In the Shadow of Intervention: The Political Determinants of Institutional Reform

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Abstract

International organizations (IOs) regularly implement reforms in the course of their daily operations. However, we know little about the timing and content of these reforms. We argue that allies of the leading stakeholder in an IO more often benefit from institutional reforms than non-aligned countries; however, we also document that reforms sometimes contain concessions to these non-allied stakeholders. We argue that whether and when IOs provide such concessions depends critically on IOs' execution of their mandates. In particular, while IOs tend to reward major stakeholders' allies in normal times, they provide concessions to non-allies during periods of poor IO performance to stem potential unrest and/or exit. Pairing statistical analysis using an original dataset of reforms at the World Bank between 1944-2018 with qualitative evidence, we find significant support for our hypotheses. Our findings help make sense of otherwise puzzling instances of shifts in power within IOs.

Keywords: international institutions, power, reform, global governance, World Bank

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On September 20, 1997, the International Monetary Fund's Executive Board agreed to amend its Articles of Agreement to more equitably allocate special drawing rights (SDRs) – the main form of equity administered by the Fund – to member states.[1] SDRs increase member states' liquidity, supplementing their official reserve holdings; this can be particularly important for countries during financial crises.[2] The reform was later approved by the Fund's Board of Governors at the 1997 Annual Meetings in Hong Kong and subsequently submitted to all IMF member states for approval; ratification required three-fifths of member states with 85% of total quotas to consent to the amendment.

The primary impetus for the 1997 IMF reform package was to allocate SDRs to countries that had joined the IMF after 1981 – only countries that had joined the Fund before this date took part in SDR allocations prior to 1997.[3] This group of SDR-less countries comprised one-fifth of total IMF members and included several countries that had been hostile towards the United States, namely Russia, Iran, and the former Soviet satellites.[4] It is then perhaps unsurprising that the U.S. exercised its veto power over major IMF reforms to block its passage in 1997. Indeed, a 2010 U.S. Treasury department report to Congress reveals two justifications for the U.S.'s resistance: "In addition to the view that private markets could meet members' financing needs, even if private markets could at times prove volatile, many IMF member governments felt that countries seeking to use SDRs often needed conditional support through an IMF program rather than through an unconditional reserve asset such as the SDR."[5] In other words, the U.S. preferred not to grant its adversaries a liquidity cushion without attaching policy concessions. Meanwhile, the U.S. and other early IMF joiners, many of which were longstanding U.S. allies, could continue to benefit from the liquidity offered them by their SDR holdings. This story accords with a large literature

[1] See `https://bit.ly/2omUhHL` for more on SDRs and `https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr9743` for information on the reform.

[2] See `https://bit.ly/2omUhHL`. The SDR was first instituted in 1969, and SDR 204.2 billion (around $291 USD billion) have been allocated to members over the course of the IMF's history.

[3] See `https://www.imf.org/external/np/exr/cs/news/2009/cso79.htm`.

[4] See `https://www.rferl.org/a/1084404.html`.

[5] *Report to Congress on the Use of Special Drawing Rights by IMF Member Countries* (2010, 3).

characterizing IOs as instruments of powerful states seeking to consolidate power for themselves and their allies.[6]

Yet, in September 2009 – a full twelve years after the initial reform push – the United States Congress ratified the SDR allocation as a part of a supplemental war funding bill.[7] The geopolitical circumstances had changed little, as American adversaries remained the primary beneficiaries of the reform. What, then, explains the timing of the SDR allocation? More generally, who benefits from IO reforms?

We answer this question by examining the timing and content of IOs' policy reforms, which include incremental changes to these organizations' operations. We argue that IO staff typically pursue policy reforms in the course of their daily operations in the shadow of potential intervention by powerful states. They thus tend to ensure that these reforms primarily benefit powerful members and their allies, for two reasons. First, if staff members desire autonomy and want to retain their delegated authority,[8] then a failure to accommodate the interests of major stakeholders could lead these countries to intervene in the reform process. Powerful members could hold up policies (as the U.S. held up SDR reform), undermine staff members' control, or even replace staff who act contrary to their will. Second, staff members are often selected – or at least approved – by powerful members and thus may have ideological biases toward these countries. Staff members therefore tend to skew reforms toward powerful states' interests and objectives.

While there is good reason to expect allies of leading member states to benefit from reforms in this way, geopolitical adversaries of the most powerful IO stakeholders also sometimes benefit from reforms, as they did from the IMF's 2009 SDR allocation. We contend that this occurs primarily when an IO performs poorly in countries that are non-aligned with major stakeholders. When performance declines, non-allies of powerful members may withdraw their participation and support for the IO and its activities. They may also blame powerful members for its negative

[6]See Grieco (1988); Mearsheimer (1995).

[7]See `https://www.imf.org/external/np/exr/cs/news/2009/cso79.htm`.

[8]See Barnett and Finnemore (1999); Johnson (2014).

performance, given their prominent roles in staffing and funding the organization. To avoid a legitimacy crisis and appease these actors, we argue that IOs often provide them with small concessions in the form of beneficial reforms like greater vote shares or increased representation in important staff positions during such periods.

We assess our theory in the context of international development lending, focusing in particular on the most prominent IO in this space: the World Bank.[9] As a highly influential and established IO, the World Bank has been the subject of large literatures showing that powerful state principals exercise outsized influence over its decisions and deliberations.[10] Our theory extends and revises this literature, providing insight into the conditions under which powerful states' interests and influence are salient at the Bank, as well as the circumstances under which concessions are made to countries that are adversarial to the United States. While we focus on the World Bank, our theory is highly generalizable, and we discuss the circumstances under which it likely applies subsequently.

To test our hypotheses, we use comprehensive original data on the reforms undertaken within the World Bank from 1944–2018, which we combine with under-utilized data measuring the IOs' performance. We find that U.S. allies benefit from reform more often than non-aligned states, but that non-allies sometimes also benefit, specifically when the IO's performance in their country is weak. Last, we assess the plausibility of our mechanisms using a qualitative case study.

Our study makes a number of contributions. First, while extant work highlights a variety of channels through which powerful states can exert favoritism using their influence over IOs' politics and policies, including the speed of IO loan disbursements and the stringency of conditions attached to their assistance,[11] we highlight institutional reforms as an additional vehicle of influence. We also demonstrate that powerful states can influence IOs without directly intervening, as

[9]Our study of the World Bank is restricted to the IBRD as the Bank's primary and oldest lending arm. We use the terms "IBRD" and "World Bank" interchangeably for ease of exposition.

[10]See Fleck and Kilby (2006); Andersen, Hansen and Markussen (2006); Dreher (2009*a*); Kilby (2009, 2013); Daugirdas (2013); Kersting and Kilby (2016).

[11]See Fleck and Kilby (2006); Andersen, Hansen and Markussen (2006); Stone (2008); Kilby (2009); Copelovitch (2010*b*); Stone (2011); Kersting and Kilby (2016).

IOs operate in the shadow of possible intervention.[12] Moreover, we theorize *when* states wield power in this manner, rather than simply showing that they do so. In particular, we underscore how IO performance shapes perceptions and thus limits the extent to which staff can implement policies that reflect powerful stakeholders' geopolitical interests without causing non-allies of the most powerful member states to limit their cooperation or withdraw from the IO. In so doing, we show that even when IOs are disproportionately controlled by powerful states, they often shift power toward underrepresented states to maintain institutional legitimacy and quell discontent.

Second, we provide new insights into the circumstances under which IOs reform. Previous scholarship on institutional reforms tends to highlight the role of large political shocks, or "punctuated equilibria,"[13] often arguing that smaller reforms are difficult due to path dependence and status quo bias.[14] However, we document that IOs often undertake smaller reforms that rebalance the power within the institution in the absence of a grand or sweeping political event that precipitates it. Instead of focusing on major structural shifts, we thus examine more routine, "business-as-usual" changes within IOs. We argue that these patterns are important to understand both because these reforms can have large policy consequences and can lead to more fundamental power realignments.

Third, our study makes an empirical contribution by introducing a new dataset on IO reforms. Studies of IO reforms have been hampered by a lack of systematic data, and have thus often been forced to rely on single case studies. While interesting, these cases may not be representative of IO reforms more broadly as they tend to focus on exceptional periods, such as the beginning or end of major conflicts, and the most sweeping and influential reforms.[15] In contrast, our data allows us to analyze the day-to-day politics within IOs, leading to different theoretical predictions. Moreover, doing so may make our theoretical contribution and findings more generalizable than

[12] IOs may also operate autonomously yet bias the design of World Bank conditionality programs toward powerful states' preferences (Clark and Dolan, 2020).

[13] See Krasner (1976); Wallander (2000).

[14] See Hall and Taylor (1996); Young (1996); Bennett and Elman (2006); Page (2006).

[15] See Wallander (2000); Schneider (2011).

extant research, since our study does not rely on exceptional or abnormal shocks. Lastly, our dataset can be used by future scholars to further study the causes and consequences of reforms to these international bodies.

