1

Introduction

States have created a litany of new international organizations (IOs) in recent years.[1] In 1950, there were fewer than fifty IOs operating on the global stage. Today, there are over 300 such organizations.[2] But this institutional proliferation has not been without controversy. In international finance, an area dominated by Western-led organizations since World War II, China has bankrolled two new multilateral development banks – the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) – since 2013. Scholars have framed the existential stakes of potential competition between Western and emerging donors: "[T]he rise of BRIC loans may imply a decline of Western influence over developing countries, might allow developing countries to pursue alternatives to the liberal Washington consensus, [and] might undermine movements toward democratization in poor countries."[3] Others fear the demise of the liberal international order and the Western IOs that underpin it.[4]

Despite such concerns about contestation, cooperation among international financial institutions (IFIs) like the World Bank, International

[1] I define international organizations in line with Koremenos, Lipson, and Snidal (2001, 762) as "explicit arrangements, negotiated among international actors, that prescribe, proscribe, and/or authorize behavior." I focus only on formal IOs that possess their own decision-making bodies (e.g., a board or secretariat). This excludes informal governance arrangements or forums in which states discuss policy in the absence of formal governance structures, such as the G-20. Though see Bush and Hadden (2019) on growth in NGOs; Roger (2020) on informality in global governance.

[2] Data comes from the *Yearbook of International Organizations*.

[3] Bunte (2019, 4).

[4] Borzel and Zurn (2021); Weiss and Wallace (2021); Trubowitz and Burgoon (2022).

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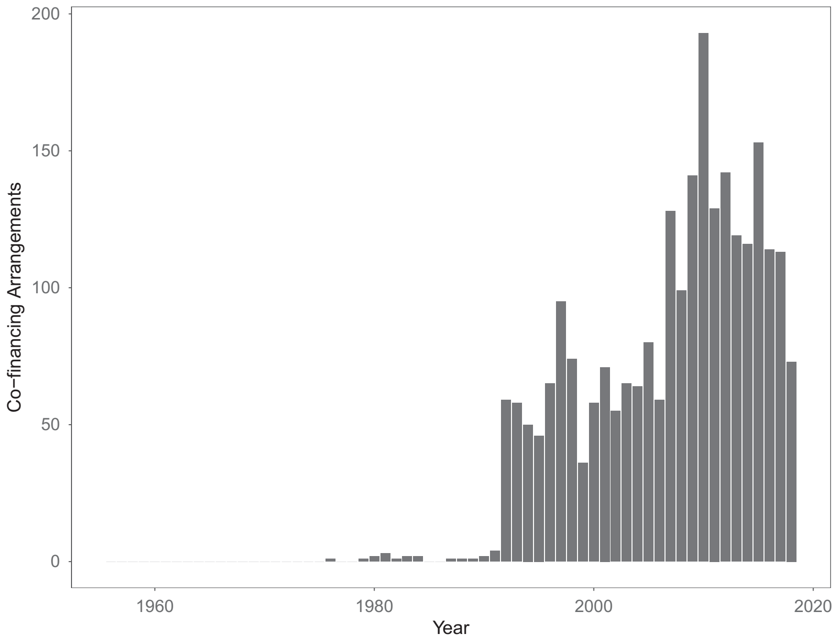

FIGURE 1.1 **Trends in multilateral co-financing: past and present.** The plot shows the number of formal co-financing arrangements in total signed between IO dyads for each year in my sample (1945–2018). IO cooperation is extremely and increasingly common in international finance.

Monetary Fund (IMF), AIIB, and NDB has become routine.[5] This is especially true of co-financing, which involves the pooling of resources and expertise between overlapping IOs. Figure 1.1 shows the number of co-financing deals struck between multilateral financiers over the period 1945–2018.[6] This cooperation takes off during the mid 2000s and remains a vital part of IOs' lending toolkit in recent years.[7] Moreover, co-financing is widespread and utilized by an array of IFIs. Figure 1.2 illustrates the cooperative webs that entangle these organizations – nearly all overlapping organizational pairs have cooperated at least once, particularly in the development space, and the ties that bind such organizations are remarkably dense.

5 Clark (2021).

6 The original dataset from which this plot is constructed and all original datasets used in the book are publicly available at www.richardtclark.com.

7 Also see Gould (2003) on supplemental financing at the IMF; Oatley et al. (2013) on global financial networks.

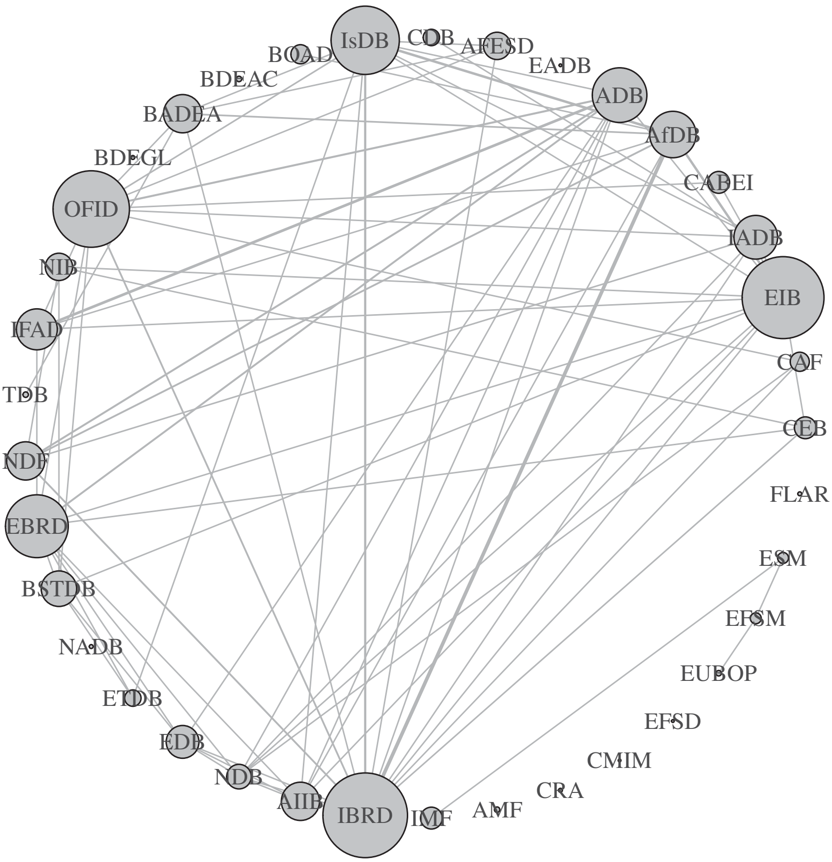

FIGURE 1.2 **Networks of cooperation among IFIs, 1945–2018.** The size of the circles is increasing in the average number of co-financing agreements pursued by each organization with all other IOs. The thickness of each line is increasing in the average number of co-financing agreements pursued between the two connected IOs. Nearly all of the overlapping IO pairs – those with overlap in scope and membership – have cooperated at least once, and most dyads have cooperated in several years.

This book makes sense of the *cooperative complexity* that has materialized between IFIs in recent years. I explain how co-financing solves political problems that emerge as a result of IO proliferation and how it generates economic problems for IFIs in the process. In doing so, I speak to lasting debates about how states, and the organizations they build, cooperate and compete in international politics. "Next level" cooperation *among* IOs is critical to understanding the form and effectiveness of contemporary global governance.

