

In-Group Punishment in International Relations

U.S. Reaction to the Founding of China's AIIB

Jing Qian
New York University, Shanghai

Joint work with Jianzhi Zhao (Exeter) & James Vreeland (Princeton)

March 2, 2025 – ISA 2025
China and the Reconfiguration of Global Economic Governance

- Almost every World Bank project proposal presented to the board is approved.

- Almost every World Bank project proposal presented to the board is approved.
- Despite inconsequential, executive directors still cast non-affirmative votes.

- Almost every World Bank project proposal presented to the board is approved.
- Despite inconsequential, executive directors still cast non-affirmative votes.
- This is even true for the United States – country with the largest voting power.

- Almost every World Bank project proposal presented to the board is approved.
- Despite inconsequential, executive directors still cast non-affirmative votes.
- This is even true for the United States – country with the largest voting power.
- If votes on project proposals are nothing more than window dressing,

- Almost every World Bank project proposal presented to the board is approved.
- Despite inconsequential, executive directors still cast non-affirmative votes.
- This is even true for the United States – country with the largest voting power.
- If votes on project proposals are nothing more than window dressing,
- **Why does the United States choose to dress some windows, not others?**

- Almost every World Bank project proposal presented to the board is approved.
- Despite inconsequential, executive directors still cast non-affirmative votes.
- This is even true for the United States – country with the largest voting power.
- If votes on project proposals are nothing more than window dressing,
- **Why does the United States choose to dress some windows, not others?**

World Bank votes as tacit signals of disapproval

The Whole Paper on One Slide

- Finding: US is **less likely** to support new World Bank projects proposals by **AIIB founders** since AIIB establishment in 2016

The Whole Paper on One Slide

- Finding: US is **less likely** to support new World Bank projects proposals by **AIIB founders** since AIIB establishment in 2016
 - But **only** for countries that were **closely aligned** with the US

The Whole Paper on One Slide

- Finding: US is **less likely** to support new World Bank projects proposals by **AIIB founders** since AIIB establishment in 2016
 - But **only** for countries that were **closely aligned** with the US
- Argument: **In-group punishment** from socio-psychology

The Whole Paper on One Slide

- Finding: US is **less likely** to support new World Bank projects proposals by **AIIB founders** since AIIB establishment in 2016
 - But **only** for countries that were **closely aligned** with the US
- Argument: **In-group punishment** from socio-psychology
 - Punishment for defiance is more likely for in-group members

The Whole Paper on One Slide

- Finding: US is **less likely** to support new World Bank projects proposals by **AIIB founders** since AIIB establishment in 2016
 - But **only** for countries that were **closely aligned** with the US
- Argument: **In-group punishment** from socio-psychology
 - Punishment for defiance is more likely for in-group members
- The effect is more prominent for **non-infrastructure** projects

The Whole Paper on One Slide

- Finding: US is **less likely** to support new World Bank projects proposals by **AIIB founders** since AIIB establishment in 2016
 - But **only** for countries that were **closely aligned** with the US
- Argument: **In-group punishment** from socio-psychology
 - Punishment for defiance is more likely for in-group members
- The effect is more prominent for **non-infrastructure** projects
 - Where even AIIB founders still rely on the World Bank

The Whole Paper on One Slide

- Finding: US is **less likely** to support new World Bank projects proposals by **AIIB founders** since AIIB establishment in 2016
 - But **only** for countries that were **closely aligned** with the US
- Argument: **In-group punishment** from socio-psychology
 - Punishment for defiance is more likely for in-group members
- The effect is more prominent for **non-infrastructure** projects
 - Where even AIIB founders still rely on the World Bank
- Shed lights on understanding Sino-US competition in international economic governance (Broz et al. 2000; Qian et al. 2023)