The rest of this paper proceeds as follows. We first present our theory of IO reform, focusing on how performance mediates the impact of the geopolitical relationships of major IO stakeholders on the incidence of reform. We then move to a discussion of our original dataset of reforms at the World Bank. Next, we present our empirical results, along with an illustrative case study, before concluding with a brief discussion of policy implications and areas for future research.

The Politics of Reform in IOs

The literature on how and when IOs reform, and the availability of data on these reforms, are sparse. Perhaps most relevant to our research, Lipscy (2015) examines the pace of vote share reforms at the World Bank and IMF, arguing that the World Bank redistributes votes more often than the Fund because it faces more competition from overlapping IOs. Countries find that it is easier to create new IOs in the development space given the lower network effects and barriers to entry.[16] Moreover, most accounts that study institutional reforms more generally stress the importance of path dependence and punctuated equilibria in disrupting the status quo.[17] For example, scholars argue that NATO reformed after the fall of the Soviet Union,[18] the EU reforms when weak states demand it during "exceptional votes",[19] and the WTO introduced environmental reforms to

[16]Also see Lipscy (2017). Similarly, Zangl et al. (2016) argues that reforms depend on underlying power shifts along with credible threats by dissatisfied states.

[17]See Hall and Taylor (1996); Young (1996); Bennett and Elman (2006); Page (2006) on path dependence; Krasner (1976) on punctuated equilibria in the trade space. Work on institutional change in domestic settings also examines incremental changes to domestic institutions, e.g. Grief (2002); Mahoney and Thelen (2010).

[18]Wallander (2000)

[19]Schneider (2011)

accommodate interest groups while its dispute settlement arm was being designed.[20]

In contrast, our argument analyzes when IOs pursue reforms during normal times, in the absence of such a shock.[21] Further, while we do not deny that the characteristics of particular policy areas matter,[22] we shift the focus to the incentives faced by IO staff operating under the watchful eye of powerful member state principals, who in turn face incentives to retain power.

Given the benefits that come with holding privileged positions within IOs, we might expect states to use their influence to try to consolidate control for themselves and their allies. Indeed, the literature on IOs typically argues that powerful states do so, often referring to IOs as "rich country clubs."[23] Many of these studies focus on the development lending regime, and the World Bank in particular.[24] Scholars have shown that U.S. allies receive more aid from the Bank,[25] with faster disbursement than do non-allies.[26] Moreover, scholars have shown that politically important countries – such as those with temporary membership on the UN Security Council or the World Bank board – receive more projects from both the World Bank[27] and the Asian Development Bank.[28] Countries that vote with the U.S. in the UN General Assembly also tend to have fewer policy conditions attached to their Development Policy Financing loans from the Bank.[29] Additionally, because the World Bank retains control over who graduates from the World Bank's lending programs, pow-

[20]Johnson (2015). See also Imerman (2018), which associates reforms to UN humanitarian policies with variation in institutional legitimacy, and Hurd (1999) on the role of legitimacy in IOs more broadly.

[21]Some scholars argue that IOs autonomously pursue reforms when they believe they can further insulate themselves from member states (Barnett and Coleman, 2005; Johnson, 2014; Nay, 2011); however we analyze reforms to policy, including vote shares, that require powerful states' consent.

[22]We control for the number of other IOs operating in the relevant issue space in our empirical tests.

[23]E.g., Gowa and Kim (2005). Though see Barnett and Finnemore (1999); Milner (2006); Johnson (2014) for the argument that multilateral organizations are more insulated from political pressures than are states.

[24]Similar dynamics have been identified in the emergency lending space. See Stone (2004, 2008, 2011); Copelovitch (2010*a*).

[25]See Andersen, Hansen and Markussen (2006); Fleck and Kilby (2006).

[26]See Kersting and Kilby (2016). Also see Kilby (2013), who finds that periods of project preparation are abbreviated for geopolitically important countries.

[27]See Dreher, Sturm and Vreeland (2009) on the UNSC and Kaja and Werker (2010) on board membership. Scholars have also shown that the U.S. Congress has outsized influence over World Bank policies (Daugirdas, 2013).

[28]See Kilby (2006, 2011); Lim and Vreeland (2013).

[29]See Clark and Dolan (2020).

erful stakeholders can demand concessions in the areas of human rights and democracy.[30] We thus extend this literature by positing that institutional reforms represent an additional avenue through which powerful IO stakeholders exert their influence, yielding the following hypothesis:

Hypothesis 1. *Formal allies of powerful IO stakeholders benefit most from IO reforms.*

In contrast to existing work on how powerful states exercise influence in IOs,[31] however, our theory does not require that powerful states play an active or interventionist role. Indeed, we contend that even if powerful states do not directly intervene in the IO's inner workings, staff are likely to act in accordance with the preferences of leading stakeholders because they operate in the shadow of intervention. First, existing work finds that IO staff members wish to maximize their autonomy and retain authority delegated to them by member states.[32] Moreover, staff are likely aware that acting against the interest of leading stakeholders could lead these states to intervene in the IO's affairs. Such intervention might result in the freezing of policies or the stripping of authority from staff. Therefore, bureaucrats have incentives to pursue policies that align with powerful member state preferences. Second, staff members are often chosen directly by or require the approval of powerful stakeholders. Insofar as leading stakeholders appoint staff, they are likely to select staffers who share their own goals and ideologies. Additionally, powerful members often retain direct lines of communication with their appointees and may lean on them to implement their desired policies, potentially threatening them directly or indirectly with their replacement. This is especially true because IO headquarters tend to be located in the home country of the most powerful member state, giving politicians and policymakers easy access to IO staff. Thus, we argue that staff face strong incentives to design reforms to satisfy their powerful patrons.

However, during periods of poor IO performance, both powerful states and IO staff face concerns that dissatisfied members, and non-allies of the IO's most powerful stakeholders in particular, will cease cooperation, create competitive institutions, or else leave the IO altogether. Indeed,

[30] See Carnegie and Samii (2017).

[31] See Stone (2008), for instance.

[32] See Barnett and Finnemore (1999); Johnson (2014) on the consequences of staff autonomy and Pollack (1997) on principal-agent relationships in IOs.

IOs are increasingly created by challenger states that are dissatisfied with status quo institutions, either because their interests are at odds with those of leading stakeholders or because their influence in existing IOs lags their actual power.[33] Given the rampant pace at which IOs have proliferated in recent years, especially in the development regime complex (where barriers to entry are low),[34] it is conceivable that non-allies of leading IO stakeholders might break off and create new IOs when existing institutions fail them. Additionally, states sometimes exit IOs, and non-allies of leading stakeholders may see few reasons to stay if their projects perform poorly.[35]

Meanwhile, from the perspective of powerful stakeholders, losing some members' participation would reduce the influence that powerful states wield through the IO; thus, they have incentives to appease these states through small concessions. Indeed, whether states have outside options has been shown to matter greatly for bargaining outcomes,[36] and we argue that states' threats to exercise these options become credible when an IO is no longer meeting their needs.[37] Additionally, when a broad cohort of member states are dissatisfied with an IO, it could experience a legitimacy crisis, leading members to shop for new forums[38] or create new institutions. This logic leads to the following hypothesis:

Hypothesis 2. *IOs reform to benefit states that are not allied with their most powerful stakeholders when the IOs perform poorly in such states.*

Importantly, our argument applies primarily to IOs where powerful states have disproportionate influence, either through formal or informal channels. In particular, states often entrench their power within IOs by ensuring that they hold key positions within them, providing funding for them, possessing large vote shares or veto power, and/or bribing other members of the IO with

[33] Urpelainen and Van de Graaf (2015); Pratt (2017)

[34] Lipscy (2015, 2017)

[35] See Vabulas (2016); von Borzyskowski and Vabulas (2018) on IO exit.

[36] Voeten (2001)

[37] We remain agnostic about the impact of the reforms. Vestergaard and Wade (2013), for example, argues that the World Bank tries to make reforms seem more influential, highlighting the substantial differentials between actual power and voting power at the Bank after its 2010 reforms.

[38] See Busch (2007); Helfer (2009); Morse and Keohane (2014).

side payments. In the context of the World Bank, the U.S. is the most powerful stakeholder; we thus focus on the U.S. in particular. The U.S. represents the only country with formal veto power over major reforms at the Bank, as it retains more than the 15% of the vote needed to block policy changes like amendments to the Articles of Agreement (16.46%). Informally, the U.S. exerts influence over the World Bank as a result of their headquarters' location in Washington, D.C. and as the country that produces the institution's President. Further, the Bank is staffed primarily by Americans, and its close proximity to U.S. government offices allows for considerable interaction between IO staff and policymakers.

The World Bank

We focus our analysis on the World Bank, the oldest and most influential IO in the development lending space. This also allows our results to be compared with previous work focusing on the Bank (e.g. Lipscy, 2015, 2017). We expand the scope of institutional reforms to consider all policy reforms found in press releases and policy documents 1944-2018. These reforms encompass alterations to vote share allocations and the Articles of Agreement as well as an array of other adjustments to the Bank's policies. The corpus of policy documents and press releases made available to the public online is relatively complete, allowing us to code all relevant policy reforms. As a precursor to our more detailed discussion of data and results, this section offers a brief overview of operations and reforms at the World Bank, as well as original descriptive analysis of the content of these reforms.

