In-Group Punishment in International Relations: U.S. Reaction to the Founding of China's AIIB*

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Abstract

We examine, in the context of international relations, the hypothesis from social psychology that punishment for defiance is more likely for in-group than out-group members. The United States publicly opposed the founding of the Asian Infrastructure Investment Bank (AIIB), and pressured countries not to join the Chinese-led institution. Nevertheless, 57 countries became founding members of this new development bank, viewed as a potential competitor of the US-led World Bank. To test whether the United States punished in-group rather than out-group countries for their defiance, we consider a unique dataset on the voting behavior of the US executive director at the World Bank on new project proposals. We find that the United States is more likely to oppose new projects only for AIIB founding members *that are closer to the United States*, with no punishment for the more distant founders. Considering that almost all proposals are approved regardless of US support, the punishment appears merely gestural, making it even more surprising that the United States imposes it so judiciously. We suspect the action serves as a signal of discontent specifically directly toward in-group countries.

Keywords: Asian Infrastructure Investment Bank; AIIB; World Bank; multilateral development banks; international institutions; in-group punishment

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1 Introduction

Almost every World Bank project proposal presented to the Board of Executive Directors is approved (Kaja and Werker 2010). Yet, some negative votes are cast by executive directors despite being inconsequential. This is true even for the United States, which holds the most voting power.[1] These votes on project proposals appear to be nothing more than window dressing. But why does the United States choose to dress some windows, not others?

In this paper, we posit that the non-supportive votes of the United States serve as tacit signals of disapproval—a form of gestural punishment. We further contend that the United States strategically casts these votes, targeting them towards closely aligned countries that deviate from US geopolitical preferences. This behavior, we argue, mirrors the concept of in-group punishment derived from literature in social psychology.[2]

We test this theory in a narrow but consequential setting: the establishment of the Asian Infrastructure Investment Bank (AIIB). The ascent of China in development finance has introduced challenges for traditional donors like the OECD-DAC and institutions such as the World Bank.[3] The AIIB, initiated by China, is viewed as a potential competitor to the established US-centric multilateral finance framework.[4] In the lead-up to the AIIB's formal inception, the United States consistently voiced its preference against governments joining this China-led initiative, even admonishing allies for their participation (Dyer and Parker 2015; Freeman 2019).

Nevertheless, the AIIB was formally established in 2016, with China and fifty-six other countries as the founding members. The group of AIIB founders includes, not surprisingly,

1. At the time of this writing, the voting power of the United States is 15.65% in the International Bank for Reconstruction and Development (IBRD), and 9.66% in the International Development Association (IDA), both are the highest among all member countries. See https://www.worldbank.org/en/about/leadership/votingpowers, accessed September 20, 2023.

2. Tajfel et al. (1971), Yamagishi (1986, 1988), Ostrom (1990), Ostrom et al. (1992), Brewer (1999), Fehr and Gächter (2002), Fehr et al. (2002), Price et al. (2002), Shinada et al. (2004), Bernhard et al. (2006), Valenzuela and Srivastava (2012), Balliet and Van Lange (2013), and Mendoza et al. (2014).

3. On Chinese foreign and OECD-DAC donors, see Bräutigam (2011), Dreher and Fuchs (2011), and Dreher et al. (2018), etc. On China and the World Bank, see, for example, Hernandez (2017), Watkins (2021), Zeitz (2021), Humphrey and Michaelowa (2019), Tang (2021), and Kim and Lee (2023), and contribution 5 in this special issue. For a framework on China's engagement in global economic governance, see contribution 2 in this special issue.

4. For example, the AIIB is often portrayed by the media and think-tanks as "China's World Bank". See Perlez (2015), Bird (2020), and Brennan (2019).

governments inclined towards an alternative international economic order led by China, which have been distant from and critical of the United States. But the AIIB founders also include governments that have been closely aligned with the United States on foreign policy and geopolitical matters. The United States has provided these governments privileges at the World Bank and other regional multilateral development banks (MDBs).[5] We contend that the United States has considered these governments as in-group members.

Drawing on the in-group punishment thesis (Shinada et al. 2004; Mendoza et al. 2014), we hypothesize that the United States primarily targets these closely-aligned governments, which helped found the AIIB, by withholding political support for their projects proposed at the World Bank as a sign of its disapproval.

We test this hypothesis using unique data: US voting positions at the World Bank executive board on project proposals, sourced from the US Treasury Department. While the dataset has been available for almost two decades, we are among the first to utilize it, especially when it comes to examining the US stance vis-à-vis China's growing influence in development finance.[6] We build a comprehensive dataset on US voting positions in the World Bank and match each voting record with publically available project-level information. We further supplement our dataset with data on AIIB founders as well as governments' geopolitical alignment with the United States, using the well-established measure based on voting patterns in the United Nations General Assembly (Bailey et al. 2017; Voeten 2021).

Our empirical approach involves a linear probability model with fixed effects for countries and years. Our analysis reveals that the United States is less inclined to support World Bank proposals from AIIB founders that are geopolitically proximate to US-preferred positions. For countries that are distant from the United States on foreign policy preferences, we do not discern a significant difference between AIIB founders and other countries. The findings are robust to different estimation methods, variable operationalization, and sample construction. Importantly, we show that the pattern of in-group punishment concentrates on non-infrastructure projects—where even AIIB founders remain reliant on the World Bank.

5. Andersen et al. (2006), Fleck and Kilby (2006), Kilby (2009), Dreher and Sturm (2012), Kersting and Kilby (2016), Malik and Stone (2018), and Clark and Dolan (2021).

6. For other uses of the data, see Strand and Zappile (2015), Braaten et al. (2019), Vadlamannati et al. (2023), and Rodrigues Vieira et al. (2023).

The association is weaker for infrastructure projects, where the AIIB can arguably provide alternative financing support. The sectoral heterogeneity lends further support to our argument that the United States uses its votes as a form of punishment, but only for in-group members. We interpret the results as a tacit reminder to its friends that they enjoy privileges from the United States and still need the World Bank, especially for non-infrastructure projects—and they would be wise not to defy the publicly preferred position of the United States again in the future.

Our study contributes to the emerging literature on Sino-US competition in international economic governance. Existing studies have focused on the determinants and consequences of countries turning to China for an alternative global economic order.[7] This paper, instead, examines the response of the United States. In essence, our findings suggest that the United States employs its World Bank voting power symbolically. It targets closely aligned governments that supported the AIIB's foundation. These votes, while not impacting project approvals, convey US disapproval.

Our paper calls for future research on the effectiveness of these votes on the subsequent foreign policies of US friends. Our project further invites more research on how politically proximate in-group governments react to defiance of their preferences. There is ample literature showing that US friends receive preferential treatment from the World Bank and other multilateral financial institutions,[8] but less research on what happens to friends that stray.

Our findings suggest that the initial reaction may include symbolic gestures. As tensions between the United States and China continue to grow, we wonder what consequences will face future friends that may drift away.

7. Broz et al. (2020) and Qian et al. (2023). See also Dreher et al. (2018), Humphrey and Michaelowa (2019), Bunte (2019), Zeitz (2021), and Stone et al. (2021), and, among others, contributions 4, 7, and 9 in this special issue.

8. On the World Bank, see Andersen et al. (2006), Fleck and Kilby (2006), Kilby (2009), Dreher and Sturm (2012), Kersting and Kilby (2016), Malik and Stone (2018), and Clark and Dolan (2021). On the International Monetary Fund (IMF), see Thacker (1999), Copelovitch (2010), and Stone (2011). On regional development banks, see Kilby (2006, 2011) and Lim and Vreeland (2013).

2 The United States and the AIIB

In the aftermath of World War II, with the rise of the United States as a global superpower, the World Bank emerged as the leading international development organization. Largely dominated by Western powers, the organization has served US interests well, but has also faced criticism for various issues, including unsustainable development policies (Park 2007; Weaver 2008), prolonged project approval processes (Humphrey 2015), and inadequate financing capacity for infrastructure projects (Kellerman 2019). Moreover, the institution's association with intrusive conditionality, particularly its propensity to dictate domestic economic policies in line with the Washington Consensus, has been a point of contention (Clark and Dolan 2021).

China, among other nations, has been a vocal critic. It has expressed concerns about what it perceives as an unfair system of global economic governance. Specifically, China has sought reforms to gain a greater vote share in established global institutions like the World Bank, IMF, and Asian Development Bank. These institutions, in China's view, are disproportionately influenced by American, European, and Japanese interests (Paradise 2019; Pratt 2021). Concurrently, China has championed the cause of enhancing infrastructure investment in Asia and beyond, a move that would also bolster its geopolitical influence.

In this context, the China-initiated AIIB was formally established in January 2016, with fifty-seven founding members. The AIIB is distinctive in several respects: its scale, ambition, the notable absence of the United States and Japan, and, crucially, its leadership under China (Qian et al. 2023). Given these attributes, the AIIB emerges as a potential counter to the World Bank and, by extension, to Western political influence in the developing world.

The United States, as the World Bank's predominant shareholder, expressed opposition to governments joining the AIIB in the run-up to its founding in 2016.[9] As one observer put it, the United States "forced allies and friendly countries across the Far East to make a fatal choice between the US and China" (Evans-Pritchard 2015). For instance, the White House, in a rare and surprising manner, rebuked Britain's decision to join the China-backed AIIB by stating, "we are wary about a trend toward constant accommodation of China, which is

9. See, for example, Yang and Van Gorp (2019, 615–616).

not the best way to engage a rising power" (Dyer and Parker 2015). It is also reported that the United States pressured Australia and South Korea against joining the AIIB, expressing concerns both in a meeting with a senior South Korean government official and directly to the Australian prime minister (Freeman 2019, 669).

While some argued that US opposition to the World Bank was misguided,[10] the United States may have been correct that the AIIB will detract from the power of the World Bank. A recent study by Qian et al. (2023) presents the first systematic evidence that China's AIIB could unsettle the political influence the United States has enjoyed over developing countries through its leadership of the World Bank. They find that AIIB founding members experienced a decline in the number of World Bank infrastructure projects between 2017 and 2019. By aligning with the AIIB, certain developing countries seemingly challenged the established dominance of the United States in the development finance landscape and turned their backs on the US-dominated World Bank. Still, the World Bank remains the world's premier multilateral development institution, and US retaliation against AIIB founders may be measured. The broad contours of the US response remain under-explored.

3 Punishment of In-Group Members

Given the intricate dynamics of international relations, where signaling and perception often carry as much weight as tangible actions, it is useful to delve deeper. This paper posits that the US response might be rooted in the social-psychological concept of in-group punishment, where deviations by members of one's "group" are met with specific punitive measures.

In societal structures, individuals often align themselves with distinct groups. Group membership is accompanied by certain privileges, a phenomenon deeply rooted in our social fabric. The principle of in-group favoritism stands out prominently in social psychology literature. This principle posits that individuals inherently favor members of their own group over those of external groups.[11]

10. See, e.g., Drezner (2015) and Desai and Vreeland (2015).

11. See, among others, Brewer (1979), Mullen et al. (1992), Perdue et al. (1990), Brewer (1999), and Tajfel et al. (1971). For recent review and meta-analysis, see Hewstone et al. (2002) and Balliet et al. (2014).

Yet, this favoritism is not without complexities. Being part of an in-group entails not just privileges but also responsibilities. Specifically, in-group members are subjected to higher expectations of cooperation compared to their out-group counterparts (Brewer 1999; Bernhard et al. 2006; Tajfel et al. 1971).

Cooperation is pivotal for group prosperity. When members act cohesively, the collective benefits. However, the pull of individual self-interest can sometimes eclipse collective goals, leading to deviations from cooperative norms (Ostrom 1990).

To counteract such deviations, groups employ punishment as a corrective measure to promote in-group solidarity (Ostrom et al. 1992; Yamagishi 1986, 1988; Balliet and Van Lange 2013). This mechanism, termed second-degree cooperation, seeks to realign individual behaviors with group objectives, thereby reinforcing cooperative norms (Fehr and Gächter 2002; Fehr et al. 2002; Price et al. 2002).