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**



China Creates a World Bank of Its Own, and the U.S. Balks

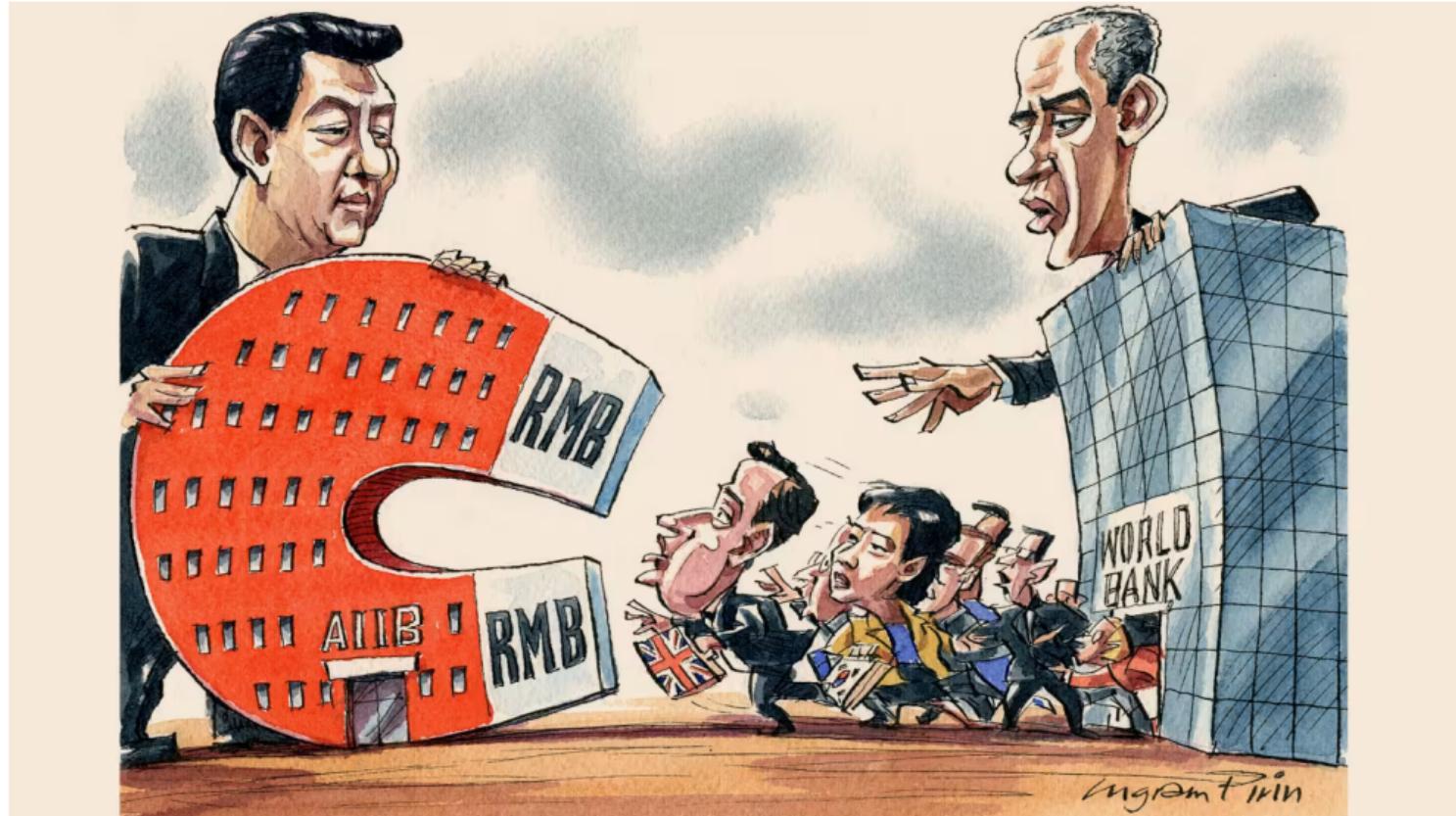
THE WALL STREET JOURNAL

MARKETS | HEARD ON THE STREET

Five Years On, China's World Bank Challenger Has Fallen Short of Lofty Predictions

S&P Global
Market Intelligence

China's World Bank alternative points to multilateral future without US



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

- US influence in MDBs

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

- US influence in MDBs
- Closely-aligned countries get privileges

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

- US influence in MDBs
- Closely-aligned countries get privileges
- With expectations for allegiance

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

- US influence in MDBs
- Closely-aligned countries get privileges
- With expectations for allegiance
- But some became AIIB founders, defying US public preference

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

- US influence in MDBs
- Closely-aligned countries get privileges
- With expectations for allegiance
- But some became AIIB founders, defying US public preference

Argument: US is more likely to punish closely-aligned AIIB founders

Empirical Setting: US Votes on World Bank Project Proposals

- Data from US Treasury
- 5,254 voting records in the World Bank
 - 16 years (2004 - 2019)
 - 137 countries (25 AIIB Founders)

Empirical Setting: US Votes on World Bank Project Proposals

- Data from US Treasury
- 5,254 voting records in the World Bank
 - 16 years (2004 - 2019)
 - 137 countries (25 AIIB Founders)
- Outcome Variable: US Support
 - US Support = 0 if abstain or object

