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Technocratic manager, imperial agent, or diplomatic champion? The IMF in the anarchical society

CHRISTIAN BRÜTSCH

Abstract. Even before the global financial crisis restored the International Monetary Fund's ('IMF' or 'Fund') political fortunes, the 'monetary managers' regained ground in supposedly hostile parts of the world, most notably in sub-Saharan Africa. To shed light on the Fund's appeal to governments that do not need its leverage to put dithering cabinets, unruly coalition partners, or restive opposition forces in line, this article examines the interplay between intergovernmental organisations (IGO) and the 'master institutions' of the anarchical society. It builds on classic English School inquiries into the 'words and deeds' of agents that define, maintain, and transform international societies; tracks collective efforts to harness international credit and debt; and probes bureaucratic obstinacy and great power management in the Fund's conduct in three member states that differ in terms of their borrowing habits, funding options, and creditor relations. It concludes that, in contrast to its reputation as a technocratic manager of cooperation or an imperial agent of contestation, the IMF's appeal lies in its willingness to act as a diplomatic champion of coexistence.

Christian Brütsch runs a political advisory firm and teaches International Relations at the University of Zurich. His research examines international practices of coexistence and cooperation, with a particular focus on economic statecraft, energy diplomacy, and natural resource management in the developing world. The author can be contacted at {cb@pw.uzh.ch}.

Introduction: A tale of two Funds

When, in October 2007, the G7 called for a 'serious review' of the IMF's activities and budget, large parts of the development community sighed in relief. For years, academics and activists had accused the Fund's 'faceless' bureaucrats of inflicting 'unnecessary' economic pain to preserve Western privilege, to protect bankers' profits, or to discredit 'unorthodox' development paths.[1] They had blamed the IMF's 'off the rack' policy prescriptions and 'imposed' austerity and adjustment programmes for the 'disempowerment' of new democracies, the perpetuation of 'global apartheid', and the incidental spread of human rights violations.[2] Many hoped that the combination of disenchanted creditors and borrowers who were confident enough to

[1] See, for example, Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: W. W. Norton & Company, 2002); Susan George, *A Fate Worse than Debt: A Radical New Analysis of the Third World Debt Crisis* (Harmondsworth: Penguin Books, 1988).

[2] Thandika Mkandawire, *Disempowering New Democracies and the Persistence of Poverty* (Geneva: UNRISD, 2006); Patrick Bond, *Against Global Apartheid: South Africa Meets the World Bank, IMF and International Finance* (Cape Town: University of Cape Town Press, 2001); M. Rodwan Abouharb and David L. Cingranelli, 'IMF programs and human rights, 1981–2003', *The Review of International Organizations*, 4 (2009), pp. 47–72.

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speed up repayments would eventually defund the Fund. Yet just when an embarrassing round of 'voluntary' layoffs seemed to finally bring down the main bastion of 'neoliberal' orthodoxy, the global financial crisis restored the Fund's fortunes.

Amidst headlines about soaring credit lines, new global mandates, and controversial European bailouts it is easy to forget that over the past few years, the World Bank's leaner and meaner sister has also closed rank with some of those supposed to fear and loathe it most. At the height of the financial crisis, African central bankers and finance ministers turned to the Fund's Managing Director to remind the Group of Twenty (G20) of the plight of the poor and blameless.[3] Although they gained little from the tentative quota reforms core shareholders accepted to appease large emerging economies, African policymakers have commended the Fund's efforts to steer them through the global downturn, or acknowledged that its financial and monitoring support had helped them put their economies 'back on the path to sustainable development'.[4] Surprisingly, few argue that the Fund's commitment to 'a deeper, more fruitful dialogue' would – or should – represent a break with the past.[5]

Even before they faced the worst economic storm in living memory, officials at African central banks and finance ministries turned to the Fund's resident representatives and country desks for advice, technical assistance, or a seal of approval.[6] Most appreciated what help they got. In a 2006 survey, more than 80 per cent of respondents reported that their annual Article IV consultations 'involved full and fair exchanges of views with respect to policies'.[7] Despite a legacy of public distrust, more than 90 per cent of respondents polled in a broader 2009 survey of poor developing countries stated that they would like IMF staff to 'contribute to the development of policy frameworks', and almost three in four thought that its contributions had been 'effective'.[8] Officials have taken advantage of the Regional Technical Assistance Centres the IMF established in Tanzania (in 2002), Mali (2003), Gabon (2007), and Mauritius (2011).[9] Since its launch in 2005, moreover, African governments have signed over a dozen 'non-borrowing programmes' under the Policy Support Instrument (PSI), allowing IMF staff to 'closely support, monitor and endorse' the policies of members that do not want or need financial assistance.[10]

The demand for 'unconditional' support undermines claims that governments turn to the IMF when they need its leverage to put dithering cabinets, unruly coalition partners, or restive opposition forces in line.[11] At the same time, there is little

[3] 'Joint Declaration', *IMF-Government of Tanzania Challenges Conference*, Dar es Salaam (11 March 2009), available at: {www.changes-challenges.org/story/joint-declaration} accessed 9 March 2011.

[4] 'Africa Seeing Signs of Recovery after Global Crisis', *IMF Survey online* (8 March 2010).

[5] Christine Lagarde, *Africa's Future: Responding to today's Global Economic Challenges*, Statement at a Roundtable Discussion with Stakeholders, Lagos (20 December 2011), available at: {www.imf.org/external/np/speeches/2011/122011.htm} accessed 14 February 2012.

[6] IEO, *IMF Interactions with PRGF-Eligible Countries* (Washington, DC: International Monetary Fund, 2009).

[7] IEO, *The IMF and Aid to Sub-Saharan Africa* (Washington, DC: Independent Evaluation Office of the International Monetary Fund, 2007).

[8] IEO, *IMF Interactions with PRGF-Eligible Countries*.

[9] Bruce Murray, Patrick Downes, Henry Gaperi, and Isaac Njiemoun, *Final Report of the Independent Evaluation of the African Technical Assistance Centers* (Washington, DC: International Monetary Fund, 2009).

[10] John B. Taylor, 'The Policy Support Instrument: A Key Component of the Recent IMF Reform Movement', in Truman (ed.), *Reforming the IMF for the 21st century* (Washington, DC: Peterson Institute for International Economics, 2006), pp. 385–90.

[11] James R. Vreeland, 'Why Do Governments and the IMF enter into Agreements? Statistically Selected Cases', *International Political Science Review*, 24 (2003), pp. 321–43.

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evidence that engagements with the IMF can sway markets,[12] and the Fund's near-death experience makes it hard to sustain the popular view that the West employs the 'monetary managers' to entrench a neoliberal empire. This leaves two options: estranged African members have either no alternative, or no objections against working with the IMF. To probe whether the recent rapprochement is the result of great power machinations or of a novel appreciation of the developing world's challenges of economic statecraft, this article sidesteps the rationalist and constructivist debates about determinants of state behaviour to examine, instead, how intergovernmental organisations (IGO) like the IMF fit into the 'anarchical society': the political order constituted by states that, according to Hedley Bull, are not only concerned with their own survival, but with the institutions that enable diverse polities to coexist in the absence of a common government.[13]

Epistemologically, the article builds on 'classic' English School (ES) inquiries into the 'words and deeds' of agents that define, maintain, and transform the practices of coexistence, cooperation, and contestation that constitute international societies.[14] In line with the British Committee's pragmatic posture, the study distils 'self-understandings, shared meanings, value orientations, and codes of conduct' from 'speeches, statements, resolutions, communiques, declarations, press releases and interviews' that spell out what practitioners deem to be 'the facts' of international organisation.[15] However, the article deviates from classic ES inquires in that it does not aim to identify the institutions that order a particular international society, but to show how 'secondary' institutions like the IMF affect the relations between the members and select stakeholders of the anarchical society.

