likely to engage in a design by bricolage approach. Three specific conditions stand out: shared cultural ties across policy designers, experimentation by more legitimate actors in complementary domains and highly uncertain environments.

First, we should expect institutional designers to borrow tools from other arenas when they share strong ideational ties. For example, applying the concept of issue bricolage to understand why some social movements within the same field merge while others remain unchanged, Jung et al. (2014) illustrate that movements whose causes shared a strong cultural basis were the first to amalgamate their protest strategies. Initiation frequently came from weaker actors seeking to 'ride the coat-tails' of more successful movements. This also benefits the higher status actor since it illustrates their authenticity. Applying this to International Relations, we should expect groups with strongly shared identities or knowledge bases, such as expertise within epistemic communities (Chwieroth, 2007; Haas, 1992), to borrow tools from each other:

E1: Design elements will result from the recruitment of elements from pre-existing, cognate institutional contexts.

E1a: These elements will be recrafted to fit the local context.

Next, similar to diffusion theories, recombination should be expected once more legitimate actors engage in experimentation (Rao et al., 2005). A designer's 'principal' or prevailing norms may initially curtail a bricoleur's motivation to create something new. But when actors who are at the forefront of their field, those who the bricoleur most admires, begin to change their practices, it brings out a designer's experimental impulses. People constantly define their own identities and interests in relation to those at the top of their field – policy-makers are no different – so we should expect that when these leaders reorganize their behavior, others will follow suit to mitigate any status differences. Unlike with sociological institutionalism, we do not expect this adoption to be

wholesale or blind, but instead this triggers the trial-and-error process where designers begin to play with scripts.<sup>5</sup> In other words, actors that enjoy a certain degree of legitimacy open up the space for others to experiment. This should help clarify why so many institutional innovations come in waves but also feature local adaptations and transformation.

E2: Borrowing is most likely to occur when the most legitimate pre-existing institutions and organizations have begun experimenting.

Third, situations of high uncertainty promote bricolage strategies. As the relationship between causal processes becomes obscured and outcomes of action become unpredictable, actors should focus on means-oriented actions. A number of researchers generally expect some amount of borrowing or re-adaptation in such settings (Campbell, 2004; Carstensen, 2011).<sup>6</sup> Here existing toolsets become important, not because they will solve the problem, but because their existence provides guidance and offers reassurance to policy-makers facing uncertainty. Moreover, a policy designer's credibility rests on not only his or her past accomplishments but also the rules that put the designer in charge in the first place (Ban, 2016). Recombining these prior institutions then allows the designer to maintain authority even in the face of anomalies (Matthijs and Blyth, 2016). As issue complexity obscures likely consequence of a particular policy choice (Sabel and Zeitlin, 2010), designers will turn away from problem-oriented strategies and instead focus on process and the particular design tools. The long-run consequences will be disregarded as designers try to regain control through a combinatorial process.

E3: Recombination is likely to occur during times of high uncertainty.

To further clarify the perspective's usefulness, we delineate the key differences in assumptions and expectations between bricolage and the rational design approach in Table 1. Starting from the assumptions that actors are means-oriented, with the process able to shape interests, we see a number of important distinctions from the rational design approach.

A design by bricolage perspective, then, offers potentially unique answers to a number of international institution puzzles such as the rise of international organization parliamentary bodies (Jetschke and Lenz, 2013), to the failure of structural adjustment programs implemented by the International Monetary Fund (Nooruddin and Simmons, 2006; Vreeland, 2003). To begin to assess the framework, the next section offers a first plausibility probe. The case examines the development of the

**Table 1.** Design approaches.

	Rational design approach	Design by bricolage
Major assumptions		
Actor orientation	Problem/forward looking	Means/retrospective
Goals	Optimization	Creative redeployment
Expectations		
Initial response to exogenous shock	Problem diagnosis	Examination of existing tools (stock)
Process	Cost-benefit	Experimentation
Outcome	Structurally defined	Interaction between stock and agent
Relationship to environment	Independent	Context specific
Outcome-bias	Novelty	Recruitment
Long-run effects	Predicted/contained	Dismissed/unintended

International Financial Architecture, which is the main global regime for the regulation of financial services and banking (Brummer, 2012; Verdier, 2009). In particular, it consists of a series of governance standards generated by networks of regulators that are then monitored by the networks along with the International Monetary Fund. To effectively process trace the creation and development of the regime, we spotlight one of the networks, the International Organization of Securities Commissions (IOSCO), which has primary responsibility for generating standards for investment banks and securities firms (Bach and Newman, 2010; Singer, 2007).