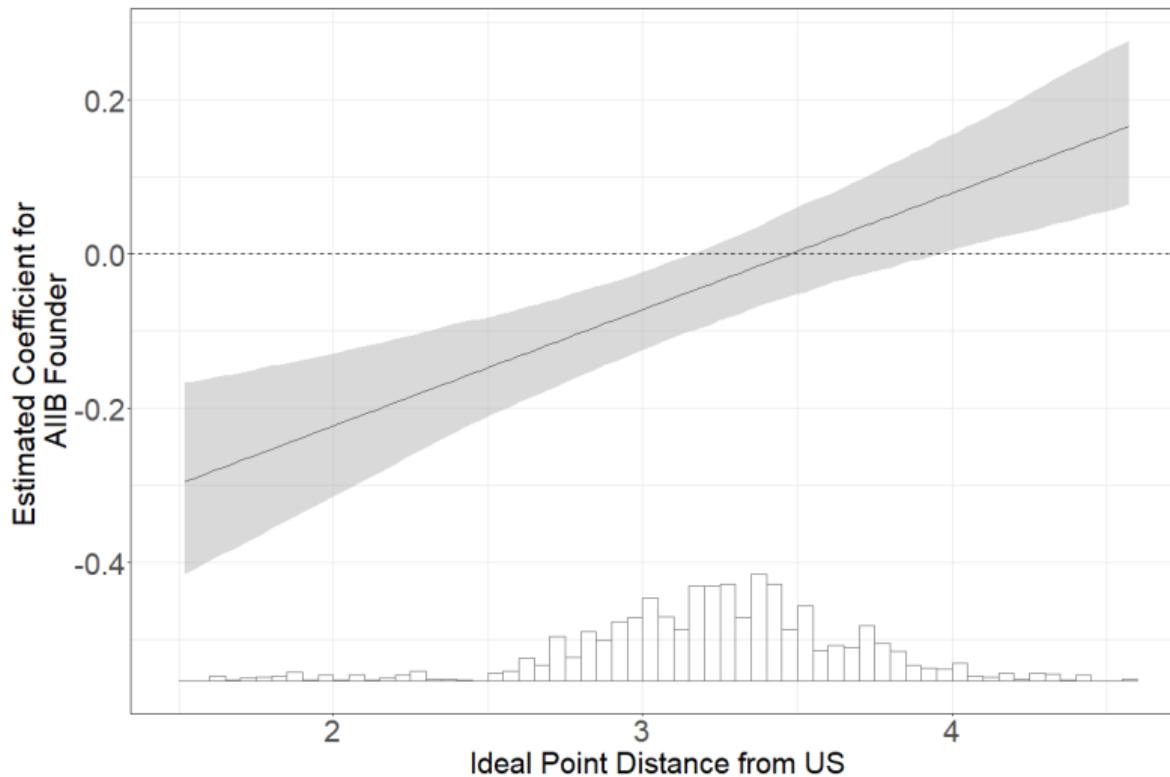
Empirical Setting: US Votes on World Bank Project Proposals

- Data from US Treasury
- 5,254 voting records in the World Bank
 - 16 years (2004 - 2019)
 - 137 countries (25 AIIB Founders)
- Outcome Variable: US Support
 - US Support = 0 if abstain or object
- Explanatory Variables
 - AIIB founder \times Post-2016 (same as Qian et al. 2023)

Empirical Setting: US Votes on World Bank Project Proposals

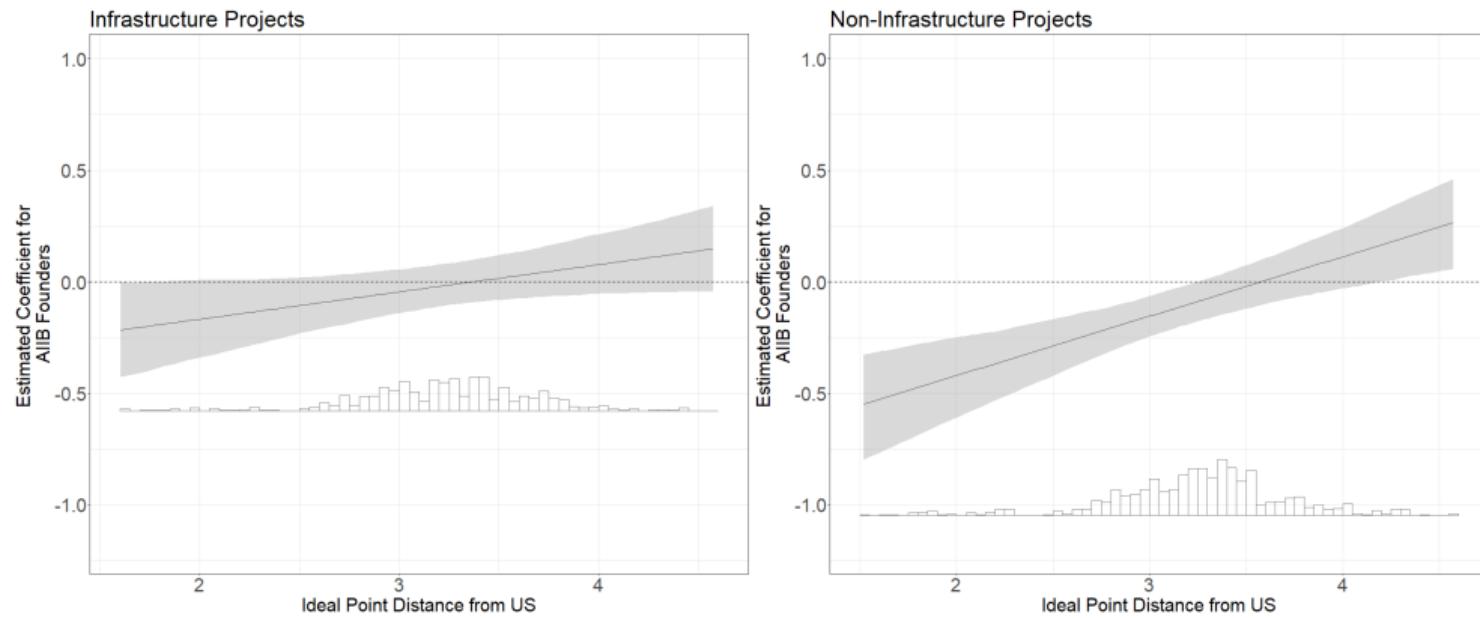
- Data from US Treasury
- 5,254 voting records in the World Bank
 - 16 years (2004 - 2019)
 - 137 countries (25 AIIB Founders)
- Outcome Variable: US Support
 - US Support = 0 if abstain or object
- Explanatory Variables
 - AIIB founder × Post-2016 (same as Qian et al. 2023)
 - **Proxy for US in-group members** – UNGA Ideal Point Distance (Bailey et al. 2017)