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While co-financing itself is underexamined in existing work, scholars and practitioners are increasingly interested in how states choose among the plethora of international financiers available to them. One strand of research argues that states shop across institutions for the least stringent or most favorable set of policies, which may drive a race-to-the-bottom (RTB) on the depth of policy adjustment asked of states, as well as prevent IOs from coercing policy changes.[8] In other words, states are inclined to select creditors that attach fewer strings to material resources since the required reforms can be politically and economically costly, especially over the short term. At the IMF, for instance, policy conditionality has been tied to increased economic inequality in recipient states.[9] The conditions, or requirements, attached to financial aid are far-reaching and can encompass tax policy, public spending, and even governance and human rights.[10]

Others make more nuanced arguments about how states balance political and economic concerns when selecting international creditors. Bunte (2019) points to the importance of politically dominant interest groups. The domestic financial sector desires stability in banking and low inflation; labor wants higher wages and ample employment opportunities; and the domestic industrial sector pushes for access to new markets and investment opportunities abroad. When labor and industry are strong, politicians opt for emerging donor (i.e., BRIC) aid; when finance and industry are strong, they choose Western multilaterals and private creditors; and when finance and labor are strong, they select bilateral aid from Western governments. Zeitz (2022) meanwhile emphasizes the role of global liquidity – when bond markets are more liquid, investors are willing to accept greater risk. They perceive the political costs of borrowing to be lower than the costs of conditionality imposed by IFIs under these conditions and, therefore, opt for bond issues in times of high liquidity.

These demand-side accounts have significantly advanced our understanding of how states choose their creditors. But such theories typically assume lenders to be in competition with one another – the US offers

8 See Busch (2007); Alter and Meunier (2009); Davis (2009); Drezner (2009); Hofmann (2009); Faude (2018) on forum-shopping. Also see Mosley and Uno (2007); Rudra (2008) on globalization and RTB in developing countries more generally; and Greenhill, Mosley, and Prakash (2009); Mosley (2012) for evidence against such a trend.

9 Vreeland (2003); Lang (2021).

10 See Clark, Dolan, and Zeitz (2023) for a typology.

one bundle of policies and funds, China offers another, and countries select the bundle that best fits their immediate needs.[11] Relationships between lenders are thought to be zero-sum. As Bunte (2019, 24) puts it, "A government's choice for one creditor is simultaneously a choice against other creditors." Yet, as the network plot illustrates, an abundance of cases exist in which lenders jointly implement operations in target states. In such cases, more than one IO secures a given borrower's business, and neither loses out. Importantly, the zero-sum nature of existing scholarship prevents it from explaining variation in co-financing among IFIs.

Moreover, this literature focuses on recipient states as agents and IOs as more passive actors; scholars theorize borrowers' utility functions and explain how, given a menu of lenders, borrowing governments choose among them. This overlooks the ways that lenders, as agents with their own utility functions, coordinate among themselves. Indeed, co-financing arrangements are often orchestrated by IFIs that leverage their agency, whether delegated or derived, to adapt to changes in the policy environment.

Cooperative Complexity thus switches the focus from the demand side of international finance to the supply side; from how states choose their multilateral creditors to the ways these creditors cooperate and compete with one another. Critically, this book is among the first to shed light on the politics of cooperation and contestation among overlapping IFIs. When scholars have examined coordination among donors, the focus is mostly on bilateral rather than multilateral lending even though multilateral loans are often larger and can result in more substantive policy changes by borrower state governments.[12] Moreover, the literature on bilateral aid coordination mostly examines when donors' aid portfolios overlap versus complement one another rather than when donors explicitly work together to accomplish common objectives.

This book complements existing accounts by highlighting the importance of cooperation through co-financing among multilateral lenders in the development and emergency financing issue domains. Despite the prevalence of co-financing, existing work largely overlooks the fact that financiers often work together, splitting the bill and pooling expertise to jointly deploy resources to recipient countries. In short, IOs often rely on

[11] See Humphrey and Michaelowa (2013); Clark (2022).

[12] See Aldasoro, Nunnenkamp, and Thiele (2010); Bigsten and Tengstam (2015); Bourguignon and Platteau (2015), though also see Henning (2011); Bermeo (2018) for exceptions.

other IOs, but we know little about the causes and consequences of such cooperation in international finance.[13]

My main contention in this book is that interorganizational cooperation is politically efficient but not necessarily economically efficient. It is politically efficient because it enables IFIs to capitalize on geopolitical synergies to circumvent political obstacles and enforce their preferred policies. It also satisfies powerful states' and IFI staffs' collective desire to retain member state participation, which is the lifeblood of IOs and, thus, abets powerful state influence in international politics. But IFIs are more likely to work together when their most powerful member states (e.g., the US at the World Bank, and Japan at the Asian Development Bank [ADB]) are geopolitically aligned. Such alignment maps onto policy objectives and staff worldviews, which then helps staffs bridge external divisions over the form and function of their policies while simultaneously pleasing their powerful principals.

However, this cooperation is often economically inefficient. When IFIs pool resources and expertise, they also pool personnel. This means that staff from different organizations, which possess unique backgrounds and organizational cultures even when they share similar views, must work together – often for the first time. Indeed, even when IOs have a history of cooperation, staff rapidly cycle in and out of IFIs, limiting the impact of prior experience. I therefore argue that staff are unlikely to cooperate efficiently, with negative consequences for operational performance. Staff from one organization may attempt to free-ride on the efforts of staff from another, or friction may emerge between the two bureaucracies. Moreover, I argue that competition between IOs may actually drive superior performance outcomes as staffs work to impress recipient countries in order to retain their business. This framework suggests that politically advantageous solutions in global governance are not always economically beneficial and may even inflict harm on their intended beneficiaries.

To test these contentions, *Cooperative Complexity* focuses on cofinancing among IFIs, and especially its implications for policymaking and performance in the World Bank and IMF as the two oldest, largest, and most influential IFIs. Doing so allows for comparison with existing studies of organizational proliferation, policymaking, and performance in this

[13] Existing accounts largely assume that competition is increasing in the number of IOs operating in an issue space (Lipscy 2015, 2017).

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area.[14] Because institutions are often quite transparent in international finance, it is also amenable to systematic coding and empirical study.

This book specifically introduces several extensive datasets of cooperation between IFIs operating in the development and emergency lending issue spaces over their entire operational histories (1945–2018). This coding draws on the contents of thousands of organizational policy papers, archival materials, program documents, and press releases. The book then leverages quantitative methods, textual analysis, and network modeling to analyze these data. I supplement the empirical results with over two dozen semi-structured interviews with practitioners and policymakers, experimental research designs, and an in-depth case study of Greece during the early 2010s. I find evidence to support my core theory; cooperation among IFIs emerges as a politically efficient but sometimes economically inefficient equilibrium in international relations.

1.1 A POLITICALLY EFFICIENT SOLUTION

I argue that interorganizational cooperation is a politically efficient solution for IFIs operating under regime complexity, a term used to denote the numerous overlapping IOs that govern international finance,[15] though not necessarily an economically efficient one. Starting with the political side, cooperation through co-financing confers a number of benefits on overlapping IFIs, making it an attractive option for these institutions.

First, and perhaps most importantly, it enables the institutions to avoid a costly bidding war for a member state's business. States often shop among international lenders in an effort to reduce the stringency of conditions attached to financing; they can do so by deliberately picking less intrusive offers or by credibly threatening to do so in order to generate bargaining leverage.[16] Such competition often substantially drives down the degree of policy adjustment mandated in a loan program, which then limits the ability of any organization to accomplish its goals.

[14] See Lipscy (2015, 2017); Pratt (2021) on proliferation; Stone (2008); Copelovitch (2010*b*); Stone (2011) on policymaking; Malik and Stone (2018); Heinzel and Liese (2021) on performance.

[15] See Alter and Meunier (2009); Henning and Pratt (2020).

[16] Busch (2007); Helfer (2008); Davis (2009); Hofmann (2009); Morse and Keohane (2014); Clark (2022).

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For instance, the IMF's mandate is to "promote global macroeconomic and financial stability and provide policy advice and capacity development support to help countries build and maintain strong economies."[17] The World Bank's mandate is to "promote long-term economic development and poverty reduction by providing technical and financial support to help countries implement reforms or projects, such as building schools, providing water and electricity, fighting disease, and protecting the environment."[18] Each institution ties requirements to their financing to help them accomplish these mandates, such as ordering the privatization of state-owned enterprises, promoting increased domestic institutional capacity, and limiting how funds may be spent. Bidding against institutions like the AIIB that do not attach such requirements to their aid undermines the ability of the World Bank and the IMF to enforce policy conditions in pursuit of their mandates.

