INTERNATIONAL INSTITUTIONS AND STATE LEVERAGE

IMF Program Design and Implementation in Argentina, 1991-2002

DARYL ENG ‘15

IR Senior Thesis • Brown University
RESEARCH PUZZLE
RESEARCH QUESTION

Q1: What determines IMF program design and implementation in borrower countries?

Q2: What factors determined the design and implementation of IMF arrangements in Argentina from 1991 to 2002?
IMF CONDITIONALITY

Phase 1: Program Initiation

Phase 2: Program Design

Phase 3: Program Implementation

Phase 4: Program Effects
IMF Conditionality

Phase 1: Program Initiation
Phase 2: Program Design
Phase 3: Program Implementation
Phase 4: Program Effects
IMF CONDITIONALITY

Phase 1: Program Initiation
General consensus in literature

Phase 2: Program Design
Gap in knowledge

Phase 3: Program Implementation

Phase 4: Program Effects
Overwhelming majority of research

Overwhelming majority of research

Gap in knowledge

General consensus in literature
CURRENT APPROACHES

- Functionalist Approach
- Structural Relations
- Principal-agent Relations
CURRENT APPROACHES

- Functionalist Approach
- Structural Relations
- Principal-agent Relations
- Domestic Political Economy
My Argument

Global Environment

Powerful Shareholders’ Interests (IMF)

IMF’s Institutional Priorities (IMF)
1. Systemic Importance of Borrower Country
2. Fund Credibility

Economic and Political Conditions (Borrower Country)

Global Environment
My Contribution

Phase 1: Program Initiation

Phase 2: Program Design

Phase 3: Program Implementation

Phase 4: Program Effects

General consensus in literature

Design as Criteria + Analysis of Implementation

More accurate assessment
RESEARCH DESIGN

Case Study

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<th>Event</th>
<th>Year</th>
<th>Agency</th>
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<tr>
<td></td>
<td>Jun 1991:</td>
<td>SBA</td>
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<td>Mar 1996:</td>
<td>SBA</td>
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<td></td>
<td>Feb 2000:</td>
<td>SBA</td>
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<td></td>
<td>Mar 1992:</td>
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<td>Dec 1997:</td>
<td>EFF</td>
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<td>Dec 2001:</td>
<td>Collapse</td>
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PROCESS TRACING
EMPIRICAL FINDINGS

Apr 1991 – Mar 1992


Feb 2000 – Jan 2002
EMPIRICAL FINDINGS

1. Exceptional economic and political circumstances
EMPIRICAL FINDINGS

Apr 1991 – Mar 1992


Feb 2000 – Jan 2002

1. IMF credibility
2. Crises in global economy
Empirical Findings

Apr 1991 – Mar 1992


Feb 2000 – Jan 2002

1. IMF credibility
2. IMF mandate
3. U.S. pressure
4. Exceptional economic and political circumstances
MAIN FINDINGS

1. State leverage over the IMF
   a) Systemic Importance
   b) IMF Credibility

2. Limited options for punishing non-compliance
MAIN FINDINGS

1. State leverage over the IMF
   a) Systemic Importance
   b) IMF Credibility

2. Limited options for punishing non-compliance

IMPLICATIONS FOR CASE

1. IMF actions moderately justifiable until Sep 2001
2. Crisis deepened by lack of planning
IMPLICATIONS

FOR THEORY
1. Supplement quantitative studies with case studies
2. Prolonged users of IMF resources
3. Political circumstances in measurements of compliance

FOR POLICY
1. Increase incentives for compliance
2. Reduce interference in making decisions