↓ US Support for Closely-Aligned AIIB Founders after 2016



▶ Table

Effects Concentrate in Non-Infrastructure Projects



► Table

Thank you!

jingqian@nyu.edu

jingqian.org

Robustness

- Formal Membership
- US Distant
- Conditional Logit
- Multiple Imputation
- All Observations

Non-Founding Members

- Results incl. Founders
- Results excl. Founders

Congressional Influence

- Top Cited Legislation

AIIB Founder and Affirmative US Votes at the World Bank

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founder × Post 2016	-0.074*** (0.024)	-0.040 (0.028)	-0.526*** (0.143)	-0.045* (0.024)	-0.041 (0.027)	-0.497*** (0.143)
UNGA Voting (Ideal Point distance from US)		-0.020 (0.026)	-0.039 (0.026)		-0.029 (0.025)	-0.044* (0.025)
AIIB Founder × Post 2016 × UNGA Voting			0.151*** (0.043)			0.142*** (0.043)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
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: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

► TOC ► back

Effects Concentrate in Non-Infrastructure Projects

	Infrastructure		Non-Infrastructure	
	(1)	(2)	(3)	(4)
AIIB Founder × Post 2016	-0.415** (0.203)	-0.396** (0.201)	-0.950*** (0.270)	-0.907*** (0.274)
UNGA Voting (Ideal Point distance from US)	-0.003 (0.053)	0.017 (0.052)	-0.128*** (0.039)	-0.134*** (0.039)
AIIB Founder × Post 2016 × UNGA Voting	0.123** (0.060)	0.115* (0.059)	0.266*** (0.082)	0.258*** (0.083)
Country Fixed effects	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓
Controls	✓	✓	✓	✓
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: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

► TOC ► back

Robustness: Formal Founding Membership

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founding Membership	-0.063*** (0.023)	-0.028 (0.027)	-0.468*** (0.133)	-0.040* (0.023)	-0.035 (0.025)	-0.444*** (0.133)
UNGA Voting (Ideal Point distance from US)		-0.017 (0.026)	-0.036 (0.026)		-0.027 (0.025)	-0.043* (0.025)
AIIB Founding Membership × UNGA Voting			0.136*** (0.039)			0.126*** (0.039)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
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: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

► TOC ► back

Robustness: Alternative Coding of U.S. Distant

	(1)	(2)
AIIB Founder × Post 2016	-0.213*** (0.063)	-0.229*** (0.062)
US Distant	-0.089*** (0.024)	-0.090*** (0.024)
AIIB Founder × Post 2016 × US Distant	0.198*** (0.062)	0.220*** (0.061)
Country Fixed effects	✓	✓
Year Fixed effects	✓	✓
Controls	✓	✓
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: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

► TOC ► back

Robustness: Conditional Logit

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founder × Post 2016	-0.760*** (0.290)	-0.407 (0.363)	-5.860*** (1.953)	-0.585* (0.326)	-0.492 (0.404)	-6.011*** (2.003)
UNGA Voting (Ideal Point distance from US)		-0.192 (0.395)	-0.539 (0.419)		-0.208 (0.427)	-0.504 (0.440)
AIIB Founder × Post 2016 × UNGA Voting			1.711*** (0.609)			1.723*** (0.621)
Country Fixed Effects	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
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: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

► TOC ► back

Robustness: Multiple Imputation

	(1)	(2)
AIIB Founder × Post 2016	-0.619*** (0.140)	-0.580*** (0.141)
UNGA Voting (Ideal Point distance from US)	-0.036 (0.026)	-0.041 (0.026)
AIIB Founder × Post 2016 × UNGA Voting	0.168*** (0.042)	0.158*** (0.042)
Country Fixed Effects	✓	✓
Year Fixed Effects	✓	✓
Controls	✓	✓
Exclude China		✓
Average U.S. Support	88.5%	91.7%
Countries	73	72
Count: AIIB Founder	20	19
Observations	3628	3407