Given the elevated cooperative expectations for in-group members, their deviations are perceived with heightened sensitivity (Valenzuela and Srivastava 2012). As a result, in-group members, when they deviate, are more susceptible to certain punitive actions than those from external groups (Shinada et al. 2004; Mendoza et al. 2014).

This inclination towards specifically in-group punishment is further accentuated by the "black sheep effect." This effect suggests that groups are more critical of their own deviant members, with members willing to resort to derogation or exclusion to preserve group cohesion (Marques et al. 1988; Marques and Paez 1994; Marques et al. 2001; Eidelman and Biernat 2003; Lewis and Sherman 2010).

Importantly, the application of punishment within groups is nuanced. Egregious breaches can lead to exclusion with the violator deemed a "lost cause," but minor deviations might warrant merely a corrective signal (Mendoza et al. 2014, 663) These intricate dynamics of in-group punishment in social psychology provide a foundation that we can apply to the realm of international relations.

4 In-Group Punishment in International Relations: The US and AIIB Founders

In international relations, states navigate both explicit expectations and tacit understandings with geopolitically aligned counterparts. The emergence of the AIIB as a pivotal actor in multilateral development financing has tested these allegiances. As the largest shareholder of the World Bank, the United States has some leverage over all developing countries that turn to the organization for assistance. But when it comes to the AIIB founders, it has chosen to wield its power judiciously. We posit that the United States adopted a differentiated punitive approach, targeting only closely aligned governments. The inclination to penalize these in-group members stems from heightened expectations of loyalty and broader strategic imperatives.

The literature on in-group favoritism paints a picture of preferential treatment extended towards closely aligned members. In the context of multilateral development financing, the United States, via its formal and informal channels, has historically granted preferential treatment to nations sharing a similar geopolitical stance.[12] This practice is not merely an emblem of camaraderie but a strategic gesture rooted in the understanding of mutual support on international platforms. Beneficiaries of US-backed projects, in turn, face an implicit expectation of reciprocity during pivotal global moments.

This favorable stance, however, carries a burden. Governments enjoying the favor of the United States in multilateral financing settings are implicitly held to heightened standards of allegiance (Vreeland and Dreher 2014). When a potential rival institution like the AIIB emerges, the United States anticipates its beneficiaries to demonstrate allegiance.

Yet, the allure of the AIIB presents a dilemma for many developing countries. China enticed governments to become founders by offering certain privileges, including increased vote shares and participation in the nomination of individuals to AIIB management.[13] Because the governments of developing countries continue to balance in-group loyalty to the

12. See, among others, Clark and Dolan (2021), Andersen et al. (2006), Kersting and Kilby (2016), and Kilby (2009).

13. The AIIB's Articles of Agreement Article 28 and Schedule B list the privileges of founding membership.

United States with a national interest in gaining favor with China, the United States must rely on mechanisms to ensure allegiance. This is where second-order cooperation gains significance. We contend that gestural punishment serves as a tool to re-calibrate divergent interests, ensuring that the lure of immediate gains does not overshadow long-standing common interests.

While the United States could arguably punish every AIIB founder for countering its overt preferences, we assert that its punitive measures are more pronounced for in-group members. This inclination finds resonance with the findings of Shinada et al. (2004) and Mendoza et al. (2014), which underscore the propensity to direct punishment behavior toward in-group members that are non-cooperators, rather than out-group members. This selective strategy is underpinned by two considerations:

1. Expectations of Loyalty: Engagements with its geopolitically aligned partners have cultivated an embedded bond and set of expectations. Over time, the United States has come to anticipate a higher degree of loyalty and reciprocity from its closely aligned members. When these in-group members exhibit tendencies that seemingly diverge from the shared path, it is not just a matter of policy incongruence but a perceived breach of a tacit understanding. This perceived deviation thus demands rectification, often in the form of targeted punitive measures, even if they are symbolic.

2. Strategic Considerations: Punishing nations on the periphery of US geopolitical influence presents a strategic dilemma—it could inadvertently usher them further away, into an alternative international sphere, potentially under China's aegis. Hence, the punitive approach of the United States needs to be discerning, centering on governments where a reminder of shared allegiances holds meaning without the peril of geopolitical alienation. The objective is as much about realigning current policies as it is about signaling the weight and significance of shared allegiances.

Following this nuanced approach to in-group punishment within the realm of international relations, it's essential to address potential skepticism regarding the applicability of psychological theories to state behaviors.[14] The critique suggests a disconnect between the

14. We thank an anonymous reviewer for pointing this out.

individual-level psychological logic of betrayal and group or state-level dynamics. However, incorporating a psychological perspective into the analysis of international relations, especially when examining the strategic actions of states like the United States in response to the AIIB founders, provides a richer, more nuanced understanding of geopolitical maneuvers. This perspective is bolstered by a tradition of applying social psychology to international relations, as underscored by the work of scholars such as Goldgeier and Tetlock (2001) and Kelman (1965), who affirm that international politics are often grounded in psychological microfoundations and that states' actions can indeed reflect broader psychological principles.

It could also be risky to take micro-level theory to understand macro-level phenomenon, notably the aggregation problem — how individual preferences within a decision-making body are consolidated into a unified foreign policy stance (Gildea 2020). Despite these challenges, recent research, including work on hawkish biases in foreign policy decision-making, illustrates that individual-level predispositions significantly influence the counsel provided to leaders and, consequently, the decisions those leaders make (Jost et al. 2022). These findings suggest that the psychological biases affecting individuals can similarly impact group decisions, including those related to foreign policy (Kertzer et al. 2022). Kertzer and Tingley (2018) further advocate for the expansion of psychological research within the field of international political economy (IPE), highlighting a growing interest in applying psychological theories to understand economic policy preferences at the individual level.[15] This paper seeks to build upon this emerging interest by offering a unique contribution: applying psychological logic to elucidate state behavior within the international economy, thereby addressing a significant gap in the literature and reinforcing the argument for the relevance of psychological perspectives in the study of international relations.

15. See, for example, Bush and Clayton (2023), Guisinger (2017), Mansfield and Mutz (2009, 2013), Hainmueller and Hiscox (2010), and Bayram and Holmes (2020), among others.

5 World Bank Votes as a Tacit Signal of Punishment

We contend that the United States, in order to subtly punish its in-group members who participated in establishing the AIIB, can deftly wield its voting influence within the World Bank's executive board, particularly concerning project proposals.

The World Bank, given its stature and mandate, presents itself as an apt platform for this strategic maneuver. Against the backdrop of the AIIB's emergence as a potential counterweight to the World Bank, the United States, a pivotal player in the latter, is faced with the imperative to reinforce its allegiance to the World Bank's dominant role in global development finance. By voting on project proposals within the executive board, the United States not only upholds the integrity of the institution but also underscores the expectations it has from its closely aligned nations.

The visibility of this punitive act matters. While the United States undoubtedly wields informal channels to shape the World Bank's operations (Kilby 2013), these covert mechanisms carry limitations. The influence exerted behind the scenes, channeled through the Bank's bureaucracy, might be tempered by the varying interests of the bureaucrats (Clark and Dolan 2021; Hawkins et al. 2006). Furthermore, this indirect influence runs the risk of ambiguity; countries may not discern that a change in their treatment by the Bank stems from US pressure. This ambiguity is further compounded by the World Bank's own vested interest in deterring or winning back members from supporting a nascent competitor (Qian et al. 2023).

Voting within the World Bank, therefore, emerges as an ideal medium for delivering a reprimand. This act is not only directly tied to the Bank's projects, but it also sends a palpable message: those in-group countries, long accustomed to US favoritism, risk jeopardizing their privileged standing. Cast by the US executive director at the World Bank, each vote manifests as an unambiguous expression of US sentiment. These decisions unfold within a semi-public space, attended by the Bank's senior leadership and all executive directors.[16] Notably, executive director positions, often documented in board meeting minutes, are ac-

16. *IBRD/IDA Rules of Procedure*, available at https://documents1.worldbank.org/curated/en/768301468338365087/pdf/Rules-of-Procedure-for-Meetings-of-the-Executive-Directors.pdf, accessed September 20, 2023.

cessible to the broader public.[17] Since 2004, in its commitment to transparency, the United States has also made its voting record open to public scrutiny.[18]

Moreover, the unique context of this voting ecosystem enables US dissent to truly resonate. Given that the prevailing norm leans toward unanimous support for proposals (Kaja and Werker 2010), any deviation from this convention becomes notable, especially when it comes from the United States. Their apparent insignificance, given that almost all projects eventually secure approval,[19] is paradoxically what lends them gravitas. In the complex realm of international financial diplomacy, such deviations in voting patterns are closely scrutinized, revealing subtle shifts in alignment and disagreement.

While the formal processes within MDBs like the World Bank typically favor consensus, this consensus operates under the implicit influence of majority rule dynamics. Projects prone to significant contention often get sidelined early in the process and never come before the board (Lyne et al. 2009).[20] In this context, non-supportive votes from the United States serve not as attempts to outright block projects but as strategic communications, signaling U.S. reservations. These votes are, therefore, more than mere procedural formalities; they represent targeted messages intended for a broader audience, including foreign governments, policy elites, and bank executives. Although publicly available, these signals are designed not primarily for the mass but to influence specific stakeholders in multilateral development institutions.

Concerns might arise that the primary audience for these U.S. votes is Congress itself, given legislative mandates for the Treasury to publicize voting behaviors.[21] Yet, our investigation into referenced legislation and reasons for U.S. voting positions, as provided by the Treasury, reveals a depth of strategy extending beyond mere compliance with congressional directives (see Appendix D). The congressional guidelines are often broad and general, targeting recipient countries rather than specific projects. The inclusion of covariates and fixed

17. For a list of the minutes of the meetings of the executive directors of the World Bank, see https://documents.worldbank.org/en/publication/documents-reports/documentlist?docty_key=540646, accessed September 20, 2023.

18. See the US *International Financial Institutions Act*, Section 1504, as amended by Public Law 108-199 by the 108th Congress in 2004.

19. See Kaja and Werker (2010, 180).

20. This point is also confirmed by a World Bank specialist we interviewed.

21. See footnote 18.

effects in the analysis, as detailed in the section below, are expected to control for countries' proneness to such policy guidance. Moreover, U.S. decision-makers at the World Bank are found to exercise considerable discretion, enabling them to endorse projects aligned with substantive U.S. interests and foreign policy objectives, rather than merely adhering to legislative expectations. This discretionary power suggests that U.S. votes at the World Bank encapsulate broader geopolitical ambitions, employing voting as a nuanced tool to articulate and advance U.S. foreign policy priorities. As a World Bank specialist we interviewed has precisely pointed out, "[votes by executive directors] are all about politics."

Our theoretical perspective thus leads us to propose the following hypothesis:

> *Hypothesis*: Since the 2016 founding of the AIIB, the United States is less likely to support World Bank projects considered for AIIB founding members that are closely aligned with the US.

6 Research Design

6.1 Data on US voting behavior

Data on US voting positions within the World Bank executive board are sourced from the US Treasury Department's website.[22] This dataset provides monthly voting records of the US executive director on project proposals across major multilateral development banks, including the World Bank Group,[23] and other international development organizations since 2004.[24]

Each record details the US executive director's position, the date of the vote, the Bank group, the lending window for the proposed project, the loan type, project name, and project amount. Some records also include brief notes explaining the chosen position on each vote.

22. Available at https://home.treasury.gov/policy-issues/international/multilateral-development-banks/loan-review-votes, accessed September 15, 2021.

23. This refers to the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC).

24. This includes the Multilateral Investment Guarantee Agency (MIGA), the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the African Development Bank (AfDB), the Inter-American Development Bank (IADB), the Global Environment Facility (GEF), and the International Fund for Agricultural Development (IFAD).

The sample of project votes for the analysis of this paper includes 5,254 votes cast by the US executive director on proposed World Bank projects (IBRD & IDA) from 2004 to 2019. Unfortunately, analysis of 2020 data is confounded by the COVID-19 pandemic, as recent research has shown that World Bank lending follows a distinct pattern in this period (Kilby and McWhirter 2022).

