

The Cost of a Better World: Are Borrower Countries' Citizens Willing to Pay for Progressive IMF Programs?

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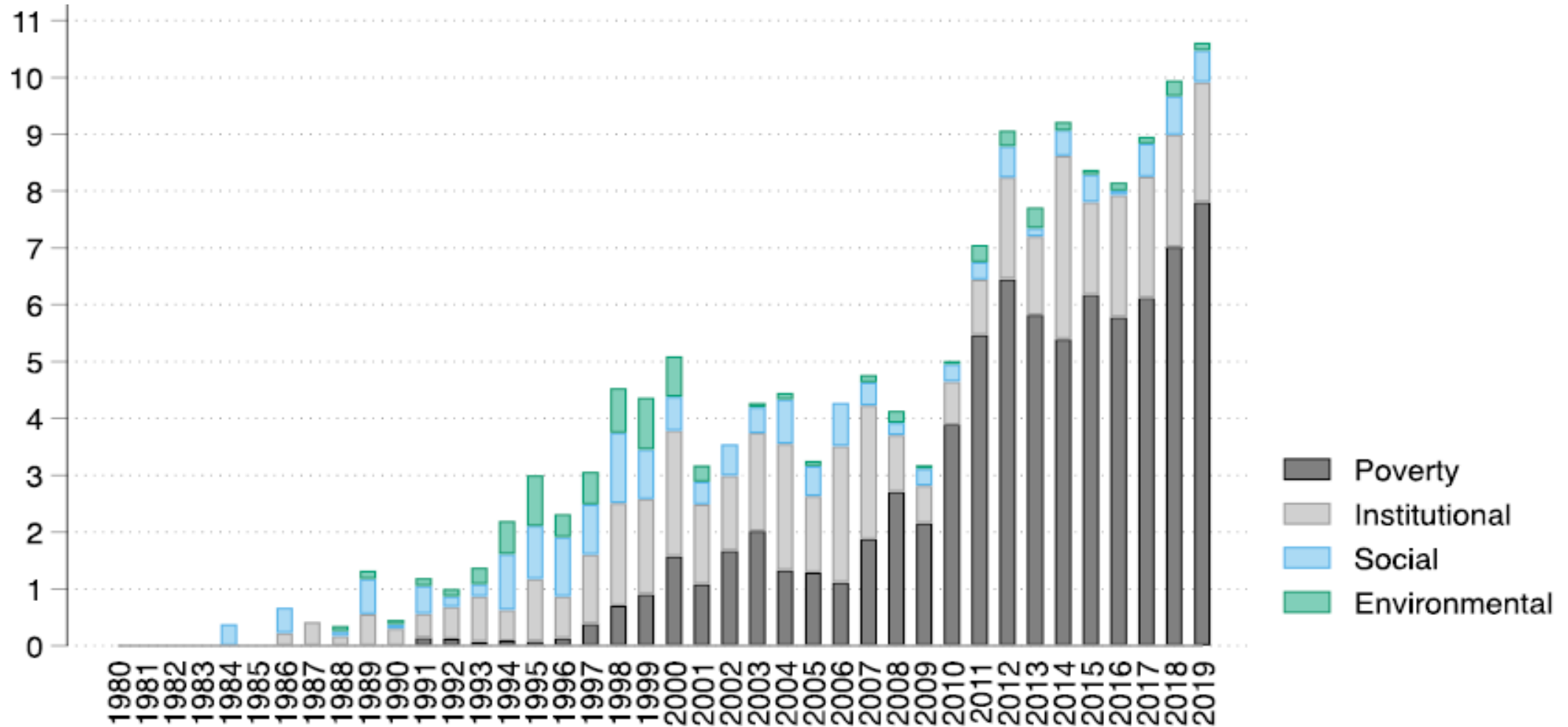
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IMF conditions in GRID areas