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

▶ TOC ▶ back

Robustness: OLS with All Observations

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founder × Post 2016	-0.063*** (0.019)	-0.040* (0.020)	-0.514*** (0.138)	-0.038** (0.019)	-0.033* (0.020)	-0.478*** (0.139)
UNGA Voting (Ideal Point distance from US)		-0.016 (0.019)	-0.031 (0.019)		-0.025 (0.018)	-0.036** (0.018)
AIIB Founder × Post 2016 × UNGA Voting			0.149*** (0.042)			0.139*** (0.042)
Country Fixed effects	✓	✓	✓	✓	✓	✓
Year Fixed effects	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
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: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

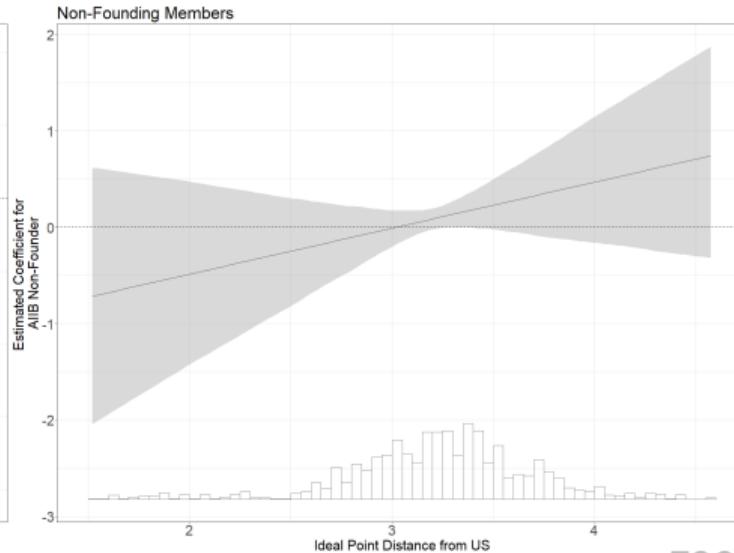
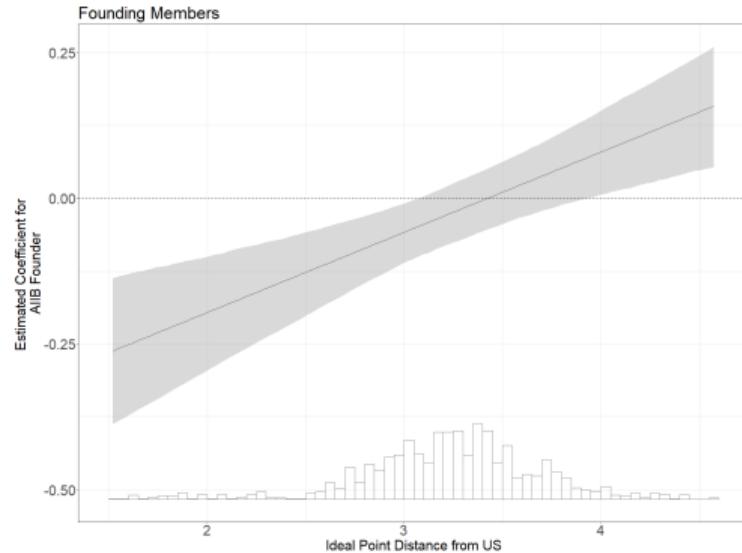
► TOC ► back

AIIB Non-Founder and Affirmative US Votes at the World Bank (Founders Included)

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Founding Membership	-0.055** (0.024)	-0.022 (0.027)	-0.472*** (0.133)	-0.033 (0.023)	-0.030 (0.025)	-0.450*** (0.133)
AIIB Non-Founding Membership	0.109** (0.050)	0.084 (0.059)	-1.456** (0.714)	0.102** (0.050)	0.067 (0.059)	-1.926*** (0.718)
UNGA Voting (Ideal Point distance from US)		-0.018 (0.026)	-0.040 (0.026)		-0.028 (0.025)	-0.047* (0.025)
AIIB Founding Membership × UNGA Voting			0.138*** (0.039)			0.129*** (0.039)
AIIB Non-Founding Membership × UNGA Voting			0.483** (0.218)			0.624*** (0.219)
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