We measure the US position on proposed World Bank projects with a binary indicator `Support`, that equals 1 if the US supports the project, and 0 otherwise. For each proposed project, the US executive director can choose to take one of three possible positions: support, abstain, or object. Across all votes in the sample, the United States has supported most of the proposals (91.7 percent). While a straight "No" vote is rare (1.4 percent), the US executive director more often abstains (6.6 percent).[25] Therefore, our analysis primarily examines a lack of explicit US support—that is, US abstention and objection rates (combined) for proposed World Bank projects.

To understand the impact of US votes on World Bank project proposal approvals, we matched each proposal in the US voting records to the list of approved World Bank projects.[26] This exercise allows us to determine project approval rates and gather additional project details, such as the project sector.

Although the United States holds the most significant voting power in the World Bank, it lacks veto power over individual project proposals. As Kaja and Werker (2010) point out, the World Bank executive board approves nearly all project proposals. Our review of public records indicates that about 99 percent of proposals not supported by the US were still approved.[27]

6.2 Coding AIIB founding membership

The AIIB's founding membership is clearly listed in Schedule A of its Articles of Agreement. Since the AIIB was established in 2016, we assign a value of 1 to the `AIIB founder` ×

25. In about 0.2 percent of the records, the US position is recorded as "N/A".

26. Available at https://projects.worldbank.org/en/projects-operations/projects-list?os=0, accessed September 15, 2021.

27. This percentage results from a detailed comparison of voting records with various World Bank documents, including the project list, board meeting minutes, news releases, and more.

`Post-2016` variable for the years 2016-2019 for these founding members. For all other years and countries, this variable is set to 0. Out of the 57 AIIB founding members, 25 appear in the US voting records at the World Bank from 2004 to 2019. However, five of these members showed no change in the dependent variable, US support, during this timeframe. We provide a comprehensive breakdown of the sample construction in Section 6.5.

The focus on AIIB founding members stems from their pivotal role in the establishment and operational dynamics of the bank, marking a significant shift in international development finance architecture. Subsequent analysis extends to non-founding members, reaffirming the core findings, albeit with a notable divergence: the specific dynamics of in-group punishment observed among founding members do not manifest for non-founders. This distinction underscores the foundational members' unique influence and the nuanced complexities of global financial governance. See Appendix C.

6.3 In-group members of the United States

To identify which countries can be considered as in-group members of the United States, we use the well-established measure of voting patterns in the United Nations General Assembly (UNGA). Specifically, we utilize the ideal point distance between the US and each recipient country, as formulated by Bailey et al. (2017). This metric is apt as it consistently reflects a country's stance in relation to the US-led liberal order.[28] Compared to other common UNGA voting similarity measures, this approach offers more consistent intertemporal comparisons by effectively separating genuine voting patterns from incidental noise. This measure is prevalent in political science research, shedding light on the impact of geopolitical alignment with the US across various domains, including economics (Tomashevskiy 2021; Liao and McDowell 2016; Davis et al. 2019), human rights (Terman and Voeten 2018; Terman and Byun 2022), security (Gaibulloev and Sandler 2019), and the functioning of multilateral development banks (Gamso and Dimitrova 2023; Clark and Dolan 2021; McLean 2023; Winters and Streitfeld 2018; Andersen et al. 2006).

28. See Bailey et al. (2017, 431).

6.4 Control variables

Our analysis incorporates several control variables to account for potential confounding factors that might influence the US voting position in the World Bank executive board.

First, We control for GDP per capita and total population, both logged, to capture the level of economic development and country size.[29]

The United States may consider a recipient country's economic dependencies when voting on World Bank projects. Thus, we include net foreign direct investment (FDI) inflow as a percentage of GDP, total debt service as a percentage of GNI, and net ODA received as a percentage of GNI.[30]

To account for the domestic political regime of the recipient country, we incorporate the Polity2 index from the Polity Project.[31] Given the correlation between World Bank borrowing and national elections (Dreher and Vaubel 2004; Rickard and Caraway 2014), and potential US influence on lending during election periods (Kersting and Kilby 2016), we include an indicator variable that equals 1 if either a national executive or legislative election is held during the year of the vote in question, and 0 otherwise.[32]

Existing research shows that countries elected to the United Nations Security Council (UNSC) receive more projects from the World Bank (Dreher et al. 2009), so we control for whether the recipient country is an elected member of the UNSC.

When it comes to using foreign aid to win political support for foreign policy goals, countries often choose between bilateral and multilateral channels (Dreher et al. 2022; Milner 2006; Milner and Tingley 2013). To account for this, we include the total amount of bilateral aid (logged) provided by the United States.[33]

Lastly, we control for several project-level attributes for each proposed World Bank project that is subject to votes at the board of executives. First, we include the size of the pro-

29. Data sourced from World Development Indicators, World Bank, https://datacatalog.worldbank.org/dataset/world-development-indicators, accessed September 15, 2021.

30. Data from the World Bank, https://data.worldbank.org, accessed September 15, 2021.

31. https://www.systemicpeace.org/polityproject.html, accessed September 15, 2021.

32. Data from the Database of Political Institutions, available at http://dx.doi.org/10.18235/0001027, accessed September 15, 2021.

33. Data from the United States Agency for International Development (USAID), available at https://aidscape.usaid.gov/, accessed January, 2022.

posed project by including the estimated project lending amount (logged), derived from the US Treasury Loan Review Votes website.[34] Moreover, given that the AIIB focuses almost exclusively on infrastructure lending, and existing research has shown that AIIB founders are distancing themselves from the World Bank in borrowing for infrastructure projects (Qian et al. 2023), we also include an indicator of whether the proposed project is predominantly in infrastructure-intensive sectors.[35]

6.5 Sample

Our dataset captures US voting behavior in the World Bank executive board from 2004 to 2019. It encompasses 5,254 voting records related to project proposals from 137 countries. Of these, 25 are AIIB founding members.[36]

Given our approach, which estimates a grouped data model (by country) with a binary-dependent variable (US support) and includes country- and year-fixed effects, we focus on countries where the dependent variable shows variation. This approach aligns with the recommendations of Beck (2020). Out of the 137 countries, the US consistently supported project proposals for 62 and consistently objected or abstained for 2 countries. This refines our sample to 3,633 voting records from 73 countries, with 19 being AIIB founding members.[37]

In the appendix, we also present results that include all observations, adhering to the methodology advised by Beck (2020). These findings align with our primary results.

A potential issue is the influence of projects proposed by China. From 2004 to 2019, the US supported only 39.8 percent of China's IBRD/IDA projects, a stark contrast to the overall average support rate of 91.7 percent.[38] To mitigate this concern, we also provide results excluding all project proposals from China.

34. See footnote 22.

35. We follow the approach in Qian et al. (2023) and code projects as in infrastructure-intensive sectors if at least 50 percent of the World Bank's appraisal costs fall into one or more of the following sectors: (1) Agriculture, (2) Energy & Extractives, (3) Info & Communication, (4) Transportation, (5) Water/Sanitation/Waste, and as non-infrastructure projects otherwise. See also Zeitz (2021).

36. For AIIB founders that are included in the sample for analysis, see Table A.4 in Appendix A.3.

37. For summary statistics and list of countries for different analyses, see Appendix A.

38. For country-specific support rates, refer to Table A.2 in Appendix A.2.

6.6 Specification

To investigate the association between AIIB founding membership, proximity to the United States, and US voting behavior in the World Bank executive board, we employ the following linear probability model:

$$\begin{aligned}\texttt{Support}_{ict} = {} & \beta_1 \, \texttt{AIIB Founder}_c \times \texttt{Post-2016}_t + \beta_2 \, \texttt{US Distance}_{c,\,t-1} \\ & + \beta_3 \, \texttt{AIIB Founder}_c \times \texttt{Post-2016}_t \times \texttt{US Distance}_{c,\,t-1} \\ & + \boldsymbol{\gamma} \boldsymbol{X}_{ic,\,t-1} + \alpha_c + \theta_t + \epsilon_{ict}\end{aligned}$$

Here, $\texttt{Support}_{ict}$ is a binary indicator, set to 1 if the US supports project i proposed for country c in year t, and 0 otherwise. The term $\texttt{AIIB Founder}_c \times \texttt{Post-2016}_t$ is our primary variable of interest, indicating AIIB founding members from its inception in 2016. The variable $\texttt{US Distance}_{c,t-1}$ represents the degree of misalignment of recipient countries to the US, measured by the ideal point distance in the UNGA. This variable is lagged by one year to preclude reverse causality. The matrix $\boldsymbol{X}_{ic,t-1}$ encompasses country- and project-level control variables, also lagged by one year. The symbols α_c and θ_t denote country and year fixed effects, respectively, while ϵ_{ict} is the error term.

For our primary results, we utilize a linear probability model, executed through a series of ordinary least squares (OLS) regressions, facilitating straightforward interpretation. In the appendix, we demonstrate the robustness of our findings using conditional logistic regression (see Appendix B.3).

7 Results

The empirical results support our hypothesis: The United States is less likely to support World Bank projects proposed by AIIB founding members that are closely aligned with its ideal point in foreign affairs. Table 1 presents the results from the OLS regression across various model specifications.

In columns 1 and 2, we ignore political proximity to the United States and focus on AIIB membership in general. In column 1, we present results from a model that includes only AIIB founding member status and country and year fixed effects. Column 2 incorporates both country- and project-level variables. Although the estimated coefficients of `AIIB Founder × Post-2016` are negative in both models, they are only statistically significant at conventional levels when no covariates are included.

We then test the in-group punishment hypothesis by incorporating political proximity to the United States. Column 3 of Table 1 shows the result using the full model specification by including the interaction term between AIIB founders and distance to the United States. Similar to Column 1, the coefficient of `AIIB Founder×Post-2016` is negative and significant. However, the coefficient of the interaction term is positive and distinguishable from zero at conventional significance levels. This implies that the negative relationship between AIIB founders and US supportive votes in the World Bank only holds for countries with a smaller ideal point distance from the United States in the UNGA.

In other words, the United States is only less likely to support projects proposed by AIIB founding members if they are closely aligned with the US.

To give a further sense of the conditional effect of AIIB founding membership on US votes in the World Bank, Figure 1 presents the marginal effects of AIIB founding membership on US supportive votes in the World Bank, adjusting for the ideal point distance between the recipient country and the United States. This figure also incorporates a histogram reflecting the distribution of this ideal point distance.

For context, the mean ideal point distance from the US for countries in our sample is 3.2, with a standard deviation of 0.45. For the same project and recipient, a shift from one standard deviation below the mean (indicating closer alignment with the US) to one above (indicating divergence) would render the conditional marginal effect of `AIIB Founder × Post 2016` from negative and significant to positive and non-significant. This underscores the reduced likelihood of the United States to support World Bank projects from AIIB founders only for those that are more closely aligned with its geopolitical goals.