Begun in 1944, the Bank assists developing countries primarily by providing them with low-cost loans. It accomplishes this by borrowing from the private market and then lending this money to its members, which includes nearly all countries.[39] It also obtains funds directly from its richest members, which allows it to receive a high credit rating and thus to lend at low interest rates to countries who otherwise may not receive private funds.[40] Unlike the IDA, which remains

[39]Cuba, North Korea, and the micro-states are not members.

[40]Two lending divisions exist – the IBRD, which lends primarily to middle income countries, and the IDA, which

dependent on periodic budget replenishments from member states, the IBRD – the focus of our analysis – is financially self-sufficient.

The states that provide the greatest funds, as measured by quotas, wield the most formal control over the Bank's activities. The United States both contributes the most funds and has the most formal influence over the Bank, as it is the only country with veto power over alterations to the Bank's Articles of Agreement.[41] At roughly 16% vote share, the U.S. also nearly has enough voting power to block changes to the capital stock (requires 75% of votes) and composition of the Executive Board (requires 80% of votes).[42] Last, the U.S. Congress retains special influence over the International Development Association (IDA) budget, which it must reauthorize triennially.

The U.S. also holds the strongest informal sway over policymaking at the Bank, as it is headquartered in Washington, D.C., run by an American, and employs staff that was nearly a quarter American over the period 2006-2015.[43] The headquarter's location permits extensive interaction between Bank staff and U.S. government officials, which ensures that staff are keenly aware of U.S. government preferences. Similarly, American citizens are more likely to know about and be sympathetic to American geopolitical leanings than non-Americans. For these reasons, we focus on the U.S. as the leading stakeholder at the World Bank.

Our data shows that the World Bank has reformed 108 times since 1944. For illustrative purposes, we compared each revised iteration of the IBRD Articles of Agreement, hand-coding amendments in the process. We found that the IBRD's Articles of Agreement has been reformed only 3 times. Reform incidence is relatively steady over time aside from a spike in reforms around the time that the IDA was created, as can be seen in Figure 1.

These reforms include many different types of policy shifts. We code the frequency of reforms by policy category at the IBRD and plot them in Figure 2. This descriptive analysis

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provides concessional loans and grants to low income states.

[41] Specifically, amendments require a 3/5 majority of members comprising 85% of quotas.

[42] Other categories of reforms require only 50% of votes be cast, such as those contained in most Board of Governors resolutions. All of this information comes from the Articles of Agreement.

[43] See `http://documents.worldbank.org/curated/en/181701494593406327/pdf/WPS8058.pdf`.

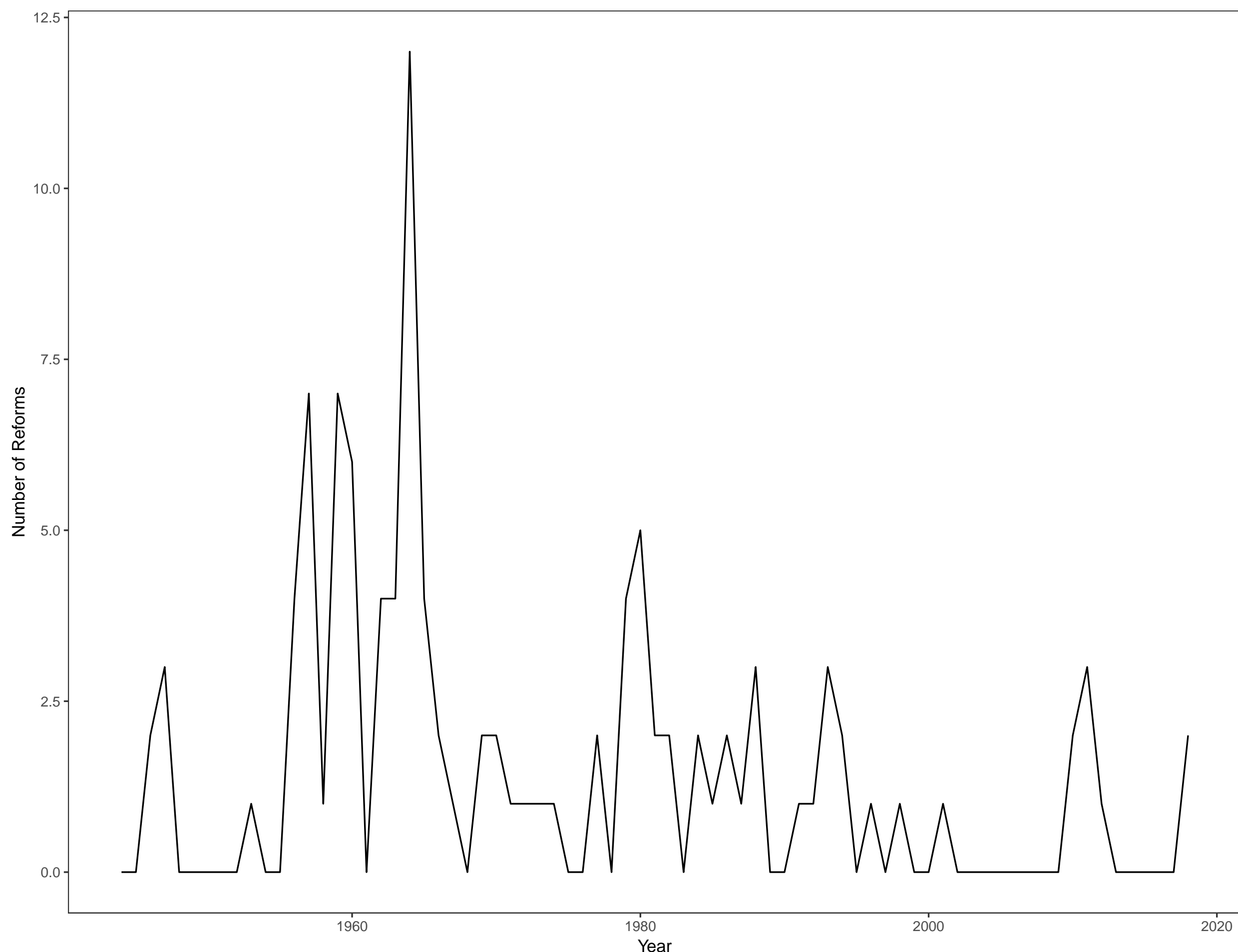

Figure 1: **Reform Incidence at IBRD Over Time.**

places reforms into seven categories: lending policy; new instrument; new staff; rules/by-laws; subscriptions/quotas, vote share, and other.[44]

The most common reforms at the World Bank are to subscriptions/quotas by a wide margin. Countries commonly are granted increases in subscription shares – when the Bank's capital stock is increased, countries are able to claim a percentage of the new shares corresponding to their existing vote share in the institution. This category also captures quota reviews, which occur periodically. Because quotas are a part of the vote share formula at the Bank, these reforms do affect the distribution of voting power in the institution. However, we keep these types of reforms separate from the "vote share" category, which includes only reforms that explicitly discuss alter-

[44]We devise these categories based on common themes in our reading of reform documentation.

