Lobbying for Conditionality

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Research Motivation

Puzzle

- Two opposite findings in the IMF literature
    - Financial firms want more conditionality: market access (Dang and Stone, 2021; Frieden, 1991; Gould, 2003, 2006; Helleiner, 1995)
    - High US bank exposure leads to less conditionality (Copelovitch, 2010a,b; Stone, 2011)

Reconciliation

- Financial firms are interested in both!
- Financial market deregulation achieved through financial conditionality $\longrightarrow$ easier market access (Dang and Stone, 2021)
- Banking crisis $\longrightarrow$ weaker IMF leverage: less conditionality

Data & Methods

Data

- Program-level (quarterly)
    - Program conditionality: IMF Monitor
    - IMF program negotiation dates (Ferry and Zeitz, 2024)
    - a visit by the IMF Mission to the country's capital
- Firm-level (quarterly)
    - LobbyView (Kim, 2018)
    - {Congress, Treasury} $\times$ {Finance, Banking}

Methods

- Conditionality analysis: TWFE OLS
  - DV: #QPCs, #SBs (financial conditionality) / #labor conditions
  - EV: firm-lobbying aggregated at the program-country-quarter level
- Lobbying analysis: PanelMatch (Imai et al., 2023)
  - DV: Firm-quarter lobbying
  - Treatment: Affil. in program country $\times$ negotiation onset
  - Covariate-balanced propensity score (CBPS) weighting
    - total # US investments; total # non-US investments; total # lobbying (minus BAN or FIN)

Results

Conditionality results

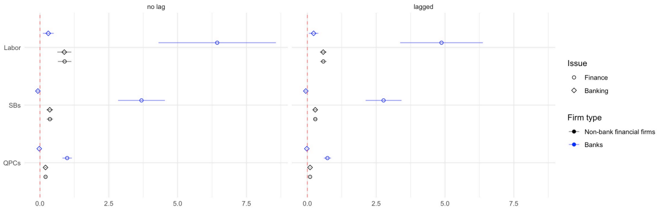


Figure 1: Conditionality and congressional lobbying

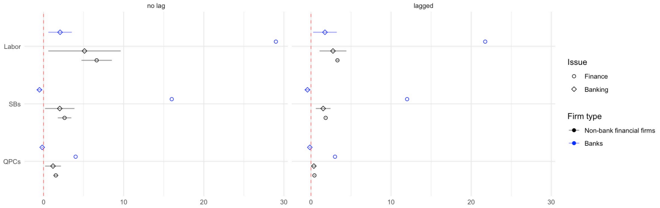
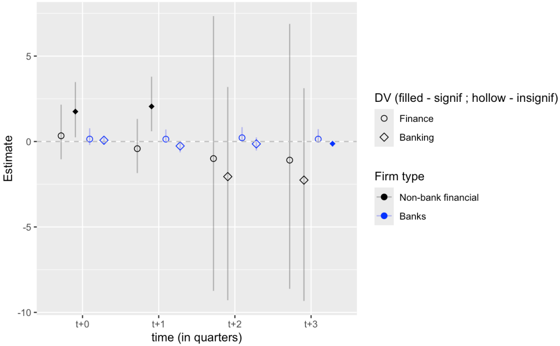


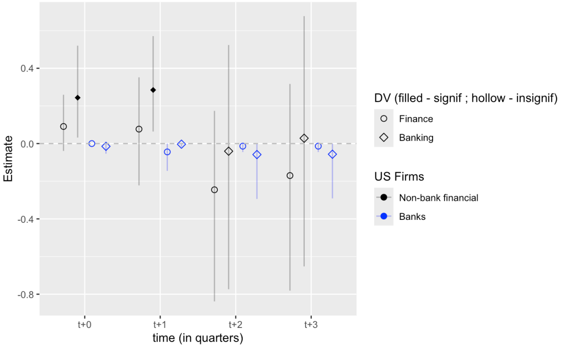
Figure 2: Conditionality and Treasury lobbying