A potential concern is the influence of projects proposed by China, especially since the

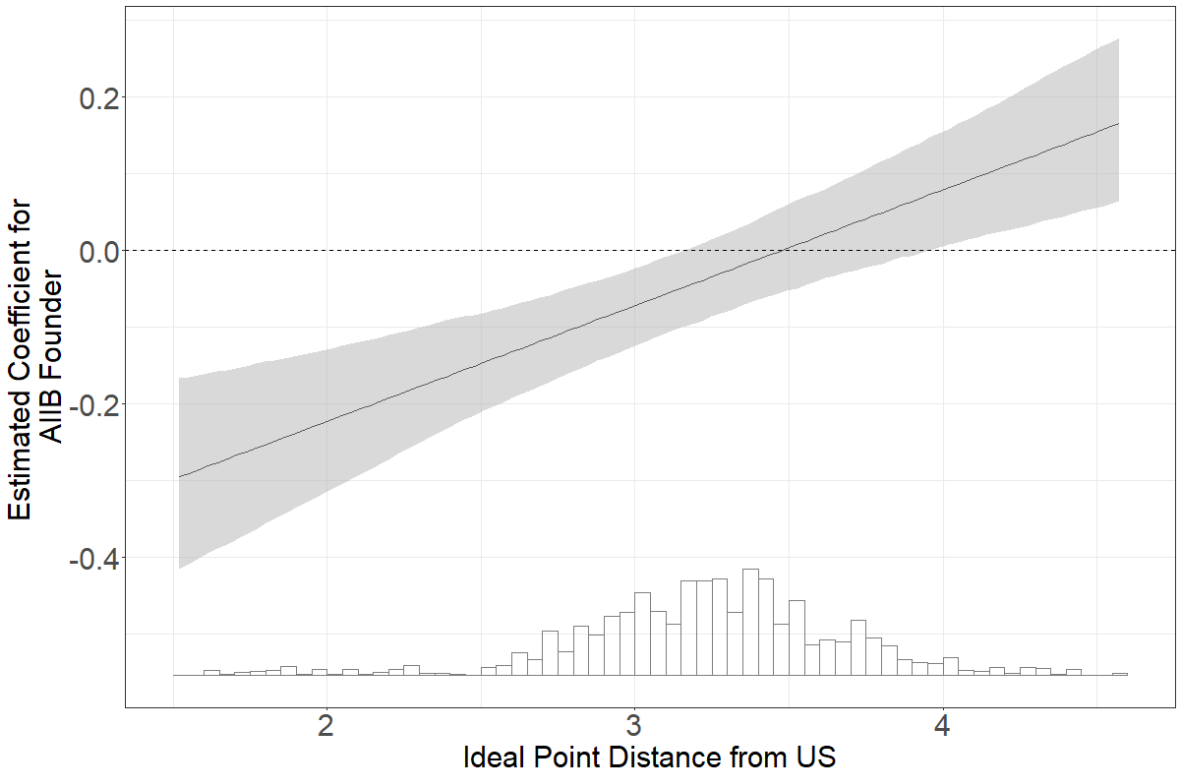
US has supported only about 39 percent of World Bank projects from China. Columns 4 through 6 re-evaluate the results, excluding all China-proposed projects, and the derived coefficients remain consistent with our primary findings.

Table 1: AIIB Founder and US Votes in the World Bank

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founder × Post 2016	−0.074***	−0.040	−0.526***	−0.045*	−0.041	−0.497***
	(0.024)	(0.028)	(0.143)	(0.024)	(0.027)	(0.143)
UNGA Voting (Ideal Point distance from US)		−0.020	−0.039		−0.029	−0.044*
		(0.026)	(0.026)		(0.025)	(0.025)
AIIB Founder × Post 2016 × UNGA Voting			0.151***			0.142***
			(0.043)			(0.043)
GDP per capita (log)		0.074	0.065		0.188***	0.175***
		(0.067)	(0.067)		(0.066)	(0.066)
Population (log)		0.420***	0.380***		0.312**	0.277**
		(0.138)	(0.140)		(0.137)	(0.138)
FDI inflow (% GDP)		0.0003	0.0003		0.0002	0.0002
		(0.0005)	(0.0005)		(0.0005)	(0.0005)
Debt service (% GNI)		0.001	0.002		0.001	0.001
		(0.001)	(0.001)		(0.001)	(0.001)
ODA received (% GNI)		0.0001	0.0001		0.001	0.001
		(0.001)	(0.001)		(0.001)	(0.001)
Polity		0.013***	0.012***		0.014***	0.013***
		(0.003)	(0.003)		(0.003)	(0.003)
Election		−0.008	−0.007		−0.006	−0.006
		(0.011)	(0.011)		(0.011)	(0.011)
Temporary UNSC member		0.001	−0.001		−0.002	−0.004
		(0.016)	(0.016)		(0.016)	(0.016)
US Aid (log)		−0.010	−0.011*		−0.012*	−0.014**
		(0.007)	(0.007)		(0.007)	(0.007)
Project amount (log)		−0.015***	−0.015***		−0.016***	−0.017***
		(0.005)	(0.005)		(0.005)	(0.005)
Infrastructure Project		−0.027***	−0.027***		−0.029***	−0.029***
		(0.009)	(0.009)		(0.009)	(0.009)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
Exclude China				✓	✓	✓
Average U.S. Support	88.5%	88.6%	88.6%	91.6%	92.1%	92.1%
Countries	73	62	62	72	61	61
Count: AIIB Founder	20	20	20	19	19	19
Observations	3,633	3,348	3,348	3,412	3,127	3,127
Adjusted R^2	0.245	0.269	0.272	0.130	0.145	0.150

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016) lagged by one year.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Figure 1: Marginal Effects of AIIB Founder on US Votes in the World Bank by Ideal Point Distance



Note: Marginal effects are based on the regressions shown in Model 3 of Table 1. The shaded area represents 95% confidence intervals. The histogram shows the distribution of ideal point distance from the United States. Recall that going from left to right on the x-axis, we plot observations of governments further and further away from the US ideal point. Observations to the left are thus the most closely aligned with the United States—and it it this range that the United States is estimated to be less likely to vote in favor of a World Bank project for AIIB founders.

7.1 Robustness Checks

We conduct several robustness checks to validate the results presented above. First, instead of using the year of 2016, when the AIIB was formally established, as the timing of treatment for AIIB founders, we use the year of formal AIIB membership for AIIB founders. That is, the year that *prospective* AIIB founders have formally deposited their ratification, thus obtain their formal membership. While most of the AIIB founders had ratified by 2016, Brazil only formally joined the AIIB in November 2020, and South Africa still has not become a formal member despite having signaled its intention way back in April 2015. Note that we have

included all the founding members in the main analysis, since they are listed in the *Articles of Agreement*. In Table B.1, we show that the results in the main analysis is robust to this alternative measure of AIIB founding membership.

Secondly, instead of using the continuous measure of the ideal point distance from the United States in UNGA voting, we measure the in-group members of United States with a binary measure of `US Distant`. Specifically, we follow the approach in Lang and Presbitero (2018) and code a country as a "US Distant" if it is *not* in the lowest quintile of the distribution of the ideal point distance from the United States (i.e., among the most closely aligned countries).[39] The result is in line with our finding that the United States is only less likely to support World Bank project proposals for AIIB founders that are most aligned with it, see Table B.2.

Thirdly, we use an alternative method to corroborate our primary results. Instead of the linear probability model, we applied a conditional logistic regression. Table B.3 shows that our findings remain robust under this method.

Moreover, we address potential bias due to the listwise deletion of missing values in covariates using Amelia II by Honaker and King (2010). We produce five imputed datasets and analyze them with our baseline specification in Section 6.6, and the five sets of results are combined using Rubin's rule. With multiple imputations of missing values, the sample size is the same as the bivariate analysis presented in Column 1 of Table 1, with 3,633 observations, 73 countries, among which 20 are AIIB founding members. The results, shown in Table B.4, indicates that our finding is not driven by the missing values in control variables.

Last, given our estimation's nature—a grouped data model with a binary-dependent variable—we only presented results for countries with varying dependent variables (i.e., the United States does not always or never support projects from these countries). This approach ensures consistent observations for both linear probability and conditional logit regression models. However, based on the recommendation of Beck (2020), we also estimate coefficients using the full sample, even when the dependent variable remained constant for some countries. Table B.5 confirms that our findings are consistent across different samples.

39. This approach is also similar to Vreeland and Dreher (2014, 177).

7.2 Effect by Project Sector

Having presented the main finding that the United States is only less likely to support World Bank project proposals from AIIB founders that are more closely aligned with it, we now delve into the heterogeneity across proposed projects. Specifically, we examine whether the relationship holds for both infrastructure projects and non-infrastructure projects, noting that the AIIB currently only focuses on providing infrastructure projects. Qian et al. (2023) provide evidence showing that while AIIB founding members are distancing themselves from the US-led World Bank by borrowing less in infrastructure sectors, they still rely on the World Bank for their non-infrastructure financing needs.

If the United States seeks to punish countries that helped to found the AIIB with its votes in the World Bank executive board, we expect the association to derive from non-infrastructure projects because the AIIB does not (currently) provide alternative finance for countries' needs in this area. Examining this empirically, we estimate the relationship between AIIB founding membership and US votes, conditioned by countries' proximity to the United States, separately for infrastructure and non-infrastructure projects.

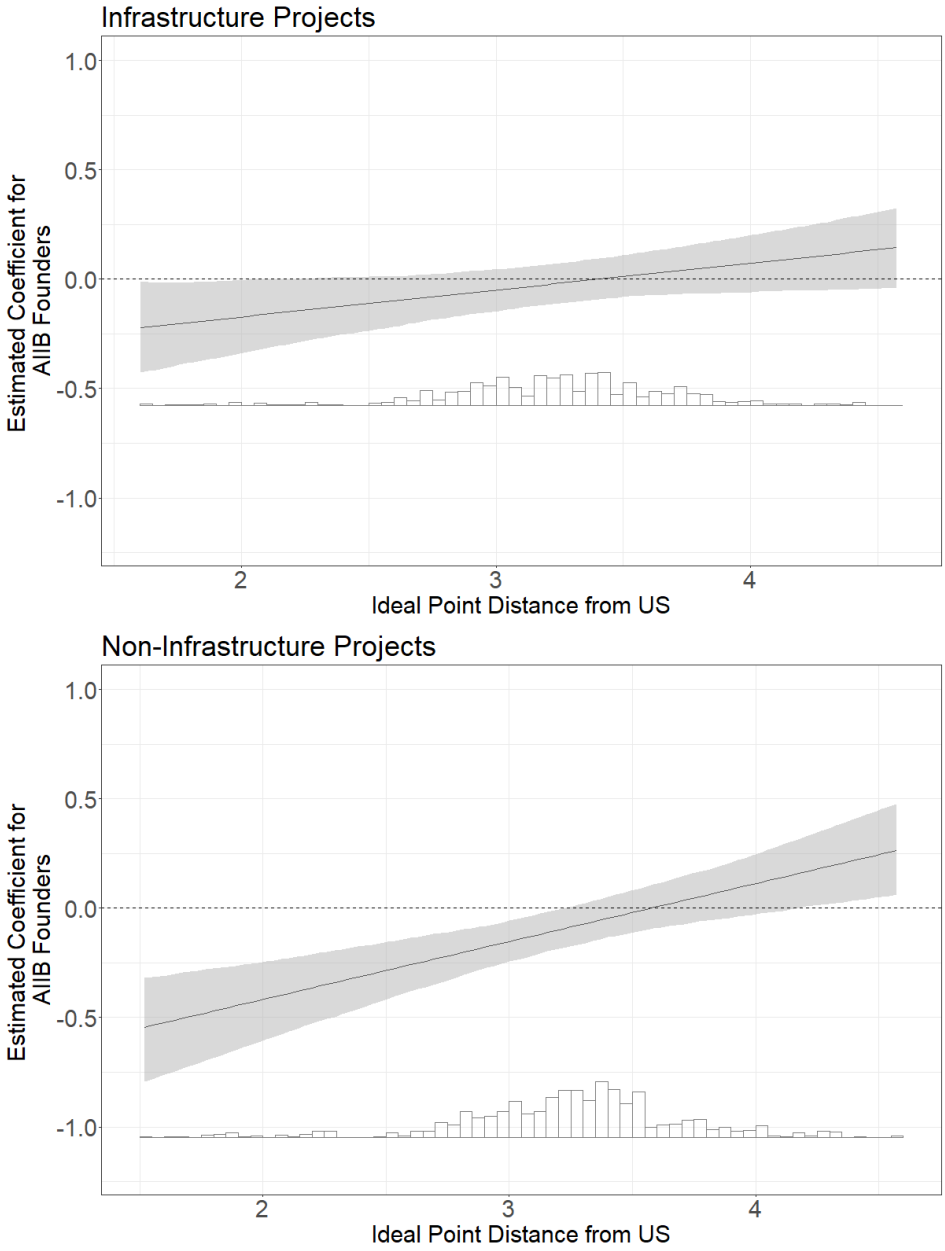
Table 2 and Figure 2 provide evidence showing that the United States punishes its in-group members that join the AIIB as founding members only for proposed non-infrastructure projects. Comparing the results for projects in infrastructure-intensive sectors (columns 1 and 2) with those in non-infrastructure sectors (columns 3 and 4) in Table 2, we see that the coefficients are consistently smaller (in absolute terms) when it comes to infrastructure projects. In addition, Figure 2 depicts the marginal effects of AIIB founding membership separately for the two types of projects. While the pattern for non-infrastructure projects (lower panel) closely mimics the one in our main result (Figure 1), the effect cannot be distinguished from zero for the majority of observations when it comes to infrastructure projects (upper panel). Taken together, the results suggest that the United States indeed seeks to punish AIIB founders with its votes in the World Bank, but only for closely-aligned countries, and only for non-infrastructure projects where the World Bank still enjoys an unchallenged dominant position.