The next section revisits ES debates about the institutions and the economic fabric of the international system. It is followed by a review of the context, conditions, and choices that defined the Fund's contribution to the collaborative efforts aimed at expanding and protecting the sovereign bond market. To isolate the influence of great power management, case studies of recent engagements in Angola, Uganda, and Mozambique examine the Fund's conduct in three countries with limited geopolitical appeal, strong macroeconomic credentials, and different funding options, borrowing habits, and creditor relations. The conclusion reviews the main findings and traces trajectories for further research.

Bull's markets: institutions and the economic fabric of the anarchical society

One of the key insights of classic English School thinking is that the 'purposive order' that distinguishes international societies from international systems is maintained by practitioners who, '*conscious* of certain interests and common values ... *conceive*

[12] Martin S. Edwards, 'Signalling credibility? The IMF and catalytic finance', *Journal of International Relations and Development*, 9 (2006), pp. 27–52.

[13] Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (Basingstoke; New York: MacMillan, 1977), p. 13, emphasis added.

[14] Cornelia Navari, 'The concept of practice in the English School', *European Journal of International Relations*, 17 (2011), pp. 611–30.

[15] Peter Wilson, 'The English School Meets the Chicago School: The Case for a Grounded Theory of International Institutions', *International Studies Review*, 14 (2012), pp. 567–90. Interviews with government and IMF officials were conducted in various African capitals, the UK, and in Washington, DC, between 2007 and 2011, generally on condition of anonymity.

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themselves to be bound by a common set of rules in their relations with one another and *share* in the working of common institutions'.[16] Cornelia Navari notes that unlike contemporary constructivists, classic ES writers do not claim that socially constructed norms determine state behaviour. They instead adopt a 'participant standpoint' to canvas understandings and traditions of thought and distil the – pluralist or solidarist – purpose of an international order from the 'ordinary ... conduct' of the agents that can define and sustain it.[17] Because classic ES theorising eschews the purported objectivity of causal propositions, it faces a hermeneutic predicament. As Paul Sharp candidly admits, traditions of thought, including the 'realist' Machiavellian, 'rationalist' Grotian, and 'revolutionary' Kantian trinity Martin Wight introduced to make sense of the encounters that shape an international society, 'are always contestable, often contested and significant only to the extent that they secure a consensus from others about their usefulness and reasonableness'.[18] Likewise, Bull's assurance that the 'daily actions' of states 'display ... and provide evidence' of the 'constitutional principle' of the anarchical society ultimately hinges on the perceived reasonableness of his assertion that states routinely arrogate 'to themselves the rights and competences of principal actors in world politics'.[19]

Doubts about what enables or constrains political agency also haunt the English School's treatment of the 'common institutions' that define the fabric of international societies. Despite their prominent role in ES thinking, there is, Peter Wilson notes, surprisingly 'little agreement ... about the number and identity' of the 'habits and practices' that constitute international societies.[20] In part, this is due to a lack of interest. Barry Buzan laments that too many ES writers limit themselves to 'listing and discussing' institutions they 'take to define the essence of whatever international society they are examining', and that too few those who challenge Bull's original 'list' – the balance of power, international law, diplomacy, the customs of war, and great power management – investigate 'the theoretical premises on which Bull ... built his ideas'.[21] But the main problem is that contemporary ES theorists do not agree on what terms or on what grounds they should give 'institutional status' to human rights or 'to something that captures the economic sector'.[22]

Recent efforts to bring conceptual and methodological clarity have coalesced along two competing strands of literature. On the one hand, authors like James Mayall have elaborated more 'precise and stable' definitions than Bull and Wight were able or willing to provide.[23] On the other hand, Buzan pioneered the development of sophisticated functional models that promise to organise international activities on the basis of coherent analytical frameworks.[24] But as Wilson points out, neither approach has worked. At the definitional front, even accomplished ES writers

[16] Bull, *The Anarchical Society*.
[17] Cornelia Navari, 'The Classical English School and Causal Explanation', in Navari (ed.), *Theorising international society: English school methods* (Basingstoke: Palgrave Macmillan, 2009), pp. 39–57.
[18] Paul Sharp, *Diplomatic Theory of International Relations* (Cambridge: Cambridge University Press, 2009), p. 8.
[19] Bull, *The Anarchical Society*, p. 68.
[20] Wilson, 'The English School Meets the Chicago School'.
[21] Barry Buzan, 'Rethinking Hedley Bull on the Institutions of International Society', in Little and Williams (eds), *The Anarchical Society in a Globalized World* (Basingstoke: Palgrave Macmillan, 2006), pp. 75–96, p. 87.
[22] Buzan, 'Rethinking Hedley Bull on the Institutions of International Society', p. 85.
[23] James Mayall, *World Politics: Progress and its Limits* (Cambridge: Polity Press, 2000).
[24] Barry Buzan, *From International to World Society? English School Theory and the Social Structure of Globalisation* (Cambridge: Cambridge University Press, 2004).

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struggle to escape the 'ambivalence' they set out to defeat, whilst the 'stipulative' categories deployed by Buzan and others have generated a bewildering array of competing and potentially 'groundless' compilations. One lesson that can be drawn from this 'failure' is that theorists must find ways to buttress the English School's methodological rigor without sacrificing its participant perspective, and Wilson is probably right to suggest that a 'grounded theory' of international institutions could produce a 'reliable map' of the 'institutional contours' of the anarchical society.[25] Another is that analytical ambiguities are part and parcel of classic ES thinking, and that navigational skills and a sense of direction can compensate poor cartographic material.

Journeys without maps have obvious limitations, but they also have their own logic and often elusive purpose, be that adventure, discovery, and conquest. The same could be said about the desire for theoretical and methodological rigor. One of Buzan's declared objectives is to bury 'the classics', whose preoccupation with order and whose 'fear of disrupting the harmony of their core Westphalian set of institutions' has led them to neglect the transformative institutions that drive 'the evolution of interstate society'. Yet no matter how commendable it might seem, the scholarly desire to harness (just) change and a more 'solidarist' international order usurps the epistemological aspirations of classic ES thinking. Bull did not merely dismiss human rights or trade because he was afraid of 'taking on board disruptive institutions', as Buzan claims, but because he saw little evidence that in their daily actions, states treated human rights or trade as a means to strengthen 'the framework for coexistence' that defined the anarchical society.[26] Indeed, Bull insisted that although institutions often 'serve to symbolize the existence of an international society', they still have to inform practices that 'give permanence and substance' to its members' commitment to maintain it, and encourage them 'to moderate their tendency to lose sight of common interests'.[27] Trade diplomats' on-going efforts to contain 'unnecessary' frictions and the great powers' attempts to manage expectations about the scope of the human rights regimes they maintain within their spheres of influence suggest that neither trade nor human rights as such have been reliable sources of moderation. Bull cannot be blamed for the fact that few states consider trade sanctions a threat to 'mere coexistence' or that even after aspirational UN votes, the responsibility to protect remains a great power prerogative.[28]

From Bull's pragmatic and empiricist purview, it was obvious that unless international pledges to promote trade or human rights engendered practices that altered the social fabric of the anarchical society, they merely documented 'the development of cooperation' and a 'consensus among states' about the value of an orderly pursuit of goals that go 'above and beyond what is necessary for mere coexistence'.[29] He was less perceptive when he concluded that since 'trade – or, more generally, economic and social intercourse between one country and another' – works best when 'states, in their dealings with one another, are bound by the rules and institutions of the society they form', it '*typifies*' international activity in an international society whose

[25] Wilson, 'The English School Meets the Chicago School'.
[26] Buzan, *From International to World Society*, pp. 185–6; Hedley Bull, 'The Emergence of a Universal International Society', in Bull and Watson (eds), *The Expansion of International Society* (Oxford: Oxford University Press, 1984), pp. 117–26.
[27] Bull, *The Anarchical Society*, p. 74, emphasis added.
[28] Alex J. Bellamy, 'The Responsibility to Protect and the Problem of Military Intervention', *International Affairs*, 84 (2008), pp. 615–39.
[29] Bull, *The Anarchical Society*, p. 70.

