Introduction

In a tectonic shift, by 2030, Asia will have surpassed North America and Europe combined in terms of global power . . . largely reversing the historic rise of the West since 1750 and restoring Asia's weight in the global economy and world politics.[1]

– *The US National Intelligence Council*

We live in an era of unprecedented power transitions from the West to the East. This brings to the fore a perennial theme in world politics: whether and how shifts in material power lead to a new balance between costs and benefits of maintaining the international system.[2] This book aims to contribute to the scholarship about hegemonic transition and world order by anchoring this grand inquiry in a solid empirical ground to examine how the World Bank – a cornerstone of the US-led contemporary world order – has adapted to changing power balances in the past five decades.

This chapter proceeds as follows: first, it discusses why exploring the implications of hegemonic transition for the contemporary world order entails looking inside international organisations (IOs); second, it explains why the World Bank-IDA is a crucial case for exploring how IOs adapt to contemporary power transitions in a US-centred international system; third, it moves on to analyse why exploring the question of how member states distribute the costs of financing IOs (i.e., burden-sharing) offers a unique analytical angle for examining whether and how power shifts might redistribute the costs and benefits of maintaining the international system; and, finally, it explains why the in-depth investigation in this book of the international diplomacy behind donor financing of the World Bank's aid window helps to reveal that the process of hegemonic transition is far from a smooth and technocratic adjustment. The chapter concludes with the roadmap of the book.

[1] National Intelligence Council (2013: 15).

[2] Gilpin (1981); Kennedy (1988).

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I.1 Hegemonic Transition inside Multilateral Institutions

The contemporary hegemonic transition from the United States to China has sparked heated debates about the prospect of the American world order.[3] Will some kind of Chinese 'authoritarian model' dominate the twenty-first century, at the risk of reversing political democratisation and economic liberalisation?[4] Will the US-led 'liberal international order' be resilient enough to survive tectonic power shifts from the West to the East?[5] Or, will the twenty-first century be 'no one's world'? Is a dark era of ideological contention and geopolitical rivalry looming large?[6]

The above grand debates offer vital insights. But our knowledge about the contemporary hegemonic transition is fundamentally incomplete if multilateral institutions are left out of the analysis. There are two compelling reasons why we cannot afford to ignore the role played by multilateral institutions in these processes of hegemonic transition.

First, multilateral institutions play an indispensable role in the contemporary US-led hegemonic system.[7] At the close of World War II, at the zenith of its hegemonic power, America led the construction of an international order designed to save the world from falling into the kind of chaos exemplified in 'the twenty years' crisis' during the interregnum of power transitions (1919–39).[8] As manifested in the creation of the World Bank, the International Monetary Fund (IMF), and the attempt to create an international trade organisation (later evolving into the World Trade Organisation [WTO]), the United States committed itself to creating a liberal international economic order. The United States was also dedicated to building a more democratic and stable international political order, with the major institutional expression being the United Nations (UN). Hence, multilateral institutions are the very fabric of the contemporary international system.

[3] Power transitions here refer to shifts in material capabilities among states. It is analytically useful to distinguish 'power transition' (from one dominant state to another) from 'power diffusion' (from states to non-state actors) (Nye 2011: 113).
[4] Halper (2010). [5] Ikenberry (2011: 336–42). [6] Kupchan (2013: 5).
[7] Ikenberry (2001). [8] Carr (1946).

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Second, multilateral institutions are exactly the spaces in which competition between states plays out. The pursuit of international cooperation does not rule out the possibility that states wield power to seek national interests.[9] Indeed, IOs are vital vehicles for ruling the world.[10] Rising powers actively use these institutions to promote their international status.[11] Amid power struggles between states, IOs are by no means passive puppets fully controlled by member states. In fact, 'Management' in IOs (or, international bureaucracy) can play an independent role in shaping power politics.[12] Thus, multilateral institutions are arenas for intensifying power struggles as material power shifts among states.