Since the rational design perspective has frequently been used to understand these regulatory networks, the case serves as a theoretically typical case. The dominant explanation in the literature for such transgovernmental cooperation comes from problem-solution-oriented arguments that either depict the architecture as a fast and flexible response to a coordination problem or a weak response to an enforcement problem (Raustiala, 2002; Verdier, 2009; Whytock, 2005). At the same time, the case presents an important empirical puzzle as the International Financial Architecture has experienced several rounds of regulatory failure, yet persists (Drezner and McNamara, 2013; Lall, 2012). The case, therefore, is useful for both research design and theory-building purposes. The focus on IOSCO also allows for a detailed examination of variation overtime in which to investigate the relationship between the problem constellation, the institutional context and design entrepreneurs.

#### 4. THE INTERNATIONAL FINANCIAL ARCHITECTURE AND IOSCO

The analytic narrative begins with a brief overview of the International Financial Architecture and IOSCO's initial growth. Next, we present the core of our analysis – a detailed look at the development of IOSCO's *Objectives and Principles of Securities Regulation* and its transformation into the *Methodology of Assessing Implementation* that the IMF adopted as part of its Standards and Codes initiative and Financial Stability Assessment Program (FSAP). Given the primacy of rationalist approaches, we juxtapose design by bricolage with their expectations as delineated in Table 1. Where appropriate, we highlight how bricolage differs from more bounded rationality or sociological accounts. For our theoretical purposes, the empirical evidence reveals that cooperation often followed a means-oriented process whereby actors looked to a pre-existing toolkit regardless of its potential to resolve a specific form of cooperation problem. They borrowed from organizations in cognate fields, based on the legitimacy of the institutions, and grafted them onto their local context.

In contrast to regimes for trade and exchange rates, the global governance of finance is relatively new. Until the 1970s, banks were seen as largely domestic intermediaries and thus received little attention at negotiations concerning the international political economy. With the rise of foreign direct investment, petrodollars, Eurobonds and multinational corporations, however, finance broke free of its traditional parochial shackles.<sup>7</sup> This presented two types of cooperation problems for states, regulators and market actors. On the one hand, the internationalization of finance produced a clash of national regulatory systems leading to distributional conflicts that inevitably arise from attempts at harmonization (Simmons, 2001). On the other hand, the growing interdependence of national economies meant that a banking crisis in one country could potentially cascade across a region or perhaps even globally – weak governance in one jurisdiction would inevitably spill over into other countries (Laeven and Valencia, 2008).

With such structural change in the background, the initial pillars of the international financial architecture began to take shape. Unlike many post-war efforts that rely on formal treaty-based international organizations, the international financial architecture depends on expertise-based networks of informal, voluntary cooperative efforts among public and private sub-state actors.<sup>8</sup> These include fora devoted to specific sector issues such as the Base Committee on Banking and Supervision (BCBS)<sup>9</sup> or thematic bodies such as the Financial Action Task Force on Money Laundering and the International Accounting Standards Board. Most recently, several of these regulatory networks have been embedded within an umbrella network known as the Financial Stability Board. And,

equally important, the standards developed in these bodies have been codified in the IMF's Standards and Codes initiative and FSAP – the global community's central tools to evaluate the quality of national regulatory regimes and their ability to prevent financial crises.

Accounts from the more rational institutional tradition have depicted this architecture as a logical outgrowth of the problem constellation. Policy actors use the 'network of networks' as a fast and flexible response to emerging challenges posed by globalization (Raustiala, 2002; Slaughter, 2009; Whytock, 2005). These networks were particularly well suited to the information gaps associated with coordination problems. This account, however, has come under strain since the 2008 financial crisis, as information issues have given way to questions of systemic stability. In other words, the networks lacked the adequate enforcement mechanisms to prevent cheating and spillovers. As Verdier (2009, p. 168) concludes in his review of the global governance of finance:

... while it may be rational for states to act through informal networks and agreements in certain circumstances...The reality of international regulatory cooperation is less tidy...While informal cooperation may well be optimal in cases where mere coordination is needed, it would be rash to discount the likelihood that it serves as a second-best alternative in many situations where deeper regulatory cooperation would be optimal but no instrument exists that adequately reconciles the needs for speed, flexibility, and compromise with the mechanisms needed to overcome distribution and enforcement problems.

In the following narrative, we present alternative evidence that helps resolve the tension between regime design and functionality, and demonstrate the importance of strategies that a design by bricolage approach expects. We build our argument in several steps. First, we examine the creation of the key design elements associated with the International Financial Architecture – network-based standards generation and the coupling of such standards to IMF review. We show that these design features resulted from the creative recombination of existing institutional elements rather than an *ex ante* engineering strategy to solve specific policy problems. To further motivate the case, we briefly describe the early history of IOSCO before turning to three key moments of institutional design.