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members adhere to a 'Grotian prescription for international conduct'.[30] By lumping all economic exchanges under trade, and by treating the latter as a mere expression of the anarchical society's advanced 'rules of cooperation', Bull either ignored or refused to acknowledge that the wealth of nations was widely perceived and pursued as a condition, rather than a mere corollary to what Robert Jackson would eventually term 'empirical statehood'.[31]

More surprisingly, given the tremors that accompanied the demise of the Bretton Woods system, Bull also dismissed Susan Strange's advice to look into 'international loans and debt'.[32] Like trade, international finance is subject to precise rules that are sensitive to the balance of power, international law, diplomacy, great power management, and war. However, whereas merchants have long struggled to protect commerce against sovereign interference,[33] the emergence of sovereign bond markets played a constitutive role in the expansion of the international society. If international trade *typifies* cooperation, sovereign lending *sustains* coexistence, setting the terms on which states can exploit their membership in the anarchical society to 'spend today and pay back tomorrow'.[34] Bull should have been aware that an emerging international practice ensured that even when states still considered trade an option that could, if needed, give way to protectionism, mercantilism, colonialism, or imperialism, few took the risk of jeopardising their ability to tap foreign savings.[35]

Money for sovereigns: cultivating international loans and debt

When, in the wake of the Napoleonic wars, London emerged as the most liquid international market for government debt, the banking houses that underwrote the loans that enabled sovereigns to fight wars, to buy peace, to (re)build nations, or to project mercantilist might came up with surprisingly irreverent conditions. Chief among these was Nathan Rothschild's demand that, starting with Prussia in 1818, sovereign borrowers issue sterling denominated bonds.[36] Whether the policy was meant to discourage currency debasements or to mitigate the effects of currency fluctuations remains a matter of debate.[37] However, the habit of curbing sovereign prerogatives to entice private lending caught on, even as the defaults of exhausted

[30] Bull, *The Anarchical Society*, p. 27, emphasis added.

[31] Robert H. Jackson, 'Quasi-States, Dual Regimes, and Neoclassial Theory: International Jurisprudence and the Third World', *International Organization*, 41 (1987), pp. 519–49; Susan Strange, 'The Westfailure System', *Review of International Studies*, 2 (1999), pp. 345–54.

[32] Susan Strange, 'International Economics and International Relations: A Case of Mutual Neglect', *International Affairs*, 46 (1970), pp. 304–15.

[33] A. Claire Cutler, *Private Power and Global Authority: Transnational Merchant Law and the Global Political Economy* (Cambridge: Cambridge University Press, 2003).

[34] Susan Strange, *States and Markets: An Introduction to International Political Economy* (London: Pinter, 1988), p. 90.

[35] This is not to say that governments always stood by their financial obligations. As Tomsz points out, many repudiated enemy debts at the outset of wars, rejected existing obligations after revolutions or defaulted after defeats or civil wars. Eventually, though, most resumed payments to return to the markets, see Michael Tomz, *Reputation and International Cooperation: Sovereign Debt across three Centuries* (Princeton: Princeton University Press, 2007), p. 47.

[36] Niall Ferguson, *The Ascent of Money: A Financial History of the World* (New York: The Penguin Press, 2008), p. 87.

[37] Marc Flandreau and Nathan Sussman, 'Old Sins: Exchange Clauses and European Foreign Lending in the Nineteenth Century', in Eichengreen and Hausmann (eds), *Other People's Money: Debt Denomination and Financial Instability in Emerging Market Economies* (Chicago: The University of Chicago Press, 2005), pp. 54–189; Tomz, *Reputation and International Cooperation.*

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European empires, including Portugal (in 1834), Austria (1968), and Spain (1831 and 1867), and exuberant emerging markets, including most newly independent Latin American states between the 1820s and the late 1860s taught creditors that precautionary measures alone would not do.

In 1868, some of the most influential lenders established the British Corporation of Foreign Bondholders (CFB) to collectively negotiate sovereign defaults and debt restructurings. The CFB's main draw was that the London Stock Exchange had agreed to use its records to determine whether sovereigns were in default, and if they were, whether they were negotiating 'in good faith' with their creditors. On the basis of the CFB's verdict, the exchange would thus accept or deny listings for new bonds, or in the case of recalcitrant borrowers, delist existing loans.[38] But even as the CFB duly noted that 'the surest guarantee for the international protection of public credit is to be found in the maintenance of a healthy public spirit, and the probable need of raising money by fresh loans which is experienced by nations whose financial condition is such as to incline them to make default in respect to past debt', it emphasised its cosy relations with the British government, and the favourable attention it had received from other creditor states, including 'Germany, France, the United States and Holland'. Amidst reassurances that it 'has been, and will continue to be [its] endeavour' to bother the Foreign Office 'as seldom as possible and in every case to the least possible extent', the CFB not only listed cases where London's 'good offices' and 'moral influence' had helped negotiations with reluctant debtors. It also pointed out that it was 'quite within the province' of governments to resort to 'remonstrance' in case a 'defaulting state is disposed to set moral obligations at defiance'.[39]

The message could hardly have been clearer. Still, it took sporadic bouts of gunboat diplomacy to convince heedless governments that the great powers expected sovereigns to honour private debt, or if they were unable to service it, to participate in negotiated defaults and restructurings. Of course, this did not mean that the great powers surrendered to the markets. In the wake of the Great War, Lloyd George briefly toyed with the idea of sacrificing private creditors to strike a grand European bargain. But in the end, the British Prime Minister only invited the Soviet Union to its diplomatic debut at the 1922 Genoa Conference after the Bolsheviks signalled that they were willing to recognise tsarist debt, subject to appropriate Western concessions. The negotiations over a 'coexistence of old and new systems' eventually broke down. But Russia's warning that the Allies' insistence on a full debt repayment threatened to 'crush her under the weight of demands' that were both 'odious' and 'beyond her strength' echoed not only Keynes's concerns that politically brokered settlements should be reasonable enough to discourage 'currency debouchments' that made 'permanent relations between debtors and creditors … almost meaningless'.[40] It also set the tone for future controversies over sovereign debt management.

[38] Paolo Mauro and Yishay Yafeh, *The Corporation of Foreign Bondholders* (Washington, DC: International Monetary Fund, 2003).

[39] CFB, *Second Annual General Report of the Council of the Corporation of Foreign Bondholders* (London: Corporation of Foreign Bondholders, 1875).

[40] See Georgy V. Chicherin, 'Soviet Policies on Coexistence of Old and New Systems, Economic Concessions … [1922]', in Joukoff Eudin and Fisher (eds), *Soviet Russia and the West, 1920–1927: A Documentary Survey* (Stanford: Stanford University Press, 1957); John Maynard Keynes, *The Economic Consequences of the Peace* (Edinburgh: R. & R. Clarke, 1919), p. 220. Lenin apparently instructed Chicherin to settle with Germany, and 'to read Keynes's *The Economic Consequences of the Peace*', see Jon Jacobson, *When the Soviet Union Entered World Politics* (Berkeley: University of California Press, 1994), p. 89.

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The IMF, established in 1944, was never intended to deal with debt crises. If anything, the Fund's US architects reckoned that the 'extensive discussion and painstaking labour' that had culminated in the agreement to 'promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems' provided cash-strapped governments with an alternative to the 'expensive dollar debt' they would otherwise have taken on to correct post-war imbalances.[41] By enabling members to draw on pooled 'general' reserves to harness their current account 'without resorting to measures destructive of national or international prosperity', the IMF was expected to encourage trade and to reassure investors, curbing both the need for and the cost of hard currency loans. But IMF rules granted members only a 'conditional right' to purchase foreign exchange at fixed rates, and put the executive board in charge of preventing disbursements to borrowers who diverted funds from stabilisation purposes. As a result, they established a tentative taxonomy of financing gaps and the appropriate means to covering them: to correct short-term liquidity problems, member states could turn to the Fund. To finance developmental investments, they could draw on concessional loans from the International Bank for Reconstruction and Development (IBRD). For any remaining funding needs, they had to find bilateral loans or go to the bond markets.

