# Review - Cooperative Complexity

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HENNING SCHMIDTKE, SEP 27 2025

**Cooperative Complexity: The Next Level of Global Economic Governance**
**By Richard Clark**
**Cambridge University Press, 2025**

The map of global economic governance is no longer a simple Bretton Woods core with occasional satellites. It is dense and competitive: borrowers can weigh legacy institutions, like the World Bank and the IMF, regional arrangements, and new challengers such as the AIIB and the NDB. Clark's book arrives in this moment and flips a familiar question on its head. Rather than asking how states choose among lenders, he asks how lenders relate to one another – when they pool money, staff, and conditionality through co-financing, and when they duel. It's a sharp reframing of a real-world problem: inter-organizational bargains now shape which rules travel, what kind of conditionality sticks, and how resilient governance is under geopolitical rivalry. Clark's central claim – that co-financing can be politically efficient and simultaneously economically inefficient – proves both intuitive and surprisingly counter-intuitive once he shows the data.

Clark defines co-financing as documented, formal joint projects – pooled funds, staff, and conditionality in a single operation – so we are not confusing genuine cooperation with loose "policy alignment." Why would IOs do this? Because it solves political problems created by regime complexity. When borrowers can forum-shop, leading shareholders and their bureaucracies risk losing business, enforcement power, and legitimacy. Co-financing narrows exit options, bundles legitimacy, and helps retain member participation. Geopolitical alignment among principals shapes this general tendency because it maps onto staff selection and socialization. Like-minded organizations tend to agree more easily on joint policy packages. In short, co-financing is politically efficient for geopolitically aligned IOs. But pooling projects also pools bureaucracies. Mixed work teams are larger and more complex to monitor: responsibilities blur, and free-riding and blame-shifting among IO staff become more frequent. Hence, Clark suggests that co-financing often leads to low bureaucratic performance – unless a credible out-group competitor is present. Rivalry can sharpen in-group identity and effort among staff. With a real risk of losing future business, IO teams work harder, and oversight tightens. Procedurally, ad-hoc co-financing is far easier to stitch together than mandate rewrites or formal hierarchies, which further explains why IOs choose it even when performance costs lurk. Economic efficiency, in this account, is activated by rivalry, not harmony.

Clark explores the empirical implications of his theory in three consecutive chapters. Chapter 3 maps who co-finances with whom and probes how geopolitical alignment drives these bargains. He triangulates (i) an original dyad–year dataset of overlapping IFIs from 1945–2018, hand-built from thousands of organizational documents and contacts; (ii) a survey experiment with IO staff that causally varies the leading shareholder of a hypothetical partner; and (iii) archival data. This is textbook, cutting-edge empirical analysis. Substantively, the development-lending analysis shows that a one-point increase in UN voting distance reduces the number of co-financed agreements by about 20 percent. Results in emergency lending point the same way, albeit with smaller effect sizes. In the staff survey experiment, switching the partner from a rival to a security-community member raises support for co-financing by about 18 points, and switching from a non-ally to an ally adds roughly 11 points. The archival analysis underlines these findings, showing that co-financing references in discussion about IMF programs became more frequent over time and were often framed as a politically efficient instrument by powerful shareholders when alignment and staff-level trust are strong.

Chapter 4 shifts to performance, exploring the conditions of economically efficient co-financing. To this end, Clark pairs (i) a quantitative project-level analysis of 6,200 World Bank projects between 1990 and 2018 and (ii) a lab experiment with students that mimics group competition for future business. This is methodologically tight: rich outcomes data with clear design levers combined with a micro-test of the effort mechanism. The punchline is clear: without a credible rival, adding partners or fractionalizing costs of programs does not raise performance. With a rival present, one additional co-financier organization improves program performance by nearly a whole point on a six-point performance scale, and moving from no to complete fractionalization even adds four points in performance, indicating strong, policy-relevant effects. The lab experiment underlines this finding, showing that competition increases team effort by 27 percent, clearly demonstrating that rivalry heightens identification and costly effort inside cooperative teams.

Finally, Chapter 5 presents a diagnostic case study on the troika cooperation in Greece during the early 2010s. It demonstrates that it was politically efficient for the EU and IMF to join forces (legal constraints, legitimacy, and shareholder alignment), but in terms of economic efficiency, cooperation largely failed. Clark builds this narrative from a variety of sources, including archival records, IMF and EU documentation, and interviews with key officials – exactly the materials needed to reconstruct the process and surface frictions. The evidence is vivid: the troika operated as co-equals with de facto vetoes; large, rotating teams and duplicated missions strained Greek counterparts; high-level withholding of data and sidelining episodes bred mistrust; and unresolved rifts – especially on debt restructuring – culminated in the IMF's 2015 disengagement from financing while continuing to shape conditionality. The case neatly illustrates Clark's core mechanism: absent an external rival to discipline mixed teams, collective-action problems and blame-shifting erode performance even when cooperation is politically attractive.

Taken together, the chapters point to a simple rule: who cooperates is mostly about alignment, and when cooperation works is mostly about rivalry. Two implications follow. First, although Clark flags "race-to-the-bottom" risks (borrowers playing lenders off to soften conditionality), his evidence suggests this is a secondary driver of the cooperation we see empirically. Because co-financing depends on geopolitical alignment, most joint operations occur among lenders that already share policy ideals and were unlikely to undercut one another anyway. Where high- and low-conditionality approaches clash, cooperation is relatively rare. In practice, the more general drivers of cooperation are other political efficiencies: retaining clients and participation, bundling legitimacy, and sustaining bureaucratic relevance by narrowing exit options. Second, there is a performance paradox: co-financing does not become economically efficient by itself; it does so when an out-group competitor is credible. A stylized contrast helps to illustrate this intriguing finding: Suppose that Egypt (authoritarian, hedging, with access to China-linked finance) and Georgia (small, liberal, closely tied to Western lenders) are looking for financial support for an infrastructure project: the mechanism implies that, for instance, a World Bank–ADB team is likely to work harder for Egypt, where an AIIB-anchored alternative is plausible, than for Georgia, already "in the family."

These points open several constructive paths for research. On cross-bloc cooperation (e.g., AIIB–World Bank), we need to know when principals bank short-term gains and when they rein in deals to avoid empowering a rival; which macro conditions (elections, sanctions cycles, debt stress, commodity swings) make such bargains stick; and which design choices – clear lead agency, veto rules, dispute resolution, transparency on conditionality – help them survive leadership change. On coalition design under alignment, research should further explore how friendly coalitions replicate rivalry's discipline internally via asymmetric burden-sharing, smaller and more stable teams, unified monitoring and evaluation, and personnel incentives. Do optimal designs differ by sector (infrastructure, social policy, or climate)? On borrower strategy under rivalry, why would a sanctioned or hedging government pick a liberal coalition despite credible alternatives; how large must the legitimacy premium (market access, ratings, sanctions signals) be to offset more challenging conditions; how do security or trade linkages tilt choices; and how far can borrowers push bloc-shopping to raise lender effort before deals unravel?

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### About the author:

Henning Schmidtke is currently a political science research fellow at the European University Institute, Florence. His research explores the legitimation and politicization of international organizations, institutional design, and global economic governance. He has published widely in International Relations and International Political Economy journals, including International Affairs, the Review of International Organizations, and the Review of International Political Economy. Contact: Henning.schmidtke@gmx.de