Consider the example of Indonesia's negotiations with the IMF at the start of the twenty-first century. In February 2000, the Fund approved a three-year, $5 billion loan program for Indonesia.[19] This program, like most IMF arrangements, mandated that Indonesia undertake a number of policy reforms – twenty-seven to be exact – over the course of the loan in order to guarantee disbursement.[20] The collective stringency of these mandatory reforms, or loan conditions, is typically thought to be increasing in the number of conditions.[21] Moreover, IMF conditions are often quite cumbersome for leaders to undertake, sometimes generating public unrest and often threatening their reelection bids.[22] For these reasons, countries often attempt to bargain down the number of conditions attached to their IMF loans when they have the leverage to do so, such as when they are close US allies or temporary members of the United Nations Security Council (UNSC).[23] In these cases, states often receive preferential treatment from, or trade favors with, the US, as the IMF's

[17] IMF. 2023. "The IMF and World Bank." www.imf.org/en/About/Factsheets/Sheets/2022/IMF-World-Bank-New.

[18] Ibid.

[19] "Press Release: IMF Approves US$5 Billion Extended Arrangement for Indonesia." February 4, 2000. *IMF*. www.imf.org/en/News/Articles/2015/09/14/01/49/pr0004.

[20] Conditionality figures come from Kentikelenis, Stubbs, and King (2016).

[21] See, e.g., Stone (2011); Nelson (2017) for academic uses of the count of conditions measure. This measure has also been used in the IMF's own internal reports (Ivanova et al. 2001).

[22] See Vreeland (2004).

[23] See Stone (2008); Dreher (2009); Dreher, et al. (2022).

leading shareholder, to receive more favorable loan terms (i.e., loans with fewer conditions).

Indonesia suddenly found itself with such leverage in March 2000 when it became a founding member of the Chiang Mai Initiative (CMI) – a multilateral emergency lending institution of which China and Japan are important members – that seemed poised to become a meaningful alternative to the IMF. It began as a network of bilateral currency swaps and repurchase agreement facilities among the ASEAN+3 (Association of Southeast Asian Nations Plus Three) nations, though it was multilateralized in 2012, increasing its capacity.

The CMI proved to be of little concern for the IMF as the years passed, deferring to the Fund's authority and opting not to issue loans during several large-scale financial crises, but there was much uncertainty about what its role might be at the time of its creation.[24] Indeed, some worried that it might evolve into a true Asian Monetary Fund, especially given the IMF's failures during the Asian financial crisis and Japan's dissatisfaction with its representation at the IMF.[25]

Moreover, Indonesian President Suharto had consistently criticized the IMF's program in his country, lamenting in 1998 that the Fund had failed to revive the Indonesian economy and telling US President Bill Clinton that he would soon need to pursue other options because "what you've got here now isn't working."[26] This case is representative of many IMF programs in which leaders find the terms to be onerous and detrimental to the political and economic environment in their countries.[27] But Suharto's attempts to renegotiate the terms of the loan had largely been unsuccessful – that is, until the CMI was launched.

Thereafter, Indonesia's economic advisor Rizal Ramli was tasked with putting the squeeze on the Fund. Ramli said that "the International Monetary Fund had become overly involved in the nuts and bolts of the country's economy" and demanded a renegotiation of the IMF agreement.[28] A month later, the IMF program was revised, and it explicitly included

[24] Henning (2011).
[25] Lipscy (2003).
[26] Paul Blustein and Keith B. Richburg. "IMF Effort Not Working, Suharto Tells Clinton." February 17, 1998. *Washington Post*. https://wapo.st/3zwlZ7B.
[27] Vreeland (2004).
[28] "Indonesia Wants to Redraw Bailout Accord with IMF." August 29, 2000. *New York Times*. https://nyti.ms/3cF8Nna.

"Dr. Ramli's ten-point list of economic priorities."[29] This suggests that access to the CMI may have granted Ramli some degree of leverage.[30]

More specifically, the IMF revised the number of mandatory conditions downward in September 2000 from twenty-seven to seventeen. By threatening to exit from their IMF agreement in order to utilize the CMI, Indonesia was able to amplify its voice at the Fund.[31] Evidence from an interview with a former IMF economist suggests that the Fund was quite concerned about forum-shopping in this context: "Forum shopping is a relevant problem, but it is especially an issue if you get into competition with [countries like] Japan or China, which has comparable resources … Do you sacrifice conditionality in exchange for trying to stop China from being the dominant power in a certain region?"[32]

Co-financing allows organizations to avoid such problematic outcomes, enabling them to jointly enforce a mutually agreeable set of policies. This is what makes co-financing a politically efficient solution: Institutions can administer a program that is closer to their preferred set of policies than would be achievable under competition. Moreover, both powerful member states and the staff employed by the cooperating IOs can retain member state business, bolstering their relevance and financial positions.

But, crucially, such cooperation is only feasible when the IOs in question have relatively similar policy objectives and lending practices in the first place. Otherwise, powerful member states that dominate IOs, and the staff that they select and promote, may not be willing or able to strike a compromise across organizations. The benefits of cooperation in this case may not be perceived as high enough since each organization would have to compromise significantly on their preferred policy package, making the outcome similar to that under forum-shopping. As such, I contend that co-financing is most likely to manifest when the most powerful member state shareholders in each IFI are geopolitically aligned with one another. I utilize geopolitical closeness as a proxy for the similarity of states' foreign economic policy goals, which powerful countries pursue through the IOs they control.[33] This contention extends the large literature on

29 "Little Change in New IMF Indonesian Programme." October 26, 2000. *Bretton Woods Project*. www.brettonwoodsproject.org/2000/10/art-15520.

30 See Marwaan Macan-Markar. "Saying No, Thank You to IMF Loans." November 26, 2008. *TNI*. www.tni.org/es/node/4201 on Asian access to non-IMF resources.

31 See Hirschman (1970) on how exit complements voice.

32 Interview with a former IMF economist (April 22, 2020).

33 Ikenberry (2001).

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powerful state influence in IFIs[34] and suggests that co-financing is often borne out of political convenience.

Since IFIs are most likely to cooperate when leading member states are geopolitically aligned, cooperation between longstanding US-led institutions like the World Bank and IMF, on the one hand, and challenger institutions like the Chinese-led AIIB and Russian-led Eurasian Development Bank (EDB), on the other, should be relatively rare.[35] This means that while the ADB, for instance, is more likely to cooperate with the World Bank than race them to the bottom on the stringency of their policy requirements, "challenger" institutions led by US rivals may continue to do so. A former IMF economist who worked on several co-financed programs in the 2010s offered preliminary evidence for this claim: "Geopolitics clearly matter for cooperation. IMF-Russia and IMF-China cooperation are therefore not very feasible."[36] In other words, cooperation is most likely where it is arguably the least needed – namely, in cases where organizations are led by allies and likely to endorse similar policies in the first place.

I also contend that co-financing is politically efficient relative to other forms of coordination IOs might undertake, including the negotiation of a hierarchy or division of labor.[37] As Chapter 2 will explain in greater detail, co-financing arrangements are relatively easy for IO bureaucrats to negotiate since these are ad hoc arrangements that persist only for the duration of a given lending operation (i.e., 2–3 years on average). Negotiating a strict division of labor, on the other hand, requires quasi-permanent alterations to organizational mandates in order to ensure that each IO recovers a monopoly over some governance niche. This could necessitate formal votes by member states and requires both staff and members to agree to shrink the breadth of their influence in international politics. It also requires IOs to monitor themselves in order to prevent mission creep, which can occur naturally as IO bureaucracies tend to expand over time as a result of staff incentives.[38] Such monitoring is often ineffective and incomplete, especially when IO bureaucracies are

[34] See Mearsheimer (1995); Stone (2008); Copelovitch (2010*b*, *a*); Stone (2011).

[35] In practice, the World Bank and the AIIB have been frequent co-financing partners – a puzzling outcome that I explore in detail in the book's conclusion.

[36] Interview with a former project team economist at IMF (April 15, 2020).