Table 2: By Project Sector: AIIB Founder and US Votes in the World Bank

	Infrastructure		Non-Infrastructure	
	(1)	(2)	(3)	(4)
AIIB Founder × Post 2016	−0.415**	−0.396**	−0.950***	−0.907***
	(0.203)	(0.201)	(0.270)	(0.274)
UNGA Voting (Ideal Point distance from US)	−0.003	0.017	−0.128***	−0.134***
	(0.053)	(0.052)	(0.039)	(0.039)
AIIB Founder × Post 2016 × UNGA Voting	0.123**	0.115*	0.266***	0.258***
	(0.060)	(0.059)	(0.082)	(0.083)
GDP per capita (log)	0.048	0.185*	0.294**	0.305**
	(0.105)	(0.107)	(0.121)	(0.125)
Population (log)	0.620**	0.429*	0.269	0.231
	(0.257)	(0.258)	(0.266)	(0.264)
FDI inflow (% GDP)	0.0002	0.0001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)
Debt service (% GNI)	0.003	0.003	0.004	0.003
	(0.003)	(0.003)	(0.003)	(0.003)
ODA received (% GNI)	−0.003	−0.002	0.004*	0.003*
	(0.003)	(0.003)	(0.002)	(0.002)
Polity	0.023***	0.024***	0.010***	0.010***
	(0.005)	(0.005)	(0.004)	(0.004)
Election	−0.004	−0.001	−0.004	−0.003
	(0.020)	(0.020)	(0.019)	(0.019)
Temporary UNSC member	0.013	0.008	−0.048	−0.044
	(0.027)	(0.026)	(0.032)	(0.032)
US Aid (log)	−0.024*	−0.028**	−0.002	−0.004
	(0.012)	(0.012)	(0.014)	(0.014)
Project amount (log)	−0.020**	−0.021***	−0.025***	−0.026***
	(0.008)	(0.008)	(0.009)	(0.009)
Country Fixed effects	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓
Exclude China		✓		✓
Average U.S. Support	83.3%	89.1%	89.7%	91.7%
Countries	47	46	40	39
Count: AIIB Founder	18	17	13	12
Observations	1,476	1,300	1,219	1,174
Adjusted R^2	0.283	0.158	0.199	0.100

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016) lagged by one year. Projects are coded as infrastructure projects if at least 50 percent of the World Bank's appraisal costs fall into one or more of the following sectors: (1) Agriculture, (2) Energy & Extractives, (3) Info & Communication, (4) Transportation, (5) Water/Sanitation/Waste, and as non-infrastructure projects otherwise.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Figure 2: Marginal Effects of AIIB Founder on US Votes in the World Bank by Ideal Point Distance: Infrastructure and Non-Infrastructure Projects



Note: Marginal effects are based on the regressions shown in Model 1 and Model 3 of Table 2. The shaded area represents 95% confidence intervals. The histogram shows the distribution of ideal point distance from the United States. Projects are coded as infrastructure projects if at least 50 percent of the World Bank's appraisal costs fall into one or more of the following sectors: (1) Agriculture, (2) Energy & Extractives, (3) Info & Communication, (4) Transportation, (5) Water/Sanitation/Waste, and as non-infrastructure projects otherwise.

8 Discussion, Limitations, and Future Research

This study confronts a puzzle: While rarely consequential, the United States sometimes casts votes against proposed World Bank projects as a member of the organization's executive board. Moreover, when it comes to the founders of the AIIB—a Chinese-led institution that stands to threaten the status of the US-led World Bank, the United States casts unsupportive votes mainly against founders that were more closely aligned with US preferences, while exempting more distant countries from punishment. To resolve this puzzle, we draw on the concept of in-group punishment from the literature in social psychology.

The paper offers empirical evidence suggesting that the United States employs its votes on World Bank project proposals as a form of gestural punishment. Specifically, it targets AIIB founding members that have aligned closely with US interests. Given the near-unanimous approval rate of projects by the World Bank's executive directors, these votes primarily serve as signals of disapproval. Notably, the United States focuses its punitive gestures on non-infrastructure projects, emphasizing the continued reliance of these aligned AIIB founders on the World Bank for non-infrastructure financing.

Our research adds to the growing body of literature examining the competition between China-led and US-led international institutions. At its core, the competition for leadership is a competition for followers (Broz et al. 2020). Existing studies have focused dominantly on the strategy employed by China. On the one hand, China might want to use its leadership of the AIIB to advance its own geopolitical goals. Indeed, Kaya et al. (2023) provide evidence showing how AIIB loans are allocated to favor countries participating in China's Belt and Road Initiative (BRI), but in a nuanced and complex manner. On the other hand, the AIIB can also be used to attract politically or economically distant countries. For example, studies have found that such countries will get higher voting shares in the AIIB (Kaya and Woo 2021; Kim and Lee 2020), and easier access to AIIB finance (Kaya et al. 2021).

Looking at the United States, one might similarly expect that it will follow a similar strategy: try to win back AIIB founders with carrots. However, we contend that this might not be the case. As an established power in development finance for decades, the United States may adopt a different strategy from emerging powers like China (Kaya and Salah

2022). When it comes to closely aligned countries that defy the US preference and help found the AIIB, the United States appears to punish selectively. Even if the punishment is gestural, it sends these countries a signal of disapproval to prevent further deviation.

Considering recent findings, our results might be surprising. Vadlamannati et al. (2023) and Rodrigues Vieira et al. (2023) find that the United States is actually more likely to *support* countries that joined China's initiatives, as a way of balancing and hedging. However, there are important differences between these studies and ours. First, these studies consider all the MDBs, for which the competition from the AIIB and the influence of the United States vary a lot. Here, we focus solely on the World Bank, where the AIIB's competition and US influence are distinct. Second, these studies look for an effect on US votes across all countries that joined China's initiatives. Instead, we underscore the heterogeneity within AIIB founding members, positing that the US adopts a dual strategy, perhaps offering incentives to distant countries while penalizing aligned ones.

Our research also joins recent studies by pioneering a unique dataset detailing US voting patterns in multilateral development banks.[40] This dataset offers a wealth of insights for future studies.

Theoretically, we introduce the concept of in-group punishment from social psychology to the realm of international political economy. This concept holds potential for broader applications in international relations.

Our study is, of course, not without limitations. We echo the call for further research into the dynamics introduced by China's rise in the international development finance landscape. Similar as in Qian et al. (2023), we focus on *developing* AIIB founders—those who are (potential) recipients of World Bank lending. It would be illuminating to study how the United States responds to developed countries, especially its allies, that helped to found the China-led MDB. Existing documentation on this issue is limited to anecdotes from media sources. A more comprehensive analysis would be particularly helpful. Another important line of future research is whether and how the United States punishes AIIB founders in other forms. While we show that the United States punishes closely-aligned AIIB founders more

40. See Rodrigues Vieira et al. (2023), Vadlamannati et al. (2023), Strand and Zappile (2015), and Braaten et al. (2019).

harshly when it comes to votes on World Bank project proposals, it might be the case that it also seeks to punish distant countries through perhaps other means, perhaps even in ways that are not merely gestural.

We suspect that our findings represent only the tip of the iceberg. As the competition between the United States and China in international economic governance continues, winning supporters and securing followers will become more and more important for both countries. Striking the right balance between incentives and punitive measures will be a strategic imperative, ensuring the attraction of new allies and the retention of longstanding friends.

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A Data Description

A.1 Summary Statistics

Table A.1: Summary Statistics

	N	Mean	St. Dev.	Min	Max
US Support	5,254	0.919	0.273	0	1
AIIB Founder × Post 2016	5,254	0.080	0.271	0	1
UNGA Voting (Ideal Point distance from US)	5,144	3.097	0.538	0.540	4.574
GDP per capita (log)	5,231	7.589	0.975	5.555	9.807
Population (log)	5,254	16.928	2.049	9.282	21.055
FDI inflow (% GDP)	5,235	4.345	6.923	−37.155	103.337
Debt service (% GNI)	4,951	3.686	4.627	0.001	66.082
ODA received (% GNI)	5,115	5.856	8.576	−2.313	92.141
Polity	4,911	3.329	5.634	−10	10
Election	5,018	0.243	0.429	0	1
Temporary UNSC member	5,254	0.072	0.258	0	1
US Aid (log)	5,133	4.383	1.843	−4.605	9.436
Project amount (log)	5,253	3.888	1.345	0.000	8.230
Infrastructure Project	5,247	0.474	0.499	0	1

Notes: This table reports the summary statistics for all observations in the dataset, as used for analysis in Table B.5. For main analysis, countries with no variation in the dependent variable (US Support) are removed. For details, see Table A.3 in Appendix A.3.

A.2 Average US Support Rate by Jurisdiction

Table A.2: Number of Votes and Average US Support Rate by Jurisdiction (2004-2019)

Jurisdiction	Total Votes	% US Support	Jurisdiction	Total Votes	% US Support
Afghanistan	80	100%	Tunisia	44	97.73%
Antigua & Barbuda	1	100%	Mozambique	86	97.67%
Albania	38	100%	Nigeria	85	97.65%
Armenia	66	100%	Pakistan	118	97.46%
Barbados	1	100%	Romania	35	97.14%
Burkina Faso	65	100%	Senegal	67	97.01%
Bulgaria	12	100%	Mongolia	33	96.97%
Brazil	144	100%	Djibouti	32	96.88%
Bhutan	21	100%	Bolivia	30	96.67%
Belize	5	100%	Bangladesh	116	96.55%
Central African Republic	32	100%	Peru	58	96.55%
Congo - Brazzaville	28	100%	Ghana	82	96.34%
Chile	16	100%	Kazakhstan	27	96.3%
Costa Rica	8	100%	Yemen	54	96.3%
Cape Verde	24	100%	Lesotho	25	96%
Ecuador	21	100%	Egypt	49	95.92%
Fiji	5	100%	Colombia	70	95.71%
Micronesia (Federated States of)	6	100%	Côte d'Ivoire	45	95.56%
Grenada	13	100%	Dominican Republic	22	95.45%
Guinea	35	100%	Nicaragua	44	95.45%
Guatemala	21	100%	Gambia	21	95.24%
Guyana	13	100%	Azerbaijan	41	95.12%
Honduras	37	100%	Zambia	39	94.87%
Croatia	37	100%	Kenya	71	94.37%
Haiti	59	100%	Indonesia	104	94.23%
Hungary	2	100%	Poland	17	94.12%
Jamaica	25	100%	Tanzania	83	93.98%
Jordan	29	100%	Myanmar (Burma)	16	93.75%
Kyrgyzstan	49	100%	Vietnam	141	93.62%
Kiribati	13	100%	North Macedonia	31	93.55%
Latvia	3	100%	Gabon	15	93.33%
Moldova	50	100%	Morocco	60	93.33%
Montenegro	20	100%	India	224	92.86%
Marshall Islands	7	100%	Russia	14	92.86%
Mauritius	10	100%	Tajikistan	55	92.73%
Maldives	17	100%	Mauritania	26	92.31%
Malawi	49	100%	Palestinian Territories	74	91.89%
Mexico	79	100%	St. Lucia	11	90.91%
Namibia	5	100%	Cameroon	40	90%
Nepal	63	100%	Lebanon	20	90%
Panama	22	100%	Congo - Kinshasa	64	89.06%
Papua New Guinea	18	100%	Burundi	44	88.64%
Paraguay	16	100%	Madagascar	59	88.14%
Solomon Islands	20	100%	Iraq	16	87.5%
Seychelles	7	100%	Argentina	77	87.01%
Slovakia	2	100%	Togo	30	86.67%
Sierra Leone	55	100%	Turkey	60	86.67%
Suriname	2	100%	Laos	65	86.15%
South Sudan	13	100%	Cambodia	28	85.71%
São Tomé & Príncipe	18	100%	Botswana	6	83.33%
El Salvador	18	100%	Comoros	18	83.33%
Eswatini	6	100%	Ethiopia	88	81.82%
Chad	27	100%	Sri Lanka	55	81.82%
Thailand	2	100%	Angola	20	80%
Timor-Leste	13	100%	St. Vincent & Grenadines	5	80%
Tonga	21	100%	Eritrea	4	75%
Tuvalu	12	100%	Zimbabwe	4	75%
Ukraine	31	100%	Serbia	35	74.29%
Uganda	49	100%	Dominica	7	71.43%
Uruguay	24	100%	Uzbekistan	38	71.05%
Vanuatu	5	100%	South Africa	6	66.67%
Samoa	24	100%	Bosnia & Herzegovina	36	63.89%
Mali	61	98.36%	Guinea-Bissau	23	47.83%
Rwanda	59	98.31%	China	221	39.37%
Benin	55	98.18%	Somalia	4	25%
Niger	52	98.08%	Belarus	24	8.33%
Georgia	50	98%	Iran	5	0%
Philippines	49	97.96%	Sudan	2	0%
Liberia	45	97.78%			