Motivation and background

- IFIs increasingly pressed to respond to the big challenges of our time: poverty and inequality, climate change, and gender discrimination
- IMF expanded its policy scope to include a broader set of policies meant to promote green, inclusive, and resilient growth
- **How does this affect support for the IMF in borrowing countries?**

Existing literature

- Support for IMF policies typically conceived in two ways (Reinsberg, Stubbs, and Bujnoch 2023)
 - **Hardship effect:** People oppose IMF conditions because they undermine their livelihoods
 - **Alienation effect:** People resent interference of IFIs into domestic politics
- We consider that people may hold preferences over policy interventions by the Fund

Theoretical expectations

- Citizens might support the move toward GRID conditionality
- Most people would find policies tackling gender inequality, climate change, government corruption, and poverty desirable—even though they may be disliked by some partisans
- **We expect citizens to support IMF programs more when programs entail GRID conditionality**



Empirical strategy

- Survey experiment in three diverse IMF borrower countries—Argentina, Kenya, and Pakistan—in April 2023
- Nationally representative panels from YouGov in Argentina and Pakistan and internet-representative in Kenya
- Conjoint experiment proposing two hypothetical loans with different conditionality profiles
- Each respondent rated two profiles (N=5,388)—outcome variable is “support for program” on a six-point scale

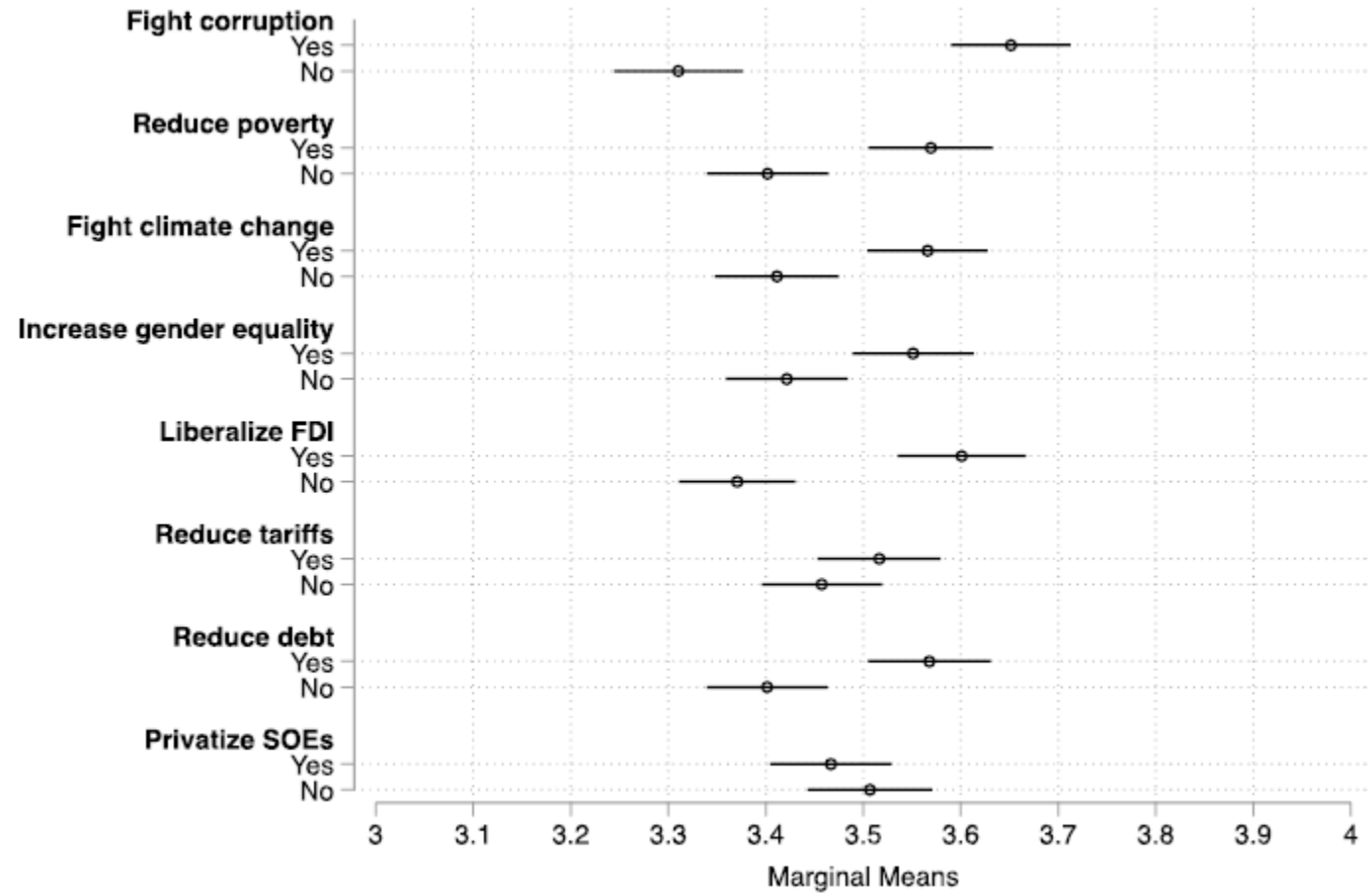
Your country is a member of the International Monetary Fund—an international organization with 190 member countries that gives bailouts to countries when they are in financial trouble.