[37] See Gehring and Faude (2014); Pratt (2018); Henning and Pratt (2020); Green (2022).

[38] Barnett and Finnemore (1999).

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sprawling.[39] As such, I argue that co-financing is often the preferable, efficient way to mitigate overlap among IFIs.

1.2 AN ECONOMICALLY INEFFICIENT SOLUTION

That cooperation among IFIs is largely a product of political convenience raises questions about its substantive importance. Does it lead to performance gains and generate economic benefits in the states that IOs serve, or is competition preferable from the perspective of recipient countries? There are theoretical reasons to think that co-financing might drive performance benefits and produce positive economic changes.

First, IFIs may be able to leverage their unique areas of expertise in order to carve out a division of labor within a program.[40] Individual organizations often specialize in certain niches. For instance, AIIB has become a leader in the provision of large infrastructure projects, leveraging lessons learned and synergies from China's Belt and Road Initiative.[41] Among emergency lenders, the IMF has become an intellectual leader on climate change, increasingly pursuing research on the topic, engaging with environmental issues in surveillance, and working to hire a large cohort of environmental economists.[42] Co-financing can then increase bureaucratic competence and proficiency, possibly boosting performance.

Second, co-financed programs may be more ambitious in scope and especially well-resourced since two organizations pool their financial might. Regional institutions often lack the budgets of larger IOs like the World Bank and IMF, which then limits their ability to undertake large and technically complex projects. It may then be beneficial for a smaller IFI like the West African Development Bank to cooperate with the World Bank rather than act alone, and co-financing in these cases may result in additional benefits for the target state.

IO bureaucrats also discuss these abstract benefits from cooperation. For instance, a former economist that I interviewed from the US Treasury offered several examples of how IOs can take advantage of regional and subject matter expertise when cooperating on a project. Discussing a program co-financed by the ADB and World Bank in Pakistan, she acknowledged that the Bank "will sometimes allow those

39 See Honig (2018); Clark and Zucker (2023).
40 See Keohane and Victor (2011); Abbott et al. (2015).
41 Kaya, Kilby, and Pan (2023).
42 Clark and Zucker (2023).

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with more expertise to design the program. In Pakistan, the ADB directed energy reform."[43] This signifies the negotiation of a division of labor within a project that was designed to capitalize on each organization's unique expertise. We might expect such arrangements to generate performance gains for each organization and the recipient country.

A senior energy economist at the World Bank made similar remarks about World Bank cooperation with the African Development Bank (AfDB): "At the Bank, we have areas that we know better, and others where we lack industry experts. For instance, the Bank does not have geoscientists."[44] As a result, when the Bank pursued a geothermal energy program in Djibouti, "AfDB undertook parallel financing to draw out drilling science and explore how to test."[45] Again, this division of labor within programs may drive improved program performance.

Despite these abstract benefits, I argue that co-financing is often economically inefficient. Specifically, the book contends that when staff from disparate IOs work together, they face incentives to free-ride on the efforts of bureaucrats from the other cooperating organizations. This is largely because cooperation increases the size of operational "work groups," or the pools of bureaucrats tasked with executing a given lending operation, both within IO headquarters and on the ground in target states. When work groups expand, it is harder for management in each IO to monitor individual staff performance. This makes it relatively easy for staff to scapegoat the other IO in the event of poor performance and to evade sanction for shirking themselves. When such free-riding is severe, it prevents staff from realizing the potential benefits of cooperation that are anticipated when these arrangements are negotiated.

Drawing on insights from behavioral economics and organizational theory,[46] I argue that staff only overcome pervasive collective action barriers when they identify more strongly with the cooperative in-group, namely when they face competition for future business from challenger organizations controlled by geopolitical foes. Insofar as IOs controlled by geopolitical friends are more likely to cooperate, competition with an IO dominated by a geopolitical rival can drive staff to cooperate more effectively for fear of losing out to the challenger down the road. For instance,

43 Interview with a former economist at US Treasury (February 25, 2020).
44 Interview with a former economist at IMF (April 15, 2020).
45 Ibid.
46 See, e.g., Olson (1965); March and Simon (1993); Dechenaux, Kovenock, and Sheremeta (2015).

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we might expect these dynamics to play out in cases where the World Bank and ADB cooperate on an infrastructure program in a country where the AIIB also has a large presence. Perversely, my theory implies that cooperation only generates performance benefits in the presence of out-group competition. Importantly, and in contrast to existing work, this suggests that competition between IOs may not be unambiguously harmful for global governance, nor is cooperation universally beneficial.[47]

1.3 SCOPE CONDITIONS

It is important that I highlight several scope conditions to this framework. First, my theoretical focus is only on formal IFIs in this book. This means that I do not theorize about informal governance arrangements like the G-20 and Paris Club, nor do I make contentions about the role of bilateral lenders and other policy tools like currency swaps. I consider these forms of financial support to be complementary to IFIs but substantively different, and therefore they fall outside of the scope of the theory. I do, however, account for them in subsequent empirical tests.

This exclusion is mostly because formal international institutions confer unique benefits on member states that make them qualitatively different from these other financial policy instruments. Indeed, IOs and their programs are thought to carry a seal of approval as a result of their perceived neutrality and legitimacy.[48] This enables them to legitimate certain policies and stir up public support in the process.[49] They can also be leveraged as scapegoats by recipient governments since they are third-party interveners in a country's policymaking process, and such scapegoating may enable leaders to tie their hands to implement needed reforms.[50] Moreover, the most powerful IFIs possess unparalleled financial might and policy expertise, which allows them to offer states particularly large and consequential bundles of funding and policy recommendations. Last, much of my theory relies on the incentives and actions of bureaucrats within IOs. While there are large literatures on the role of individuals in domestic bureaucracies, especially on the security side,[51] such bureaucracies are qualitatively different from those found in

47 See, e.g., Alter and Meunier (2009).
48 Keohane (1984); Milner and Tingley (2012).
49 Voeten (2001); Brutger (2021).
50 Vreeland (1999).
51 White (2021); Schub (2022); Jost (2023); Carcelli (2023).

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supranational organizations. This is not to say that other types of actors do not matter, or that they do not sometimes substitute for IFIs on the global stage. However, I suggest that IFIs are mostly in competition with one another as close substitutes that can offer states similar benefits, with other parts of the global financial safety net operating alongside them.

Second, the book focuses on formal cooperation, meaning that cooperation has been institutionalized through documented changes to IOs' policies. This accords with Keohane's canonical conceptualization of cooperation as mutual policy adjustment by two or more parties.[52] Co-financing is systematically documented in both annual reports and program documents. The book relies on these documents for the systematic coding of instances of cooperation between IOs.[53] Further details about this coding effort are provided subsequently. The book focuses on the emergency lending and development spaces in particular, which are characterized by relatively high levels of transparency. More generally, these arguments are most easily applied to cases where IOs are transparent and, therefore, likely to systematically document formal interorganizational cooperation. However, it is plausible that informal cooperation may follow similar patterns to those that are posited here for more formal cooperation.[54]

1.4 CONTRIBUTIONS

Cooperative Complexity offers an in-depth, multi-method account of how co-financing between IFIs matters in global governance. This book makes important theoretical, empirical, and practical contributions, as outlined below.

1.4.1 Theoretical

This book speaks to a number of literatures spanning international relations, comparative politics, organizational theory, and behavioral economics. First, and most directly, it refines existing accounts of how

[52] Keohane (1984).
[53] Specifically, an IO pair is coded as cooperative if they pursue a joint co-financing operation in that year. Otherwise, the dyad is coded as competitive, as member states can plausibly threaten to forum-shop between institutions in the absence of a cooperation agreement. This is explained further in Chapter 2.
[54] For instance, see Henning (2017) on informal cooperation and the troika, which took place between geopolitically aligned IOs.