This book aims to fill the gap in the grand debates about hegemonic transition by engaging with the inquiry of how the World Bank – a cornerstone of the US-led contemporary world order – has adapted to changing power balances. Filling this gap is of crucial importance to understanding the United States' relative hegemonic decline and China's corresponding rise. Although the literature examining the implications of the hegemonic transition from the United States to China for international security is numerous,[13] little is known about why rising China, a former World Bank recipient, decided to become a new donor of the Bank's aid window in 2007 before launching a new set of multilateral institutions, including the Asian Infrastructure Investment Bank (AIIB), outside the US-centred Bretton Woods Institutions and other established multilateral agencies.

I.2 The World Bank-IDA: A Cornerstone of the US World Order

As a foundation of the Bretton Woods system, the World Bank is the most prominent multilateral development institution in the post–World War II period. The Bank's aid window is the first international aid organisation established under US leadership.

Founded in 1960, IDA was born out of North–South and East–West power struggles. In the wake of unprecedented decolonisation

[9] Martin (1992: 765–92). [10] Gruber (2000).
[11] Rosecrance and Taw (1990: 184–209); Lanteigne (2005: 1).
[12] Barnett and Finnemore (2004).
[13] The literature is vast: see Ross and Zhu (2008), Buzan (2010: 5–36), Friedberg (2005: 7–45), and Schweller (1999).

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movements, newly independent developing countries had been vigorously campaigning for a sizeable international development fund under 'one country, one vote' UN control throughout the 1950s. This proposal was initially dismissed by rich industrialised countries, especially the United States. Yet, as the Soviet Union expanded its influence in the non-aligned developing countries, the United States took the leadership role in establishing IDA under the aegis of the West-dominated World Bank in an effort to counterbalance the Soviet influence in the Third World and to exert a strong influence on how and where to use the funds in recipient countries.

At first glance, IDA appears to be insignificant, as the role of IDA as a finance-provider is diminishing: IDA only provided about 6 per cent of official development assistance (ODA) to developing countries in 2013 – down from nearly 10 per cent in 2001.[14] As the new millennium dawned, growth engines in LICs ignited, reducing their aid dependence. IDA's financial leverage was thus declining.[15]

Despite its recent dwindling share of external finance to developing countries, IDA was once the linchpin in the international aid architecture. In the 1960s, IDA was 'the single most significant' multilateral channel of concessional loans to low-income countries (LICs).[16] IDA's pre-eminent position was strengthened in the 1970s.[17] As debt crises exacerbated aid dependency of LICs in the 1980s, IDA played a key role in leveraging market-oriented policy reforms in LICs.[18] After the end of the Cold War, although IDA was facing increasing competition with proliferating multilateral aid channels in an international aid market that was shrinking as the collapse of the Soviet Union obviated the need for the West to offer aid to counter the Soviet threat, it still provided about a third of total multilateral aid to LICs.[19]

Furthermore, IDA as a key strategic instrument has enabled the United States to project its influence worldwide.

[14] Net ODA disbursements of IDA as a percentage of total ODA provided by Development Assistance Committee (DAC) donors, from OECD DAC Aid Statistics.

[15] ActionAid (2011).

[16] The UN development agencies mainly provide grants rather than loans.

[17] While bilateral aid was the principal channel for disbursing aid, IDA's share of total ODA rose from 8 per cent in 1970 to 14 per cent in 1981. See IDA-7 Replenishment Agreement, para. 1.2.

[18] Mosley, Harrigan, and Toye (1991).

[19] OECD Aid Statistics.

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First, the World Bank-IDA is a critical lens for deciphering East–West and North–South geopolitical power struggles. During the Cold War, IDA was a pivotal US geopolitical instrument for accommodating the Third World's demand for development assistance in order to gain an upper hand in the East–West aid-giving contests in non-aligned peripheral states.[20] In the mid-1970s, as the united Global South called for a New International Economic Order, the United States led Western donors to boost their financial support for IDA in order to pre-empt an overhaul of a West-dominated international system.[21] Then, as the bipolar rivalry faded away, IDA has been a key instrument for integrating developing countries into 'a liberal-capitalist world order' consistent with US interests and values.[22] Hence, the wider East–West and North–South geopolitics plays a pivotal role in grasping power struggles within IDA.