A.3 Sample Description

Table A.3: Sample Description

Main Analysis	Bivariate/Imputed Only	No Variation in US Support
Angola	Bosnia & Herzegovina	Afghanistan
Argentina	Dominica	Albania
Azerbaijan	Eritrea	Antigua & Barbuda
Bangladesh	Iraq	Armenia
Belarus	Palestinian Territories	Barbados
Benin	Poland	Belize
Bolivia	Romania	Bhutan
Botswana	Russia	Brazil
Burundi	Serbia	Bulgaria
Cambodia	St. Lucia	Burkina Faso
Cameroon	St. Vincent & Grenadines	Cape Verde
China		Central African Republic
Colombia		Chad
Comoros		Chile
Congo - Kinshasa		Congo - Brazzaville
Côte d'Ivoire		Costa Rica
Djibouti		Croatia
Dominican Republic		Ecuador
Egypt		El Salvador
Ethiopia		Eswatini
Gabon		Fiji
Gambia		Grenada
Georgia		Guatemala
Ghana		Guinea
Guinea-Bissau		Guyana
India		Haiti
Indonesia		Honduras
Kazakhstan		Hungary
Kenya		Iran
Laos		Jamaica
Lebanon		Jordan
Lesotho		Kiribati
Liberia		Kyrgyzstan
Madagascar		Latvia
Mali		Malawi
Mauritania		Maldives
Mongolia		Marshall Islands
Morocco		Mauritius
Mozambique		Mexico
Myanmar (Burma)		Micronesia (Federated States of)
Nicaragua		Moldova
Niger		Montenegro
Nigeria		Namibia
North Macedonia		Nepal
Pakistan		Panama
Peru		Papua New Guinea
Philippines		Paraguay
Rwanda		Samoa
Senegal		São Tomé & Príncipe
Somalia		Seychelles
South Africa		Sierra Leone
Sri Lanka		Slovakia
Tajikistan		Solomon Islands
Tanzania		South Sudan
Togo		Sudan
Tunisia		Suriname
Turkey		Thailand
Uzbekistan		Timor-Leste
Vietnam		Tonga
Yemen		Tuvalu
Zambia		Uganda
Zimbabwe		Ukraine
		Uruguay
		Vanuatu

Table A.4: Sample Description: AIIB Founding Members

Main Analysis	Bivariate/Imputed Only	No Variation in US Support	No Proposed Projects
Azerbaijan	Poland	Brazil	Australia
Bangladesh	Russia	Iran	Austria
Cambodia		Jordan	Brunei
China		Kyrgyzstan	Denmark
Egypt		Maldives	Finland
Georgia		Nepal	France
India		Thailand	Germany
Indonesia			Iceland
Kazakhstan			Israel
Laos			Italy
Mongolia			Kuwait
Myanmar (Burma)			Luxembourg
Pakistan			Malaysia
Philippines			Malta
South Africa			Netherlands
Sri Lanka			New Zealand
Tajikistan			Norway
Turkey			Oman
Uzbekistan			Portugal
Vietnam			Qatar
			Saudi Arabia
			Singapore
			South Korea
			Spain
			Sweden
			Switzerland
			United Arab Emirates
			United Kingdom

B Robustness Checks

B.1 Use AIIB Formal Founding Membership

Table B.1: Formal Membership: AIIB Founder and US Votes in the World Bank

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founding Membership	−0.063***	−0.028	−0.468***	−0.040*	−0.035	−0.444***
	(0.023)	(0.027)	(0.133)	(0.023)	(0.025)	(0.133)
UNGA Voting (Ideal Point distance from US)		−0.017	−0.036		−0.027	−0.043*
		(0.026)	(0.026)		(0.025)	(0.025)
AIIB Founding Membership × UNGA Voting			0.136***			0.126***
			(0.039)			(0.039)
GDP per capita (log)		0.069	0.061		0.184***	0.174***
		(0.067)	(0.067)		(0.066)	(0.066)
Population (log)		0.433***	0.375***		0.317**	0.266*
		(0.138)	(0.141)		(0.137)	(0.140)
FDI inflow (% GDP)		0.0003	0.0003		0.0002	0.0002
		(0.0005)	(0.0005)		(0.0005)	(0.0005)
Debt service (% GNI)		0.001	0.002*		0.001	0.001
		(0.001)	(0.001)		(0.001)	(0.001)
ODA received (% GNI)		0.0001	0.00001		0.001	0.0005
		(0.001)	(0.001)		(0.001)	(0.001)
Polity		0.013***	0.012***		0.014***	0.013***
		(0.003)	(0.003)		(0.003)	(0.003)
Election		−0.008	−0.008		−0.007	−0.006
		(0.011)	(0.011)		(0.011)	(0.011)
Temporary UNSC member		0.002	−0.0002		−0.001	−0.003
		(0.016)	(0.016)		(0.016)	(0.016)
US Aid (log)		−0.009	−0.011		−0.012*	−0.013*
		(0.007)	(0.007)		(0.007)	(0.007)
Project amount (log)		−0.015***	−0.015***		−0.016***	−0.017***
		(0.005)	(0.005)		(0.005)	(0.005)
Infrastructure Project		−0.027***	−0.027***		−0.029***	−0.029***
		(0.009)	(0.009)		(0.009)	(0.009)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
Exclude China				✓	✓	✓
Average U.S. Support	88.5%	88.6%	88.6%	91.6%	92.1%	92.1%
Countries	73	62	62	72	61	61
Count: AIIB Founder	19	19	19	18	18	18
Observations	3,633	3,348	3,348	3,412	3,127	3,127
Adjusted R^2	0.245	0.268	0.272	0.130	0.145	0.149

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016) lagged by one year.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

B.2 Alternative Coding of U.S. Distant

Table B.2: Alternative Coding of U.S. Distant: AIIB Founder and US Votes in the World Bank

	(1)	(2)
AIIB Founder × Post 2016	−0.213***	−0.229***
	(0.063)	(0.062)
US Distant	−0.089***	−0.090***
	(0.024)	(0.024)
AIIB Founder × Post 2016 × US Distant	0.198***	0.220***
	(0.062)	(0.061)
GDP per capita (log)	0.050	0.158**
	(0.067)	(0.066)
Population (log)	0.369***	0.256*
	(0.139)	(0.138)
FDI inflow (% GDP)	0.001	0.0005
	(0.0005)	(0.0005)
Debt service (% GNI)	0.002*	0.001
	(0.001)	(0.001)
ODA received (% GNI)	0.0004	0.001
	(0.001)	(0.001)
Polity	0.012***	0.012***
	(0.003)	(0.003)
Election	−0.006	−0.004
	(0.011)	(0.011)
Temporary UNSC member	0.006	0.003
	(0.015)	(0.015)
US Aid (log)	−0.007	−0.009
	(0.007)	(0.006)
Project amount (log)	−0.015***	−0.017***
	(0.005)	(0.005)
Infrastructure Project	−0.025***	−0.028***
	(0.009)	(0.009)
Country Fixed effects	✓	✓
Year Fixed effects	✓	✓
Exclude China		✓
Average U.S. Support	88.6%	92.1%
Countries	62	61
Count: AIIB Founder	20	19
Observations	3,348	3,127
Adjusted R^2	0.273	0.152

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016) lagged by one year.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

B.3 Alternative Estimation Method

Table B.3: Conditional Logit Results: AIIB Founder and US Votes in the World Bank

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founder × Post 2016	-0.760***	-0.407	-5.860***	-0.585*	-0.492	-6.011***
	(0.290)	(0.363)	(1.953)	(0.326)	(0.404)	(2.003)
UNGA Voting (Ideal Point distance from US)		-0.192	-0.539		-0.208	-0.504
		(0.395)	(0.419)		(0.427)	(0.440)
AIIB Founder × Post 2016 × UNGA Voting			1.711***			1.723***
			(0.609)			(0.621)
GDP per capita (log)		1.499**	1.372*		2.454***	2.249***
		(0.697)	(0.703)		(0.865)	(0.855)
Population (log)		6.355***	6.277***		5.318**	5.346**
		(2.143)	(2.184)		(2.291)	(2.347)
FDI inflow (% GDP)		0.008	0.004		0.009	0.005
		(0.018)	(0.016)		(0.019)	(0.018)
Debt service (% GNI)		0.037	0.039		0.035	0.038
		(0.048)	(0.051)		(0.046)	(0.049)
ODA received (% GNI)		0.017	0.024		0.022	0.031
		(0.021)	(0.022)		(0.021)	(0.023)
Polity		0.169***	0.139***		0.176***	0.146***
		(0.040)	(0.041)		(0.040)	(0.041)
Election		-0.110	-0.105		-0.112	-0.102
		(0.178)	(0.180)		(0.180)	(0.182)
Temporary UNSC member		-0.111	-0.142		-0.180	-0.212
		(0.303)	(0.303)		(0.305)	(0.305)
US Aid (log)		-0.112	-0.136		-0.155	-0.178
		(0.121)	(0.132)		(0.124)	(0.136)
Project amount (log)		-0.212***	-0.217***		-0.303***	-0.312***
		(0.080)	(0.081)		(0.101)	(0.102)
Infrastructure Project		-0.401***	-0.411***		-0.479***	-0.479***
		(0.145)	(0.145)		(0.156)	(0.156)
Country Fixed Effects	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓
Exclude China				✓	✓	✓
Average U.S. Support	88.5%	88.6%	88.6%	91.6%	92.1%	92.1%
Countries	73	62	62	72	61	61
Count: AIIB Founder	20	20	20	19	19	19
Observations	3633	3348	3348	3412	3127	3127

Notes: Results from conditional logistic regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016) lagged by one year.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

B.4 Multiple Imputation of Missing Covariates

Table B.4: Multiple Imputation: AIIB Founder and US Votes in the World Bank

	(1)	(2)
AIIB Founder × Post 2016	-0.619***	-0.580***
	(0.140)	(0.141)
UNGA Voting (Ideal Point distance from US)	-0.036	-0.041
	(0.026)	(0.026)
AIIB Founder × Post 2016 × UNGA Voting	0.168***	0.158***
	(0.042)	(0.042)
GDP per capita (log)	-0.092*	-0.024
	(0.048)	(0.048)
Population (log)	-0.295**	-0.377***
	(0.125)	(0.124)
FDI inflow (% GDP)	0.000	0.000
	(0.000)	(0.000)
Debt service (% GNI)	0.003***	0.002**
	(0.001)	(0.001)
ODA received (% GNI)	-0.001	0.000
	(0.001)	(0.001)
Polity	0.008***	0.009***
	(0.003)	(0.003)
Election	-0.009	-0.008
	(0.011)	(0.011)
Temporary UNSC member	0.002	0.000
	(0.016)	(0.016)
US Aid (log)	-0.012*	-0.013**
	(0.007)	(0.007)
Project amount (log)	-0.013**	-0.014***
	(0.005)	(0.005)
Infrastructure Project	-0.033***	-0.034***
	(0.009)	(0.009)
Country Fixed Effects	✓	✓
Year Fixed Effects	✓	✓
Exclude China		✓
Average U.S. Support	88.5%	91.7%
Countries	73	72
Count: AIIB Founder	20	19
Observations	3628	3407