IOs generally, and IFIs in particular, can overcome challenges to global governance to promote their preferred policies. The most prominent work on IOs in international relations has mostly examined institutions in isolation, asking which cooperation problems are solved when states work together through a single organization. This formula for studying IOs dates back to the seminal work of Keohane (1984), who presents a functionalist logic whereby states interacting under anarchy create regimes to drive cooperative outcomes that would be impossible in their absence.[55] This argument has more recently been adapted to explain the contemporary proliferation of IOs, as states band together to create new organizations when new issues arise and states are unable to adapt existing institutions in order to address them.[56]

For example, consider the literature examining the World Trade Organization (WTO). Scholars have argued that the WTO solves problems related to local price externalities,[57] terms-of-trade externalities,[58] and political holdup.[59] However, no scholar has examined whether the utilization of multiple trade organizations mitigates cooperation problems left unsolved by the WTO alone, or complicates problems like political holdup and terms-of-trade externalities that the WTO was able to solve during periods characterized by lower levels of institutional density. Given the continued increase in regime complexity driven by the proliferation of IOs in international relations, it will be important for scholars to study the ways that IOs interact and the problems that these interactions either complicate or solve. In other words, rather than asking why states come together to create a single IO, it is time to ask why and how different IOs come together, and whether cooperation and contestation among them matter for governance outcomes. This book begins to address these crucial questions with an eye toward IFIs, and I encourage scholars to undertake similar examinations in other issue spaces.

Indeed, the burgeoning literature on regime complexity has largely overlooked the ways in which IOs can cooperate to achieve their goals in tandem. Instead, scholars in this tradition have focused on how IOs can coordinate their activities by altering their mandates or recognizing

[55] Also see Abbott and Snidal (1998) for a similar application to IOs specifically as opposed to regimes broadly.
[56] Jupille, Mattli, and Snidal (2013).
[57] See Bagwell and Staiger (1999).
[58] See Bagwell and Staiger (2009).
[59] Carnegie (2014, 2015).

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one another's authority to carve out governance niches.[60] In fact, the most robust literature on the topic of interorganizational cooperation consists of a sparse collection of case-based accounts examining collaboration between Western security organizations such as the European Union (EU) and the North American Treaty Organization (NATO).[61] This body of work points to autonomy concerns,[62] resource dependency considerations,[63] and the need for consensus among members as restricting cooperation. While the book accounts for these considerations in subsequent empirical tests, it is difficult to generalize from these case-based narratives.

The lack of work on IO cooperation, particularly in international political economy, is surprising given the substantial variation across issue areas and over time in collaborative efforts among IOs. For example, consider the IMF. The Fund governs alongside eight regional financing arrangements (RFAs) spanning eighty-two countries in aggregate.[64] While the IMF has expressed a desire to cooperate with these regional institutions for fear of forum-shopping and redundancies,[65] results have been uneven. The Fund has only co-financed with non-European institutions on a handful of occasions while nearly all European projects have been co-financed. This example illustrates that even when IFIs desire cooperation, it does not always materialize. The book argues that whether and when IFIs cooperate is dictated largely by geopolitical alignment among major stakeholders across institutions.

Next, this book rebuts the conventional wisdom about when IOs are competitive with one another. Existing work assumes that issue areas experience higher levels of competition when they are more densely populated with IOs. Therefore, the development issue space, for instance, is believed to be much more competitive on average than the emergency lending regime because the former contains twenty-eight IOs where the

60 See Gehring and Faude (2014); Pratt (2018); Henning and Pratt (2020); Green (2022).

61 See Hofmann (2009); Kille and Hendrickson (2010); Biermann (2015).

62 See Biermann (2008).

63 See Gest and Grigorescu (2010); Brosig (2011*a*,*b*).

64 These IOs are the Latin American Reserve Fund (FLAR), the Arab Monetary Fund (AMF), the Eurasian Fund for Stabilization and Development (EFSD), the European Union Balance of Payments Mechanism (EU BoP), the European Financial Stabilization Mechanism (EFSM), the European Stability Mechanism (ESM), the BRICS Contingent Reserve Arrangement (CRA), and the ASEAN +3 Chang Mai Initiative Multilateralization (CMIM).

65 See Porter et al. (2017).

latter contains only nine.[66] The theory presented here suggests that the reality is much more complicated than this body of work would lead us to believe – cooperation between IOs is quite common in the development issue space despite high levels of institutional density, as is competition in the emergency lending space despite lower levels of institutional crowding. As such, the book suggests that scholars ought to pay attention to the interactions taking place between IOs rather than their number when classifying IOs and issue areas as more or less competitive.

Notably, my research also challenges some of the literature that argues that the mounting backlash to globalization threatens the future of international cooperation. Populist governments in particular have expressed skepticism toward IFIs like the IMF.[67] For example, Hungarian Prime Minister Viktor Orban referred to the EU as a "muzzle" and the IMF as a "leash" while lambasting both institutions in a recent speech.[68] Some believe state exit from IOs and rhetorical attacks against them may lead to their demise.[69] And yet, when we consider interactions among IFIs, cooperation has never been higher.

Last, my work on cooperation and IO performance draws on literatures from organizational theory and behavioral economics to deepen our understanding of IOs as quintessential bureaucracies. Bureaucracies are defined as hierarchical organizations that employ standardized rules and specialized labor – IOs are therefore clear examples.[70] IOs also possess rational-legal authority, allowing them the power to create knowledge independent of powerful member states.[71] Additionally, when IOs work together, they create temporary work groups – or transient bureaucracies – made up of operational staff from disparate organizations. Insights from canonical work on organizations suggest that these work groups, in which shared experiences between bureaucrats and group identity are low ex ante, are particularly vulnerable to free-rider problems.[72] Chapter 4 argues that bureaucrats from various IOs can cooperate most effectively and realize performance gains when they

66 Lipscy (2015, 2017).
67 See Copelovitch and Pevehouse (2019).
68 Daniel Boffey."Orban Claims Hungary Is Last Bastion against Islamisation of Europe." February 18, 2018. *The Guardian*.
69 von Borzyskowski and Vabulas (2018); Copelovitch and Pevehouse (2019); Borzel and Zurn (2021).
70 Weber (1958).
71 Barnett and Finnemore (1999).
72 E.g., Selznick (1948); March and Simon (1993).

face meaningful out-group competition. Specifically, the competitive pressures generated by IOs from outside of the work group can increase bureaucrats' identification with work group goals. These bureaucrats in turn increase their effort levels and achieve higher levels of performance. This work shows how insights from outside of international relations can be applied to further our understanding of global governance and its effectiveness, especially in an era of mounting regime complexity.

1.4.2 Empirical

The book's empirical approach is multi-method, as it draws on regression and textual analysis performed on original data, evidence from over two dozen semi-structured interviews conducted with senior officials in leading IFIs in the US and abroad, experimental research designs, and archival research completed at the IMF-World Bank archive.

To start with, the book utilizes data on co-financing undertaken between overlapping IOs in the development and emergency lending issue spaces. These data were constructed on the basis of the contents of thousands of multilateral documents, including program materials, policy papers, press releases, annual reports, and archival documents covering each development and emergency lending organization. Where gaps existed in these data, direct contact with the IOs was pursued in order to obtain additional information on funding, memberships, and the like. The complete dataset encompasses over 7,000 multilateral dyad-years spanning 1945–2018, which covers the entire operational histories of the development and emergency lending regime complexes. The book also makes use of co-financing data at the project level for all World Bank programs evaluated by the Bank's Independent Evaluation Group (IEG) during the period 1980–2018, which is the entire period for which granular program documents are available. This dataset covers over 9,000 World Bank operations.

In the sample, a given IO dyad signs around 0.6 new cooperation agreements per year, which suggests that IO cooperation is a common response to regime complexity. Moreover, in total, my dataset includes 3,712 unique cooperation agreements signed by 125 unique IO dyads. Since there are 177 dyads in total in my dataset, this means that over 70 percent of overlapping IO dyads in the emergency lending and development regime complexes have signed at least one cooperation agreement. My cooperation cases are then not dominated by a small group of cooperative IOs, and co-financing among IOs is quite widespread.