Even as commercial banks replaced private investors and first generation creditor associations disappeared – the CFB was formally wound down in 1988 – sovereign defaults and debt restructurings continued to be managed on an *ad hoc* basis, with private and official creditors coordinating in the London and Paris clubs, respectively. However, by then the strains in the informal arrangements were increasingly difficult, and dangerous, to ignore. By the late 1970s, analysts worried that ballooning developing country debt would bring down large money centre banks, like Citibank, which had recycled the currency surpluses of major oil exporters into 'cheap' loans to dubious US allies, including Mobuto's Zaire and Nimeiry's Sudan. With hopes of orderly repayments fading, the Fund's managing director privately urged major banks in January 1982 to 'be moderate but keep lending, and depend on the IMF to insist on adequate policies as a condition'.[42] Faced with the very real risk of a meltdown, the bankers played along – to a point.

The Fund's initial 'debt strategy' rested on three assumptions: that unsustainable debt posed a problem to both creditors and debtors alike; that any resolution required debtor-creditor cooperation; and that cooperation needed 'coordinated and centralized action'. It was also premised on the wager that the Fund could 'step in quickly and forcefully when the indebted countries requested its assistance' even though there was no specific mandate that solidified this role for the IMF.[43] However, the strategy also had two major flaws: on the one hand, debtor-creditor cooperation only worked as long as creditors had a reason to fear a default, and decreased with deleveraging.

[41] See Harry D. White, 'The Monetary Fund: Some Criticisms Examined', *Foreign Affairs*, 23 (1945), pp. 195–210. Boughton points out that White's Bretton Woods agenda also dashed British hopes for a more exclusive Anglo-American forum, and the massive loans London would have needed to restore imperial trade and currency arrangements, see James M. Boughton, *Why White, Not Keynes? Inventing the Postwar International Monetary System* (Washington, DC: International Monetary Fund, 2002).

[42] James M. Boughton, *Silent Revolution: International Monetary Fund, 1979–1989* (Washington, DC: International Monetary Fund, 2001), p. 268.

[43] Boughton, *Silent Revolution*, p. 277.

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On the other hand, the Fund's coordinating role and concern for international financial stability aligned it too closely with creditors, leaving it with a politically unpalatable recipe for developing countries with 'official' debt. As interest rates surged, scores of countries that had never been deemed creditworthy found that they, too, had overestimated their ability to service generous bilateral or multilateral loans. Particularly those who had borrowed from their former colonial powers were quick to denounce the Fund's 'keep borrowing, but follow our adjustment plans' as a neo-colonial attack against their quest for economic independence.

In 1989, the Fund's executive board changed tack, issuing 'broad guidelines' that instructed staff to 'discharge in full its central responsibility' for the international debt strategy and to harness the practice of sovereign lending 'without interference in the negotiations between debtors and creditors'.[44] However, by then the Fund's critics presented it either as a neo-colonial 'ogre' or as an international 'messenger, watchdog … and gendarme' tasked with protecting reckless bankers against any losses caused by 'improvident' borrowers, at the expense of the poor and defenceless.[45] In many parts of Africa, moreover, the Fund had become a lightning rod for postcolonial insecurities and frustrations and a deep rooted distrust of markets that galvanised governments that had long suffered from the 'poverty and loneliness of too absolute an independence' to continue defending their sovereignty as a 'bulwark' against the rich world's solidarist aspirations.[46] Yet little more than a decade later, things started to change. In the long wake of the 'silent revolution' that had pushed socialist governments in countries like Nicaragua, Poland, or Vietnam to embrace trade liberalisation and structural reforms,[47] the protracted controversies over debt relief and the costs of adjustments prompted many African policymakers to reassess the Fund's role in economic statecraft.

Great powers and IGO conduct

Whilst the Fund's critics might debate whether its influence derives from its ability to catalyse market forces or from its backers geopolitical clout, from an English School perspective the choice seems moot: whether it promotes financial liberalisation to expand capital markets, or insists on sound fiscal policies to protect donor 'investments', it seems clear that the IMF's conduct confirms the main tenants of 'great power management'.[48] In theory, the underlying practice is straightforward: according to Bull, powerful states assert and are accorded 'certain special rights and duties' to preserve international order, either 'by managing their relations with one another' or 'by exploiting their preponderance in such a way as to impart a degree of central direction to the affairs of international society as a whole'. However, since their privileges must be upheld by 'a large enough proportion of the society of states', great powers also demonstrate their commitment to restrain their power, to defuse

[44] EBM 89/61, reproduced in Boughton, *Silent Revolution*, p. 533.
[45] George, *A Fate Worse Than Debt*, p. 47.
[46] Adam Watson, *The Evolution of International Society. A Comparative Historical Analysis* (London: Routledge, 1992), p. 297; Bull, *The Anarchical Society*, p. 291.
[47] Boughton, *Silent Revolution*.
[48] Buzan, *From International to World Society*, p. 186; Andrew Hurrell, *On Global Order: Power, Values, and the Constitution of International Society* (Oxford: Oxford University Press, 2007), p. 89.

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distributive concerns, and to engage with lesser powers. To reassure weary friends or worried foes that they will follow agreed upon rules, they often work though secondary institutions, though they will typically make sure that their rules play to their advantage, and ignore them if they jeopardise their ability to preserve the general balance of power, to defuse crises or confrontations, to reinforce coalitions, or to protect their respective spheres of 'influence, interest or responsibility'.[49]

In practice, it is difficult to establish if or when an IGO like the IMF does a great power's bidding. The large-N studies that test correlations between Washington's expectations and loan conditions or disbursements assume that IMF engagements are uniform and time consistent.[50] From an English School perspective, both notions appear disingenuous. According to Bull, it is 'difficult to find examples of international relations in which international technical management has wholly driven out the diplomatic approach' that aims to reconcile 'different interests or demands', even in 'technocratic' IGOs states set up to find 'the most efficient means of achieving a given end'.[51] The Fund's accidental leadership in the collaborative efforts to improve the practice of sovereign debt management shows that technical expertise, policy relevant knowledge, and organisational procedures change in response to contingencies, novel insights, and experience. Add to this a byzantine governance structure,[52] and staff constantly 'trying to square political pressures and institutional constraints' to make the most of individual loan negotiations, and supposedly robust empirical evidence starts looking very brittle indeed.[53]

Critical approaches offer few remedies. Over the past two decades, hegemonic Western expectations have become almost indistinguishable from the best practices the Fund advocates to bolster financial stability, except perhaps when US preferences clash with institutional habits. But even supposedly emblematic cases are less conclusive than they appear at first. In the 1990s, the Clinton administration may have instructed the IMF to cushion the collapse of the Soviet Union, but whilst management and staff clearly needed US backing, they hardly needed convincing that the Former Soviet Union was too big to fail.[54] Similarly, in Iraq, the Bush administration may have rushed the approval of reconstruction loans and the creation of a Security Council-sanctioned debt shield to mitigate the aftershocks of a controversial military intervention. But after their campaign aimed at convincing official creditors to accept substantial write-downs on development country paper, IMF officials were unlikely to resist a rare chance to rid a fragile state of unsustainable debt obligations.[55] Finally, Washington's 'signature' support for IMF lifelines to reluctant reformers, such

[49] Bull, *The Anarchical Society*, pp. 202, 207, 228, 219.

[50] Strom C. Thacker, 'The High Politics of IMF Lending', *World Politics*, 52 (1999), pp. 38–75; Randall W. Stone, 'The Scope of IMF Conditionality', *International Organization*, 62 (2008), pp. 589–620.

[51] Bull, *The Anarchical Society*, p. 177.

