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# Structural Dilemma and Governance Solutions of International Financial Organizations in Developing Countries' Debt Crisis Management: A Social Network Perspective

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**Abstract:** The frequent occurrence of global economic crises and the impact of the COVID-19 pandemic have led to a surge in the scale of debt in developing countries, a concentrated peak in debt repayment, and increased uncertainty in debt repayment capacity, and global debt governance faces severe challenges. The current global debt governance model is similar to a complex network. The differentiation of interests and imbalance of weights between nodes in the network, the obstacles to the flow of resources at the edge layer, and the variable viscosity of the topological structure have resulted in flaws in the governance mechanism and increased the cost and difficulty of governance. In view of this, this paper innovatively uses network analysis to place the International Monetary Fund (IMF) in the international community network for empirical analysis to strengthen the theoretical understanding of debt governance. At present, the IMF plays a key but limited role in the debt governance of South Asian countries: at the node level, the conflict of interests between the IMF and the victimized developing countries and shareholders hinders the formation of governance consensus; at the edge level, the IMF's attention to the debt problems of developing countries lags behind, resulting in poor information flow and politicization of resource allocation; at the topological structure level, the instrumental attributes of the IMF and the simplification of governance measures have further damaged the governance effectiveness. Based on the above research, this article believes that promoting the reform of international organizations to adapt to the current economic situation, strengthening the positive interaction with various actors, and transcending the traditional concept of "others" are the inevitable ways to solve the governance dilemma. By promoting the continuous updating of the debt governance network, making it more reflective of the current political and economic situation, and more fair and effective, we can ensure global economic and financial stability and sustainable development.

**Keywords:** International Monetary Fund; Developing Countries; Sovereign Debt Crises; Social Network Perspective

## 1. Introduction

Since the Global Finance Crisis, the global economy has been grappling with sluggish growth, and the world has not yet fully recovered from the immense shock caused by the financial crisis. In recent years, events and ideologies such as the COVID-19 pandemic and the "securitization" of supply chains have further intensified the challenges facing global economic development. On one hand, the technological drivers of economic growth carry potential risks, and significant gaps remain in the formulation and implementation of global economic rules, as well as in identifying and resolving multinational risks. This creates substantial pressure on overall global economic growth. On the other hand, the rapid development of the digital economy and intelligent industries has led to a further concentration of global wealth in developed countries, highlighting the inequalities in multinational distribution mechanisms. Furthermore, some developed countries, when confronted with global crises, have prioritized unilateral economic policies that place their own interests above others, effectively sacrificing the development interests of other nations in exchange for a 'soft landing' for their own economies. The pressure faced by debtor nations has led to significant domestic economic risks, with several countries already experiencing economic crises.

## 2. Literature Review

While the academic community has undertaken some analysis of the crises confronting developing countries, the pertinent research exhibits the following orientations.

Firstly, previous studies offer descriptive or prospective analyses of debt crises. Xu Qiyuan and others contend that, in the post-pandemic era, the divergence in economic recovery across nations has intensified. Risk events—such as the ill-timed withdrawal of countercyclical policies by major economies—may continue to aggravate debt crises. Andrew M. Fischer investigates the structural factors underlying the emergence of debt crises in Southern countries, highlighting the foundational influence of global capital flows, export-oriented economic structures, and debt-dependent development models on these crises. Furthermore, Akyüz underscores that the imbalances within the global financial architecture, coupled with the spillover effects of monetary policies from developed nations, threaten the debt sustainability of vulnerable countries. Predominantly grounded in the perspectives of global economic structures and capital flows, these studies illuminate the complexity and multifaceted etiology of debt crises.

Secondly, some studies explore the roles, successes, and shortcomings of intergovernmental international organizations in financial crises. Zhou Sheng argues that the International Monetary Fund(IMF) suffers from deficiencies such as imbalanced internal governance structures, constrained supervisory and enforcement capacities, which result in limited governance efficacy during crisis response. Jiang Chenxi notes that the reformed accountability mechanism of the World Bank harbors potential flaws, including inadequate protection of requesters' rights and a lack of clarity in specific concepts and operational procedures. Additionally, scholars have examined the achievements and failures of these organizations in financial governance, drawing lessons therefrom. Chen Quanwei, analyzing the IMF’s performance during the Southeast Asian crisis, identifies limitations in funding sources and early warning capabilities, proposing corresponding reform recommendations. Guntram Wolff and Li Xiaoran critique the IMF’s role in the Greek debt crisis, asserting that it bears primary responsibility for the failure of Greece’s economic recovery. Broader research suggests that the role of international financial organizations in crisis governance is increasingly shaped by the international political and economic order, with their policy choices frequently reflecting the interplay of interests between developed nations and emerging economies.