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016) lagged by one year. Missing values in covariates imputed using Amelia II by Honaker and King (2010). Results from five multiply imputed datasets combined using Rubin's rule.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

B.5 Include Countries with No Variation in Dependent Variable

Table B.5: All Observations: AIIB Founder and US Votes in the World Bank

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founder × Post 2016	−0.063***	−0.040*	−0.514***	−0.038**	−0.033*	−0.478***
	(0.019)	(0.020)	(0.138)	(0.019)	(0.020)	(0.139)
UNGA Voting (Ideal Point distance from US)		−0.016	−0.031		−0.025	−0.036**
		(0.019)	(0.019)		(0.018)	(0.018)
AIIB Founder × Post 2016 × UNGA Voting			0.149***			0.139***
			(0.042)			(0.042)
GDP per capita (log)		−0.009	−0.015		0.084*	0.075*
		(0.049)	(0.049)		(0.045)	(0.045)
Population (log)		0.177**	0.154**		0.128*	0.108
		(0.075)	(0.075)		(0.074)	(0.074)
FDI inflow (% GDP)		0.0002	0.0001		0.0001	0.00002
		(0.0004)	(0.0004)		(0.0004)	(0.0004)
Debt service (% GNI)		0.001	0.001*		0.001	0.001
		(0.001)	(0.001)		(0.001)	(0.001)
ODA received (% GNI)		0.0001	0.0001		0.001	0.001
		(0.001)	(0.001)		(0.001)	(0.001)
Polity		0.010***	0.009***		0.010***	0.010***
		(0.002)	(0.002)		(0.002)	(0.002)
Election		−0.005	−0.005		−0.005	−0.005
		(0.008)	(0.008)		(0.008)	(0.008)
Temporary UNSC member		0.001	−0.001		0.001	−0.002
		(0.012)	(0.012)		(0.012)	(0.012)
US Aid (log)		−0.007	−0.008		−0.009*	−0.010**
		(0.005)	(0.005)		(0.005)	(0.005)
Project amount (log)		−0.011***	−0.011***		−0.012***	−0.012***
		(0.004)	(0.004)		(0.004)	(0.004)
Infrastructure Project		−0.020***	−0.020***		−0.021***	−0.021***
		(0.007)	(0.007)		(0.007)	(0.007)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
Exclude China				✓	✓	✓
Average U.S. Support	91.9%	91.6%	91.6%	94.2%	94.2%	94.2%
Countries	137	101	101	136	100	100
Count: AIIB Founder	25	24	24	24	23	23
Observations	5,254	4,607	4,607	5,033	4,386	4,386
Adjusted R^2	0.279	0.298	0.302	0.167	0.178	0.182

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016) lagged by one year.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

C Effects of Non-Founding Members

Our core analysis has primarily concentrated on the voting behavior of the United States within the World Bank, specifically targeting developing AIIB founding members. This focus is predicated on the foundational role these members play in the establishment and early success of the AIIB—moving from non-existence to existence is a significantly more challenging leap than expanding from a nascent to a more established entity.

Since the AIIB's inception in 2016, the membership has expanded to include additional countries joining as non-founding members. At the time of writing, the AIIB boasts a total membership of 109, which includes 14 prospective members awaiting domestic ratification. Of the 38 countries that joined the AIIB as non-founders, 21 have been associated with at least one World Bank project proposal within our study's timeframe. The year of AIIB membership for these non-founder countries, along with their inclusion criteria for this section's analysis, is detailed in Table C.1.

In this section, we examine the applicability of our paper's in-group punishment thesis to the AIIB's non-founding members. We compare the impact of both AIIB founders and non-founders on the U.S.'s voting behavior in the World Bank, moderating by countries' geopolitical alignment with the U.S., as measured by their ideal point distance from the U.S. in the UNGA. This results, detailed in Table C.2, utilizes the formal year of AIIB membership for these countries. While the results for non-founding members mirror those observed for founders to some extent, with a positive and statistically significant coefficient for the interaction term, the dynamics differ notably when examining their marginal effects.

Figure C.1 illustrates this difference; for AIIB founding members, a discernibly negative impact on U.S. supportive votes is apparent for nations closely aligned with the U.S. Conversely, for non-founding members, this marginal effect remains statistically insignificant across the spectrum of UNGA ideal point distances.

Further analysis, excluding AIIB founding members, reinforces this finding. Presented in Table C.3 and Figure C.2, these results consistently demonstrate that the influence of non-founding AIIB membership on the U.S.'s voting behavior is indistinguishable from zero, irrespective of a country's proximity to the U.S. in terms of UNGA voting alignment. This

consistency holds true regardless of whether countries without variation in the outcome variable are included in the analysis.

C.1 Sample

Table C.1: Sample Description: AIIB Non-Founding Members

AIIB Membership	Jurisdiction	Group
2017	Afghanistan	No Variation in DV
2017	Ethiopia	Main Analysis
2017	Fiji	No Variation in DV
2017	Hungary	No Proposal After AIIB Membership
2017	Timor-Leste	No Variation in DV
2018	Madagascar	Main Analysis
2018	Romania	Bivariate Only
2018	Samoa	Bivariate Only; No Variation in DV
2018	Sudan	No Variation in DV
2018	Vanuatu	No Proposal After AIIB Membership
2019	Belarus	Main Analysis
2019	Ecuador	No Variation in DV
2019	Guinea	No Variation in DV
2019	Serbia	Bivariate Only
2020	Benin	AIIB Membership Year After 2019
2020	Côte d'Ivoire	AIIB Membership Year After 2019
2020	Ghana	AIIB Membership Year After 2019
2020	Rwanda	AIIB Membership Year After 2019
2020	Uruguay	AIIB Membership Year After 2019
2021	Liberia	AIIB Membership Year After 2019
2021	Tonga	AIIB Membership Year After 2019

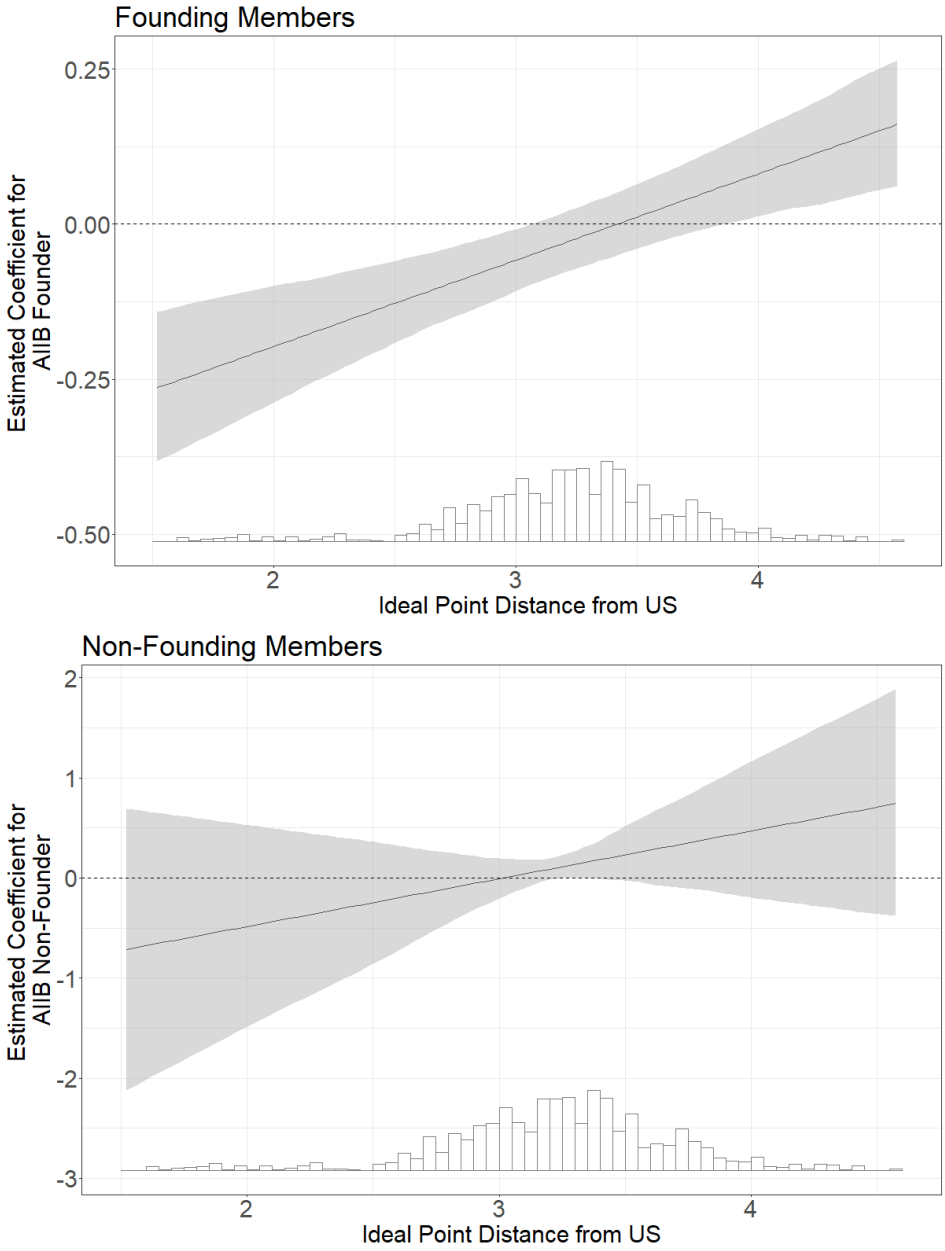
C.2 Include Founding Members

Table C.2: AIIB Non-Founder and US Votes in the World Bank (Founders Included)

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founding Membership	−0.055**	−0.022	−0.472***	−0.033	−0.030	−0.450***
	(0.024)	(0.027)	(0.133)	(0.023)	(0.025)	(0.133)
AIIB Non-Founding Membership	0.109**	0.084	−1.456**	0.102**	0.067	−1.926***
	(0.050)	(0.059)	(0.714)	(0.050)	(0.059)	(0.718)
UNGA Voting (Ideal Point distance from US)		−0.018	−0.040		−0.028	−0.047*
		(0.026)	(0.026)		(0.025)	(0.025)
AIIB Founding Membership × UNGA Voting			0.138***			0.129***
			(0.039)			(0.039)
AIIB Non-Founding Membership × UNGA Voting			0.483**			0.624***
			(0.218)			(0.219)
GDP per capita (log)		0.057	0.051		0.172***	0.170***
		(0.067)	(0.067)		(0.066)	(0.066)
Population (log)		0.414***	0.342**		0.303**	0.234*
		(0.138)	(0.141)		(0.137)	(0.140)
FDI inflow (% GDP)		0.0002	0.0002		0.0002	0.0002
		(0.0005)	(0.0005)		(0.0005)	(0.0005)
Debt service (% GNI)		0.001	0.002		0.001	0.001
		(0.001)	(0.001)		(0.001)	(0.001)
ODA received (% GNI)		0.0002	0.0001		0.001	0.001
		(0.001)	(0.001)		(0.001)	(0.001)
Polity		0.013***	0.012***		0.014***	0.013***
		(0.003)	(0.003)		(0.003)	(0.003)
Election		−0.008	−0.008		−0.006	−0.007
		(0.011)	(0.011)		(0.011)	(0.011)
Temporary UNSC member		−0.001	−0.003		−0.003	−0.006
		(0.016)	(0.016)		(0.016)	(0.016)
US Aid (log)		−0.009	−0.010		−0.012*	−0.013*
		(0.007)	(0.007)		(0.007)	(0.007)
Project amount (log)		−0.015***	−0.015***		−0.016***	−0.017***
		(0.005)	(0.005)		(0.005)	(0.005)
Infrastructure Project		−0.027***	−0.027***		−0.029***	−0.029***
		(0.009)	(0.009)		(0.009)	(0.009)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
Exclude China				✓	✓	✓
Average U.S. Support	88.5%	88.6%	88.6%	91.6%	92.1%	92.1%
Countries	73	62	62	72	61	61
Count: AIIB Founder	19	19	19	18	18	18
Count: AIIB Non-Founder	5	3	3	5	3	3
Observations	3,633	3,348	3,348	3,412	3,127	3,127
Adjusted R^2	0.246	0.269	0.272	0.131	0.145	0.150

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Founder × Post 2016 and AIIB Non-Founder × Post 2016) lagged by one year.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Figure C.1: Marginal Effects of AIIB Founder and Non-Founder on US Votes in the World Bank by Ideal Point Distance



Note: Marginal effects of AIIB Founding Members (top panel) and Non-Founding Members (bottom panel) are based on the regressions shown in Model 3 of Table C.2. The shaded area represents 95% confidence intervals. The histogram shows the distribution of ideal point distance from the United States. Projects are coded as infrastructure projects if at least 50 percent of the World Bank's appraisal costs fall into one or more of the following sectors: (1) Agriculture, (2) Energy & Extractives, (3) Info & Communication, (4) Transportation, (5) Water/Sanitation/Waste, and as non-infrastructure projects otherwise.