#### **4.1. The early years of IOSCO: a development instrument, institutional drift and regulatory export**

IOSCO is the specialized, transgovernmental unit that deals with setting the international standards and best practices of securities regulation and

fosters communications between domestic regulators. Today, regulators from over 95% of the world's jurisdictions participate in IOSCO and the organization has come to take a leading role in revamping both securities standards and general financial market infrastructure, such as financial benchmarks, following the 2008 financial crisis (Medcraft, 2014). Research demonstrates that IOSCO standards have a significant effect on the organization and behavior of national regulatory bodies such as fostering domestic regulatory autonomy and improving insider trading prosecution (Bach and Newman, 2010). For our purposes, it is one of the core standard setters involved in the International Financial Architecture, responsible for generating rules for the financial securities sector.

IOSCO, however, was conceived with far humbler ambitions. The brainchild of collaboration between the International Financial Corporation and the Organization for American States, IOSCO was first intended to promote securities market development in Latin America (Marracci, 2012). The international organizations recruited America's Securities and Exchange Commission (SEC) to do its bidding, which dovetailed nicely with the SEC's own cold-war-inspired strategy of bilateral education. Originally named the Inter-American Association of Securities Commissions, the primary mission in these early years was not so much to prevent financial crises or other cross-jurisdiction frictions but rather to preach market-based rules (Sommer Jr., 1996). As such, it was created primarily as a development instrument rather than a coordination mechanism oriented to resolve either distributive or enforcement problems.

The SEC had little interest in managing such an international effort, thus limiting the Inter-American Securities Commissions work to bi-annual meetings that were described by the Financial Times as nothing more than an American talk shop (Bach, 2004, p. 187). Once a host of European countries joined the organization, the new Trans-Atlantic dialogue was rebranded as the International Organization for Securities Commissions in 1984. With a cobbled-together, heterodox group of members, IOSCO's efforts during the 1980s remained limited. With the Basel Committee gaining steam after a successful first round of capital regulation for banks, the organization failed to agree to similar rules for securities traders (Singer, 2007). Instead, the organization's most notable achievement during this period centered on a particular concern of the US SEC.

The United States, under the SEC, had the most stringent insider trading rules in place domestically, but their most important cases involving international deals frequently came to a standstill – countries as large as Germany did not have their own insider trading laws preventing cross-border coordination. To change this status quo, the SEC took advantage of their existing multilateral tools to ensure that their investigations would no longer be frustrated by cross-national regulatory divergence.

After vociferous SEC lobbying, IOSCO passed the Rio Declaration (1987) setting out expectations for information sharing between IOSCO regulators in cases of securities fraud.<sup>10</sup> SEC/IOSCO success is nothing short of astounding – while only a handful of countries had insider-trading laws in the 1980s, 105 had passed such rules come 2006 (Bach and Newman, 2010). Interestingly, the academic literature is uncertain whether such rules actually enhance market efficiency but has instead demonstrated that insider-trading regulations generate economic winners and losers (Kerner and Kucik, 2010). Rather than resolving a typical coordination problem associated with the rational design account, IOSCO's most far-reaching achievement was the regulatory export of US-based insider trading rules.

#### 4.2. Upgrading IOSCO using someone else's tools

In early 1995, the global financial system was shocked by the actions of a rogue trader at Barings Bank. Nick Leeson, after a handful of bets gone bad, brought the centuries-old organization to the brink of insolvency. The drama unfolded while international policy-makers were still dealing with the fallout from Mexico's peso crisis. Years of deregulation and faith in the financial sector had left heads of state bewildered by such events and international financial cooperation was suddenly on the global agenda. Coordination problems had grown increasingly severe and policy-makers and market actors had failed to keep up.

