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# INTERNATIONAL INSTITUTIONS AND STATE LEVERAGE

*IMF Program Design and Implementation in Argentina, 1991-2002*

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**DARYL ENG '15**

*IR Senior Thesis • Brown University*

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# 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

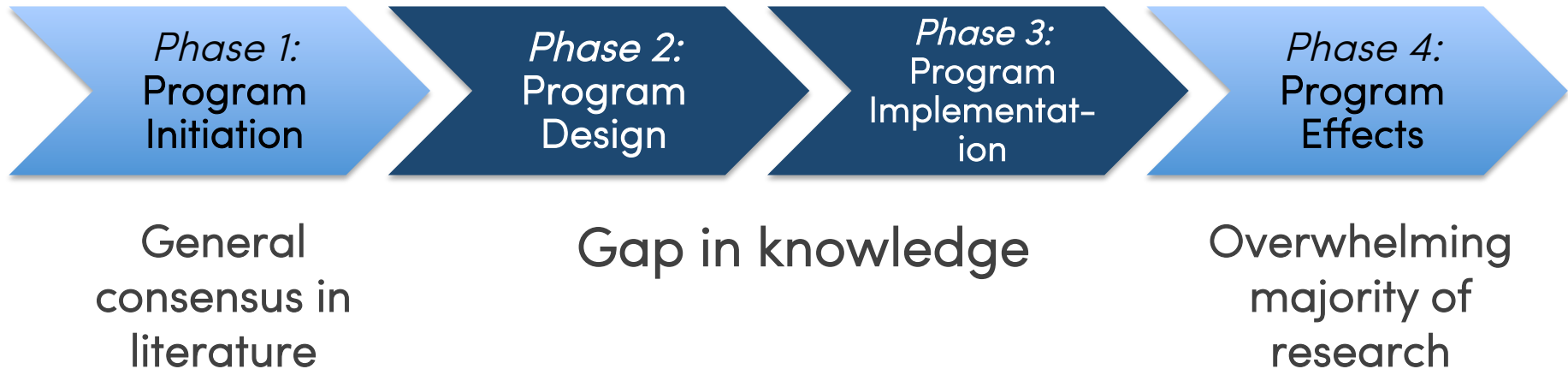
*Phase 3:*  
Program  
Implementat-  
ion

*Phase 4:*  
Program  
Effects

# IMF CONDITIONALITY



# IMF CONDITIONALITY



# CURRENT APPROACHES

Functionalist  
Approach

Structural  
Relations

Principal-agent  
Relations



# CURRENT APPROACHES

Functionalist  
Approach

Structural  
Relations

Principal-agent  
Relations

Domestic  
Political Economy

# MY ARGUMENT

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

GLOBAL  
ENVIRONMENT

# MY CONTRIBUTION



General  
consensus in  
literature

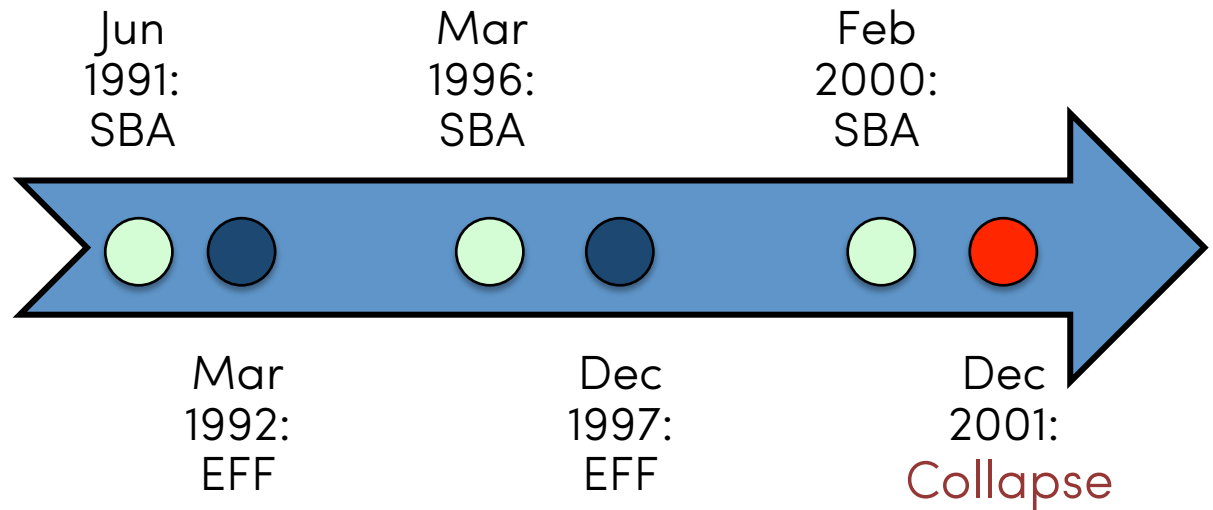
*Design as Criteria*  
+  
*Analysis of Implementation*



More  
accurate  
assessment

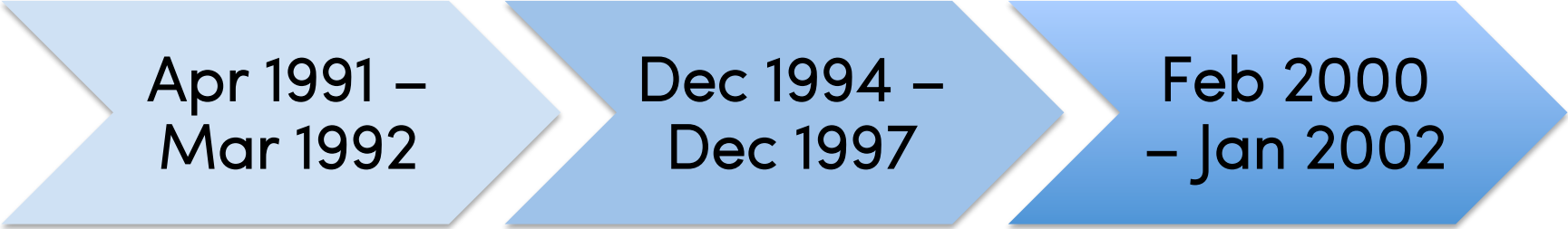
# RESEARCH DESIGN

## Case Study



## PROCESS TRACING

# EMPIRICAL FINDINGS



Apr 1991 –  
Mar 1992

Dec 1994 –  
Dec 1997

Feb 2000  
– Jan 2002

# EMPIRICAL FINDINGS

Apr 1991 –  
Mar 1992

Dec 1994 –  
Dec 1997

Feb 2000  
– Jan 2002

1. *Exceptional economic and political circumstances*

# EMPIRICAL FINDINGS

Apr 1991 –  
Mar 1992

Dec 1994 –  
Dec 1997

Feb 2000  
– Jan 2002

1. *IMF credibility*
2. Crises in  
global  
economy

# EMPIRICAL FINDINGS

Apr 1991 –  
Mar 1992

Dec 1994 –  
Dec 1997

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

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1. State leverage over the IMF
  - a) Systemic Importance
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# 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