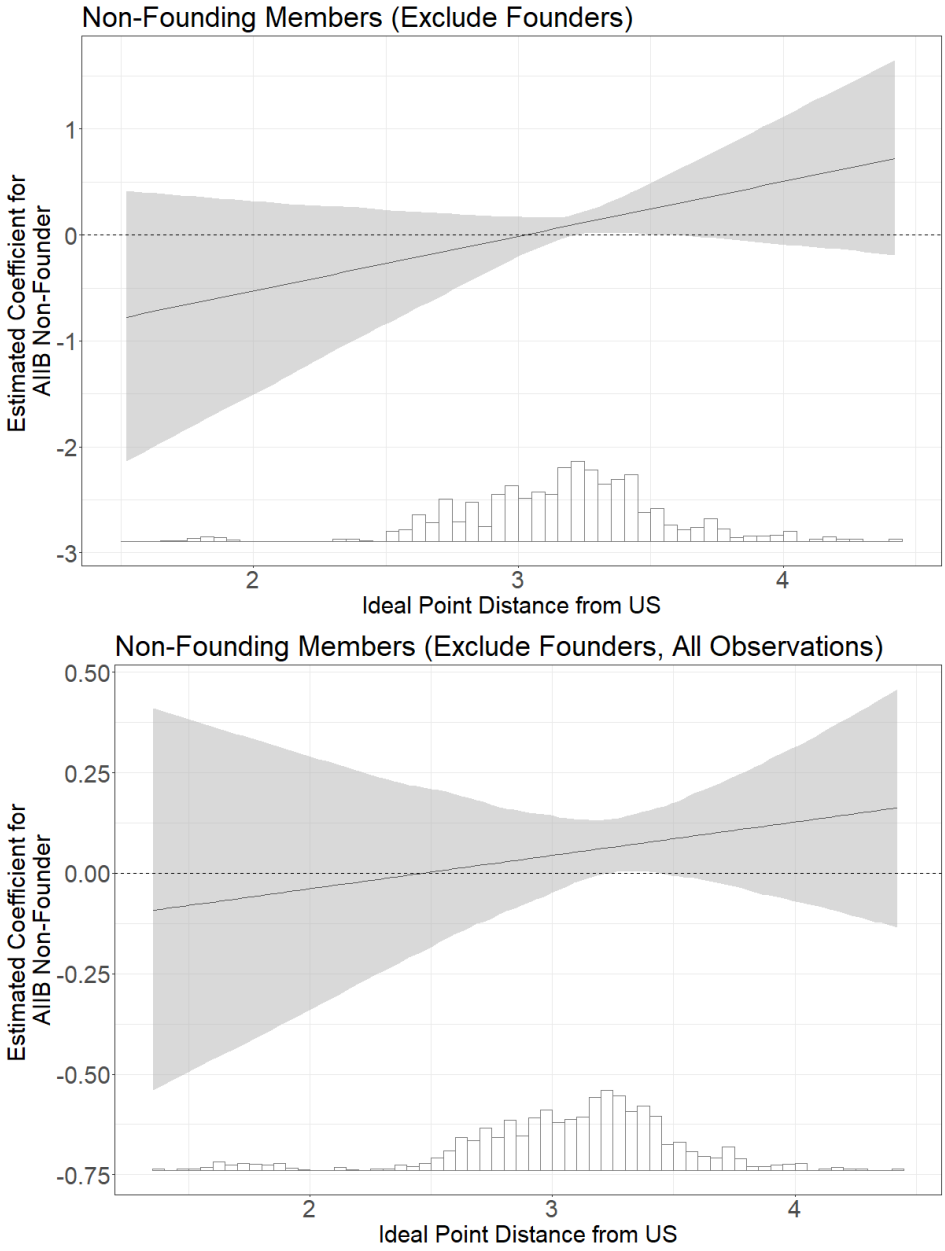
C.3 Exclude Founding Members

Table C.3: AIIB Non-Founder and US Votes in the World Bank (Founders Excluded)

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Non-Founding Membership	0.107**	0.091	−1.548**	0.062**	0.067	−0.192
	(0.052)	(0.061)	(0.731)	(0.029)	(0.042)	(0.265)
UNGA Voting (Ideal Point distance from US)		−0.007	−0.011		−0.018	−0.019
		(0.028)	(0.028)		(0.020)	(0.020)
AIIB Non-Founding Membership × UNGA Voting			0.511**			0.079
			(0.223)			(0.074)
GDP per capita (log)		0.104	0.116		0.050	0.052
		(0.088)	(0.089)		(0.059)	(0.059)
Population (log)		0.485***	0.463***		0.140	0.138
		(0.171)	(0.172)		(0.087)	(0.087)
FDI inflow (% GDP)		−0.001	−0.001		−0.001	−0.001
		(0.001)	(0.001)		(0.0005)	(0.0005)
Debt service (% GNI)		−0.002	−0.002		−0.001	−0.001
		(0.001)	(0.001)		(0.001)	(0.001)
ODA received (% GNI)		0.003**	0.003**		0.002*	0.002*
		(0.001)	(0.001)		(0.001)	(0.001)
Polity		0.018***	0.018***		0.012***	0.012***
		(0.005)	(0.005)		(0.003)	(0.003)
Election		−0.013	−0.014		−0.007	−0.007
		(0.014)	(0.014)		(0.009)	(0.009)
Temporary UNSC member		−0.026	−0.026		−0.018	−0.018
		(0.025)	(0.025)		(0.018)	(0.018)
US Aid (log)		−0.010	−0.010		−0.004	−0.004
		(0.009)	(0.009)		(0.006)	(0.006)
Project amount (log)		−0.020***	−0.020***		−0.013***	−0.013***
		(0.007)	(0.007)		(0.005)	(0.005)
Infrastructure Project		−0.027**	−0.028**		−0.018**	−0.018**
		(0.012)	(0.012)		(0.008)	(0.008)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
All Observations				✓	✓	✓
Average U.S. Support	91.1%	91.9%	91.9%	94.4%	94.6%	94.6%
Countries	51	42	42	108	75	75
Count: AIIB Non-Founder	5	3	3	12	9	9
Observations	2,106	1,853	1,853	3,418	2,820	2,820
Adjusted R^2	0.182	0.204	0.204	0.208	0.223	0.223

Notes: Results from ordinary least squares regression. Robust standard errors clustered at country level reported in parentheses. Project-level observations for 2004-2019. Dependent variable: binary indicator that equals one if the United States supports a specific IBRD/IDA project. Country-year level covariates (except for AIIB Non-Founder × Post 2016) lagged by one year.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Figure C.2: Marginal Effects of AIIB Non-Founder on US Votes in the World Bank by Ideal Point Distance (Founders Excluded)



Note: Marginal effects are based on the regressions shown in Model 3 and Model 6 of Table C.3. The shaded area represents 95% confidence intervals. The histogram shows the distribution of ideal point distance from the United States. Projects are coded as infrastructure projects if at least 50 percent of the World Bank's appraisal costs fall into one or more of the following sectors: (1) Agriculture, (2) Energy & Extractives, (3) Info & Communication, (4) Transportation, (5) Water/Sanitation/Waste, and as non-infrastructure projects otherwise.

D Congressional Influence on U.S. Votes in the World Bank

Central to U.S. votes in MDBs is the concept of executive discretion, overshadowing the likelihood of direct congressional dictate on specific votes. This section explores why such explicit directives from Congress are improbable and underscores the latitude available to U.S. executive directors. This discretion enables them to weigh votes in a manner that aligns with broader executive branch objectives, including those driven by geopolitical strategies.

The U.S. executive director, appointed by the President and confirmed by the Senate, is ostensibly under the Treasury Department's purview, which leads U.S. engagement with the World Bank. This arrangement does not, however, insulate U.S. policy towards multinational development banks from the legislative branch's influence, which asserts itself through policy guidance, voting restrictions, and the "power of the purse" (Bowles and Kormos 1994).

Congress's influence manifests in three significant ways. The "power of the purse" necessitates congressional authorization for U.S. financial commitments, while policy guidance and voting restrictions more directly steer U.S. votes. Policy guidance typically provides broad directives to encourage certain policy advocacies within MDBs, like promoting sustainable development and renewable energy. In contrast, voting restrictions explicitly dictate executive directors' votes on specific proposals, usually urging a ''no" or "abstain" position (Braaten et al. 2019; Nelson and Weiss 2014).

However, a close examination of the voting records indicate that voting restrictions are way less specific than one might expect. The Treasury's disclosure of U.S. executive directors' voting records, which includes explanations tied to specific congress legislation, initially suggests a pathway for congressional influence. These explanations often comprise a legislative code and a rationale for the vote. For instance, the most frequently cited legislation for non-supportive votes (24.1%), code 36 — P.L. 104-208, Sec. 576 (as amended by P.L. 105-118, Sec. 572) — mandates opposition to any MDB projects from countries failing to meet the following transparency and audit standards:

> (1) does not have in place a functioning system for reporting to civilian author-

ities audits of receipts and expenditures that fund activities of the armed forces and security forces;

(2) has not provided to the institution information about the audit process requested by the institution.

Following closely at second place (21.7%), code 9 — P.L. 95-118, Sec. 701 (as amended) — instructs the use of the "voice and vote" against MDB assistance to countries violating human rights.

However, these legislations also allow exceptions for projects deemed to "address basic human needs," a concept open to wide interpretation. Essentially, executive directors could still cast a supportive votes to countries that do not meet the above requirements if they conclude that the goal of the project is to promote basic human needs.

Despite these legislative references, a detailed examination reveals a broad interpretative scope provided to the U.S. executive directors. The specifics of legislation like codes 36 and 9, predominantly invoked for projects related to China (76% and 87%, respectively), underscore the geopolitical undertones rather than a prescriptive voting formula. Indeed, a significant portion (41.8%) of the rationale behind voting positions often merely states whether a project aligns with the vague criterion of "supporting basic human needs."

Furthermore, the Treasury frequently cites "Economic and policy considerations" (code 1) without linking to any particular legislation, suggesting a reliance on a broader set of evaluative criteria beyond the legislative mandates.

Given the broad and general nature of the policy guidance, coupled with the discretionary interpretation of exceptions within the legislative framework, it becomes clear that U.S. executive directors' voting behavior at the World Bank is far from being mechanically dictated by Congress. This significant degree of discretion not only allows for votes that reflect U.S. foreign policy and geopolitical priorities but also highlights the intricate dance of governance that characterizes U.S. participation in global financial institutions.

Appendix References

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