International securities regulators were ready to take advantage of this political opportunity to help reinvent an organization that had started to, once again, live up to its early talk-shop reputation. As Michel Prada, former head of French financial regulation and a chairman of IOSCO's Technical Committee,<sup>11</sup> during the episode explains:

There were a few people who were committed to giving a better strategic direction for IOSCO. The organization had delivered a few interesting standards in the past but failed to deliver some real objectives and principles. Together we considered that it was key for this organization to have an agreement between its members about the strategic direction we should aim towards. (Kempthorne, 2013, p. 124)

Contra the rational design approach, IOSCO leaders did not step back and aim to figure out the optimal solution to the coordination problems that the crises of 1994 and 1995 had produced or conduct an in-depth cost-benefit analysis of what IOSCO's new value-added role could be. Instead IOSCO officials surveyed finance's institutional landscape and

were quick to recognize the opportunity to barrow from their more successful protégés – the Basel Committee for Banking Stands (BCBS.) The BCBS had recently released the Basel Accord, commonly referred to now as Basel I, to much fanfare. This was despite the fact that Basel I was riddled with its own contradictions and did little to prevent the aforementioned crises.<sup>12</sup> Nonetheless, the IOSCO Technical Committee quickly settled on creating a set of standards, which would act as guidelines for sound securities regulation, as the way forward for the organization. As Prada explains, such institutional recruitment was motivated by the growing legitimacy of the BCBS and its standards style regulation, with a clear focus on the means at hand:

We were rather seeking recognition and support from the governments. At that time insurance regulators and securities regulators didn't have the same visibility and credibility as banking regulators. Before 1999, the establishment of the FSF, Central Bankers and prudential regulators had long been recognized internationally and had been working together for many years. We had Basel I and Basel II, the national governments were fairly aware at the global level of banking regulators. They didn't have the same sensitivity and same interest in securities regulation. (Kempthorne, 2013, p. 125)

The organization, then settled on creating the *Objectives and Principles of Securities Regulation* (hereafter referred to as *Principles*), which were set to mirror the form and style of the BCBS. Tony Neoh, then chairman of IOSCO, had already been formulating the idea of IOSCO's own Basel-esque style of standards and he presented the idea to the rest of the Technical Committee in early 1995. As he stated in an IOSCO report from 1996, the logic of creating the standards came from an interaction with the context specific stock of cooperative tools:

We were caught up in the ferment where there was tremendous consensus that there should be as much as possible consensus on international standards. There was a wind that was blowing that caught all of us. We were pushed along. (Kempthorne, 2013, p. 123)

#### 4.3. IOSCO's principles – aspirational not analytical

While the sociological institutionalism literature might point toward the importance of existing tools, the empirical record demonstrates both the central role played by policy entrepreneurs and the adaptation to the local environment. IOSCO officials were quick to ensure that *Principles*

would reflect their securities-based context. The task of drafting *Principles* was given to Andrew Proctor, Tony Neoh's right-hand man in the organization, and once again the IOSCO officials took advantage of the tools in front of them, following a bricolage process, rather than mindless mimesis.

Proctor's first step was to go back through all the previous IOSCO reports from 1983 through 1997 in order to come up with a list of recommendations that had *already* been discussed and generally agreed on by the members of the President's Committee.<sup>13</sup> Prior tools conditioned what he deemed as in his and the organization's best interests while trying to navigate the uncertain, post-crisis terrain. As Proctor has stated, the *Principles* were 'copy and pasted from existing IOSCO documents' (Kempthorne, 2013, p. 128). Furthermore, Proctor openly admitted to choosing three objectives with 30 principles since 'it made a good harmonious number'. The preferences of the other regulators weighed heavily on him, as per rational design, but form quickly began to trump function. The designer did not wholesale adopt a script to solve a problem but instead redeployed them to create a new solution that would improve the organization's legitimacy.

Triggered by the shocks of 1994 and 1995, experimentation and success by the more legitimate BCBS heavily conditioned IOSCO's response. The organization's leaders looked back on its existing work in order to formulate its own set of standards – what would come to be known as the *Objectives and Principles of Securities Regulation*. But once this work had been compiled by the likes of Neoh and Proctor, it still needed to be codified and passed by the President's Committee.

The narrative thus far shares important characteristics with HI/bounded rationality accounts that assume a degree of path dependence. However, they still assume a problem-driven focus where a credible commitment would be in order – IOSCO officials instead continued to focus on a flexibility that fit their local context. Other than ensuring that those who would be voting had already agreed to the terms, as explained above, Proctor attempted to forge consensus by limiting the distributional consequences of the standards. Instead of trying to forge a commitment between IOSCO members to actually implement *Principles*, Proctor pitched the standards as a set of *aspirational* goals. The strategy proved to be particularly effective in maintaining support from powerful members such as the US's SEC who was wary of agreeing to binding rules that might contradict their national standards. No one completely met all the criteria and the aspirational spin was sufficient in convincing members of the President's Committee that there were few implementation requirements. The act of cooperation, that is creating something new, became more important than the impetus for cooperation. The *Principles* were eventually passed and adopted by IOSCO in 1998.