Second, the World Bank-IDA is a norm-setter in the field of international development. As an idea shaper, the United States usually pilots new 'best practices' in IDA, which then spread to aid windows of Regional Development Banks (RDBs) and other aid agencies. For instance, the performance-based aid allocation rules have been replicated in RDBs after the United States first pushed it through in IDA. As China is rising as a development financer, will China's aid, with 'no strings attached', challenge the mainstream proper rules of conduct promoted by the United States? Exploring the battle of ideas in IDA helps us to better grasp whether China's rise poses an ideological challenge to American leadership in the arena of international development.

In summary, the World Bank-IDA is a crucial case for examining how a US-led hegemonic international system adapts to power transitions.

I.3 International Politics of Burden-Sharing

Exploring how power transitions play out at the World Bank leads us to examine an understudied research question of how donors distribute the cost of financing the Bank's aid window. IDA raises donations from donor governments and then offers concessional loans and grants to

[20] Kapur, Lewis, and Webb (1997: 1127–28).
[21] See Chapter 4 for more information. [22] Walt (2005: 30).

the world's poorest developing countries. Unlike the IBRD – its parent institution – which functions as a self-sustaining business by raising funds from capital markets, IDA has to be regularly 'replenished' by donors since IDA's concessional financing is far below market interest rates. From 1960 to 2010, IDA completed sixteen rounds of replenishment negotiations, normally at three-year intervals (in shorthand, known as 'IDA-1', 'IDA-2', etc.).[23]

At first glance, burden-sharing appears to be simply a financial issue, but it is actually deeply political. Burden-sharing arrangements matter because of the close relationship between providing resources and influencing outcomes. Member states proactively deploy their financial leverage to vie for their desired influence both within and beyond IOs, in line with the common wisdom that 'he who calls the tune should pay the piper' (i.e., financial contributions and influence should be commensurate in IOs). Therefore, exploring the politics of IDA burden-sharing offers a unique analytical angle for unpacking how rising powers and declining powers engage in the redistribution of financial cost and state influence in the World Bank as power shifts.

Despite a large body of literature on World Bank governance, no systematic effort has been undertaken to examine the history of IDA replenishments.[24] One major reason for the gap is a lack of data. Only the information about recent IDA replenishments since 2000 is publicly available online. The IDA replenishment process itself also receives scant attention. For instance, the two official histories of the World Bank offer only a broad-brush description of IDA replenishments.[25] To contribute to the grand inquiry into how the US-led hegemonic international system has adapted to power transitions, the author took the initiative in requesting declassification of over 180 folders of the World Bank archives and conducting some 100 intensive interviews to make a first authentic account of IDA replenishment history, not possible before this point.

[23] The most recent IDA-17 was completed in December 2013. For a review, see Manning (2014).
[24] While Clegg (2014) examines the politics of concessional lending in the World Bank, it fails to systematically investigate the politics of IDA burden-sharing throughout the replenishment history.
[25] The first official history offers a short account up to IDA-3 (Mason and Asher 1973: 406–13); the second gives a brief review of 'the replenishments in sequence' up to IDA-10 (Kapur, Lewis, and Webb 1997: 1141–44). This may be understandable, given the comprehensive nature of their endeavour.

While there have been numerous burden-sharing studies, this strand of literature primarily focuses on military alliances, especially the North Atlantic Treaty Organisation (NATO).[26] While the burden-sharing literature has later extended to other issue areas such as refugee protection,[27] so far only a few 'exploratory' studies statistically test burden-sharing of multilateral or bilateral aid.[28] And little has been done to study donor contributions to a specific international aid organisation.[29]

Given the apparent lacuna in the literature on IDA burden-sharing, unpacking the international politics of IDA burden-sharing makes an original empirical contribution, shedding light on the wider debates about hegemonic transition and world order.

I.4 Hegemonic Transition in Action

The grand debates about hegemonic transition and world order have concentrated on the central inquiries of (a) whether a declining hegemon would continue to maintain the burden of maintaining the existing order, clinging to its hegemonic influence, and (b) whether a rising challenger would bear more burden seeking incremental influence within the old order, or erect an alternative order at the expense of the waning hegemon. In essence, at the heart of the debate is whether and how shifts in material power can lead to a new balance between burden-sharing and influence-sharing in the existing (or newly extended) international system. To anchor this grand inquiry in a solid empirical ground, this book makes an original analysis of what drove changes in IDA burden-sharing patterns embedded in changing power balances within the US-led hegemonic international system over the past five decades.