Nevertheless, it is noteworthy that prevailing research predominantly adopts an institutional perspective, offering static critiques or syntheses of international financial organizations while often lacking analyses rooted in relational or dynamic frameworks. Consequently, future research should adopt a dynamic perspective to investigate the intricate web of relationships among international organizations, debtor nations, and other stakeholders, thereby elucidating the evolving logic of the interplay between power, cooperation, and interests in crisis governance.Given the aforementioned shortcomings, this paper adopts the perspective of Social Networks to thoroughly analyze the alignment between the unique characteristics of Social Networks and the requirements of global debt governance. Using the mechanisms of the IMF's involvement in debt governance as a case study, the paper aims to address the core question: "What are the structural contradictions involved in the participation of international organizations in the debt governance of developing countries?" Building on this foundation, the paper attempts to offer relevant recommendations that aim to provide valuable insights and references for the field of global debt governance.

## 3. Rising Debt and Structural Imbalances: The Current Debt Crisis in Developing Countries Since the COVID-19 Pandemic

The outbreak and spread of COVID-19 have not only caused unexpected shocks to the global economy but have also had a negative impact on the domestic economies and debt structures of developing countries.The external factor of global economic slowdown, combined with the shortcomings in the political and economic systems of these countries, has intensified the challenges they face. Analyzing the debt situation and potential crises in developing countries helps to understand the real challenges in global debt governance and underscores the urgency of advancing institutional reforms and changes in perspectives.

First, the debt levels of developing countries have continued to rise, leading to an accumulation of potential debt risks. Since the outbreak of COVID-19, many developing countries have borrowed extensively to maintain normal fiscal expenditures and stabilize national economic growth through expansionary fiscal policies. According to the World Bank's International Debt Report 2023, low- and middle-income countries' external public debt and government-guaranteed debt have reached a record high of $443.5 billion. Additionally, approximately 60% of low-income countries are facing high debt risks or are already in debt distress.Between 2017 and 2021, 80 economies worldwide remained in default, highlighting the worsening sovereign debt default issues faced by some developing countries.

Secondly, the peak period for debt repayment in developing countries is approaching, increasing the likelihood of a systemic debt crisis. Starting in 2008, many developing countries took advantage of relatively low global interest rates to incur large amounts of debt. This debt will mature over the next few years, heightening the risk of a debt crisis.According to estimates, sovereign bonds worth over $106 billion in African countries will mature between 2023 and 2025.In the past three years alone, 10 countries have experienced 18 sovereign defaults, a number that surpasses the total of the previous two decades. Additionally, persistent global inflation and the high interest rate policies of developed countries have indirectly raised borrowing costs for developing countries, further exacerbating their debt burden and pressure.

Thirdly, the debt repayment capacity of developing countries is subject to uncertainty due to fluctuations in the external environment. Many developing countries rely heavily on the export of primary products, cheap services, and other industries for growth. As a result, their macroeconomies are highly dependent on international trade cycles and deeply embedded in the global economic landscape. A slowdown in external demand inevitably disrupts domestic economic growth, which in turn affects these countries' ability to repay debt and their foreign exchange reserves.Moreover, this also means that developing countries are more likely to experience simultaneous risks during global economic downturns, further exacerbating systemic risks and burdens on the global economy. Additionally, during systemic crises, international capital tends to shift towards safer, high-quality assets from developed countries to minimize losses. This move reduces the ability of developing countries to access refinancing or extend debt maturities. For instance, in 2022, the amount of new debt issued by developing countries in international markets decreased by more than 50%, with low-income countries seeing a reduction of over 75%. Whether driven by domestic development challenges or the difficulties in securing international capital, the debt repayment capacity of developing countries is currently under significant strain, intensifying global economic uncertainty.

The global impact of the COVID-19 pandemic has pushed developing countries to the brink of a debt crisis. Currently, they face several interrelated crises, including the continued expansion of debt, the approaching peak of repayment periods, and uncertainties regarding their repayment capacity. These challenges collectively pose a substantial threat to the health and stability of the global economy. To address this imminent crisis, developing countries urgently require support from the international community and enhanced cooperation at the institutional level.