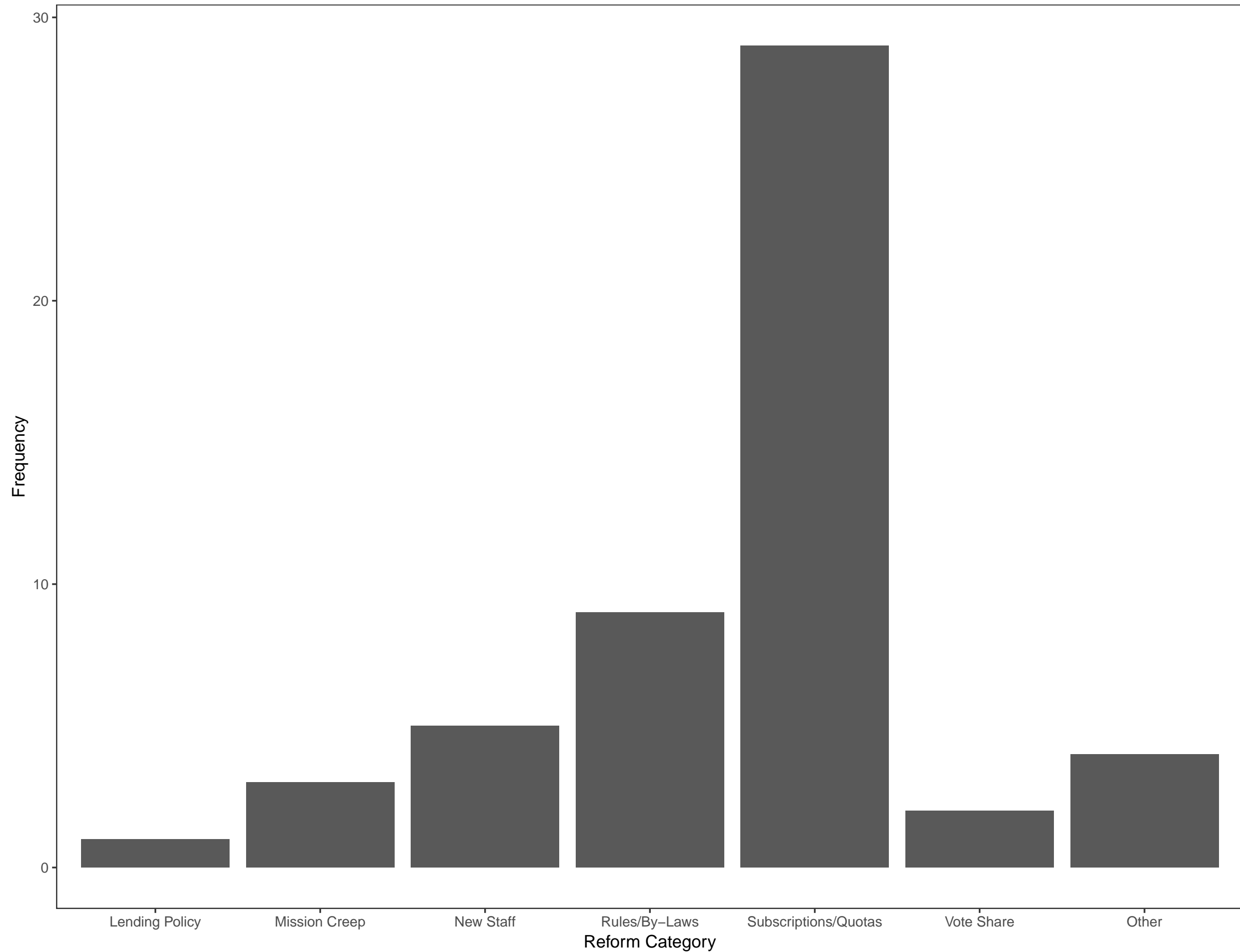

Figure 2: **Frequency of IBRD Reforms by Category.**

ing the distribution of votes in the organization, as in the 2010 voice and participation reforms that systematically redistributed power away from developed countries to the developing country bloc. Therefore, the first category captures smaller and more incidental changes to vote shares, while the latter represents more intentional and substantial alterations to the distribution of power.

The World Bank's by-laws have also been amended on several occasions, most recently in 1980. The by-laws largely consist of procedural and technical rules on governance, including guidelines for meetings and attendance. Next, the World Bank sometimes reforms to create new staff positions, often as a way to redistribute authority to developing countries. For example, in 1986, the Bank increased the size of the Executive Board, creating new slots to be filled by developing country representatives. Meanwhile, the Bank has also crept its mission by expanding

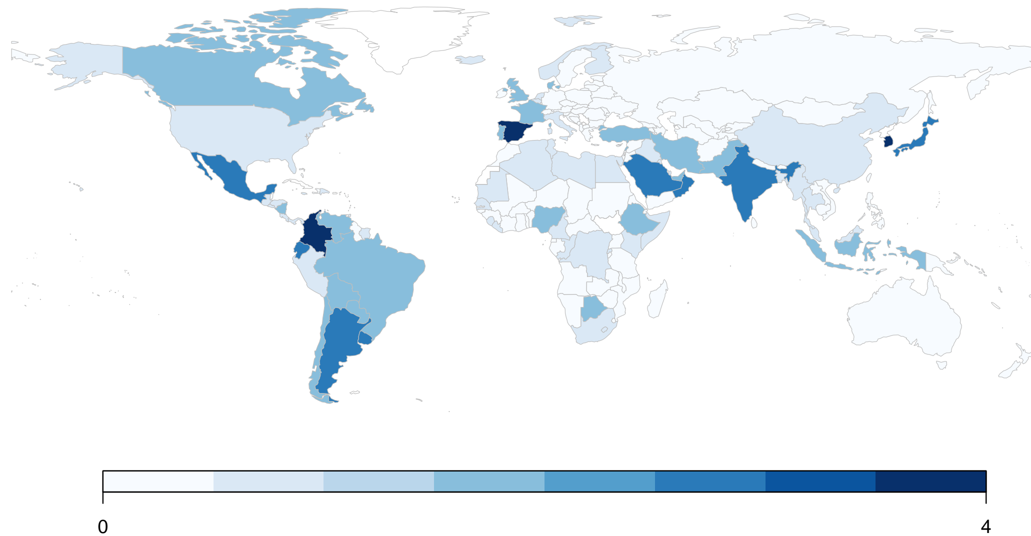

Figure 3: **Map of Cumulative Reforms to Each Country 1944-2018 (IBRD).**

the scope of its activities via reform – the creation of the IDA in 1960 and MIGA in 1985 are prominent examples. Last, the Bank sometimes reforms its lending policy to change the emphasis placed on certain policy areas, regions, or types of projects. For instance, in 1994, the Board of Governors voted to increase the attention paid by Bank staff on the environment when designing and evaluating loans.

In our empirical analyses, in line our theory, we focus on reforms that benefit some states over others. We describe how we subset the data in the following section. Figure 3 depicts the main beneficiaries of World Bank reforms; the map specifically contains the cumulative number of reforms that benefited each country for the period 1944-2018. The map shows that nearly all member countries have benefited from at least one reform to the World Bank. However, some

countries stand out as having received an asymmetric number of reforms. Developing countries on average have benefited from more reforms than their developed counterparts, but developed U.S. allies like Japan and South Korea have also received a handful of reforms.

Empirical Analysis

To systematically analyze the drivers of institutional reform in IOs, we utilize an original dataset of policy reforms at the World Bank. By "policy reforms," we mean reforms that are inclusive of incremental changes to the way that these organizations operate. Existing work tends to focus on watershed reforms, such as changes to an IO's Articles of Agreement or the distribution of voting rights across countries.[45] However, as the descriptive analysis above illustrates, these reforms represent only a subset of the total universe of reforms undertaken by IOs. These reforms serve as our primary data for analysis.

To create the data, we hand-coded instances of reform based on the content of press releases and resolutions from relevant decision-making bodies. Our World Bank data covers reforms to the IBRD from its creation in 1944 through 2018 (the last year for which complete documentation is available). Since the IDA was created later (in 1960) and abides by a distinct set of rules governed by its own decision-making apparatus, and the IBRD represents the primary lending arm of the Bank, we opt to exclude IDA from our analysis. Hereafter, when we refer to the World Bank, we are discussing only the IBRD. At the Bank, institutional reforms are typically passed by the Board of Governors, and the content of these reforms therefore appears in Board of Governors' resolutions.[46] These resolutions are publicly available for the Bank's entire operational history, which suggests that the data are complete. The officials who comprise the Board of Governors are the ultimate policymakers at the Bank. Each member country appoints one Governor and one Alternate Governor to the Board, and they are typically members' finance or development minis-

[45] See Lipscy (2015); Pratt (2017), for example.

[46] The entire collection of Board of Governors' resolutions can be found here: `https://bit.ly/2Swrw9m`.

ters. While the Board of Governors delegates much of the day-to-day operations of the Bank to the Executive Directors, it retains control over key institutional reforms. These include the admission and suspension of members, changes to authorized capital stock, altering the number of elected Executive Directors, and approving amendments to the Articles of Agreement.[47]

Before conducting our analysis, we eliminate from the data those reforms that are minor, technical, or non-distributive in nature. We do so because we are concerned primarily with reforms that benefit one state or set of states over another. An example of a technical reform is a small change to the phrasing of the by-laws. Another minor reform that is dropped from our sample is legislation passed to correct a misspelled word in the Articles of Agreement. Last, we drop some more substantial reforms that do not unambiguously benefit one state or set of states over others. An example is the 1985 IBRD reform that initiated the creation of the Multilateral Investment Guarantee Agency (MIGA).

We refer to remaining 67 reforms as *appeasement* reforms, since they represent a means to reward specific member states.[48] Our main dependent variable is thus a binary equal to 1 if a country benefited from an appeasement reform in a given year and 0 otherwise. In the process of restricting the data to appeasement reforms, we looked for those reforms that mention individual countries as beneficiaries by name. However, the text of one class of reforms – those that discuss redistributing vote share or altering subscriptions/quotas – was ambiguous. For these, we coded a country as benefiting from an appeasement reform if its vote share increased year-on-year; increased subscription shares by definition affect vote shares, so looking at movement in vote share reveals the beneficiaries from both sets of reforms. The unit of analysis is the country-year, and the complete reform data set includes all members of the IO in a given year. We opt for this data structure because all member states represent potential targets of appeasement reforms.

As our theory suggests, we are interested in three primary independent variables: U.S.

[47]For more on the responsibilities of the Board, see `https://www.worldbank.org/en/about/leadership/governors`. To ensure that we code all relevant reforms, we also examine major press releases issued by the Bank, coding any reforms passed by the Executive Directors in the process.

[48]These reforms cover 121 beneficiary country-years in our full dataset.