The baseline explanation suggests that the cost of financing IOs will be redistributed in line with changing relative economic fortunes, resulting in concomitant shifts in member state influence in IOs. This prediction accords with the perceived wisdom that 'countries should give more aid as they grow richer' and that 'he who pays the piper calls

[26] The literature is vast. For a summary, see Sandler (1993: 446–83).
[27] For a special issue, see Thielemann (2003: 225–35).
[28] Addison, McGillivray, and Odedokun (2004: 173–91); Mascarenhas and Sandler (2006: 337–57).
[29] For an exception, see Roper and Barria (2010).

the tune'.[30] This indicates a smooth and technocratic process of hegemonic transition, as power shifts, burden-sharing, and influence-sharing would automatically adjust to new power balances.

But when we look inside the actual dynamics behind donor financing of the World Bank's aid window, we see a much more complicated picture. An in-depth investigation of IDA replenishment history reveals that adjustment in burden-sharing and influence-sharing amidst power transitions is far from a smooth and automatic process.

Three salient deviations from the baseline prediction may be identified:

1. Capacity-to-Contribution Gap: The hegemon honoured its traditional burden shares despite its relative economic decline, when faced with looming external geopolitical threats;
2. Contribution-to-Influence Disparity: The hegemonic influence at the World Bank persisted and even amplified, despite its flagging financial contributions to IDA;
3. Contribution-to-Influence Discrepancy: The hegemonic legitimacy began to be contested by other donors to the tipping point where, since the new millennium, the US hegemonic influence progressively eroded, despite only a mild further US share cut.

An in-depth investigation into the IDA replenishment history reveals two new insights: First, changes in US burden shares were not simply driven by the rise and fall of the hegemon's relative economic capability, but shaped distinctly by the intensity of geopolitical threats perceived by the hegemon. Looming geopolitical threats could arrest a potential US share cut even in times of its relative economic decline. The hegemon strived to honour its traditional share so as to expand total IDA resources to counter the influence of the Soviet Union and a united Third World. Hence, burden-sharing adjustments in IDA were not merely about bargaining games between rising powers and declining powers within the US-centred Western hemisphere, but also deeply shaped by power struggles between the hegemon and its geopolitical rivals.

Second, the degree of hegemonic influence at the World Bank was not simply a direct reflection of the US relative financial contribution, but was also more profoundly determined by two underlying forces:

[30] Pfeffer (1978).

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(a) the structural dependence of other IDA donors upon the hegemon, and (b) the legitimacy of the hegemon's power exercise perceived by other IDA donors. As other donors were more structurally dependent upon the hegemon for military protection against the Soviet Union and market access for economic recovery, so they had to tolerate a preponderant US influence at the World Bank even when the US financial contribution was flagging. Yet, as the hegemon skewed the contribution-to-influence disparity to the tipping point by consistently amplifying its undue influence while cutting its share of financial contributions, other donors opted to challenge the legitimacy of US power by refusing to embrace the hegemon's policy initiatives.

In a nutshell, the hegemon's contribution-to-influence nexus is far from a linear relationship, but is, rather, subject to a threshold effect. The hegemon can enjoy predominant influence incommensurate with its contribution for a sustained period of time at the World Bank if other donors are highly structurally dependent upon the hegemon in the broader international system. Yet, as other donors alleviated their structural dependence upon the hegemon, thus lowering their tolerance threshold of the US contribution-to-influence disparity, the hegemon could suffer from an imminent loss of influence in the wake of illegitimate US power exercises at the World Bank even when its share cuts were very mild.

In this book we will look into IDA replenishment history to grasp the core driving forces behind changes in burden shares and donor influence at the World Bank. Below are the essential questions and lines of inquiry.

I.4.1 Why Did Cuts in the US Burden Share Sometimes Lag Far Behind Decline in Its Relative Economic Capabilities?