## 4. Applicability of Social Network Perspective in Analyzing the Debt Governance Dilemma of International Organizations

Susan Strange's approach, which assigns equal importance to financial structures, security, and production structures, highlights the significance of financial systems. The outbreak of economic crises can exert severe and sustained shocks through these financial structures. Given the escalating debt levels and emerging risks in developing countries, the role that international organizations can play in addressing these issues is limited. This limitation arises not only from the restricted influence of international organizations within power politics and their legitimacy crisis, but also from their position within the complex international structure.In essence, the debt problems and their governance in developing countries must be analyzed within the context of the global financial network.Relevant international financial organizations should link with other nodes in this network (i.e., international actors) and play a coordinating role within the network. Therefore, analyzing the debt crisis governance from the perspective of international organizations' relative positions and interactions in the Social Network is both logical and necessary.

### 4.1 The Diversity of Network Nodes Leads to Significant Divergence in Interests

In the context of global financial and debt governance, international organizations must engage with a diverse array of actors and coordinate their interactions at the institutional level to form a Social Network. These actors, differing in type and nature, become heterogeneous nodes within the network, while international organizations and developed countries act as key weighted nodes. The varied types and attributes of these heterogeneous nodes result in significant differences in their interests and influence, thereby increasing the complexity of network coordination.

Firstly, different types of sovereign states are integrated into the debt governance network, creating clear heterogeneity among the nodes. The sources of borrowing for developing countries are diverse, including loans from sovereign states, international organizations, and private capital.Different actors in debt governance exhibit varying and sometimes conflicting economic interests when addressing the debt issues of developing countries. As debtor nations, developing countries aim to alleviate repayment pressure through effective debt restructuring and extension, thereby avoiding a debt crisis. In contrast, sovereign states and private capital seek to ensure that debts are repaid in full and on time, thereby protecting their national economic interests and fostering capital accumulation. Additionally, international organizations not only aim to recover their loans but also seek to enhance their influence in the global structure by managing debt crises. These divergent interests create a conflict between the debtor countries' need to delay or forgive debt repayments and the creditor countries' focus on securing repayment. Logically, these differences in interests form the foundation of heterogeneity within the debt governance network, as various actors pursue distinct goals in the debt governance process.

Secondly, different nodes in the debt governance network exhibit significantly varying weighted influence, and there is clear structural tension between these nodes. The current global financial structure and debt governance network still revolve around major financial powers and developed countries.However, this distribution of influence is evidently disadvantageous to developing countries, which struggle to escape debt crises. On one hand, there is a mismatch and tension between the governance network's weight distribution and the debt structure of developing countries. Developed countries, leveraging their resources and discursive advantages, hold substantial power within the network, whereas developing countries are increasingly dependent on emerging economies, such as

China, which have become major creditors in the current debt structure.Developed countries within the network are not always willing to fully utilize their resources and institutional strengths to protect the interests of emerging economies, creating internal tensions among creditor countries. On the other hand, there are also conflicts between the more powerful developed countries and emerging creditor nations, which often manifest through international financial organizations. Developed countries use their shares and voting rights in these organizations to exert influence, thereby obstructing their ability to effectively carry out their roles in debt governance.Meanwhile, emerging creditor nations hope these organizations can intervene in debt governance for debtor countries, minimizing the financial losses to their own interests. As a result, tensions between developed countries and emerging creditor nations are transferred to international financial institutions, weakening their effectiveness in debt governance.

There are significant differences in the types and weights of nodes within the global debt governance network. The divergent interests and weight distributions among these heterogeneous nodes exacerbate the difficulty of policy coordination. Specifically, there are differences in the positions of creditor countries, debtor countries, private capital, and international organizations regarding debt governance. Additionally, there is an unequal distribution of power and structural tension between developed countries and emerging creditor nations, as well as between developed countries and international organizations. As a result, the misalignment of differences and power among these nodes poses a major challenge to the global debt governance network.

### 4.2 Multiple Constraints at the Edge Level Impede Effective Resource Allocation

From the perspective of Social Networks, nodes are interconnected through diverse edge relationships, resulting in varying resource allocation patterns. The global debt governance network exhibits similar characteristics. Nodes of different types and weights facilitate the flow of resources, such as information and capital, through network edges. However, the flow of these resources is still constrained by non-economic factors, which leads to low timeliness and high conditionality. As a result, these constraints hinder the efficient and legitimate allocation of global resources, ultimately preventing the debt governance network from functioning as intended.