ALLY, U.S. NON-ALLY, and PERFORMANCE, the last of which is designed to capture the extent to which the World Bank achieves its stated goal in each country that receives funds from the Bank in a given year. To capture performance, we use the World Bank's Independent Evaluation Group performance ratings. The IEG "reviews all Implementation Completion and Results Reports (ICRs) received from completed World Bank lending operations, producing ICR Reviews (ICRRs). In ICRRs, IEG provides its own project ratings based on the same evaluation criteria used by the World Bank project teams"[49] The performance outcome is measured on a six-point scale from "Highly Unsatisfactory" to "Highly Satisfactory." These classifications are determined by "the extent to which the project's major relevant objectives were achieved, or are expected to be achieved, efficiently."[50] This data covers over 9,600 completed projects from 1973-2018.

While scholars have identified bias in ICRs – for example, ICR ratings are higher when multinational corporations are involved in a project[51] – the IEG works to eliminate these biases. Kilby and Michaelowa (2019) explicitly test for geopolitical bias in these ratings, and they find that only temporary membership on the UN Security Council causes ratings inflation; they suggest that so long as scholars control for such bias, IEG ratings are adequate measures of World Bank performance. We control for relevant measures of geopolitical influence in all tests and therefore believe that this data adequately proxies for performance.

We conduct two sets of tests – one for each of our hypotheses. While the first test makes use of our full member state–year dataset, our second set of tests analyze only a subset of this data because our mechanism applies only to countries that receive assistance from the World Bank in a given year. We index each project at the IEG evaluation year, which is typically the year of project closure. The performance value for each project is then the IEG's performance rating. If a country participates in several projects that close in the same year, then the performance variable for that year takes the value of the average IEG performance rating for those projects. Just over 20 percent

[49] See `http://ieg.worldbankgroup.org/data`.

[50] `http://ieg.worldbankgroup.org/data`.

[51] See Malik and Stone (2018).

of the World Bank member state-years in our broader reform sample involve the closure of at least one project.

To measure whether countries are allied with the U.S. or not, we utilize the alliance data from the Alliance-Treaty Obligations and Provisions dataset.[52] The U.S. ALLY measure takes a value of 1 if a country is a U.S. ally in a given year and 0 otherwise. For ease of interpretation in some specifications, we instead use an indicator of a U.S. NON-ALLY which is simply the inverse of this – we flip the coding on the alliance variable such that a country receives a value of 1 if it is a non-ally of the U.S. in a given year and 0 otherwise.

We include a variety of covariates in additional model specifications. First, to capture the availability of outside options to member states following Lipscy (2015), we add the NUMBER OF IOS, which is a count of the number of IOs outside of the World Bank that a state is party to in the development issue area.[53] We also follow Lipscy (2015) in controlling for RESERVES, RECEIPTS, and PAYMENTS,[54] along with other standard control variables including GDP GROWTH, POPULATION, POLITY, UNSC MEMBER, VOTE-POWER ASYMMETRY, UN VOTING (IDEAL POINT DIST FROM U.S.), U.S. AID, and TRADE WITH U.S..[55]

The economic covariates are used by the World Bank to judge a country's standing in the global economy.[56] Meanwhile, countries that become more democratic might receive more reform benefits given the influence of Western donors at the World Bank. Next, temporary members of

[52]See Leeds et al. (2002), which defines an alliance as "a formal agreement among independent states to cooperate militarily in the face of potential or realized military conflict." The defense agreement variable is a dummy "coded 1 if the alliance member promises to provide active military support in the event of attack on the sovereignty or territorial integrity of one or more alliance partners. A promise to treat such an attack on one alliance member as an attack on all alliance members qualifies as a promise of defensive support."

[53]We utilize the list of development organizations that appears both in Lipscy (2015) and Pratt (2017).

[54]Economic covariates come from the World Development Indicators. Each of these variables is changed to 0 where negative values appear. We then add 1 and take the log.

[55]Democracy score data comes from Marshall, Jaggers and Gurr (2017). For UN voting data, we use the ideal point distance between the target country and the U.S. among the subset of politically important votes, which comes from Bailey, Strezhnev and Voeten (2017), per the recommendations of the authors. Population data comes from WDI, and is logged. U.S. aid data is measured in gross millions of constant USD and comes from the OECD. We set negative values to 0, add 1, and log all aid values. Trade data is measured as the sum of total imports and exports between the U.S. and the target country and comes from the Correlates of War Trade v. 4.0 dataset. Trade values are logged.

[56]Lipscy (2015, 349)

the UN Security Council receive a host of benefits from IOs, including less stringent conditionality packages and better performance ratings,[57] while vote-power asymmetry captures the extent to which a country's share of GDP in an IO outweighs its share of votes in the institution.[58] Last, we include covariates for "softer" forms of closeness to the United States, including UN VOTING (IDEAL POINT DIST FROM U.S.), U.S. AID, and TRADE WITH U.S.. These measures therefore capture a country's political and economic cooperation with the United States.

Because our full World Bank sample features missingness on covariates for around 75 percent of all country-years, we impute missing data using multiple imputation. Developing countries, the primary recipients of World Bank support, often lack the capacity to consistently provide reliable estimates of economic trends. Additionally, U.S. allies, which tend to be more developed, are overrepresented in the non-imputed data relative to non-allies. Imputation helps to resolve these problems, though we also perform bivariate analyses to allay concerns that our results are driven by imputation alone. Our baseline models use ordinary least squares with country-year fixed effects. Independent variables are lagged by one year. Robust standard errors are clustered by country.

Our first hypothesis argues that in general, countries that are allied with the U.S. benefit more from institutional reforms at the World Bank than non-allies. We begin by presenting parsimonious models that do not include any additional control variables and are not subject to imputation. The results can be found in column 1 of Table 1, and they support our hypothesis; countries that are allied with the U.S. receive significantly more reform benefits from the World Bank. Moreover, adding in our control variables does not change this core result, as column 2 of Table 1 shows. The effect is substantively meaningful: becoming a U.S. ally improves a country's probability of benefiting from a reform by 2 percentage points. Given that only around 2 percent

[57]See Dreher (2009*b*); Dreher, Sturm and Vreeland (2015); Kilby and Michaelowa (2019).

[58]This latter variable comes from Pratt (2017), and captures increases in the likelihood that a country breaks off from an existing institution to join the founding coalition of a new IO. Because the data is not yet available, we hand-coded this measure from annual reports. We might expect countries with relatively high vote-power asymmetries to then have more bargaining leverage at the World Bank and IMF, as they can credibly threaten to create new IOs, leading the Fund and Bank to award them beneficial reforms to mitigate the likelihood of defection.

	Number of reforms	
	Model 1	Model 2
Ally	0.020***	0.017***
	(0.007)	(0.006)
Number IOs		0.001
		(0.002)
Vote-power asymmetry		0.958***
		(0.362)
GDP growth		−0.0002
		(0.0002)
Population		−0.013*
		(0.008)
UNSC member		−0.011*
		(0.007)
Polity2		0.0003
		(0.0004)
UN voting (ideal pt dist from U.S.)		−0.001
		(0.003)
U.S. aid		−0.0002
		(0.001)
Trade with U.S.		0.001
		(0.001)
Reserves		0.0002
		(0.001)
Receipts		0.0002
		(0.001)
Payments		−0.0001
		(0.001)
Country fixed effects	Yes	Yes
Year fixed effects	Yes	Yes
Organization	IBRD	IBRD
N	7803	7803

$^{***}p < .01$; $^{**}p < .05$; $^{*}p < .1$

Table 1: **U.S. Ally Results.** Model type is ordinary least squares. All columns contain results with 1-year lagged independent variables. Robust standard errors are clustered at country-level.

of the country-years in our full sample involve reform benefits, this effect is quite large. Among the control variables, only population and UNSC membership attain statistical significance, and only at the 0.1 level. Countries with growing populations appear to receive fewer reform benefits,

and rotating membership on the UNSC is counter-intuitively also associated with fewer reforms.

Our second hypothesis contends that U.S. non-allies benefit from World Bank reforms when their projects perform poorly. We again provide results both with and without control variables and imputation. The results for the parsimonious and full models can be found in columns 1 and 2 of Table 2 respectively. The negatively signed and statistically significant result for U.S. NON-ALLY:PERFORMANCE suggests that countries that are unaligned with the U.S. become less likely to benefit from reforms at the World Bank as IO performance improves. The effect size is again meaningful, as a one unit increase in performance for a non-allied country (on a six-point scale) decreases the country's likelihood of benefiting from a reform by 1.5 percentage points. Figure 4 plots the marginal coefficient value of U.S. NON-ALLY at different levels of IO PERFORMANCE, and shows that the World Bank is much more likely to pass reforms that reward non-allies when performance slips. The only covariate to achieve statistical significance in our second set of models is population, which, as in the first set of models, is negatively related to the incidence of reform. Notably, in contrast to expectations stemming from Lipscy (2015), IMF member countries that join more peer IOs again appear no more likely to benefit from reforms.

We use a variety of robustness checks to ensure that our results are not sensitive to our particular model specification.[59] All of the results discussed below are shown in the appendix. First, we include country-year random effects instead of fixed effects (Table A1). Second, we make use of alternate alliance measures, including both entente and nonaggression pacts (Table A2).