Imminent geopolitical threats could temporarily arrest US share reduction in IDA when the waning hegemon aspired to deploy IDA to preserve its hegemonic status. The US-centred Western international system was once embedded in a confrontational bipolar world order with developing countries on the margins. At times the communist East and the united South could pose serious threats to the US hegemonic status. When the perceived external threats were looming large, the US deployed the World Bank-IDA as a crucial geopolitical instrument for containing the external threats. The US overarching objective was to expand total IDA resources in order to counter the threats emerging outside the Western hemisphere. By doing so, the United States could either win a competitive edge in aid-giving contests with the Soviet Union in peripheral states, or accommodate the Third World's demand for development assistance so as to dissuade developing countries from demanding a radical overhaul of the US-centred international economic order. In order to foster the internal Western solidarity to augment total IDA resources, the hegemon was willing to stand by its traditional shares so as to encourage its Western allies to give as much aid as possible. Thus, in the face of imminent threats from the East in the late 1960s and the South in the mid-1970s, the hegemon was willing to maintain its traditional burden shares despite its relative economic decline. By contrast, as external threats faded away, the hegemon vigorously sought substantial share cuts, even when its Western allies were not willing to offset its shortfall.

In sum, to counter impending geopolitical threats from the East and the South, the United States was willing to maintain its traditional burden share in spite of its relative economic decline.

I.4.2 Why Did a Significant Lag Exist for a Sustained Period of Time between Reductions in the US Burden Share and Deterioration in the Hegemonic Influence in the World Bank?

An intriguing counterintuitive phenomenon in IDA replenishment history is that the hegemonic influence endured and even amplified despite its diminishing financial contribution. The most striking change in IDA burden-sharing patterns is a precipitous fall in the US share from an unassailable position of over 40 per cent in 1960 to a modest 11 per cent in 2010. But throughout the first four decades of IDA history (from 1960 to 2000), the US policy influence at the World Bank hardly diminished at all. This runs contrary to the conventional wisdom that donors would lose their political influence as they cut their financial contribution to IOs.

There are two main reasons why the decline in the hegemonic influence lagged far behind the cut in its financial contribution.

A primary reason why other donors not only compensated for the US share cuts but also ceded influence to the United States was that they were so structurally dependent upon the hegemon for military protection and market access that they tolerated a preponderant hegemonic influence at the World Bank. For instance, in the early 1970s, even though other donors resented the undue US influence attempt to skew resource allocations in both IBRD and IDA to repair the damage in Indo-China inflicted by the United States during the Vietnam War, they still ceded influence to the United States in IDA-4 due to their heavy reliance on US military protection against the Soviet threat. Thus, the more structurally dependent rising powers are on the hegemon in other international arenas, the longer time lag between when the hegemon cuts its share and when the hegemon loses its influence at the World Bank.

Another counterintuitive reason for the enduring hegemonic influence is that pursuing fairness by secondary states in a rigid manner became a boost to, rather than a constraint on, US influence. The fairness concern is rooted in the belief that a donor's financial contribution should be commensurate with its political influence in IOs. As the United States amplified its influence but cut its burden share in the 1970s and 1980s, the influence-to-contribution disparity was widening to the tipping point that other donors could not tolerate any further cut in the US burden share. To preserve their sense of fairness, secondary states proportionally cut back on their cash contributions to avoid any slightest fall in the US burden share throughout the 1990s. While this punitive measure was originally designed to urge the United States to honour its 'fair' share so as to redress its influence-to-contribution discrepancy, the rigid pursuit of the fairness principle paradoxically augmented the US systematic financial leverage since the US dollar contribution effectively determined the total size of IDA replenishment. As the then Bank President James D. Wolfensohn put it, 'for every dollar cut by the US, IDA could lose a total of five dollars – as other nations reduce their contributions proportionally [given a fixed US share of about 20 per cent]'. As a result, Bank Management had a strong incentive to accommodate the US policy demands. Take IDA-12, negotiated in the late 1990s, for example: the United States achieved resounding success in pushing through a wide range of policy reforms across the whole World Bank, including implementing a transparent rule-based aid allocation system (known as 'Country Policy and Institutional Assessment' [CPIA]), despite the initial severe opposition from top Bank managers, and establishing a clear private sector development strategy for the IBRD, IDA, IFC,

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and MIGA. Hence, the rigid pursuit of fairness by secondary states can augment the US systematic financial leverage (i.e., the impact of the US contribution level upon others' willingness to contribute), thus boosting US influence.