Congressional lobbying results



- $t + 0$ results all in the same direction
- similar magnitude in substantive effects

Treasury lobbying results



- Banks not rushing lobbying at $t+0$: ties w/ Treasury
- Bank lobbying about banking issues: undermining IMF's position

Recap

- US financial firms lobby for increased conditionality (Gould, 2003, 2006) vs. high US bank exposure leads to less conditionality (Copelovitch, 2010a,b; Stone, 2011)
- They lobby for market access $\longrightarrow$ increased financial conditionality
- Bank in urgency $\longrightarrow$ decreased financial conditionality
  - IMF bargaining power compromised: no rush lobbying at the beginning of negotiation

Q & A

Appendix

Table 1: Program-level

Non-bank US financial firms					
Congressional lobbying	Mean	SD	Min	Max	*N*
Finance	8.133	11.898	0	40	45
Banking	15.27	22.660	0	82	45
Treasury lobbying	Mean	SD	Min	Max	*N*
Finance	1.022	1.500	0	6	45
Banking	1.956	2.984	0	12	45
Conditionality	Mean	SD	Min	Max	*N*
QPCs	19.49	7.887	5	36	45
SBs	8.289	8.120	0	27	45
Labor	62.2	33.188	19	124	45
US banks					
Congressional lobbying	Mean	SD	Min	Max	*N*
Finance	2.171	6.183	0	24	57
Banking	9.346	14.387	0	54	57
Treasury lobbying	Mean	SD	Min	Max	*N*
Finance	0.313	0.920	0	4	57
Banking	1.118	1.736	0	7	57
Conditionality	Mean	SD	Min	Max	*N*
QPCs	16.07	5.490	8	27	57
SBs	11.53	8.842	0	27	57
Labor	61.11	22.345	27	104	57

**Lobbying aggregated at program country level*

Table 2: Firm-quarter level

Non-bank US financial firms					
Congressional lobbying	Mean	SD	Min	Max	*N*
Finance	4.595	6.780	0	51	2,458
Banking	5.921	8.027	0	55	2,458
Treasury lobbying	Mean	SD	Min	Max	*N*
Finance	0.417	0.768	0	5	2,458
Banking	0.564	0.910	0	6	2,458
US banks					
Congressional lobbying	Mean	SD	Min	Max	*N*
Finance	0.243	0.594	0	5	830
Banking	0.330	1.069	0	12	830
Treasury lobbying	Mean	SD	Min	Max	*N*
Finance	0.052	0.243	0	2	830
Banking	0.081	0.367	0	4	830