[52] R. Lamdany and L. Martinez-Diaz (eds), *Studies of IMF Governance: A Compendium* (Washington, DC: Independent Evaluation Office of the International Monetary Fund, 2009).

[53] Ngaire Woods, *The Globalizers. The IMF, the World Bank and Their Borrowers* (Ithaca, NY: Cornell University Press, 2006), p. 4.

[54] Martin Gilman, *No Precedent, No Plan: Inside Russia's 1998 Default* (Cambridge, Mass.: The MIT Press, 2010).

[55] Martin A. Weiss, *Iraq's Debt Relief: Procedure and Potential Implications for International Debt Relief* (Washington, DC: Congressional Research Service, 2011).

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as Egypt and Pakistan, is easily justified as the best among a limited set of bad options, and broadly in line with the Fund's standard operating procedures.[56]

The Fund's engagements in Africa are different. Not because they hold the keys to its puzzling popularity, but because they force us to probe the IMF's conduct and susceptibility to great power machinations in a part of the world the US considers of limited strategic interest. Of course, this is not to say that Africa is immune to geopolitical pressures. The surge in Chinese investments and the establishment of a US Africa Command (AFRICOM) in 2007 raised valid concerns about another scramble for the continent's prized mineral resources and the presence of Islamist insurgents created an additional theatre for Washington's long war on terror. Yet by and large, Washington's strategic stance has been of benign neglect, aimed at maintaining enough stability to harness development efforts and to ensure the continent remains open for business.[57] As a result, the Fund's African engagements provide an ideal environment to reverse the burden of proof for great power management, and to examine instances in which the Fund could have acted as a technocratic manager of cooperation, promoting Washington's preferred policies, or as an imperial agent of contestation, defending one of the West's traditional spheres of 'influence, interest, or responsibility'.

The challenge lies in selecting IMF members and programmes that can shed light on the Fund's role and conduct. To control for economic need, they should have a record of sound macroeconomic management and decent growth perspectives. To rule out domestic utility considerations, they should be run by governments that do not need the Fund's support to push through economic reforms. To capture the Fund's conduct, they should vary in terms of their funding options, borrowing habits, and creditor relations. And to allow for a reassessment of their perception of the Fund's role, they should have diverse funding options. Among the countries that fit the bill, Angola, Uganda, and Mozambique appear particularly promising. Uganda and Mozambique have long relied on concessional loans and grants, and were among the first HIPC graduates to enter a PSI. Both have been featured as donor darlings, and both recently discovered transformational mineral deposits they could pledge as collateral for commercial loans. Until the financial crisis, this is very much what oil-rich Angola was doing to keep donors and the IMF at bay. Since then, Uganda has continued without the Fund's financial assistance. Mozambique secured a SDR 114 million ($176 million) credit line under the low conditionality Exogenous Shock Facility in July 2009. Five months later, Angola entered a highly conditional SDR 859 million ($1.3 billion) Stand-by Arrangement (SBA), the country's first.

Doting on darlings? The IMF in Mozambique and Uganda

With the end of the Cold War and the ascent of democratic South Africa, Mozambique quietly slipped off the geopolitical radar, at least until China briefly emerged

[56] See, for example, Michael F. Martin and K. Alan Kronstadt, *Pakistan's Capital Crisis: Implications for U.S. Policy* (Washington, DC: Congressional Research Service, 2009). The Treasury's reports on US positions on country programmes, available at: {www.treasury.gov/resource-center/international/int-monetary-fund/Pages/imf.aspx} make for some remarkably unremarkable reading. However, see Bessma Momani, 'American politicization of the International Monetary Fund', *Review of International Political Economy*, 11 (2004), pp. 880–904.

[57] For a more articulate discussion, see J. Stephen Morrison and Jennifer G. Cooke (eds), *U.S. Africa Policy beyond the Bush Years: Critical Challenge for the Obama Administration* (Washington, DC: CSIS, 2009).

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as Mozambique's second largest source of investments in 2008. Since then, Brazilian investments in mining and infrastructure projects and European-lead discoveries of giant offshore gas fields have attenuated fears of a Chinese takeover. However, and despite average growth rates of nearly 7 per cent over the past five years, the investments themselves have raised concerns about the stability of one of world's most aid-dependent polities. Even though aid disbursements by traditional donors nearly doubled, from $945 million in 2006 to $1.8 billion in 2011, FDI inflows soared from $154 million to $2.1 billion, a 14-fold increase.[58] And even though coal and gas investments have captured officials' imagination, Mozambique still needs donor support. Over the past decade, grants made up roughly 40 per cent of the government budget, and despite a sharp decline since 2009, the IMF expects gross aid inflows to remain above 10 per cent of GDP for the foreseeable future.[59] IMF staff also worry that in the medium term, 'any abrupt [aid] withdrawal, possibly as a result of budget problems in donor countries or flared-up governance concerns ... could likely not be offset by a parallel tapping of new revenues from the natural resource sector'.[60]

This is not just idle fear mongering. The advanced economies' fiscal woes weigh heavily on aid budgets, and donor relations remain terse. In December 2009, the 19 'programme aid partners' (PAPs) who had signed up to promote 'ownership, alignment, and harmonisation', and who had been providing direct budget support worth roughly 5 per cent of GDP, announced that they'd withhold disbursements in protest against the government's handling of the general elections and cavalier attitude to graft and corruption.[61] In its 2010 performance evaluation of the PAPs, the Ministry of Planning in turn denounced donors' 'tendency to take an almost "biblical" approach' to the provisions included in the framework for budget support and programme aid; the 'excessive legalism' with which donors pursued 'agendas not present' in the underlying Memorandum of Understanding; and 'the gradual replacement of the "method of frank and open discussion" by "answers in writing" that often degenerate into mutual accusations, suggesting that at some point the relationship between the [government] and the PAPs ceased to be a partnership'.[62]

The frictions matter not just because they highlight the unresolved tensions between the anarchical society's haves and have-nots. The 170+ 'missions' PAP development agencies carried out in 2009 – despite an earlier commitment to a '100 mission tops' limit – suggest that even as they prepared to crack down, donors needed the country as a showcase for Western development assistance. As a model for donor coordination and direct budget support, Mozambique exemplifies many of the best practices enshrined in the Paris Declaration, and provides a sophisticated alternative to the ill-defined but – in Africa at least – well-received 'Beijing Consensus'.[63] Coincidentally,

[58] Aid figures are based on the OECD's Creditor Reporting System, available at: {www.oecd.org/statistics}. UNCTAD's investment data are available at: {unctadstat.unctad.org}.

[59] Unless noted otherwise, government finance data are based on the IMF's Article IV reports, available at: {www.imf.org}.

[60] IMF, *Republic of Mozambique: Staff Report for the 2011 Article IV Consultation* (Washington, DC: International Monetary Fund, 2011).

[61] On the donor strike, see Joseph Hanlon's updates available at: {www.open.ac.uk/technology/mozambique/news-reports-20072010} accessed 19 February 2013.

[62] Momad Piaraly Juthá, *Government's Final Evaluation on the PAPs' Performance in 2009* (Maputo, 2010).

[63] Stefan Halper, *The Beijing Consensus: How China's Authoritarian Model will Dominate the Twenty-First Century* (New York: Basic Books, 2010). For a more balance account, see Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa* (Oxford: Oxford University Press, 2009).