► TOC

In-Group Punishment Only for Founding Members



▶ TOC

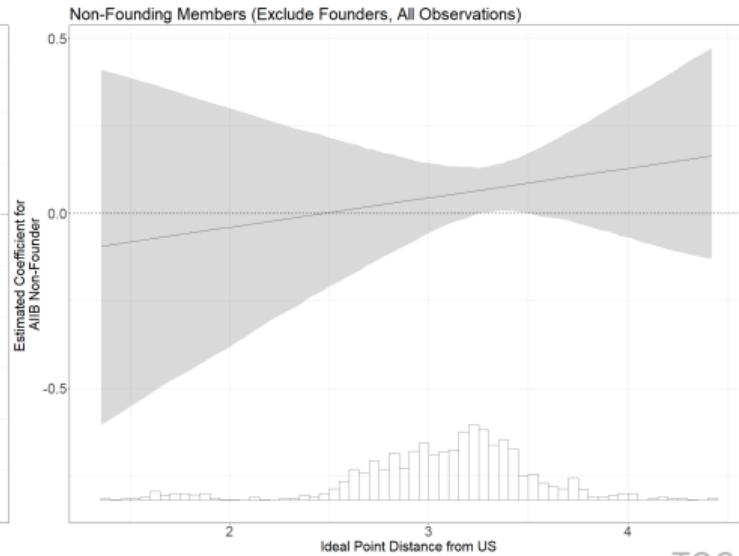
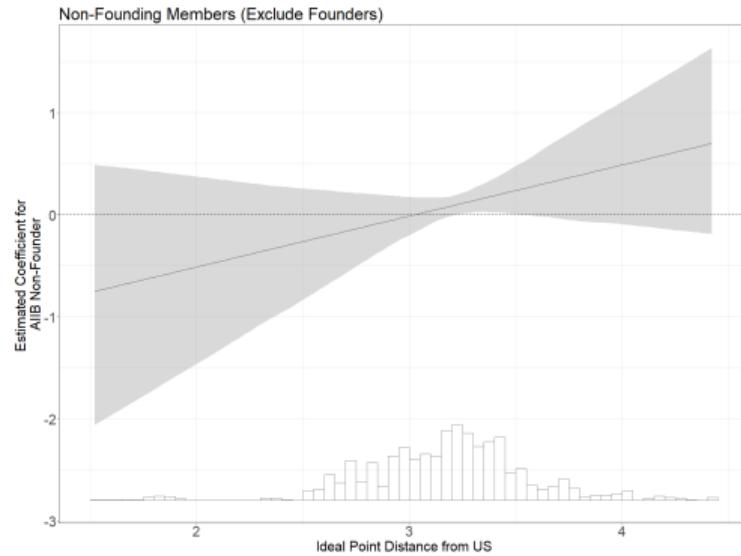
AIIB Non-Founder and Affirmative US Votes at the World Bank (Founders Excluded)

	(1)	(2)	(3)	(4)	(5)	(6)
AIIB Non-Founding Membership	0.107** (0.052)	0.091 (0.061)	-1.548** (0.731)	0.062** (0.029)	0.067 (0.042)	-0.192 (0.265)
UNGA Voting (Ideal Point distance from US)		-0.007 (0.028)	-0.011 (0.028)		-0.018 (0.020)	-0.019 (0.020)
AIIB Non-Founding Membership × UNGA Voting			0.511** (0.223)			0.079 (0.074)
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: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

► TOC

In-Group Punishment Only for Founding Members



► TOC

Top 3 Cited Legislation

1. Code 36 (24.1%): P.L. 104-208, Sec. 576
 - Transparency of budgets: audit of military expenditures
 - 76% used against China
 - **The assistance does not support basic human needs**
2. Code 8 (21.7%): P.L. 95-118, Sec. 701
 - Human rights violations
 - 87% used against China
 - **The assistance does not support basic human needs.**
3. Code 1 (18.0%): Executive Directors' Discretion
 - **Economic and policy considerations**

▶ TOC

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world
- Rise of the China-initiated AIIB as the potential alternative

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world
- Rise of the China-initiated AIIB as the potential alternative
 - Founded in 2016 with 57 founding members

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world
- Rise of the China-initiated AIIB as the potential alternative
 - Founded in 2016 with 57 founding members
 - By now, 109 members (including 12 prospective)

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world
- Rise of the China-initiated AIIB as the potential alternative
 - Founded in 2016 with 57 founding members
 - By now, 109 members (including 12 prospective)
- US opposed governments to join the AIIB **before its establishment**

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world
- Rise of the China-initiated AIIB as the potential alternative
 - Founded in 2016 with 57 founding members
 - By now, 109 members (including 12 prospective)
- US opposed governments to join the AIIB **before its establishment**
 - 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)

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world
- Rise of the China-initiated AIIB as the potential alternative
 - Founded in 2016 with 57 founding members
 - By now, 109 members (including 12 prospective)
- US opposed governments to join the AIIB **before its establishment**
 - 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)

How would the US respond to countries helped to found the AIIB?

The United States and the AIIB

- US-led World Bank: Traditional leader in international development finance facing criticism from the developing world
- Rise of the China-initiated AIIB as the potential alternative
 - Founded in 2016 with 57 founding members
 - By now, 109 members (including 12 prospective)
- US opposed governments to join the AIIB **before its establishment**
 - 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)

How would the US respond to countries helped to found the AIIB?

- **Punish its in-group members that helped founding the AIIB**

Punishment of In-Group Members

- In-group favoritism (Brewer 1979; Mullen et al. 1992; Perdue et al. 1990, etc.)