Firstly, the debt issues faced by many developing countries receive limited attention from high-weight nodes in global social networks. As a result, the global debt governance network's response to and assistance for debt crises in these countries remain sluggish. Currently, multinational financial institutions and investors tend to focus more on the economic policies and market trends of major financial powers, preferring to seek capital growth in these developed markets.However, this also means that relevant stakeholders have limited concern for the debt issues in developing countries. Consequently, the debt crises in these nations only attract attention and governance when they escalate and cause significant impact, but by then, the damage is often irreparable. Therefore, the visibility of debt crises in developing countries within the global debt governance network and the dissemination of information are often inefficient. Furthermore, the current debt crises in developing countries are frequently manipulated by major powers, framing them as a "debt trap" narrative.This narrative does not accurately reflect the actual debt issues faced by these countries, leading to further distortion in the dissemination and understanding of crisis-related information. In today's Social Networks, the timeliness and authenticity of information regarding the debt crises in developing countries are particularly challenged, ultimately hindering effective crisis coordination and resolution.

Secondly, governance networks controlled by high-weight nodes often introduce numerous additional conditions when determining governance plans and providing financial assistance. In debt governance negotiations within these networks, low-weight nodes are typically at a disadvantage. Due to a lack of sufficient negotiating power, they find it difficult to fully express their interests during the formulation of governance plans, making them highly susceptible to the influence of high-weight nodes. These high-weight nodes, driven by their own interests, exert political influence on low-weight nodes, hindering the flow of funds and politicizing the governance agenda. Currently, the international financial order is undergoing profound changes. Advanced powers, with high-weight status in the network, continue to use governance networks and specific governance issues to maintain their hegemonic position. Consequently, these powers impose political influence and conditions on the flow of aid funds at the lower levels of the network, aiming to preserve their financial dominance in a given region or counteract the influence of competitors. For example, during the recent Russia-Ukraine conflict, the United States provided loans, guarantees, and other forms of financial support to Ukraine, helping stabilize its finances and debt while strengthening Ukraine's position in the anti-Russia stance. However, the political conditions attached to such aid may obscure the external manifestations of debt issues, delay the formation of governance agreements, and ultimately cause greater losses for the low-weight debtor nations.

The global debt governance network's peripheral branches serve as channels for the flow of resources such as information and funds. However, in debt governance practice, the timeliness and conditionality of these resource flows are still influenced by the attributes of the nodes, leading to significant inefficiencies. These limitations not only hinder timely responses to debt crises in developing countries but also reduce the overall effectiveness of the global debt governance network at the peripheral level.

### 4.3 The Impact of Changes in Topological Structure on the Effectiveness of Governance Solutions

In the context of networks, topological structure refers to the overall arrangement formed by the interconnections between various nodes through network transmission facilities in different ways.This means that topological structure exhibits new characteristics beyond the node and peripheral levels. A similar feature is present in the global debt crisis governance network. The dynamic rigidity in the topology of governance networks hinders the effectiveness of relevant nodes or peripheral elements. Analyzing the issues emerging in global debt governance from the topological perspective can reveal underlying problems at the node or peripheral level that might otherwise remain unnoticed.

On one hand, the inherent properties of topological structure can prioritize the stability of the structure over the effectiveness of policies, ultimately undermining the structure itself. The global debt governance network currently reflects the historical distribution of power, which no longer aligns with the present economic landscape. To maintain the stability of the old structure, relevant international organizations, and even the major financial powers behind them, may encourage developing countries affected by the debt crisis to negotiate debt rescheduling and reduction with emerging creditor nations. For example, the U.S. Treasury and the IMF have insisted that low-income countries with debt relationships to both China and developed countries must first reach a bilateral debt reduction agreement with China before approaching the IMF for further debt relief requests.Clearly, these international organizations have become tools for major financial powers to maintain the existing governance network. This stance effectively places the interests of the relevant developing countries and the effectiveness of policies secondary to the interests of the topological structure and the major powers. Such an approach will undoubtedly diminish the effectiveness of the current governance network, further fragmenting the existing topological structure.

On the other hand, the inherent "stickiness" of the topological structure also reflects the ideological biases underlying policy orientations. In terms of policy proposals, the governance solutions offered by international organizations to relevant developing countries exhibit a strong neoliberal influence.These proposals, characterized by privatization, reduced government spending, and weakened social powers, often follow a neoliberal agenda. While privatization and cuts to government expenditure may yield short-term economic benefits, they can also lead to long-term social problems and economic instability. Furthermore, the sale of valuable state assets at low prices can undermine national interests and lead to a loss of resources.

Additionally, it seems that developed countries have moved away from the "Washington Consensus," with its neoliberal foundation, and have shifted toward economic nationalism. However, the aid proposals from international organizations, which were initially based on neoliberal principles, are still being implemented in many developing countries. The increasing concentration of power in the hands of developed countries and the weakening of government authority in developing countries has led to a widening gap between nodes in the governance network. This situation clearly hampers the achievement of fair debt crisis management.