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the burgeoning competition over development models was one of the few instances that could have prompted the US to weight on the Fund. Although Washington has long been the country's single biggest source of assistance, USAID only joined the PAP as an 'associate member' in 2009. The 'EU-centric group [had until then] relished its exclusive position' in the policy dialogue with the authorities, a leaked US diplomatic cable dryly noted, but it 'ultimately understood the benefits of expanding membership to include the United States.' The US embassy hoped that, by participating in the group's activities, it would get a 'real payoff in increased influence on the agenda and positions taken', and an opportunity to 'evaluate and assess' others' efforts 'to implement the Paris Declaration … and the limitations and challenges that have become apparent', not least with regards to governance issues.[64]

To protect the process, and to circumvent the limitations and challenges, a 'great power management' minded US could have put pressure on the IMF to join the PAP revolt, or to intervene on their behalf. However, there is no evidence it did.[65] In a barely veiled rebuke of donor demands, IMF staff noted that the Mozambican 'authorities showed commendable ownership in pursuing sound economic policies that were underpinned by a focus on structural reforms aimed at enhancing economic policymaking', going so far as to emphasise that a 'protracted period of political stability was also important in securing these results'.[66] From the Fund's perspective, this was not mere whitewash. Unlike donors, who were under pressure to ensure that aid disbursements were as uncontroversial and transformative as well-meaning taxpayers expected them to be, Fund officials valued the 'professional' and 'harmonious' exchanges with their counterparts at the central bank and the finance and planning ministries, and like many of their local interlocutors. They also believed in the country's macroeconomic framework and wanted investors to know that, no matter what donors said, or did, the authorities were reliable and competent, and deserved a chance at doubling their commercial borrowing between 2011 and 2014.[67]

Marxist Mozambique had joined the IMF in 1986 on the hunch that good relations with the IFIs would reassure donors and insulate the fragile state against fickle financial markets and Soviet affections. More than three decades later, the authorities' contrarian wager paid off. Observers may be right to insist that, over the years, the officials who transformed Mozambique into donor darling 'developed advanced skills at managing complex relations with a diverse range of international agencies, juggling their different priorities and demands, and positively responding to their agendas, while at the same time maintaining internal political support'.[68] But when they stumbled, the Fund helped them back on their feet. A month after the authorities took on donors, the Fund's executive board approved the 'third and final disbursement' of a symbolic $176 million ESF arrangement signed in 2009, noting that the 'authorities aim to meet their development needs through a significant stepping

64 See cable 10MAPUTO159 (10 February 2010), available at: {wikileaks.org} accessed 7 March 2012.
65 According to the Treasury's records, the US Executive Director's main concern was money laundering. In Maputo, the resident representative joined the World Bank and the European Commission, which was fighting its own turf war with member governments, at the side-lines.
66 IMF, *Republic of Mozambique: Sixth Review under the Policy Support Instrument* (Washington, DC: International Monetary Fund, 2010).
67 This was a recurrent point in discussions I had with IMF officials in Maputo, Washington, DC, and the UK between December 2007 and June 2009.
68 Paolo de Renzio and Joseph Hanlon, 'Contested Sovereignty in Mozambique: The Dilemmas of Aid Dependence', in Whitfield (ed.), *The Politics of Aid: African Strategies for Dealing with Donors* (Oxford: Oxford University Press, 2009), pp. 246–70.

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up of public investment in infrastructure, which would necessitate broadening the financing options to also include non-concessional borrowing'.[69] Tensions have eased since then, though the Fund's own oft repeated demands – that government drastically cut its aid dependence – still remain in the offing.

The Fund's engagement in Uganda tells a similar story, with a number of twists. Like Mozambique, the country is often cast as a showcase for donor coordination. Like Mozambique, Uganda recently discovered a vast mineral store of wealth, to the tune of at least 2.5 billion commercial barrels of oil. Like Mozambique, it has since antagonised donors with its handling of elections and graft. However, unlike Mozambique, Uganda is also a staging ground for UN operations in South Sudan and the troubled great lakes area, the military backbone of the African Union's mission in Somalia, and an active supporter of 'U.S. counter-terrorism goals in East Africa'.[70] Still, there is little evidence that the US used the IMF to reward the country for its efforts. The country's economic team successfully managed structural reforms and used successive rounds of debt relief and restructuring to reduce fiscal deficits, to rein in inflation, to encourage capital formation, and to build buffers against external shocks.[71] In 2009, the Fund's resident representative commended the Ugandan authorities for their commitment to protect currency reserves rather than the exchange rate, noting their willingness to 'taking it on the chin' instead of gambling on a multilateral bailout.[72]

Since then, the country has experienced a stubborn surge in inflation and tensions between the presidency, the central bank, and the finance ministry. A whirlwind choreography involving oil-related capital gains taxes worth one year of direct budget support, contested presidential elections, corruption allegations, reverting currency reserves, the prospect of a taxable multi-billion dollar farm-out of the country's prime oil concessions, and the purchase of a flight of six top of the range Sukhoi fighter jets worth some $740 million confused investors and prompted commercial lenders keen on local bonds to sit back and wait.[73] In its carefully worded commentary to the 2011/12 budget, issued in June 2011, the finance ministry admitted that 'the need to enhance democracy and rule of law through peaceful elections' had reduced capital formation, and that soaring wages for 'security related personnel', pension raises, energy subsidies, and higher interest rates had undermined budget execution. The good news was that capital gains taxes from the transfer of the country's main oil lease would cut the budget deficit from 10.5 per cent below the target of 6.2 per cent of GDP.[74] Yet come November, the widely respected governor of the Bank of Uganda informed a parliamentary commission of inquiry that the president had asked him to release part of the country's currency reserves to pay for the Sukhois, but promised to replenish the account using capital gains taxes that at the time were

[69] 'IMF Executive Board Approves New Three-Year PSI, Completes Second Review under the ESF Arrangement and Approves US$21 Million Disbursement for Mozambique', *IMF Press Release* No. 10/242 (14 June 2010).

[70] See cable 08KAMPALA1391, available at: {wikileaks.org} accessed 7 March 2012.

[71] For a broad panoramic of attitudes and actions, see the various contributions in Florence Kuteesa, Emmanuel Tumusiime-Mutebile, Alan Whitworth, and Tim Williamson (eds), *Uganda's Economic Reforms: Insider Accounts* (Oxford: Oxford University Press, 2010).

[72] See cable 09KAMPALA90, available at: {wikileaks.org} accessed 7 March 2012.

[73] Discussions with IMF and Bank of Uganda Officials, Kampala (September 2011).

[74] MOFPED, *The Background to the Budget: 2011/12 Fiscal Year* (Kampala: Ministry of Finance, Planning and Economic Development, 2011).

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still disputed at a London arbitration court, and that had originally been earmarked for the development of the country's hydropower supply.[75]

Rather than joining the chorus of those outraged by the turn of events, including most European donors that made up the Ugandan budget support group, the Fund tried to strengthen its main interlocutors' hands. Official statements no longer stressed the country's 'strong track record of macroeconomic policymaking', but that it 'faces a number of important economic policy challenges', and that the 'key priority' for the authorities 'at the current juncture is to restore low inflation while laying the groundwork for a robust recovery of economic growth'.[76] The Fund also predicted that 'restrained fiscal policy will support disinflation efforts', and commended the authorities' commitment to 'put in place a more robust budget management system, including a prudent petroleum revenue management framework'.[77] Like in Mozambique, the Fund's signal was clear: although the going was rough, all is not lost. Even as a corruption investigation prompted European donors to suspend direct aid in late 2012, IMF staff emphasised that the authorities had met their 'announced inflation target' and 'all quantitative targets' in the PSI. However, in a transparent bid to prop up the economic team, the Fund also noted that the government would have to address 'the governance problems that have eroded the quality of spending and damaged the credibility of government policies' – and warned of 'heightened financial or political instability in Uganda's main trading and development partners'.[78]

Rewarding rogues? The IMF in Angola

If the Fund's conduct in Mozambique and Uganda suggests that the 'monetary managers' have 'gone native', and out of their way to help their counterparts in finance ministries and central banks to keep overbearing donors or politicians at bay, the Fund should be more responsive to great power aspirations when the geostrategic stakes are high. Angola is sub-Saharan Africa's second largest oil producer and accounts for more than 3 per cent of the United States' crude oil imports. After the 2002 peace settlement brought an end to the country's long and bloody civil war, it also turned down an IMF lending arrangement because in 2004 'it had received a better offer from the Export-Import Bank of China', which had offered a $2 billion 'soft' loan in exchange for up to 40,000 barrels of crude per day.[79] Since the share of Angolan crude shipped to the US had been declining since 2001, it seems only fair that Washington pushed the IMF to approve the Angola SBA, a mere six months after Washington and Luanda signed a Trade and Investment Framework Agreement and launched a strategic partnership dialogue on energy. However, according to Treasury records it didn't: in the 23 November 2009 decision, the US Executive Director abstained.[80]