Last, while our parsimonious model results suggest that our findings are not driven by covariate imputation alone, we also re-estimate our models with non-imputed data (Table A3). As was previously discussed, when we drop all observations with missing variables, less than 25 percent of our data remain. Results are not robust for this model, but because such a large portion of the data is dropped, we do not put much stock in these results. Therefore, to further alleviate

[59]In addition to the models discussed below, results are substantively similar when we employ a Logit specification and if we split our full sample into pre- and post-Cold War (using 1991 as the cut-off).

	Number of reforms	
	Model 1	**Model 2**
Non-ally:Performance	-0.014^{**}	-0.015^{**}
	(0.006)	(0.006)
Non-ally	0.042^{*}	0.048^{**}
	(0.023)	(0.024)
Performance	0.010^{**}	0.009^{**}
	(0.005)	(0.005)
Number IOs		-0.003
		(0.008)
Vote-power asymmetry		0.344
		(0.526)
GDP growth		-0.0005
		(0.001)
Population		-0.095^{**}
		(0.048)
UNSC member		-0.007
		(0.012)
Polity2		-0.00000
		(0.001)
UN voting (ideal pt dist from U.S.)		0.007
		(0.010)
U.S. aid		-0.002
		(0.002)
Trade with U.S.		0.001
		(0.004)
Reserves		0.006
		(0.004)
Receipts		0.001
		(0.004)
Payments		-0.002
		(0.004)
Country fixed effects	Yes	Yes
Year fixed effects	Yes	Yes
Organization	IBRD	IBRD
N	1713	1713

$^{***}p < .01$; $^{**}p < .05$; $^{*}p < .1$

Table 2: **Interaction Results.** Model type is ordinary least squares. All columns contain results with 1-year lagged independent variables. Robust standard errors are clustered at country-level.

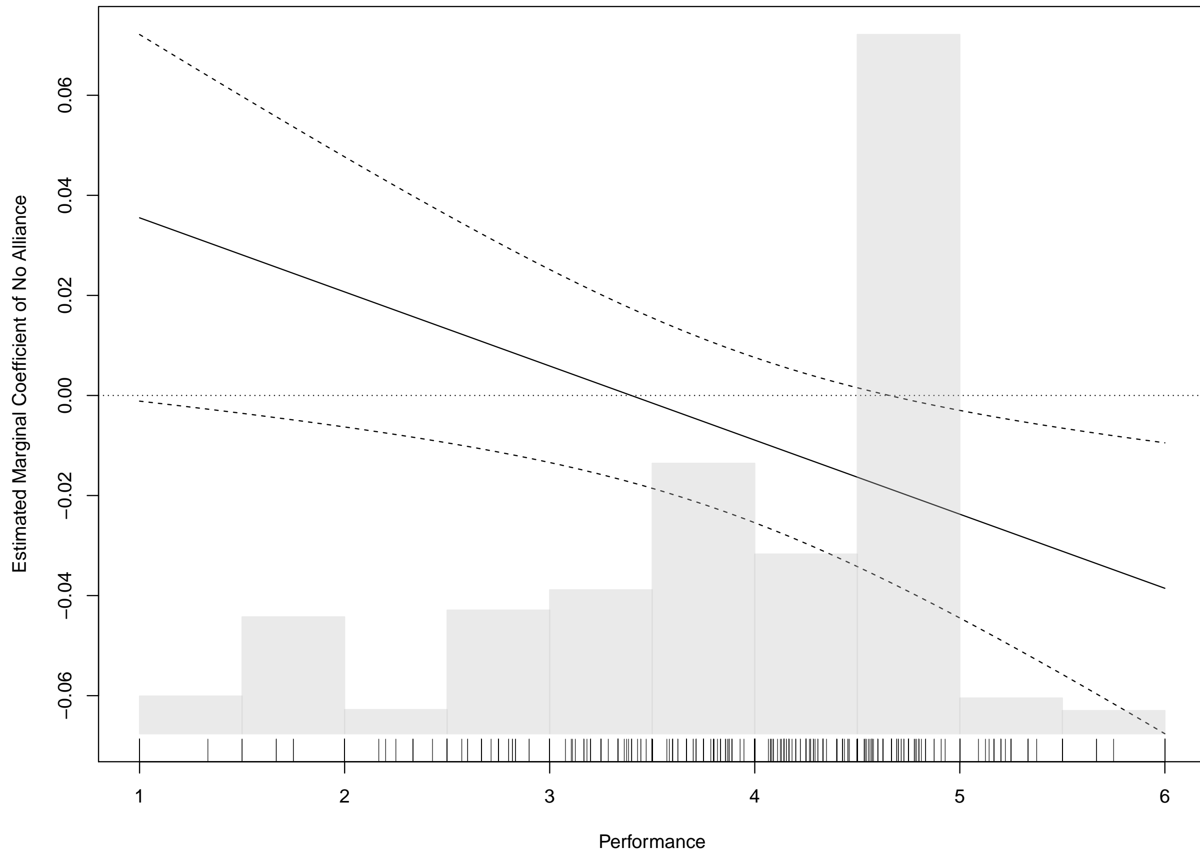

Figure 4: **Interaction Plot for NON-ALLY:PERFORMANCE with Controls.**

concerns about our reliance on imputation without sacrificing such a large portion of our observations, we run an additional model containing a subset of covariates that exhibit little missingness. The results from this model are robust (Table A4). Combined with the bivariate results presented above, we believe that this model adequately addresses potential concerns regarding imputation.

Case Study: Infrastructure Lending at the World Bank

Our statistical tests suggest that staff at IOs like the World Bank typically design reforms that benefit allies of the most powerful institutional stakeholder. However, we show that non-allies also sometimes benefit from reforms – specifically when the IO's programs perform poorly in

these states. During these periods, IO staff make concessions to non-allies in order to appease them, preventing outcomes like forum shopping, IO exit, or the creation of competitor institutions that would threaten the legitimacy and influence of the institution.

To further bolster our findings and trace our mechanisms, particularly those related to our second hypothesis, we present a case study of the evolution of the World Bank's lending agenda from the mid 1990s through the early 2000s. While not all of the changes that we discuss appear in our dataset, they are quite similar to the reforms that appear under the "Lending Policy" category in Figure 2, and they are inclusive of the 1994 pro-environmental reform that was discussed previously.

To preview the findings, the World Bank had dramatically reduced its support for lending programs that focused on infrastructure development during the 1990s. The initial decision to move away from infrastructure was part of the response to NGO, popular, and Western governmental outcry against the Bank for its perceived disregard of the environmental impact of its projects. In particular, the U.S. government and important American allies in Europe had lobbied the Bank to marginalize its infrastructure program in the wake of the "50 Years Is Enough" campaign. The discontent culminated at several junctures, including through protests sparked by NGOs at the World Bank annual meetings in 1994 and 2000. However, despite sustained pushback from environmental groups, the U.S. and its allies, and the public alike, the World Bank made the decision to revive its infrastructure lending program in 2003. We suggest that this was the result of lobbying on the part of two important U.S. non-allies – China and India – both of which had suffered from poor project performance over a period of time preceding the reform. To uphold the legitimacy of the institution and prevent these countries from pursuing activities like forum shopping, the Bank granted them concessions in the form of alterations to its lending policies.

The China-India Joint Statement

Outside of the 1994 World Bank annual meetings in Madrid, massive protests, orchestrated by prominent Western NGOs like Oxfam, erupted. Protesters held signs that read WORLD

BANK MURDERER, and a large banner with this inscription was unfurled behind World Bank President Lewis Preston as he gave his keynote address.[60] The message was clear: NGOs and mass publics alike were tired of the Bank's environmental negligence. The World Bank's infrastructure projects had become controversial as a result of troublesome policies like forced resettlement and forest clearing that appeared to ignore the importance of conserving indigenous land and culture. Indeed, between 1986 and 1993, the Bank approved nearly 200 projects that required resettlement.[61]

Perhaps the most notorious of these problematic projects was the Narmada Valley development project in India,[62] which was intended to involve the construction of four large dams as well as thousands of smaller dams, and it was to displace hundreds of thousands of households.[63] Resistance was widespread, and the Bank appointed an independent reviewer from the UNDP to assess the project's impact. The findings, released in 1992, were striking – the Bank had inadequately compensated displaced peoples and violated human rights laws as well as its own environmental rules.[64] The World Bank ultimately ended its support for the project, but not until a year had elapsed after the release of the report.[65] Notably, India pushed forward with the project on its own, as its priority remained infrastructure development even at the cost of resettlement.

One year after the Madrid protests and two years after the Bank's withdrawal from Narmada, James Wolfensohn took over as President of the World Bank. He was nominated by President Clinton in part because of an endorsement from Vice President Al Gore, who believed that Wolfensohn could overhaul the Bank in ways that would align with his own interests. This meant a move away from the infrastructure projects that tended to elicit anger from Western NGOs and

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[60] Mallaby (2004, 62). These protests were a part of the bigger "50 Years Is Enough" campaign against the World Bank and IMF. See `https://nyti.ms/2SCHIGs`.

[61] Mallaby (2004, 60). Also see `https://projects.worldbank.org/`.

[62] See project documentation at `https://bit.ly/2uMcnt1`.