Treatment history

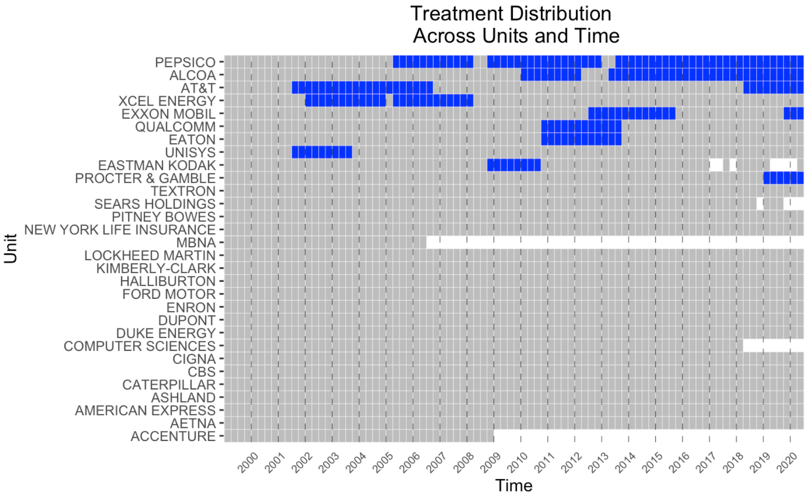


Figure 3: Non-bank financial firms

Treatment history

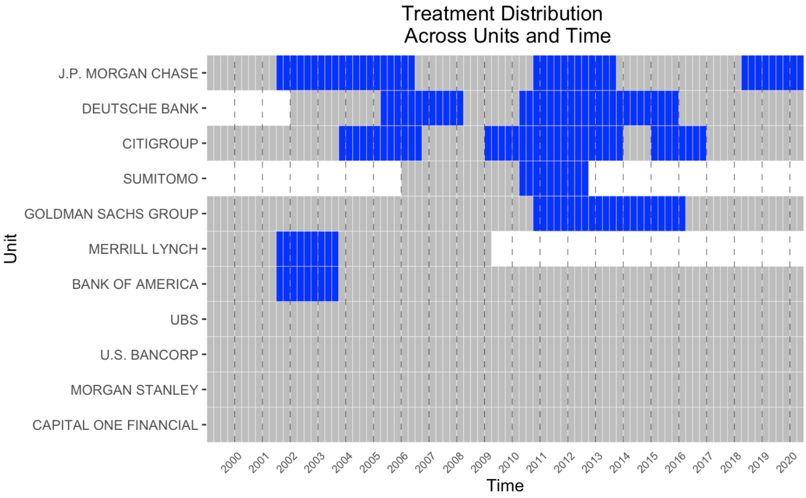


Figure 4: Banks

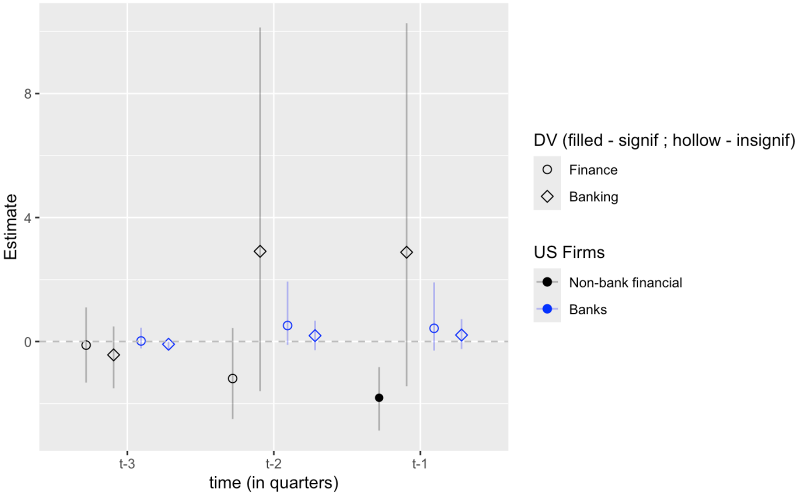


Figure 5: Congressional lobbying

Placebo tests

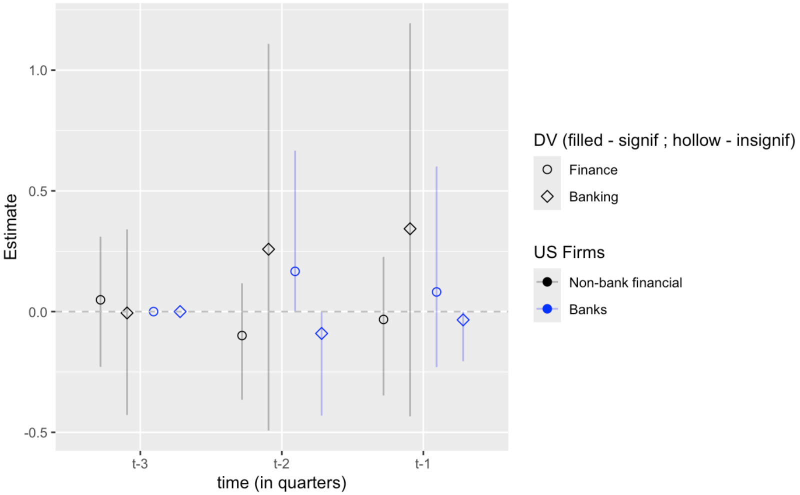
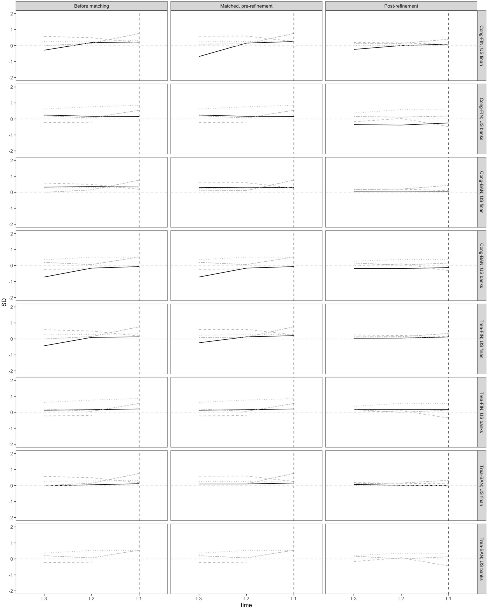