Punishment of In-Group Members

- In-group favoritism (Brewer 1979; Mullen et al. 1992; Perdue et al. 1990, etc.)
- Higher expectation of cooperation for in-group members (Brewer 1999; Bernhard et al. 2006; Tajfel et al. 1971)

Punishment of In-Group Members

- In-group favoritism (Brewer 1979; Mullen et al. 1992; Perdue et al. 1990, etc.)
- Higher expectation of cooperation for in-group members (Brewer 1999; Bernhard et al. 2006; Tajfel et al. 1971)
- However, self-interest might eclipse collective goals (Ostrom 1990)

Punishment of In-Group Members

- In-group favoritism (Brewer 1979; Mullen et al. 1992; Perdue et al. 1990, etc.)
- Higher expectation of cooperation for in-group members (Brewer 1999; Bernhard et al. 2006; Tajfel et al. 1971)
- However, self-interest might eclipse collective goals (Ostrom 1990)
- Punishment as a corrective measure to promote in-group solidarity (Ostrom et al. 1992; Yamagishi 1986, 1988; Balliet and Van Lange 2013)

Punishment of In-Group Members

- In-group favoritism (Brewer 1979; Mullen et al. 1992; Perdue et al. 1990, etc.)
- Higher expectation of cooperation for in-group members (Brewer 1999; Bernhard et al. 2006; Tajfel et al. 1971)
- However, self-interest might eclipse collective goals (Ostrom 1990)
- Punishment as a corrective measure to promote in-group solidarity (Ostrom et al. 1992; Yamagishi 1986, 1988; Balliet and Van Lange 2013)
 - Punishment as second-degree cooperation (Fehr and Gächter 2002; Fehr et al. 2002; Price et al. 2002)

Punishment of In-Group Members

- In-group favoritism (Brewer 1979; Mullen et al. 1992; Perdue et al. 1990, etc.)
- Higher expectation of cooperation for in-group members (Brewer 1999; Bernhard et al. 2006; Tajfel et al. 1971)
- However, self-interest might eclipse collective goals (Ostrom 1990)
- Punishment as a corrective measure to promote in-group solidarity (Ostrom et al. 1992; Yamagishi 1986, 1988; Balliet and Van Lange 2013)
 - Punishment as second-degree cooperation (Fehr and Gächter 2002; Fehr et al. 2002; Price et al. 2002)
- Deviations by in-group members are perceived with heightened sensitivity (Valenzuela and Srivastava 2012)

Punishment of In-Group Members

- In-group favoritism (Brewer 1979; Mullen et al. 1992; Perdue et al. 1990, etc.)
- Higher expectation of cooperation for in-group members (Brewer 1999; Bernhard et al. 2006; Tajfel et al. 1971)
- However, self-interest might eclipse collective goals (Ostrom 1990)
- Punishment as a corrective measure to promote in-group solidarity (Ostrom et al. 1992; Yamagishi 1986, 1988; Balliet and Van Lange 2013)
 - Punishment as second-degree cooperation (Fehr and Gächter 2002; Fehr et al. 2002; Price et al. 2002)
- Deviations by in-group members are perceived with heightened sensitivity (Valenzuela and Srivastava 2012)
- Punishment for defiance is more likely for in-group members (Shinada et al. 2004; Mendoza et al. 2014)

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

- US influence in MDBs via formal and informal channels

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

- US influence in MDBs via formal and informal channels
- Closely aligned countries are often granted preferential treatment

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

- US influence in MDBs via formal and informal channels
- Closely aligned countries are often granted preferential treatment
- However, they are also expected to heightened standards of allegiance

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

- US influence in MDBs via formal and informal channels
- Closely aligned countries are often granted preferential treatment
- However, they are also expected to heightened standards of allegiance
- But some chose to help found the AIIB, defying US public preference

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

- US influence in MDBs via formal and informal channels
- Closely aligned countries are often granted preferential treatment
- However, they are also expected to heightened standards of allegiance
- But some chose to help found the AIIB, defying US public preference

Argument: US is more likely to punish closely-aligned AIIB founders

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

- US influence in MDBs via formal and informal channels
- Closely aligned countries are often granted preferential treatment
- However, they are also expected to heighten standards of allegiance
- But some chose to help found the AIIB, defying US public preference

Argument: US is more likely to punish closely-aligned AIIB founders

- Expectations of loyalty

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

- US influence in MDBs via formal and informal channels
- Closely aligned countries are often granted preferential treatment
- However, they are also expected to heighten standards of allegiance
- But some chose to help found the AIIB, defying US public preference

Argument: US is more likely to punish closely-aligned AIIB founders

- Expectations of loyalty
- Strategic considerations

World Bank Votes as a Tacit Signal of Punishment

- AIIB as the potential alternative to the World Bank

World Bank Votes as a Tacit Signal of Punishment

- AIIB as the potential alternative to the World Bank
- World Bank votes as clear expression of US sentiment

World Bank Votes as a Tacit Signal of Punishment

- AIIB as the potential alternative to the World Bank
- World Bank votes as clear expression of US sentiment
 - In contrast, informal channels might be ambiguous

World Bank Votes as a Tacit Signal of Punishment

- AIIB as the potential alternative to the World Bank
- World Bank votes as clear expression of US sentiment
 - In contrast, informal channels might be ambiguous
- Votes cast in semi-public space with Bank's senior leadership and EDs