In summary, the contribution-to-influence disparity can be attributed primarily to the structural dependence of other donors upon the hegemon in the broader international system. Other donors were more tolerant of the disproportionate US influence in the World Bank if they were more structurally dependent upon the hegemon for military defence against the Soviet Union and market access in international trade.

I.4.3 Why Has the Legitimacy of Hegemonic Power Exercises Played an Instrumental Role in Explaining a Sudden Fall in the Hegemonic Influence Despite a Mild Drop in the US Burden Share?

As we learnt earlier, the US contribution-to-influence discrepancy could last for a prolonged period of time when other donors were heavily structurally dependent upon the hegemon. Yet the 'unfair' disparity between the US influence and financial contribution would not persist forever. As soon as this discrepancy reached a tipping point in the aftermath of salient US violations of the 'fairness' principle (i.e., the hegemon unilaterally leveraged its financial strength to seek influence in line with its own values and interests, but failed to honour its financial commitments), the hegemonic legitimacy would be contested by other donors, substantially undermining the hegemonic influence.

The new millennium witnesses that hegemonic legitimacy began to erode in the wake of the hegemon's power initiatives that other IDA donors regarded as illegitimate.

In IDA-13, negotiated in the early 2000s, the United States unilaterally attached policy strings to its financial contributions but failed to honour its commitments despite Bank Management's compliance with its prescribed conditionality. Consequently, other donors began to openly question the US leadership. They severely doubted the Bush Administration's initiative of converting half of IDA resources into grants (as opposed to traditional loans) and even openly challenged the US initiative. Consequently, despite a mild US share reduction of

0.74 per cent, the hegemonic influence was openly questioned by other donors.

In IDA-14, other donors even took a step further to challenge the US leadership. They unanimously opposed the US proposal to appoint external candidates rather than high-level Bank officials to chair IDA replenishments. Furthermore, other donors decided to finance a bigger IDA, even though this decision would result in a precipitous fall in the US burden share (the USA, mired in the 'War on Terror' after the 9/11 event, could not afford its traditional share). Hence, getting rid of the rigid pegging practice would vitiate the systematic US financial leverage, once enjoyed by the hegemon throughout the 1990s when other donors insisted upon no further US share cut. Hence, neglecting the importance of legitimacy of its power exercises, the United States became a victim of its own success – unilateral pursuit of its short-term influence has undercut its hegemonic influence over the long run.

The rise of China has further eroded the hegemonic influence, as lack of voice opportunities at the US-centred Bretton Woods Institutions has driven China to take a leadership role in establishing new multilateral institutions with no US participation.

In IDA-15, negotiated in 2007, China decided to become a new IDA donor in order to vie for influence from within. The primary motivation for China's decision to become a new IDA donor was to redress a severe disparity between policy influence and financial contribution in World Bank governance. On the influence front, the voice of developing countries (IDA recipients and IBRD borrowers) was marginalised in World Bank governance, as IDA replenishment negotiations under the informal IDA Deputies group enabled donors to bypass the legal governance body of the Board of Executive Directors (where client countries have formal representation) and to capture a de facto decision-making power extending their policy influence well beyond IDA and across the whole World Bank Group. On the contribution front, China and other IBRD borrowers have reluctantly made indirect welfare transfers to IDA via IBRD net income transfers (which could have been used to reduce the borrowing cost of IBRD borrowers), because they do not have enough voting rights on the Board to counterbalance the G-7 countries' influence on revenue allocations. Accordingly, China was so resentful of being 'a quasi-donor without rights' that it aspired to seek 'influence from within' by winning a 'voice' opportunity at the IDA replenishment negotiation table.