[75] For bits of the puzzle, see 'Fighter jets were not bought using oil money – Treasury', *New Vision* (17 November 2011).
[76] See 'Statement by the IMF Mission at the Conclusion of a Visit to Uganda', *IMF Press Release* No.11/384 (28 October 2011) and 'Statement by the IMF Mission at the Conclusion of a Visit to Uganda', *IMF Press Release* No. 12/102 (22 March 2012), respectively.
[77] 'IMF Executive Board completes Third Review under Policy Support Instrument for Uganda', *IMF Press Release* No. 12/8 (13 January 2012).
[78] 'IMF Concludes Staff Mission to Uganda', *IMF Press Release* No. 12/417 (6 November 2012).
[79] Halper, *The Beijing Consensus*, p. 80.
[80] US Treasury, *Implementation of Certain Legislative Provisions Relating to the International Monetary Fund* (Washington, DC, 2010).

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Dig deeper and it becomes clear that not all is as it seems. As far as energy suppliers go, Luanda has been reliable to a fault. When, in 1974, the Marxist liberation movement brought in Cuban troops and Soviet advisers, it instructed the 'National Commission for the Restructuring of the Petroleum Sector' to negotiate the return of Gulf Oil and Texaco; much to Kissinger's chagrin, it succeeded.[81] While Moscow enjoyed free access to Angolan ports and airbases, Western investments in oil exploration and production soared, particularly after Chevron acquired Gulf's portfolio in 1984. Between 1985 and 1990, oil production nearly doubled, from 232,000 to 475,000 barrels per day, bolstering the government's commitment to keep the oil and revenues flowing. In one of the most extraordinary displays of postcolonial statecraft, in 1993 the Angolan government hired South African mercenaries bankrolled by a British company to lead regular army units against CIA-sponsored UNITA rebels who had gained control over the Soyo oil terminals from which Chevron and Texaco, among others, managed their offshore operations.[82]

The government's hydrocarbon wager paid off, securing Angola's reputation as a safe 'playground for Big Oil'.[83] The need to reassure commercial lenders that, besides awkward military allies, the government had reliable industry partners that knew how to get its oil to market also explains why, despite a surge in exploration activities, the allure of the Chinese 'exit option', and the government's decision to join OPEC, little has changed since then. Along with Western independents, Chinese, Russian, and Brazilian firms may have crowded the field. But the bulk of the country's prime acreage, including two thirds of deep water and nine out of ten ultra-deep water exploration projects, remains firmly in the hands of US and European majors and super-majors.[84] In 2010, Chevron-operated blocks produced 580,000 barrels of oil equivalent per day, or nearly one third of the country's total output of 1.77 million barrels. Total pumped an additional 460,000 barrels in two concessions, with BP and Exxon adding 155,000 and 140,000 barrels respectively. In aggregate terms, the four firms controlled roughly 530,000 'net barrels' per day.[85] Conversely, China Sonangol, the opaque Hong Kong-based syndicate that is widely believed to act on Beijing's behalf, must do with minority stakes in one of the 11 active production blocks and 7 out of 33 exploration projects, despite the fact that China accounts for 44 per cent of crude exports.[86] Indeed, the declining share of Angolan crude exports to the US masks an 80 per cent increase, in volume terms, between 2001 and 2010, and leaked diplomatic cables suggest that while pundits fretted over the growth of Chinese influence, US diplomats were well aware that Luanda only turned to Beijing because Western donors had refused to help fund reconstruction.[87]

[81] Ricardo Soares de Oliveira, 'Business Success, Angola-Style: Postcolonial Politics and the Rise and Rise of Sonangol', *The Journal of Modern African Studies*, 45 (2007), pp. 595–619.

[82] The story, and Executive Outcomes' claim to fame, has been told by many; for an insider account, see the transcript of the discussion between Simon Mann and Alex Vines, at Chatham House, available at: {www.chathamhouse.org/sites/default/files/021111mann.pdf} accessed 2 February 2012.

[83] Duncan Clarke, *Africa: Crude Continent. The Struggle for Africa's Oil Prize* (London: Profile Books, 2010), p. 123.

[84] Concession data have been compiled on the basis of Sonangol's published exploration and production records, available at: {www.sonangol.co.ao}.

[85] Data were compiled on the basis of reports and press statements published on company websites.

[86] 'The Queensway Syndicate and the Africa Trade', *The Economist* (13 August 2011). Production Block 3/05 (formally 3/80), in which China Sonangol holds a 25 per cent stake, was operated by Total until June 2005.

[87] See cable 10LUANDA84, available at: {wikileaks.org} accessed 7 March 2012. For a broader discussion, see Indira Campos and Alex Vines, *Angola and China: A Pragmatic Partnership* (Washington, DC: CSIS, 2008).

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Much of this was, the Angolan government argued, the fault of the Fund. Back in 2003, the IMF had offered to assist in the authorities' stabilisation efforts, but warned that without 'more transparency in the management of ... the oil sector', there would be no 'constructive dialogue with donors and creditors'.[88] Donors in turn insisted that without an agreement with the Fund, there would be no donor conference.[89] Unwilling to dismantle the finely tuned payments system that had served them so well during the civil war, Angola's leadership decided to go it alone. An ambitious 'home-grown' adjustment programme helped to rein in inflation, strengthened fiscal discipline, and attenuated exchange rate distortions. Yet a voluntary 'oil diagnostic', which canvassed Sonangol's 'quasi fiscal' operations, also concluded that in 2000 alone, the company had funnelled over $2 billion – the equivalent of half the government's revenues and one fifth of Western aid to Africa – past central bank accounts. Although a large share of the 'missing billions' seem to have been used to finance 'legitimate or quasi-legitimate state projects under direct presidential control',[90] IMF staff argued that the government's refusal to clean up its oil account outweighed its macroeconomic achievements.[91]

At the time, Angola's Finance Minister retorted that whilst the country did not want or need the Fund's money, it would have to continue relying on Sonangol to issue oil-backed bonds to finance both current and capital expenditures unless the IMF did something against the 'double standards' of Paris Club lenders who had agreed to cancel 80 per cent of Iraq's official debt at the stroke of a pen, but would only discuss a debt restructuring if Angola implemented 'first world' reforms.[92] If the US put any pressure on the IMF to meet Luanda's demands, it did not show. Emboldened by Nigeria's pledge to clean up its energy sector, and wary of discouraging other regional oil-exporters from joining international initiatives to lift the 'oil curse', including the Extractive Industries Transparency Initiative (EITI), the Fund continued to press for clear commitments and radical reform.[93] The Angolan economy, meanwhile, roared, reaping the benefits of a long overdue peace dividend, an extraordinary commodity boom, investment-driven capital inflows, and enthusiastic commercial lenders. Sheltered by a $2 billion credit line from China Eximbank, the authorities took advantage of the 20 per cent growth rates to ramp up domestic debt issuance, and pushed Sonangol to cash in on a six year, $2.35 billion trade finance deal arranged by a consortium of European banks to clear Angola's bilateral arrears and repay some of its principal, including the $750 million it still owed to its former colonial power, Portugal.[94] In 2007, the Paris Club duly invited

[88] IMF, *Angola: 2003 Article IV Consultation* (Washington, DC: International Monetary Fund, 2003).

[89] UNDP, *Defusing the Remnants of War. Economic Report on Angola in 2002–2004* (Luanda: United Nations Development Programme, 2005).