#### 4.4. Bricoleurs at work – embedding IOSCO standards in the International Financial Architecture

In the late 1990s, *Principles* received a considerable boost as they became embedded in the larger International Financial Architecture, which was monitored and coordinated by the IMF as well as a new networked agency, known as the Financial Stability Forum (FSF). For the empirical study at hand, we demonstrate that the linking of these distinct international design elements was shaped by the entrepreneurship of several critical design bricoleurs. Equally important, the design exercise relied heavily on the existing tool stock, with key recruitment decisions taken by these highly legitimate actors with strong cultural ties.

In 1997, while IOSCO was busy developing *Principles*, the global financial system experienced yet another shock that caught every regulator by surprise. Academics and bureaucrats vociferously debated the causes of the East Asian financial crisis with explanations varying from bad banking and misguided macro-management, to unsound fundamentals and excessive speculation (Bustelo, 1998). One particular rationalization that gained traction was that insufficient transparency and information had lead international investors astray and prevented them from making sound financial judgments. The peso crisis was seen as caused by a lack of transparency and this mantra was remodeled to fit the East Asian financial crisis.<sup>14</sup>

While the IMF and the US Treasury were hastily enforcing Washington Consensus inspired measures on the East Asian economies, a group of finance ministers and central banking authorities under the auspices of the Group of 7 (G-7), the informal arena where great powers meet to discuss global governance issues, began to debate more long-term solutions.<sup>15</sup> The G-7 delegated authority to Hans Tietmeyer, the head of the German Bundesbank, to come up with a comprehensive proposal to combat the crisis and renew stability. While Tietmeyer acknowledged a number of different causes of the crisis, once again transparency featured heavily in his report. But this endorsement came with a bricolage-like twist. Tietmeyer's solutions heavily focused on the existing design stock. He argued that a number of tools already existed to counter such information asymmetries but that financial governance was dispersed and needed a central clearing house (Tietmeyer, 1999, pp. 5–7). He called for the creation of the FSF, a network of networks that would bring together regulators from the major International Financial Institutions (IFIs), the Basel Committee, IOSCO, IASC, etc., all under one roof in order to ensure the fast and adequate sharing of information.<sup>16</sup> Importantly, this proposal transformed the aspirational standards of IOSCO into a set of instructions for national regulatory reform.

As Whytock (2005) has argued, when faced with such high politics, the rational design approach would predict that states would take back the reins from subnational authorities and switch to more conventional, interstate, formal cooperation. Instead, the G-7 and the FSF went on to take Tietmeyer's initial recommendations further. Rather than mandating regulatory change, international regulators and organizations took the lead in assessing how well countries matched up to the prevailing norms of 'good governance' in order to incentivize emerging economies to move toward such standards. Such a trend emerged in a number of issue areas ranging from human rights (Hafner-Burton, 2005) to food safety (Vogel, 1995) and, as we have already encountered, became prevalent in banking via the Basel Committee's initial work. Influenced by their context, the FSF would follow in such footsteps, swiftly announcing that it planned to release a set of assessment standards for finance that every economy would be expected to follow with periodic assessments. Unlike in bounded rationality/HI accounts, institutional design was driven by entrepreneurship rather than basic path dependence.

Faced with a coordination problem, instead of creating a credible commitment, the FSF set out to redeploy tools initially created with limited reference to the anomalies at hand. The IMF had already begun developing some guidelines for data dissemination and financial transparency and under the guidance of the FSF was urged to speed up the process. Moreover, the FSF Task force charged with choosing the various metrics included several *Principles*-style guidelines from IOSCO, the BCBS, the IAIS and the IASC.<sup>17</sup> This occurred despite the fact that these standards were generally written at a more abstract and aspirational level than would be needed to conduct detailed, quantitative assessments. The FSF pressured these organizations to convert their existing work into something suitable for assessment much to the chagrin of the network regulators (Financial Stability Forum, 2000). The highly uncertain environment incentivized policy-makers to rely on tools that had already gained legitimacy precrisis despite their limited applicability.

The primary intellectual justification for such a bricolage-like approach came from Barry Eichengreen who had spent 1997 as a visiting scholar at the IMF watching the crisis unfold. In his much lauded *Toward a New International Financial Architecture* (1999), Eichengreen outlined a global governance regime that integrated the work of the regulatory networks within the monitoring and assessment regime of the IMF. When justifying his solution, he repeatedly stated that his recommendations to improve financial stability were driven by what was politically feasible in that particular context (Eichengreen, 1999, p. 9). Dismissing more 'radical' proposals such as permanently introducing capital controls, an international central bank or Sachs's infamous international bankruptcy

court, Eichengreen focused on reconfiguring existing institutional tools to create the International Financial Architecture.