[63] Mallaby (2004, 58).

[64] *Learning from Narmada* (2004)

[65] `https://nyti.ms/2Uca8tt`

European governments in favor of a new focus on environmentalism.[66]

Once he took office, Wolfensohn set out to earn the support of NGOs and other pro-environmental interests,[67] responding to thousands of their letters by hand and even restructuring the way that loans were designed to invite them directly into the policymaking process.[68] By opening the door to NGOs in this way, Wolfensohn effectively reduced pressure formerly placed on the U.S. and its European allies, which had been heavily lobbied by NGOs as the Bank's leading stakeholders. He concomitantly took other steps to please these countries, including making a special visit to the Ivory Coast to accommodate the interests of the French.[69] These decisions show how Bank staff often act in the interest of the U.S. and its allies.

As of the early 2000s, China and India were growing disgruntled with World Bank decision-making, and our data suggests that they had good reason to be frustrated with the Bank. Figure 5 illustrates how World Bank's performance has evolved over time for India and China. The plot shows that both countries suffered from poor project performance throughout the 1990s, with performance reaching historical lows around 2000. It was around this time that officials in these countries began to outwardly express frustration with Bank policymaking broadly and the Bank's anti-infrastructure position in particular. The reality was that countries like India and China did not much need the Bank's support to perform simple development tasks like building schools; rather, they valued the Bank's input on more complex matters, like big infrastructure projects.[70] Thus, when the World Bank moved away from infrastructure in the fallout of the "50 Years Is Enough" protests at the 1994 World Bank annual meeting in Madrid, it was countries like China and India that suffered most. They desired the technical expertise of World Bank staff – something they lacked and missed when they pursued these types of projects on their own.[71]

[66] Mallaby (2004, 80)

[67] `https://econ.st/2HhUkxx`

[68] Mallaby (2004, 87,268)

[69] Mallaby (2004, 102)

[70] Mallaby (2004, 358)

[71] Ibid. Also see Clemens and Kremer (2016) on the importance of the Bank's research and expertise.

On February 13, 2003, these frustrations came to a head as Chinese and Indian representatives on the Bank's board expressed frustration at the continued lack of focus on infrastructure development.[72] They took an unprecedented step by issuing their first ever joint statement, suggesting that the Bank's policies contradicted the needs of their citizens (which comprised a third of the world's total population) and rebuking the institution for merely "tinkering at the margins" when it came to lending policy.[73] The Chinese and Indian representatives wanted a dramatic overhaul of lending policy at the Bank – one that would put an emphasis on complex infrastructure development and devote real financial and human resources to the cause. In some sense, they desired a return to the lending priorities of the early 1990s – a period that brought much criticism to the Bank and at great reputational cost. Any return to large scale and high-risk infrastructure projects risked upsetting the U.S. and its allies, who hardly desired the revival of aggressive and sometimes militant lobbying by NGOs. Therefore, such reforms would be costly for World Bank staff to pursue and might invite intervention by U.S. government officials.

Importantly, the Indian and Chinese board members forwarded the text of their statement directly to all rank-and-file World Bank staff members that worked on infrastructure, and many staff members immediately took notice, with some even replying to express support for the statement.[74] This is relevant to our theory because, unlike much of the literature, we place IO staff front and center. Moreover, because the lobbying by India and China coincided with a period of sustained poor performance on the part of the Bank, our theory would expect staff to take this criticism seriously. A failure to do so could lead China and India to defect from the institution by creating new institutions, forum shopping, or else further undermining the legitimacy of the IO by continuing to express public doubt about its policies. Under these conditions, our theory suggests that IO staff would make concessions to China and India through reform.

[72]Mallaby (2004, 361)

[73]Ibid

[74]Mallaby (2004, 362)

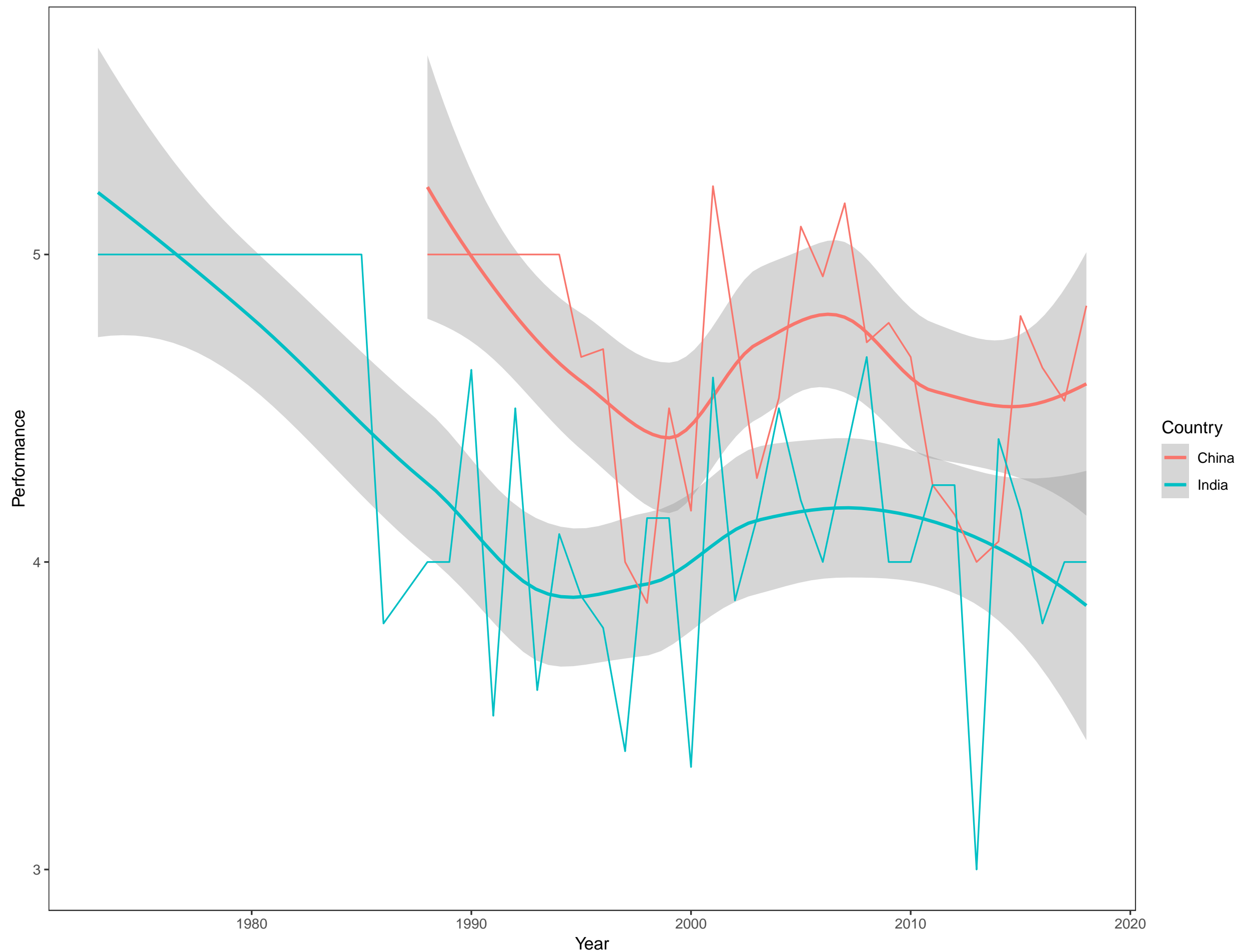

Figure 5: **World Bank Performance Trends (India and China).**

The Return of Infrastructure

In line with our theoretical expectations, the World Bank made major concessions to China and India through sweeping reforms to its lending policy. On April 22, 2003, Wolfensohn sent an email to Bank staff announcing two major changes: (1) he appointed China's Shengman Zhang as the head of the Bank's lending operations; and (2) he discussed the need for a renewed focus on infrastructure, creating a new vice president position to oversee infrastructure spending.[75] Zhang was notoriously infrastructure-friendly, and he was a vocal defender of countries like China, India, and Brazil that felt underrepresented in Bank decision-making relative to major Western powers. In July 2003, Wolfensohn reinforced these changes by increasing the infrastruc-

[75]Mallaby (2004, 367). Also see `https://on.ft.com/37plld5` on Zhang.

ture budget by $8 million and contemporaneously promoting Praful Patel, a Ugandan national who had previously called for more high-risk investments in areas like infrastructure, to the position of vice president for South Asia.[76]

Given the timing of the reforms, it is hard to view them as anything but a direct response to the India-China joint statement. As our theory would anticipate, after years of dissatisfaction with the World Bank related to poor performance on the ground and the monopoly over agenda-setting held by Western powers, China and India lobbied the World Bank for reforms that would better accommodate their interests. Moreover, they directed their pleas to Bank staff, as opposed to leading member states. Having failed to fulfill their promises to these countries, and fearing the potential consequences of inaction (such as forum shopping or IO creation), Bank bureaucrats worked to alter their lending policies. These efforts led Wolfensohn to announce a bold return to infrastructure spending in 2003 – a clear concession to China and India intended to stem the tide of discontent and bolster the legitimacy of the organization.