In exchange for lending countries money, the organization expects them to change some of their laws and policies. Let's assume that your country is in financial trouble.

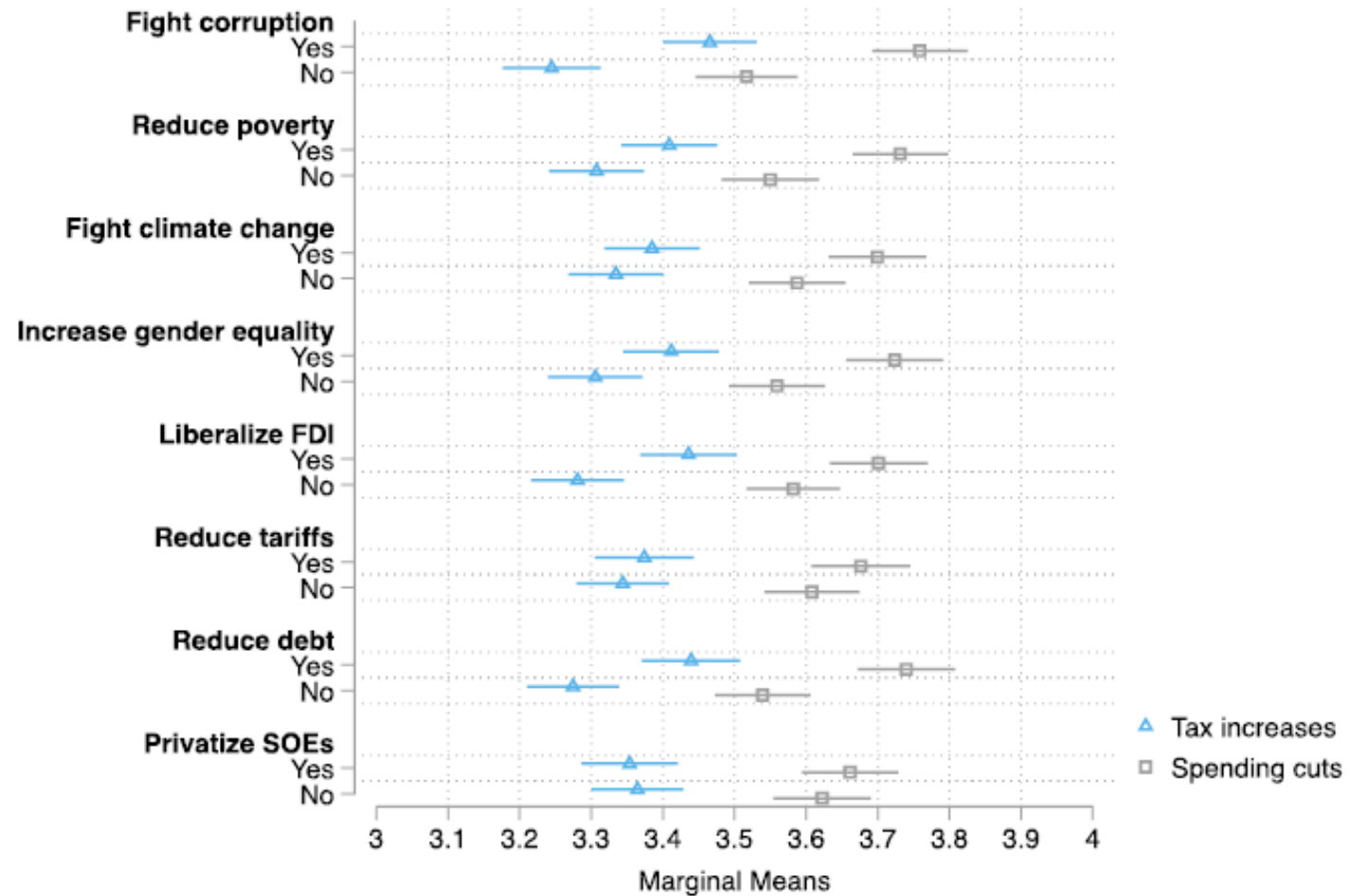
The table below lists two hypothetical International Monetary Fund loans for your country. On the left side of the table, you see the requirements of the different loans. Please consider them carefully and answer the questions below.