Specifically, he strongly affirmed the need to strengthen standards and have the same set of rules globally. Unlike others who viewed this as an opportunity to revamp the IMF, he recognized that financial crises had now changed and a better approach would be 'modifying the environment in which it [the IMF] operated' (Eichengreen, 1999, p. 5). Crises were no longer balance of payment issues that the IMF specialized in and instead involved traders and complex financial products far beyond the scope of the IMF's expertise and capacity. Playing the role of bricoleur, Eichengreen concludes, 'Fortunately, the relevant private-sector bodies already exist' (Eichengreen, 1999, p. 22). Eichengreen would go on to cite the work of the IASC, IOSCO and some of the multilateral work conducted by the OECD on corporate governance as tools that needed to be better embedded into a standards framework (Eichengreen, 1999, pp. 24–35).

#### 4.5. From principles to methodology – when means trump ends

The previous section illustrates that while the East Asian Financial Crisis provided the impetus for the evolution of the International Financial Architecture, bricoleurs like Hans Tietmeyer and Eichengreen relied on the recombination of the existing institutional stock to develop the actual elements of the regime. While traditional rational design is dispositive when it comes to pre-existing institutions, and HI accounts might expect some path dependence, the fact that many of the design elements were not developed to solve the problem at hand would remain puzzling. The vogue of governance took precedent over the problem type.

IOSCO's *Principles* were written as a guideline for the best practices in the industry, to further coordination between international regulators, and, with this, boost the organization's credibility. They were generally vague, including recommendations such as the need for regulators to be independent but accountable and for them to have enforcement powers. Moreover, they largely drew from consensus documents rather than an evidence-based examination of best practice. There was no intention that they would ever be used to formally grade or shame jurisdictions. As Alan Cameron, former Australian representative to IOSCO, has noted:

They were written at a high level to reflect that there was and should be differences in different countries to reflect different historical and legal contexts. If they were written prescriptively it would become a problem. (Kempthorne, 2013, p. 154)

The first document released by the FSF task force stated that IOSCO was already in the process of converting its *Principles* into a more criteria-like fashion that could become a formal part of the Standards and Codes initiative. However, from the outset, IOSCO leaders were highly skeptical that such an endeavor was feasible and strongly resisted making the switch. As Kempthorne (2013) argues, concerns were grounded in three fundamental issues. First, IOSCO officials firmly believed that national securities markets had essential characteristics and differences that prevented the clear-cut standardization needed for assessment. There was no consensus on the optimal regulation, only sets of recommendations that they could agree on. Second, IOSCO was also concerned about its own reputation. As noted earlier, *Principles* was passed as a function of its aspirational tone with no intention of assessment and its members were strongly hesitant of making the switch to rule maker. Finally, its diverse membership made consensus a consistent challenge. Despite considerable internal conflict, IOSCO eventually passed the *Methodology of Implementation Assessment* (hereafter referred to as *Methodology*) in 2003.

In the interim, the FSF delegated the assessment of the Standards and Codes to the IMF and the World Bank as part of what is now referred to as the FSAP and the Reports on the Observance of Standards and Codes, respectively.<sup>18</sup> Once developed, and prior to passing by IOSCO, the *Principles* was studied by the IMF staff and utilized on a trial basis in some of their early assessments. While the IMF lauded some of the criteria proposed by IOSCO, the organization frequently noted that IOSCO's work did not actually fit many of the goals of the FSAP and prevented any clear way to better understand systemic risk. The following quote from an IMF assessment of IOSCO's *Principles* exemplifies this contradiction:

While a core objective of a well-functioning securities regulatory regime is the reduction of system risk, the principles were not designed with FSAP in mind and an assessment based on them may therefore not capture all relevant vulnerability issues. In particular, the Principles are not currently geared to exposing short-term vulnerabilities, as might arise for example in the context of a delivery failure in the clearing house and settlement system of a jurisdiction (although it should be noted that further work is contemplated in this area by IOSCO). The Principles also do not necessarily test in any comprehensive way issues such as corporate governance, although weaknesses in this or other areas may be relevant to the identification of sectoral vulnerabilities. (International Monetary Fund and World Bank, 2002, p. 16)

IOSCO's work was in effect what we call micro-prudential and as early as 2002, a year before IOSCO formally adopted assessment criteria, the IMF argued that it needed more macro-prudential updating. Despite the apparent discrepancy, the *Methodology* became a key part of FSAP and continues to play a role. This took place in spite of substantial resistance from IOSCO to creating such a criterion.