[90] Alex Vines, Nicholas Shaxson, Lisa Rimli, and Chris Heymans, *Drivers for Change: An Overview* (London: Chatham House, 2005).

[91] See KPMG, *Assessment of Angolan Petroleum Sector: Final Report* (Luanda: Ministry of Finance, 2004).

[92] José Pedro de Morais, *Angola and the IMF* (London: British Angola Forum, Chatham House, 2004).

[93] Arguably, the Fund's wager paid off; with the exception of Angola and Equatorial Guinea, all SSA oil exporters have since signed up to EITI, prompting the IMF to commend unlikely champions, like Chad, for the 'exemplary transparency' in their revenue management, see IMF, *Chad: 2010 Article IV Consultation* (Washington, DC: International Monetary Fund, 2010).

[94] For a discussion of the deal, see 'TFR Deal of the Year 2004: Sonangol, Angola', *Trade & Forfaiting Review* (23 February 2005).

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members to 'normalise' relations with Luanda, while yet another row over fiscal management prompted the Angolan government to call off further talks with the IMF. Since the country had managed to sort out its problems with official creditors without the Fund's assistance, de Morais told the press, it surely would not need its help to navigate the calmer seas ahead.[95]

Strong economic performance throughout 2007 seemed to vindicate the decision to go it alone. Angola entered the financial crisis with a fiscal surplus, adequate reserves, manageable debt, and a new multi-billion dollar credit line from China. In early 2008, president dos Santos told the Luanda diplomatic corps that they should place the 'stabilization of the Angolan foreign debt by the Paris Club … in the context of strengthening economic ties with European countries, allowing the reopening of financing lines for Angolan imports by important European banks without oil as collateral', but stressed that traditional partners should also be aware that globalisation 'naturally' encouraged a diversification of international relations, and would have to 'accept the principle of competition, which has substituted in a dynamic manner the petrified concept of influence zones that once characterized the world'.[96] Yet just as foreign advisers started to complain about the authorities' growing 'arrogance' and 'belligerence', a sharp drop in oil prices unhinged the expansionary fiscal and monetary policies that had lubricated Angola's economic boom. After a botched attempt to defend the exchange rate drained currency reserves, Angola pivoted to the Fund, which approved the country's first Stand-By Arrangement on 29 November 2009.

There is no evidence that the US pushed the loan's approval. According to leaked diplomatic cables, the World Bank's resident economist reassured US embassy officials that Angolan officials had 'been quietly following the IMF's advice for years', even though they 'like to give the impression they do not need IMF assistance', much like they 'love to criticize EITI as a "Blair initiative", but … publish more data about their extractive industries than some signatory countries'.[97] By approving the SBA, the IMF may, as President dos Santos smugly observed at the margins of the Group of Eight (G8) Summit in L'Aquila, have shown that it is 'no longer the same institution it was last year; it is a great deal more flexible'.[98] But by allowing the country to draw 300 per cent of its quota in exchange for a commitment to publish the audited accounts of Sonangol, the Fund also mainstreamed Angola into its efforts to 'foster the efficient use of public funds, reduce the risk of unstable macroeconomic policies, and improve confidence in the budget process' in resource-rich economies.[99] Instead of hectoring and lecturing a rogue, the Fund seized the opportunity to treat Angola like any other African state that deserves recognition for its improved, if far from perfect, macroeconomic management.

Conclusion: a little more conversation, and more action

In his pioneering foray into 'emerging' Africa, Adam Watson observed that even though technical and economic problems do 'not *determine* the nature of political

[95] 'Angola Gives IMF the Cold Shoulder', *The Nation* (25 March 2007).

[96] José Eduardo Dos Santos, *Address at the Presentation of New Year Greetings by the Diplomatic Corps* (Luanda, 2008).

[97] See cable 09LUANDA746, available at: {wikileaks.org} accessed 7 March 2012.

[98] 'José Eduardo dos Santos Recebe Presidente do FMI', *Angop* (9 July 2008).

[99] IMF, *Guide on Resource Revenue Transparency* (Washington, DC: International Monetary Fund, 2007).

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action', they were shaping 'the whole process' of postcolonial nation-building.[100] This article suggests that financial opportunities and constraints continue to shape Africa's engagement with the anarchical society. It argues that that, by developing the market for international loans and debt the IMF, a secondary institution established to promote monetary cooperation, has become an unlikely champion of coexistence. The article shows that very diverse governments recognise that, rather than posing a threat to their economic independence, the Fund can help them negotiate with donors and commercial lenders. Finally, it charts a course past the English School's hermeneutic predicament that can do without the investments required for a 'grounded theory' of international institutions, or similarly grand 'research projects'.[101]

Instead of systematically examining practitioners' conflicting 'claims, views, and interpretations of what is and ought to be going on',[102] the article takes its cues from current policy debates, identifies gaps in mainstream and ES scholarship, and embarks on an investigative journey across an eclectic blend of historic sources and contemporary research. Analytically, it relies on ES insights into the workings of international institutions to track the emergence of a neglected practice and the conduct of a controversial secondary institution that have shaped, to borrow from Paul Sharp's 'diplomatic theory', the encounters, discoveries, and re-encounters between the members and the financial backers of the anarchical society. Finally, it sketches the Fund's conduct in three countries to test the traction of more canonical ES explanations and to assess the need to amend its conceptual repertoire.

Arguably, none of this will satisfy those who are convinced that IGO-mediated relations among countries as diverse as Chad and China, Rwanda and Russia, or Uganda and the United States are susceptible to the statistical corollaries to the law of large numbers, or that statements by diplomats and statesmen, central and commercial bankers, or IMF and country officials should be subjected to the rigors of a structured and systematic content or discourse analysis. However, a meandering investigation of the constituent potential of a plausible master institution and a contested secondary institution goes some way towards recovering the intuitive sense of purpose that inspired classic ES thinking.

What then should contemporary ES scholarship make of the finding that, in parts of Africa at least, the IMF has acted as a defender of a pluralist order? First, that the exploration of what too many still consider 'the most peripheral part of the periphery, and the place where the local state structures would not survive if they were not held in place and supported by the global interstate society' can yield valuable insights into the ordinary conduct of states and secondary institutions.[103] Second, that the harsh choices governments without sufficient domestic savings suggest that coexistence is still far more elusive, and exclusive, than the impatient advocates of a solidarist transition care to admit. Finally, that the Fund's push for fiscal prudence and macroeconomic resilience does not entrench something as abstract as 'the market'. Its advice helps governments evaluate and assess the relative risks and rewards of pledging mineral collateral, of taking out concessional loans and grants, or of wooing commercial creditors. Its appeal rests on its commitment to cultivate and instruct its

[100] [Adam Watson] 'Scipio', *Emergent Africa* (Boston: Houghton Mifflin Company, 1965), p. 77, emphasis added.
[101] Wilson, 'The English School Meets the Chicago School'.
[102] Sharp, *Diplomatic Theory of International Relations*, p. 12.
[103] Buzan, *From International to World Society*, p. 240.

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members in a 'telic' practice – sovereign lending – that enables skilled borrowers to act as 'principal actors in world politics'.

In terms of future ES research, the article's findings suggest that instead of converging on the need to harness societal and solidarist aspirations, investigations of the interplay between the primary and secondary institutions of the anarchical society should explore their impact on practices that allow its members to deal with what Robert Jackson called the 'competitive pressures' of empirical statehood.[104] Promising candidates, from a developmental perspective, include transactional practices such as development assistance or the promotion of trade and investment, as well as more elusive developments, such as the shift towards professionalised technocratic cooperation, ritualised stakeholder engagements, or policy transfers that test the boundaries of classic diplomacy. However, the overriding question should never be which of these 'institutions' should become part of an ES corpus, but whether an ES-inspired exploration of their contribution to international order can explain what mainstream approaches don't see.

[104] Jackson, 'Quasi-States, Dual Regimes, and Neoclassial Theory'.

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