Despite its attempt to gain influence from within, China gained much more profound policy influence by creating outside options to put competitive pressure on the World Bank. Impatient with the slow progress in gaining its desired policy influence, China has proactively adopted a two-track ('two-leg') strategy by establishing new multilateral financing arrangements to speed reform in existing international financial institutions. The founding of the AIIB is one quintessential example of China's quest for influence. In response to competitive pressures from China's rise as a development financer, the World Bank has made some adjustments in its development ideas and policies. For instance, China is spearheading a leaner and faster approach to development financing, compelling the World Bank to streamline procedures in order to cut down project preparation time. Another example is that the World Bank decided to relax its stringent rules on debt sustainability, which originally stipulated that IDA recipients had to bear a cut in the Bank's assistance if they borrowed 'non-concessional' loans at such a larger volume that breached the standard benchmark of debt sustainability prescribed by the Bank, as China's rapidly growing development finance with fewer strings attached provided LICs with an alternative source of financing, thus rendering the Bank's threat to cut its own assistance ineffective. Hence, China gained more influence via its leverage derived from newly created multilateral arrangements as an outsider than via its direct influence efforts as an insider.

What has enabled China to take the contestation of the hegemon's legitimacy further is that the US–China relationship was more characterised by complex interdependence than by asymmetrical dependence. Unlike past ascending powers, China does *not* depend upon the United States for military protection. Rather, the United States has relied on China's abundant foreign reserves to service its debt, whereas China has counted on US consumption to sustain its export-oriented growth. To sum up, the World Bank is heading towards a turning point where *financing and governing the World Bank-IDA would not require the US leadership as before*. Other donors not only decided to finance IDA without full US participation (as they no longer rigidly conditioned their contribution levels upon US cash contributions), but also resisted ceding influence to the United States even in the face of strong US opposition. The erosion of the US hegemonic influence has been further accelerated by ascending

China's decision to establish alternative multilateral development institutions without US participation.

In conclusion, hegemonic transition is a far cry from a smooth process where shifts in relative economic capacities would trigger corresponding changes in relative financial contributions to IOs and hence political influence in IOs on a commensurate scale. Burden-sharing adjustments are not simply driven by shifts in material capability, but also shaped by East–West/North–South power struggles. The hegemonic influence is not merely a linear function of the US financial contribution, but is also profoundly conditioned by the structural dependence of other IDA donors upon the United States as well as the legitimacy of US power exercises perceived by other donors at the World Bank.

I.5 The Roadmap of the Book

The book proceeds as follows.

Chapter 1 first presents the intriguing puzzle about IDA burden-sharing patterns – that is, adjustments in burden-sharing have not matched with shifts in material capabilities. It then explains the limitations of the mainstream burden-sharing literature in resolving this compelling puzzle. Finally, it elaborates how IDA is financed and governed, and conceptualises the nature and role of 'influence' in IDA replenishment negotiations.

Chapter 2 synthesises central features of three recurring power plays throughout the history of IDA replenishments, namely (a) how the hegemon deploys IDA as a geopolitical tool for containing external threats from the East and the South; (b) how ascending powers wield IDA contributions to induce the hegemon and waning powers to cede voting rights both within and beyond IDA; and (c) how the fairness concern among secondary states about the hegemon's exercise of power in controlling Bank Management affected their willingness to contribute to IDA and to cede influence to the hegemon. This lays the ground for empirical chapters which contextualise these key insights and refine them with historical contingencies.

Chapters 3–7 offer a historical account of IDA replenishments by decade. These chapters are structured by decade because each decade shares, at it happens, similar historical context: intense bipolar rivalry in the 1960s, détente and oil crises in the 1970s, debt crises in the

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1980s, the end of the Cold War and the arrival of 'the unipolar moment' in the 1990s, and the rise of emerging powers in the 2000s.

Chapter 8 focuses on China's decision to become a new IDA donor. China deserves a new chapter because it is analytically distinct from ascending Japan and Germany in the past: China needed to decide whether to step into the US-centred international institutions in the first place. The future of international development financing now hinges on the role of China in the ongoing hegemonic transitions.

The Conclusion goes back to the central theme of hegemonic transition and world order by distilling lessons from IDA replenishment history to look ahead.