To summarize, IOSCO and its *Principles* did not emerge primarily as an engineering task to solve the challenges posed by the internationalization of finance. Instead, it began largely as a development tool to build equities markets. Even after the organization itself had internationalized, its work product failed to address key issues of financial stability, becoming instead a regulatory platform for the US SEC. It is no surprise, then, that IOSCO *Principles* did not reflect research-based best practice on resolving interdependence frictions. Instead, it included a list of consensus ideas amalgamated over time. The narrative suggests that the standards project that currently governs the global finance, rather than structurally defined or engineered, was as much the product of a number of bricoleurs recombining existing institutional elements in clever ways. While this artful and seemingly logical 'work-with-what-you-got' strategy defined the global governance of finance, many of its participants remained skeptical as to whether it could enhance macro-prudential stability.

## 5. CONCLUSIONS

Theories of institutional design generally assume that actors are problem-oriented, often behaving like engineers who seek out the optimal solution to resolve an exogenous shock. Across academic disciplines from evolutionary science, architecture, to business, however, research demonstrates the penchant for humans to engage design through an alternative lens that emphasizes the means rather than the ends of such design (Baker and Nelson, 2005; Cleaver, 2002; Duymedjian and Rüling, 2010; Lavorgna et al., 2001; Louridas, 1999). Drawing on Lévi-Strauss's conception of bricolage, the goal of this paper is to provide an account of international institutional origin and change that begins from this premise that agents are means-oriented, consistently redeploying and repurposing tools from their existing institutional stock. Rather than simply reading off of a script, as is common in many sociological accounts, bricoleurs enjoy the agency of artists bound and inspired by their tools. The creative use of the tools at hand trumps the optimization of the problem constellation.

Based off the concept's development in other academic disciplines, we propose a set of empirical expectations including the importance of uncertainty, shared cultural ties and the actions of dominant organizations as key boundary conditions for the argument. We see considerable

support for a bricolage account in our case study of the International Financial Architecture. IOSCO officials looked at the tools of the culturally similar, but more successful, Basel Committee to guide their actions when faced with an uncertain international environment. They crafted standards that fit their local, contentious context, borrowing from plans that predated the problems they faced. As the East Asian crisis unfolded, academics and international bureaucrats combined a host of organizations whose work did little to address the key coordination dilemmas the crisis exposed. Despite the IMF recognizing such flaws with IOSCO's standards, they became a central part of the new surveillance regime, leaving IFIs caught by surprise as the Great Recession hit. While theorizing in alternate domains will surely help refine the framework's expectations, considerable empirical research under other banners provides further justification for such an approach. Jabko's (2006) analysis of the development of various pan-European Markets, for example, demonstrates the role that such entrepreneurs may play in transnational policy development and the importance of institutional recombinations in this effort.

Given our emphasis on theory development, design by bricolage's current state is primarily explanatory, rather than predictive. The focus on agency, by definition, makes clear-cut forecasts more difficult, but the approach's concentration on a novel set of mechanisms should eventually yield greater predictive power. First, highlighting the tools at hand draws attention to the importance of taking local context seriously. Our analytic narrative makes clear that it is insufficient to deduce preferences from simply looking at the structure of the problem or from basic material incentives. Second, the importance of the design stock, with its ability to delimit actor options, means that we should start to incorporate the *timing* of cooperation into our modeling. This resonates with the growing prominence of historical institutionalism's toolkit in solving International Relations puzzles (Farrell and Newman, 2010; Fioretos, 2011) but provides greater room for agent-driven change. Third, scholars regularly deride the unintended consequences of cooperation but generally treat them as exogenous to our models (Barnett and Finnemore, 2004; Jervis, 1997). Design by bricolage's focus on recruitment and the grafting of institutions, where tools are applied from domains without the problem constellation in mind, implies that the actual *process* of design may be why we see such unexpected outcomes. It is not actors' cognitive limits, or structural position that creates suboptimal or unexpected institutions – actor intentionality and *how* they engage in cooperation sets the stage of (sub)optimality.