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I focus my data collection efforts on the development and emergency lending issue areas, which are two of the most prominent contexts governed by operational IOs, for both theoretical and empirical reasons. Theoretically, I believe that development and emergency lending are "hard" cases for geopolitical explanations for interorganizational cooperation specifically; this is despite the strong geopolitical biases present in other areas of these institutions' work, such as policy conditionality and performance evaluations.[73] This is because there are strong economic incentives for IOs to cooperate in both issue areas regardless of geopolitical relations. Specifically, by pooling resources with other organizations, IOs can diversify the risk associated with any given operation. This is important because both emergency lending and development IOs disproportionately lend to developing and emerging market economies, and lending to such countries always carries risks. Moreover, individual IOs can often only devote a certain amount of money to a given operation without constraining their ability to lend to other countries; co-financing helps mitigate this problem. Therefore, for geopolitical bias to manifest, geopolitical concerns must be salient enough to overcome the economic benefits associated with cooperation. In comparison, it would be less surprising to see geopolitical concerns affect decision-making in security IOs, for instance.

Next, a focus on IFIs permits comparison with the nascent literature that has begun to probe the drivers of IO creation and competition in these areas. Pratt (2021) argues that IOs have proliferated and engaged in competition with one another in the development regime because of a growing gap between emerging states' formal power in legacy institutions like the World Bank and their actual economic might. This gap has expanded over time as a result of pervasive status quo biases in IOs even as countries like China, India, and Brazil have experienced rapid economic expansion.[74] Relatedly, Lipscy (2015, 2017) argues that the development space is more competitive than the emergency lending space since there are significantly more multilateral actors present in development, and that this competition has compelled institutional reforms to rebalance power at the World Bank but not at the IMF. I instead show that there is substantial variation in the extent to which IOs cooperate and compete with one another in both issue spaces over time. I also speak to the large

73 Stone (2011); Kilby and Michaelowa (2019); Clark and Dolan (2021).
74 See, e.g., Wallander (2000); Schneider (2011); Carnegie and Clark (2023).

literature interested in the geopolitics of policymaking and performance in these institutions.[75]

These issue spaces are similarly advantageous for empirical study because they are characterized by high degrees of transparency. This allows for rigorous and comprehensive coding of cooperation among overlapping IOs on the basis of publicly available documents, though I fill in several gaps with information obtained at the IMF-World Bank archive and through direct communication with the IOs in question. Moreover, cooperation is particularly prominent in these regime complexes. I can therefore move beyond case studies of individual cooperation events to look more generally at patterns of co-financing and competition among IFIs across space and time.

My original data, therefore, tracks patterns of co-financing among all overlapping IOs in the development and emergency lending issue spaces. To my knowledge, this is the first such dataset systematically tracking cooperation among IFIs over time. The primary unit of analysis is the IO dyad-year; in other words, each observation includes information about cooperation between two IOs in a given year. Importantly, the data only considers dyads whose activities substantively overlap – this means that the IOs have to perform activities that are at least partial substitutes and their geographic coverage must overlap. In practice, this means that IFIs must share at least one common member, and they must operate in the same issue space (i.e., development or emergency lending). Otherwise, there is no concern about forum-shopping by member states, and cooperation is unlikely to manifest. For example, while the ADB and World Bank could plausibly cooperate, the West African Development Bank and the Development Bank of Latin America have little reason to do so since there is no geographic overlap between them. Similarly, I would not expect the Arab Monetary Fund to cooperate with the Arab Bank for Economic Development in Africa because the former is an emergency lending institution and the latter a development bank despite their geographic overlap.

Notably, IOs did not pursue interorganizational cooperation until the 1970s – before this point, there were very few IOs in each space and, therefore, little reason and few opportunities for IOs to pool resources and expertise. Co-financing began to increase in earnest post-1990; the fall of the Berlin Wall and the onset of the post-Cold War period generated

75 See Andersen, Hansen, and Markussen (2006); Stone (2008); Kilby (2009); Copelovitch (2010*b*); Stone (2011); Clark and Dolan (2021); Kersting and Kilby (2021).

renewed optimism about the prospects for international cooperation.[76] This may have led to an increase in cooperation by IOs, particularly as more liberal, Western-dominated regional organizations were created during this period. Such Western organizations were created despite the existence of global Western entities like the World Bank and the IMF. This perhaps lends credence to theories of IO proliferation that focus less on the interests of challenger and revisionist states[77] and more on how IOs themselves[78] – or functionalist states seeking solutions to emerging problems[79] – forge new institutions. Moreover, the creation of new IFIs led to the emerging issue of redundancy and overlap among organizations, providing them an impetus for cooperation.

Today, interorganizational cooperation is quite common; in 2018, which is the last year in the sample, an average IO dyad signed around 0.4 new co-financing agreements. Moreover, the number of unique IO dyads forging cooperation arrangements has increased over time from thirty-four in 1998 to eighty-eight in 2018. However, IOs vary in their general propensity to pursue cooperation arrangements. Figure 1.3 illustrates the average number of co-financing deals struck by each IO in the dataset, revealing interesting patterns. The bars show that most IOs engage in a nontrivial amount of interorganizational cooperation. This again helps to alleviate any concern that such cooperation is rare or dominated by a handful of IOs. Additionally, cooperation is not dominated by Western IOs; in fact, the most cooperative IOs in the sample on average include the Arab development banks (Arab Bank for Economic Development in Africa [BADEA], OPEC Fund for International Development [OFID], and Islamic Development Bank [IsDB]) as well as Western IOs like the European Stability Mechanism (ESM) and International Bank for Reconstruction and Development (IBRD).

Likewise, some dyads of IFIs cooperate more persistently than others. To visualize this, I utilize community detection network modeling, which groups IOs into communities based on their co-financing tendencies.[80]

76 See, e.g., Ikenberry (2011). Also see Bermeo (2018) on how the aid regime changed post-Cold War.
77 E.g., Schneider and Urpelainen (2013); Urpelainen and Van de Graaf (2015); Pratt (2021).
78 Johnson (2014).
79 Keohane (1984); Jupille, Mattli, and Snidal (2013).
80 Specifically I detect communities based on propagating labels with the `igraph` package in R. This method assigns node labels, randomizes, and then replaces each vertex's label with the label that appears most frequently among neighbors. Those steps are repeated

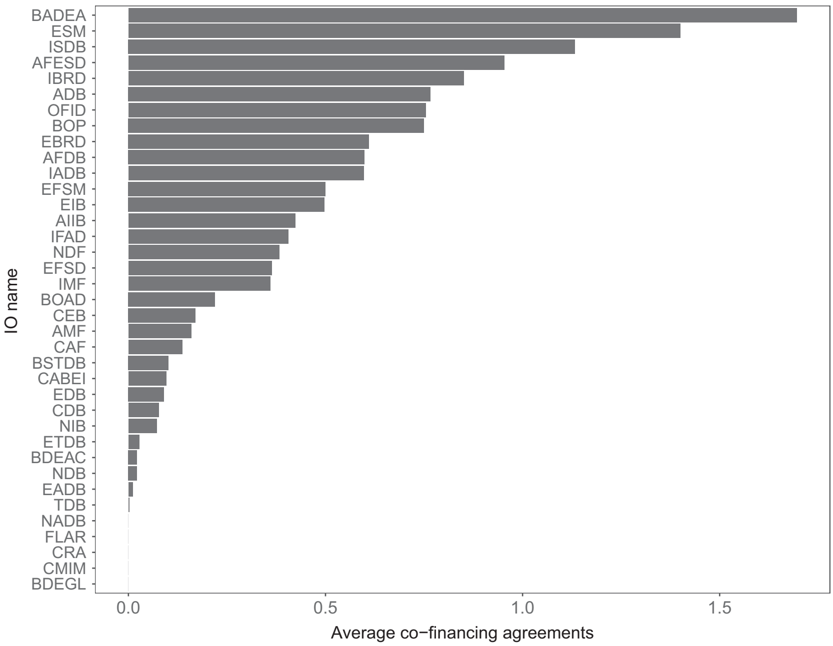

FIGURE 1.3 **Average levels of co-financing by IO.** The plot shows the average number of cooperation arrangements signed by each IO tabulated across each year. The most cooperative IOs on average include regional development institutions in the Middle East that often cooperate with one another (BADEA, AFESD, and ISDB), the European regional institutions (ESM and EBRD), and the World Bank.