World Bank Votes as a Tacit Signal of Punishment

- AIIB as the potential alternative to the World Bank
- World Bank votes as clear expression of US sentiment
 - In contrast, informal channels might be ambiguous
- Votes cast in semi-public space with Bank's senior leadership and EDs
- Prevailing norm toward unanimous support makes any deviation notable
(Kaja and Weker 2010)
 - Especially if coming from the US

World Bank Votes as a Tacit Signal of Punishment

- AIIB as the potential alternative to the World Bank
- World Bank votes as clear expression of US sentiment
 - In contrast, informal channels might be ambiguous
- Votes cast in semi-public space with Bank's senior leadership and EDs
- Prevailing norm toward unanimous support makes any deviation notable
(Kaja and Weker 2010)
 - Especially if coming from the US

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.

Data on US Voting Behavior in the World Bank

- Data from US Treasury
- Monthly voting records of the US executive director in various MDBs

Data on US Voting Behavior in the World Bank

- Data from US Treasury
- Monthly voting records of the US executive director in various MDBs
- We focus on US votes on World Bank projects (IBRD & IDA)

Data on US Voting Behavior in the World Bank

- Data from US Treasury
- Monthly voting records of the US executive director in various MDBs
- We focus on US votes on World Bank projects (IBRD & IDA)
- Three possible voting positions
 - Support (91.7%); Abstain (6.6%); No (1.4%)

Data on US Voting Behavior in the World Bank

- Data from US Treasury
- Monthly voting records of the US executive director in various MDBs
- We focus on US votes on World Bank projects (IBRD & IDA)
- Three possible voting positions
 - Support (91.7%); Abstain (6.6%); No (1.4%)
- Matched all voting records with approved projects
 - 99% + proposals not supported by the US still approved

Sample

- 5,254 US voting records in the World Bank, across:
- 16 years (2004 - 2019)
- 137 countries (25 AIIB Founders)

Data

Outcome Variable: US Support

- US Support = 0 if abstain or object

Data

Outcome Variable: US Support

- US Support = 0 if abstain or object

Explanatory Variables

- AIIB founder \times Post-2016 (same as Qian et al. 2023)

Data

Outcome Variable: US Support

- US Support = 0 if abstain or object

Explanatory Variables

- AlIB founder \times Post-2016 (same as Qian et al. 2023)
- **Proxy for US in-group members** – UNGA Ideal Point Distance (Bailey et al. 2017)

Data

Outcome Variable: US Support

- US Support = 0 if abstain or object

Explanatory Variables

- AIIIB founder \times Post-2016 (same as Qian et al. 2023)
- **Proxy for US in-group members** – UNGA Ideal Point Distance (Bailey et al. 2017)

Covariates

- Country-year level: GDP pc, population, FDI inflow, debt service, ODA received, Polity, Election, UNSC, US Aid
- Project-level: Project amount, infrastructure project

Specification

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

- Baseline model: OLS with clustered SE
- Robustness: Conditional Logit

Robustness Checks

1. Formal AIIB founding membership ➔
2. Alternative measure of “US Distant” (Lang and Presbitero 2018) ➔
3. Conditional logit model ➔
4. Multiple imputation of missing covariates ➔
5. OLS using countries with non-varying DV (Beck 2020) ➔

Implications

Implications

- US casts unsupportive votes in the World Bank against AIIB founders that were more closely aligned with US preferences, exempting more distant countries.

Implications

- US casts unsupportive votes in the World Bank against AIIB founders that were more closely aligned with US preferences, exempting more distant countries.
- World Bank votes as a form of gestural punishment

Implications

- US casts unsupportive votes in the World Bank against AIIB founders that were more closely aligned with US preferences, exempting more distant countries.
- World Bank votes as a form of gestural punishment
 - Signals of disapproval despite ultimate project approval

Implications

- US casts unsupportive votes in the World Bank against AIIB founders that were more closely aligned with US preferences, exempting more distant countries.
- World Bank votes as a form of gestural punishment
 - Signals of disapproval despite ultimate project approval
 - Emphasize countries' continued reliance on the World Bank for non-infrastructure financing.

Implications

- US casts unsupportive votes in the World Bank against AIIB founders that were more closely aligned with US preferences, exempting more distant countries.
- World Bank votes as a form of gestural punishment
 - Signals of disapproval despite ultimate project approval
 - Emphasize countries' continued reliance on the World Bank for non-infrastructure financing.
- Potential competition between China-led and US-led international institutions

Implications

- US casts unsupportive votes in the World Bank against AIIB founders that were more closely aligned with US preferences, exempting more distant countries.
- World Bank votes as a form of gestural punishment
 - Signals of disapproval despite ultimate project approval
 - Emphasize countries' continued reliance on the World Bank for non-infrastructure financing.
- Potential competition between China-led and US-led international institutions
- The balance of attracting new allies while retaining longstanding friends.