Requires your country to:	Loan A	Loan B
Open up to foreign investors	Yes/No	Yes/No
Remove taxes on imports	Yes/No	Yes/No
Reduce its debt	Yes/No	Yes/No
Fight corruption	Yes/No	Yes/No
Introduce more anti-poverty policies	Yes/No	Yes/No
Privatize state-owned companies	Yes/No	Yes/No
Fight climate change	Yes/No	Yes/No
Improve gender equality	Yes/No	Yes/No

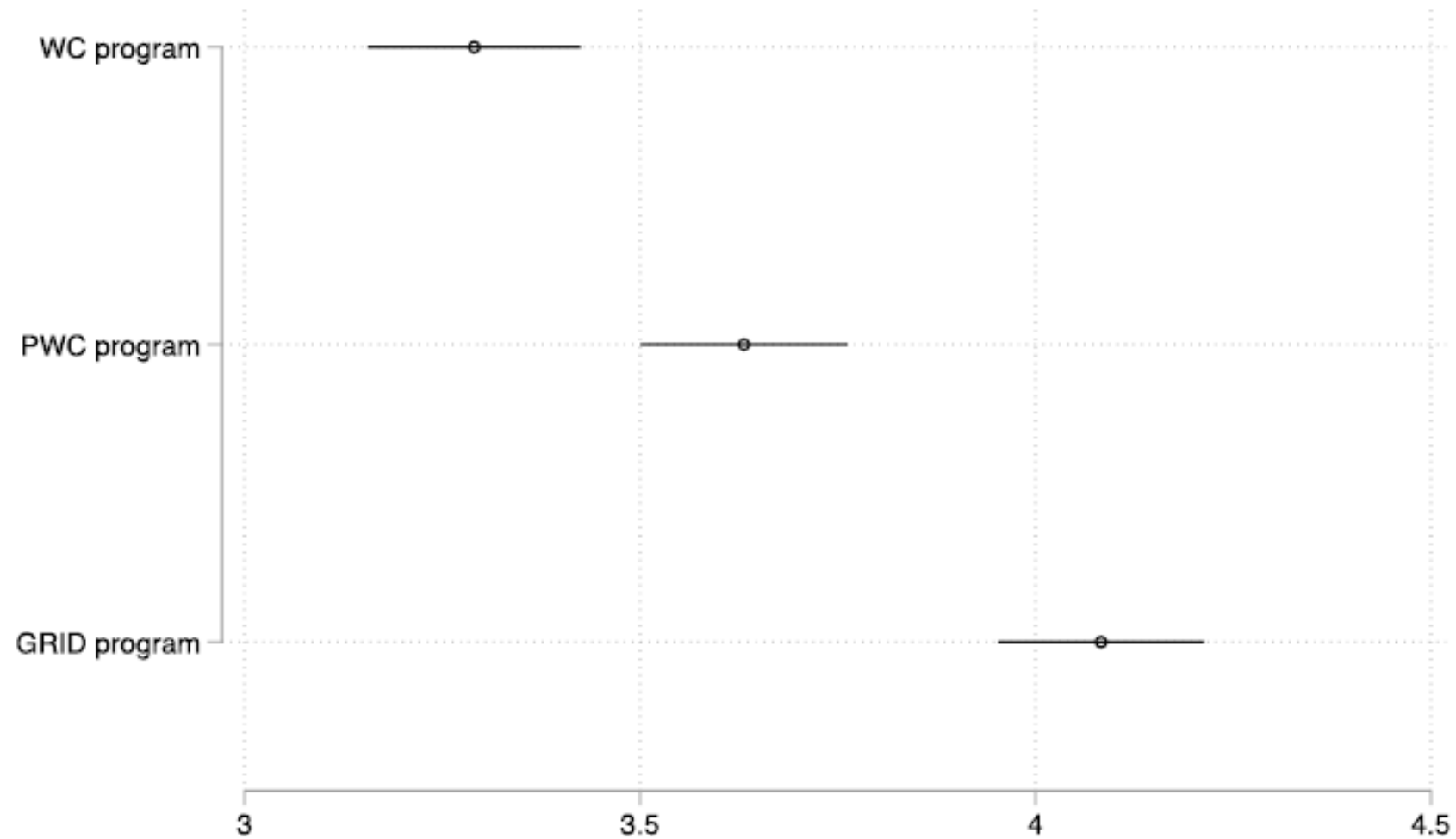
Support for IMF program across treatments



Willingness to pay more taxes and endure spending cuts



Simulated levels of support for typical programs



Conclusion

- We study how the expansion of IMF activities into GRID issues affects public support for IMF programs in borrowing countries
- Citizens support IMF programs with GRID conditionality and are more willing to accept the negative consequences of IMF programs when these programs include policy areas citizens care about.
- GRID program attracts 24% more support than a traditional program

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Annex

Contributions

- Public support for IOs (Buchanan and Keohane 2006; Chow and Han 2022; Dellmuth and Tallberg 2020; Ghassim, Koenig-Archibugi, and Cabrera 2022; Nielson, Hyde, and Kelley 2019) and democratic deficit of IOs (Koenig-Archibugi 2017; Lang 2020; Moravcsik 2004)
- Publics dislike intrusive conditionality (Clark, Dolan, and Zeitz 2023; Milner, Nielson, and Findley 2016)—literature on “IMF protests” (Walton and Ragin 1990; Auvinen 1996; Reinsberg, Stubbs, and Bujnoch 2023)—under conditions of scope expansion of IOs
- Generalizability beyond IMF (Kural, Dellmuth, and Gustafsson 2021; Pollack and Hafner-Burton 2010; Tallberg et al. 2020; Weaver 2010)

Robustness tests

- All GRID areas appear to perform equally well with people
- Sample is broadly representative of IMF borrowers (our sample looks in fact more conservative)
- Left-wing individuals less movable than right-wing individuals
- Separate models for each country
- Individual-level covariates
- No probability weights
- Adjustment for multiple testing