The objective is to identify groups of IOs that often cooperate with one another. This then tells us something about the likely drivers of cooperation. As a reminder, my framework anticipates that IFIs led by geopolitically aligned countries are likely to cooperate.

The results of this exercise are presented in Figure 1.4; IOs whose circles share the same shade belong to the same community. The plot offers some preliminary evidence that geopolitical alignment among leading shareholders shapes co-financing preferences. Indeed, IOs led by geopolitically similar member states tend to cluster into the same community. For example, the Arab and African IOs traditionally led by oil-exporting states appear in the same community. Similarly, the World

until each vertex has the most common label of its neighbors. This technique takes into consideration total cumulative co-financing.

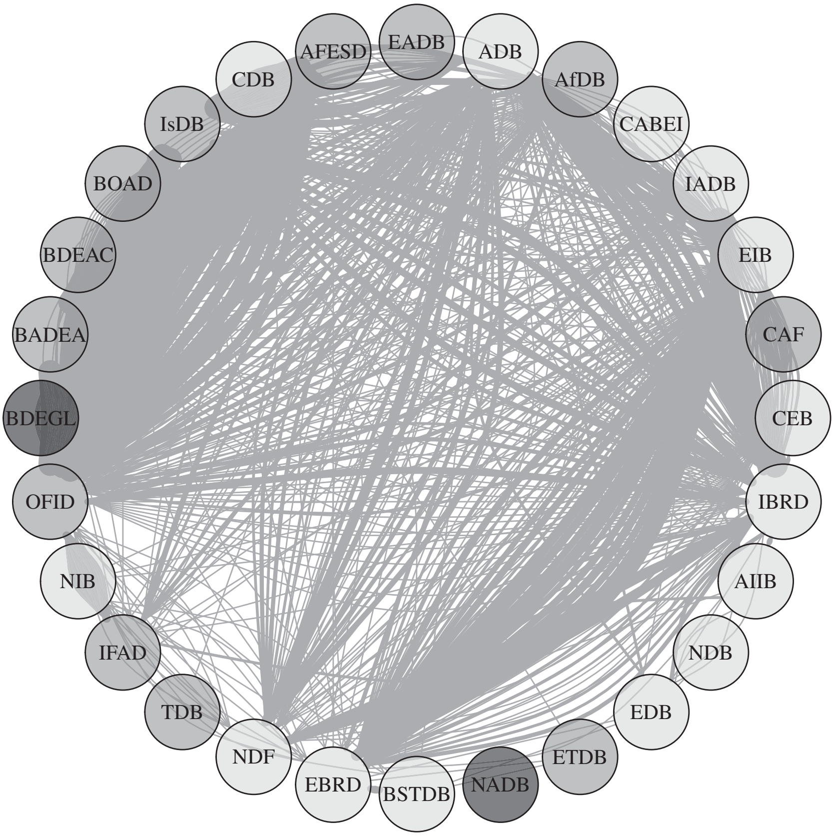

FIGURE 1.4 **Communities of development IOs, 1945–2018.** Total cumulative levels of co-financing among dyads are plotted between IOs. The lighest shaded community includes the World Bank and its close partners; the slightly darker shade the Arab development IOs. BDEGL and NADB rarely co-finance and receive their own communities. The communities suggest that IFIs led by geopolitical friends are more likely to forge cooperation agreements.

Bank shares a community with several other IOs dominated either by the US or its allies, including the Inter-American Development Bank (IADB), European Bank for Reconstruction and Development (EBRD), and Asian Development Bank (ADB), in addition to the Nordic development IOs.

Moreover, the book draws on evidence from twenty-seven interviews that I conducted with current and former senior bureaucrats in leading development and emergency lending IOs and their major stakeholder countries, including from the World Bank, the IMF, the Latin American Reserve Fund, the Eurasian Fund for Stabilization and Development, and

TABLE 1.1 ***Summary of interviews quoted in book.*** *All interviews were semi-structured and performed by author over the phone, via Zoom, or in-person.*

Title	Organization	Date
Acting director of budget support loans project group	EFSD	9/16/19
Former senior economist	IMF	2/5/20
Former economist	US Treasury	2/25/20
Former senior economist	IMF	2/25/20
Current senior economist	World Bank	2/28/20
Former economist	IMF	4/5/20
Former project team economist	IMF	4/15/20
Former economist	IMF	4/22/20
Current senior economist	World Bank	8/7/20
Senior energy economist	World Bank	8/7/20
Former senior official	IMF	6/7/21
Former senior official	IMF	6/8/21
Current official	IMF	8/24/21
Former executive director	IMF	9/13/21

the US Treasury. Quotes from fourteen of these interviews are interspersed throughout the book, though the remainder inform deep background. The interviews that I quote from are summarized in Table 1.1. Each interview took place over Zoom, mostly due to the limitations imposed by the COVID-19 pandemic. (I would have preferred to interview officials in-person.) I recruited interviewees over email, and I reached out to hundreds of officials that IO project documents confirmed had worked on consequential co-financed programs (e.g., the Greek IMF–EU program discussed in Chapter 5). The response rate was around 10 percent overall. In the recruitment email, I introduced myself, mentioned my current position, and briefly described my research. For each subject, I also mentioned a specific case of co-financing that I hoped the interviewee might shed light on. Few respondents were willing to be quoted, preferring to speak on deep background, and so I utilized a snowball sampling method whereby one interviewee connected me to other folks in a given IO bureaucracy to increase the number of quotable interviews. This helps explain why most of my interviewees were from the IMF.

Interviews were semi-structured and followed best practices outlined by Mosley (2013). In particular, I offered subjects the opportunity to expand on their responses in whatever manner they liked. Each interview, therefore, had a different flow and touched on its own set of topics and issues. I did not record the audio or video of any interview and instead

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took sparse notes during the discussion, remaining as engaged with the subject as possible throughout the interview. At the conclusion of the conversation, I completed a more detailed transcription of the interview based on my notes and memory. The questions that I structured the interviews around appear below.

- What is the loan decision process like at your organization? How can states apply for lending, and how do you decide whether or not to approve the loan?
- How do you measure project performance?
- How are co-financing decisions made? Are you more likely to cooperate with some organizations than others? What makes for an attractive cooperation partner?
- When your organization co-finances with another IO, what level of staff implements the cooperation, and what level of staff decides to cooperate?
- Are there benefits to cooperation/coordination among IOs in terms of project outcomes?
- Do you see your organization as an alternative to or substitute for other organizations in the issue area? Or is your organization a complement to existing forums?
- Are attitudes toward other organizations generally positive among staff within your organization?

As previewed above, one striking aspect of these interviews is the level of concern interviewees expressed about anonymity and attribution. Half of the officials surveyed were unwilling to be quoted even if their anonymity was protected. Particularly for senior bureaucrats at IOs outside of the World Bank and IMF, career concerns were dominant, since these officials voiced a hope to eventually find employment at the Bretton Woods institutions. Additionally, the topic of co-financing was considered sensitive by many bureaucrats, which perhaps speaks to its importance and politicization. You may notice that most of the subjects who agreed to be quoted have moved on from their positions in IFIs; this is certainly not a coincidence, as these individuals felt they could speak more openly (and often critically) of their former employers. These subjects also spoke less like spokespersons for a given IFI and more like individuals with reflective perspectives on a given topic.

To get around some of these concerns, the book also utilizes an elite survey experiment deployed via LinkedIn to over 200 staff members

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from several prominent development organizations. Respondents were presented with a series of organizational profiles describing hypothetical development organizations and were then asked to report how supportive they were of pursuing co-financing with the hypothetical organizations. Respondents' anonymity was completely protected, and they were also given an opportunity in an open-ended survey question to explain the factors that were most important for their evaluations. The results from this survey are discussed in Chapter 3.