Crucially, as illustrated by the roles of leading officials in the FSF, the academy and IOSCO, design by bricolage opens up a conversation on agency in the design of international institutions. Both rational design

accounts as well as recent interventions stressing context have largely sidelined the actors involved. The design by bricolage account, by contrast, refocuses attention on the social skills of institutional entrepreneurs that draw inspiration from the problem situation but then generate creative solutions based on the institutional tools at hand (Fligstein, 1997; Posner, 2009). Future work is still needed to fully unravel when agency is most prevalent in institutional design. We see much potential in combining our insights with those generated in the emerging leadership studies of IPE and International Security (Horowitz and Stam, 2014; Nelson, 2014)

Both bricolage and rational design ultimately provide ideal-typical depictions. We expect that analyzing empirical events may at times result in a hybridization of approaches. In line with Parsons (2007), we view the first step of theory development as mapping out an entire perspective's logics. As such, further work is needed before we can fully identify the conditions under which design by bricolage is (in)commensurate with other conventions. Existing literature suggests that rational design solutions are most likely in the wake of major military conflicts, when great powers attempt to construct institutions to manage global order. Here the 'blank slate' of the peace settlement opens a window for the creation of *de nova* solutions such as the United Nations or the Bretton Woods institutions. Yet recent empirical work highlights that even in such 'blank slate' moments, context, agency and institutional recruitment are still critical. Specifically, Helleiner argues that the design of Bretton Woods was littered with the repurposing of tools that existed prior to World War II. For example, Harry Dexter White 'built directly on the ESF [Emergency Stabilization Fund] lending practices he had pioneered in Latin America when developing his first draft of the Fund in early 1942: the proposed fund simply multilateralized the ESF's bilateral stabilization loans' (Helleiner, 2016, p. 630). As such, we do not see rational design and bricolage as simple restatements of the punctuated versus incremental change literature (Mahoney and Thelen, 2009). Instead, they are distinct perspectives concerning how actors conceive of and implement design – engineer versus craftsperson.

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### DISCLOSURE STATEMENT

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## NOTES

1. For the development of the concept across different academic fields, see Cleaver (2002), Carstensen (2011), Duymedjian and Ruling (2010), Baker and Nelson (2005) and Louridas (1999).
2. Given rational design's focus on the characteristics of the problem type, some may view the approach as structural. But we treat them as agent-oriented given the emphasis on actors using institutions only as a bridge to further their material interests. The institutions do little to change or dictate preferences. Our explanation is echoed by many rational choice scholars who see their work as agency based. For example, Abbott (2008), one of rational design's key proponents, writes that 'Like all Rational Choice theories, Institutionalism utilizes a form of 'methodological individualism,' focusing on the behavior of particular actors or agents'.
3. For related efforts in the domestic arena, see Stark (1996), Campbell (2004) and Carstensen (2011). These contributions, however, work largely under an implicit assumption that designers work in a condition of bounded rationality in which designers work in an ends-oriented process, neglecting the experimental nature of the *design by bricolage* perspective presented here.
4. While social scientists certainly practice design by bricolage, our success in employing the approach pales in comparison to some of the defining public intellectuals of our time. For example, *The New York Times*, following the release of the genre-defying *The Life of Pablo*, proclaimed that Kanye West 'has perfected the art of aesthetic and intellectual bricolage' (Caramanica, 2016).
5. This does not necessarily mean they will succeed in creating something new.
6. Others like Carstensen (2015) distinguish between 'limited bricolage', where designers reinterpret existing institutions to serve novel ends, or 'expansive bricolage' that involves grafting institutions that have a different logic of action on to the actor's institutional landscape.
7. For a detailed look at the re-emergence of global finance, see Helleiner (1996) and Abdelal (2007).
8. On why we see intergovernmental versus transgovernmental cooperation from a rational design perspective, see Whytock (2005).
9. The BCBS is flanked by the International Organization for Securities Commissions (IOSCO) and the International Association for Insurance Supervisors (IAIS)
10. Extending the past SEC behavior, this was coupled with the creation of several bilateral Memoranda of Understanding (MoUs) with national securities regulators.
11. IOSCO's Executive Committee sits at the top of the organization. The Technical Committee acts as its right hand man and takes the lead in new standards development.
12. For a review of the politics behind Basel I's creation and its misguided approach to risk management, see Singer (2007).
13. The President's Committee is made up of the head regulators from different national jurisdictions that are ordinary or associate members of IOSCO. The President's Committee must vote to ratify any new set of standards developed and endorsed by the organization.
14. In line with Carstensen (2011), our point is that even ideas can be remodeled and, as such, act as the tools for bricoleurs.

15. For a more detailed look at the G-7's role in economic governance, see Baker (2006).
16. See Reisenbichler (2015) for an analysis of the politics behind the creation of the FSF.
17. Note that the FSF taskforce was primarily composed of central bankers and bureaucrats with substantial expertise and familiarity with the various standards. For a list of members, see FSF (2000, p. 29).
18. For a broader analysis of the IMF's Standards and Codes Initiative, see Mosley (2010).

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