Conclusion

Many scholars have argued that powerful states use their influence over IOs to channel benefits to their friends, and withhold them from their enemies. We revise and extend this literature by demonstrating that IO staff often design reforms that benefit the allies of the most powerful institutional stakeholder even in the absence of direct intervention, but that non-allies of leading stakeholders also sometimes benefit from reforms. We further demonstrate that non-allies receive concessions when the IO's performance dips in these countries, as IO staff make concessions to appease them and prevent them from defecting from the institution. We tested our argument using new data on policy reforms at the World Bank between 1944-2018 – which are inclusive of subtle shifts in institutional rules and activities – along with a case study of World Bank lending policy at the turn of the 21st century, and found evidence consistent with our theoretical claims.

[76]Mallaby (2004, 367)

This research contributes to several strands of literature. First, by focusing on the behavior of IO staff, our research builds on work examining bureaucratic culture and IO autonomy.[77] Second, by delineating the conditions under which powerful member states' preferences are reflected in reforms, our work contributes to previous work that has identified bias in other IO activities, such as conditionality[78] Third, by offering comprehensive data on reforms at the World Bank and illustrating that reform occurs in the course of everyday operations at international organizations, we move the reform literature away from cases of punctuated equilibria, sweeping reform, and path dependence.[79]

Our study points to many avenues for future research, particularly since our original data opens up new ways to test questions of long-standing interest to scholars of international relations. For example, additional research could investigate whether and when domestic politics leads to reforms within IOs, as well other additional international determinants of reform. Future scholars could also use our data to investigate the effects of such reforms, such as on states' bilateral relations or on IO performance. Last, future research could apply our theoretical framework to other issue areas. We believe that our argument applies to IOs in which one country holds asymmetric power. This power often manifests in formal ways, such as voting power and organizational leadership, but it can also be informal, such as through headquarters locations and interactions between governments and IO staff.

Last, our research carries policy implications. For example, it implies that IOs are not completely beholden to powerful states, but neither are they autonomous international actors. Instead, if policymakers in non-allied countries wish to push for concessional reforms, they should perhaps wait until institutional performance dips in their territories in order for their efforts to have a greater chance of success. In other words, IO staff may require support from dissatisfied member states for these types of reforms to materialize.

[77] See Barnett and Finnemore (1999); Autesserre (2014); Johnson (2014).

[78] See Stone (2008); Copelovitch (2010*b*); Dreher, Sturm and Vreeland (2015); Clark and Dolan (2020).

[79] See Wallander (2000); Schneider (2011).

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Supporting Information for In the Shadow of Intervention: The Political Determinants of Institutional Reform

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Contents

1 Appendix 1: Robustness Checks and Supporting Statistical Information 3

1 Appendix 1: Robustness Checks and Supporting Statistical Information

	Number of reforms	
	Model 1	**Model 2**
Ally	0.012^{***}	
	(0.004)	
Non-ally:Performance		-0.012^{*}
		(0.007)
Non-ally		0.025
		(0.024)
Performance		0.011^{**}
		(0.005)
Number IOs	0.001	-0.006^{*}
	(0.001)	(0.004)
Vote-power asymmetry	0.599^{**}	0.513
	(0.233)	(0.531)
GDP growth	−0.0001	−0.0005
	(0.0002)	(0.001)
Population	0.002	0.001
	(0.001)	(0.007)
UNSC member	−0.010	−0.009
	(0.006)	(0.012)
Polity2	−0.0002	−0.001
	(0.0003)	(0.001)
UN voting (ideal pt dist from U.S.)	−0.001	-0.008^{*}
	(0.001)	(0.004)
U.S. aid	−0.001	−0.002
	(0.001)	(0.001)
Trade with U.S.	0.001^{*}	−0.0003
	(0.001)	(0.004)
Reserves	0.001	0.004
	(0.001)	(0.003)
Receipts	0.0003	0.0001
	(0.001)	(0.003)
Payments	−0.0001	−0.002
	(0.001)	(0.004)
Country random effects	Yes	Yes
Year random effects	Yes	Yes
Organization	IBRD	IBRD
N	7803	1713

$^{***}p < .01$; $^{**}p < .05$; $^{*}p < .1$

Table A1: **Two-Ways Random Effects Robustness Check.** Model type is ordinary least squares. Independent variables are lagged by one year. Robust standard errors are clustered at country-level.

	Number of reforms			
	Model 1	**Model 2**	**Model 3**	**Model 4**
Ally (entente)	0.015^{***}			
	(0.004)			
Ally (non-aggression)		0.019^{***}		
		(0.006)		
Non-ally (entente):Performance			-0.015^{**}	
			(0.006)	
Non-ally (non-aggression):Performance				-0.014^{*}
				(0.007)
Non-ally (entente)			0.032	
			(0.026)	
Non-ally (non-aggression)				0.018
				(0.034)
Performance			0.010^{*}	0.010^{*}
			(0.005)	(0.005)
Number IOs	0.001	0.001	−0.003	−0.003
	(0.002)	(0.002)	(0.008)	(0.008)
Vote-power asymmetry	0.958^{***}	0.957^{***}	0.294	0.278
	(0.364)	(0.203)	(0.518)	(0.596)
GDP growth	−0.0002	−0.0002	−0.0004	−0.0004
	(0.0002)	(0.0002)	(0.001)	(0.001)
Population	−0.012	−0.012	-0.097^{**}	-0.095^{*}
	(0.008)	(0.009)	(0.045)	(0.051)
Polity2	0.0003	0.0003	−0.00004	−0.0001
	(0.0004)	(0.0004)	(0.001)	(0.001)
UN voting (ideal pt dist from U.S.)	−0.001	−0.0004	0.008	0.009
	(0.003)	(0.003)	(0.010)	(0.009)
U.S. aid	−0.0001	−0.0002	−0.002	−0.002
	(0.001)	(0.001)	(0.002)	(0.002)
Trade with U.S.	0.001	0.001	0.0002	−0.0005
	(0.001)	(0.001)	(0.004)	(0.004)
Reserves	0.0001	0.0001	0.006	0.006
	(0.001)	(0.001)	(0.004)	(0.006)
Receipts	0.0002	0.0002	0.001	0.001
	(0.001)	(0.001)	(0.004)	(0.005)
Payments	−0.00002	−0.00002	−0.002	−0.002
	(0.001)	(0.001)	(0.004)	(0.006)
Country fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Organization	IBRD	IBRD	IBRD	IBRD
N	7803	7803	1713	1713

$^{***}p < .01$; $^{**}p < .05$; $^{*}p < .1$

Table A2: **Alternate Alliance Measures Robustness Checks.** Model type is ordinary least squares. Independent variables are lagged by one year. Robust standard errors are clustered at country-level.

	Number of reforms	
	Model 1	**Model 2**
Ally	−0.002	
	(0.011)	
Non-ally		0.008
		(0.042)
Performance		−0.003
		(0.007)
Number IOs	−0.018	−0.013
	(0.013)	(0.012)
Vote-power asymmetry	17.968	22.417**
	(17.024)	(10.945)
GDP growth	0.00001	0.002
	(0.0003)	(0.001)
Population	0.006	−0.092
	(0.033)	(0.115)
UNSC member	−0.014**	−0.008
	(0.006)	(0.010)
Polity2	−0.00001	−0.0002
	(0.001)	(0.003)
UN voting (ideal pt dist from U.S.)	−0.001	0.002
	(0.008)	(0.019)
U.S. aid	−0.003	−0.009
	(0.004)	(0.006)
Trade with U.S.	−0.011**	−0.017
	(0.006)	(0.022)
Reserves	0.002	0.015
	(0.005)	(0.011)
Receipts	−0.0001	−0.004
	(0.003)	(0.012)
Payments	0.001	0.005
	(0.002)	(0.013)
Non-ally:Performance		−0.002
		(0.008)
Country fixed effects	Yes	Yes
Year fixed effects	Yes	Yes
Organization	IBRD	IMF
N	1236	451

***p < .01; **p < .05; *p < .1

Table A3: **No Imputation Robustness Check (All Covariates).** Model type is ordinary least squares. Independent variables are lagged by one year. Robust standard errors are clustered at country-level.

	Number of reforms	
	Model 1	**Model 2**
Ally	0.018***	
	(0.006)	
Non-ally		0.051**
		(0.023)
Performance		0.010**
		(0.005)
Number IOs	0.001	−0.004
	(0.002)	(0.008)
Vote-power asymmetry	0.980***	0.517
	(0.369)	(0.516)
Population	−0.015*	−0.097**
	(0.008)	(0.049)
UNSC member	−0.011*	−0.007
	(0.007)	(0.012)
Non-ally:Performance		−0.015**
		(0.006)
Country fixed effects	Yes	Yes
Year fixed effects	Yes	Yes
Organization	IBRD	IMF
N	7795	1713

***p < .01; **p < .05; *p < .1

Table A4: **No Imputation Robustness Check (Limited Covariates).** Model type is ordinary least squares. Independent variables are lagged by one year. Robust standard errors are clustered at country-level.