Last, the book illustrates its theoretical mechanisms through the example of troika cooperation in Greece – arguably the most important, protracted, costly, and consequential episode of IO cooperation in history. Drawing on archival materials, secondary sources, and interviews with senior officials and field agents involved in negotiating and implementing the joint EU–IMF conditional loan arrangements in Athens, I show how geopolitical synergies between the US and leading EU member states created a permissive environment for cooperation to take hold. I similarly show how collective action problems and bureaucratic pathologies undercut organizational performance during the 2010s. This evidence appears in Chapter 5.

1.4.3 Policy Advice

Cooperative Complexity also carries important implications for policymakers and practitioners, both within the powerful member states that influence policymaking in IOs and in the institutions themselves. Indeed, understanding when and what forms of cooperation enable IOs to enforce their preferred policies and implement them successfully should help policymakers to make more informed decisions when it comes to choosing strategies of collaboration or contestation. For instance, my theoretical framework suggests that it might benefit Western IOs like the IMF and World Bank to co-opt Chinese-led organizations like the AIIB through cooperation in order to better implement their preferred policies and prevent forum-shopping or regime-shifting between organizations. This is especially true because China has avoided mandating policy conditions in exchange for capital,[81] while US-led IOs like the World Bank and IMF often mandate stringent reforms.

[81] Dreher et al. (2022). Though it does require states to utilize Chinese firms and workers (Zeitz 2020).

However, my theory also suggests that such cooperation is often difficult to achieve between IOs led by geopolitical rivals, and such cooperative endeavors may struggle to generate performance gains as a result of collective action problems that manifest among staff. Therefore, even when cooperation might be politically desirable for Western IOs and their stakeholders, it may be hard to negotiate and carry out in practice, or may require greater concessions by officials in each IO. I revisit the case of China and Chinese-led IOs in greater detail in the book's conclusion.

This book's findings also have implications for the future of the US-led liberal order. A number of scholars have recently expressed concern about the likely future and durability of the liberal order,[82] especially in the wake of former president Trump's withdrawal and retrenchment from a number of prominent international pacts, including the World Health Organization, the United Nations Human Rights Council, the UNESCO, and the Paris Climate Agreement.[83] Though President Biden has reversed some of these isolationist moves, he has maintained the Trump-era status quo in others, such as in trade, where Biden has left tariffs on most Chinese goods in place and neglected to confirm nominees for the WTO's appellate body. Others have raised concern that institutional proliferation generally, and the creation and growth of Chinese-led IOs in particular, may threaten Western IOs' ability to diffuse liberal norms and values.[84] This is not to mention the increased aggressiveness of many authoritarian nations, exemplified by Russia's invasion of Ukraine and Saudi Arabia's efforts to bolster its status abroad, amidst democratic backsliding from the US to Hungary.

Despite these concerning developments, the evidence offered in this book suggests that IOs are not helpless to succumb to the myriad threats they face, and interorganizational collaboration holds much promise. In fact, IOs can combat many of the negative implications of regime complexity, such as forum-shopping and inefficient redundancies, through cooperation. As such, the future of US-led IOs like the World Bank and IMF, and the liberal order that they give support to, may not be as bleak as many suspect. These arguments may also help to explain why the liberal order and its constituent institutions have persisted through a turbulent period of populism, IO proliferation, democratic backsliding, and the like.

82 Meyerrose and Nooruddin (2022).
83 See Copelovitch and Pevehouse (2019); Borzel and Zurn (2021); Farrell and Newman (2021); Carnegie, Clark, and Zucker (2023).
84 See, e.g., Morris (2016); Alter and Raustiala (2018).

IO cooperation deepens interstate cooperation to a level that makes a retreat from globalization more difficult. While there is much evidence of a backlash to globalization in recent years,[85] interorganizational cooperation helps IOs to circumvent member state intransigence. It does so by increasing IOs' reliance on one another while reducing their reliance on member states; for instance, when IOs share information with one another, they may require less information to be submitted by key states.[86] Though the increased density of inter-IO linkages may exacerbate concerns about democratic deficits,[87] IO cooperation has the potential to become a bulwark for global cooperation in general.

1.5 SUMMARY AND PLAN OF BOOK

In sum, this book focuses on the importance of cooperative multilateral networks in international finance and how such networks structure policymaking and performance in IOs like the World Bank and IMF. Specifically, the book contends that interorganizational cooperation is a politically efficient solution that allows geopolitically aligned IOs to join forces, though it comes with potential performance costs. To offer support for this theory, the book utilizes a mixed-methods approach.

The remainder of the book proceeds as follows. Chapter 2 highlights my theoretical framework, clarifying key concepts, explaining the incentives faced by relevant actors, and teasing out the hypotheses to be tested in the remainder of the book.

Chapters 3 and 4 then subject my hypotheses to a number of tests. To start, Chapter 3 examines which IFIs cooperate with one another. As previewed earlier, I contend that cooperation should manifest most easily for IOs whose leading stakeholders are closely aligned. This is because their worldviews and preferred policies should be quite similar, which shapes the policies that IO staff find most acceptable. To test this hypothesis,

[85] See Colantone and Stanig (2018); Autor et al. (2020); Mansfield, Milner, and Rudra (2021); Walter (2021) on the backlash to globalization. See Bearce and Scott (2019); Copelovitch and Pevehouse (2019); Voeten (2020, 2021) on backlash to IOs specifically. See Edwards (2009); Bechtel and Scheve (2013); Dellmuth (2018); Crow and Ron (2020); Dolan and Nguyen (2020); Greenhill (2020); De Vries, Hobolt, and Walter (2021); Dellmuth et al. (2022*b*); Brutger and Clark (2023) on public support for IO. And see Mutz (2021) for evidence that the backlash may be overstated.

[86] Carnegie and Clark (2020). Also see McNamara (2015) on how the complex webs that entangle European countries in the EU help to ensure its survival. See Johnson (2014) on autonomous IO networks.

[87] Moravcsik (2004).

I make use of observational regression analysis, evidence gleaned from interviews with practitioners, and an elite survey experiment deployed through LinkedIn to staff of several prominent development IOs. I find that staff from Western IOs like the World Bank and the IADB are much more likely to endorse and execute cooperation with one another than with IOs led by geopolitically unaligned countries. Cooperation is then partially a product of political convenience.

Next, Chapter 4 probes whether and when cooperation among IFIs is economically efficient. To do so, it focuses on the performance of development programs under co-financing. I argue that the extent to which collective action barriers are mitigated determines how successful cooperation arrangements are on the ground. I make use of data on World Bank performance from the Independent Evaluation Group, pairing it with novel data on co-financing in 9,000 World Bank programs and subjecting the data to regression analysis. To probe mechanisms, I run a series of experiments that evaluate how groups cooperate in the presence and absence of out-group competition, as well as offer additional interview evidence. I find that IOs cooperate most effectively in the shadow of competition from outside organizations led by geopolitical challengers. Such competition compels effective cooperation by like-minded organizations, minimizing free-riding by staff. This means that while cooperation among IOs is politically efficient, it is often economically inefficient.

Chapter 5 applies the theory to the Greek financial crisis. To do so, it qualitatively assesses the case of troika cooperation in Greece in order to illustrate mechanisms in a concrete and consequential context. I draw extensively on interview evidence with senior and operational IO bureaucrats involved in the program. I supplement the interview data with evidence from an array of primary and secondary sources, finding patterns consistent with my core theoretical contentions.

Lastly, Chapter 6 concludes with a discussion of generalizability, future research, and the practical, far-reaching implications of this research. I start by evaluating the generalizability of my framework beyond international finance and formal IFIs, offering several paths forward for future work. I then consider the implications my arguments have for three essential and timely policy debates: those surrounding IO creation, Chinese-led IOs, and the future of the liberal order. I suggest that interorganizational cooperation has the potential to allow the liberal order to endure insofar as it enables liberal IOs to co-opt potential competitors, though the threat posed by Chinese IOs remains substantial as China's strength and boldness on the international stage continue to increase.