Figure 6: Treasury lobbying

PanelMatch: covariate balance plot



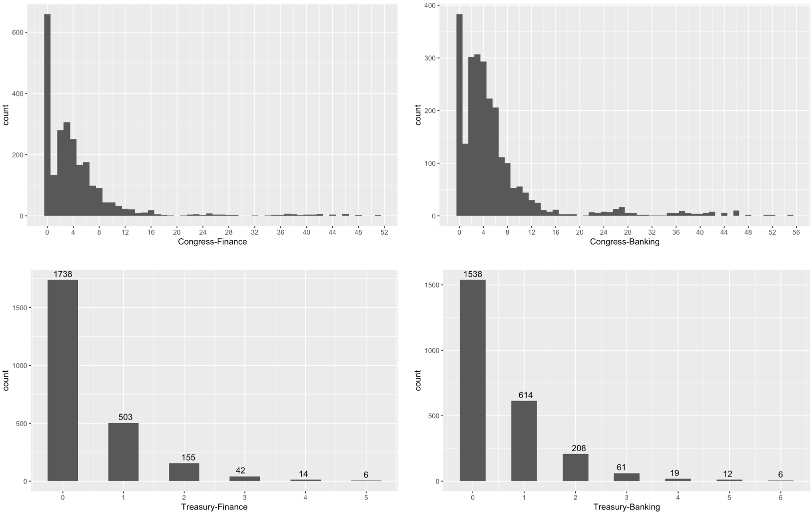


Figure 7: Non-bank US financial firms

Distribution of lobbying

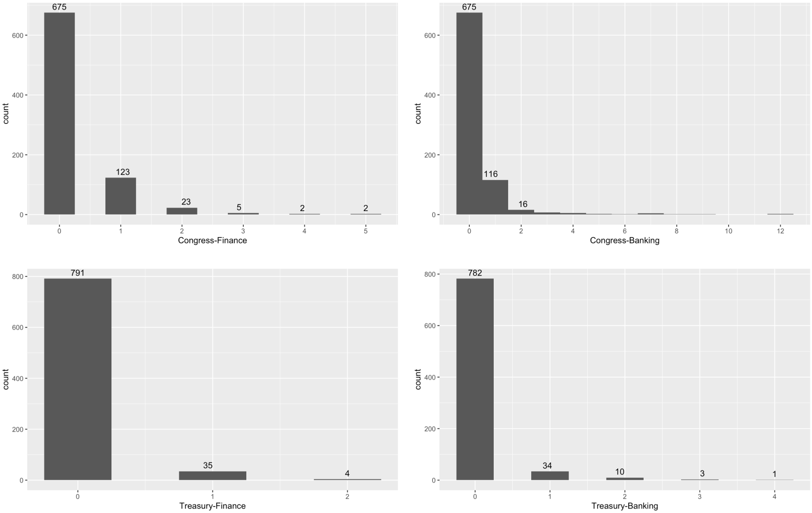


Figure 8: US banks