The "stickiness" of the topological structure in global debt crisis governance is evident not only in the rigid implementation of international aid strategies and the neglect of recipient countries' actual needs but also in the inherent ideological biases within policy recommendations. Moreover, this structure often upholds existing power dynamics at the expense of governance effectiveness. Such structural rigidity limits the flexibility and autonomy of developing countries in addressing crises, exacerbates inequality within governance frameworks, and weakens the legitimacy of governance networks.

## 5. Case Analysis: The IMF's Role in Debt Governance in South Asian Countries

In the current global debt governance landscape, international organizations such as the IMF continue to play a central role. However, their influence is significantly constrained by the complexities of global networks. The IMF’s involvement in governance processes remains limited in practice.Recent years have seen countries like Pakistan and Sri Lanka struggle with escalating debt crises, with the IMF playing a pivotal role in managing these sovereign debt issues. By analyzing the IMF's involvement in the debt crises of Pakistan and Sri Lanka through the lens of Social Network theory, we can better understand the challenges facing international financial governance today.

### 5.1 Node Attribute Differences and Fragmentation of Consensus

The differences in node attributes within Social Networks indicate significant disparities in the interests of various actors. As a key entity in the international financial order, the IMF faces conflicts with developing countries that are also victims of debt crises. Additionally, the relationships between major shareholders and creditor nations impose further constraints on the IMF's involvement in debt governance. The differences in attributes and the fragmentation of interests among relevant actors significantly hinder the formation of a unified governance consensus, thereby undermining the effectiveness of governance mechanisms.

The conflicting interests between the IMF and the debtor developing countries are the most prominent differences at the node level. Developing countries, which are facing significant damage, experience urgency in managing crises. For countries like Pakistan and Sri Lanka, their national economic development and improvements in social welfare directly affect public opinion of the government, which in turn influences the government's political survival and the party's influence in the next election. Additionally, in Pakistan, the state of economic development directly impacts the unity of its multi-ethnic society and the activities of terrorist organizations.As a result, for developing countries with flawed financial market structures, support from multinational capital, represented by the IMF, is particularly crucial during times of crisis.

However, the IMF aims to protect the interests of both the organization itself and its contributors during the governance process. Therefore, the IMF’s aid strategies are designed to ensure that debt is recovered with minimal losses or costs. This, however, creates a divergence from the debtor countries' demands for aid or debt extensions. The differences in urgency and the tension between these demands make the conflict between the IMF and debtor developing countries increasingly significant, hindering the achievement of a consensus on governance strategies.In the debt governance of Pakistan and Sri Lanka, the IMF has made market-oriented demands such as fiscal consolidation and exchange rate reforms a prerequisite for aid. The IMF seeks to reduce the risks associated with its financial assistance. However, such reforms are likely to bring severe economic risks and social unrest to the debtor countries in the short term, creating tension with their goal of obtaining financial relief.

Conflicts of interest between the IMF's major shareholders and creditor nations can hinder the Fund’s active role in debt governance. The debt structure of developing countries is undergoing a transformation, shifting towards a model in which emerging economies are the primary creditors. China, in particular, has become one of the largest creditors to many developing nations. However, the IMF's equity structure and its associated voting rights have failed to reflect this new distribution of debt ownership. According to IMF resolutions, major decisions require a special majority of 85% of total voting power to pass.As a result, significant structural conflicts have emerged among creditor nations, complicating governance and creating a politically charged environment. In this context, the United States has leveraged its voting power to influence debtor nations, pressuring the IMF and affected countries to adopt measures aligned with its interests. For example, the U.S., as a major IMF shareholder, expressed concerns over Pakistan receiving IMF assistance, fearing that the funds would be used to repay China's debts rather than addressing Pakistan's domestic economic issues.

Differences in Node Attributes within the Debt Governance Network: Conflicting Interests between Developing Countries, the IMF, and its Major Shareholders

The differences in node attributes within the debt governance network reflect the conflicting interests between debt-ridden developing countries and the IMF, as well as its major shareholders. Developing countries urgently require assistance in debt governance; however, the IMF's aid strategies are often slow and primarily focused on preserving its own interests. This creates tension with the demands of debtor nations and emerging creditor countries. As a result, the IMF struggles to fully represent the interests of debtor countries when providing relief. Its measures may not only harm the interests of these countries but also hinder the formation of a consensus on governance.

## 5.2 Limited Flow of Marginal Information and Funds: The Politicization of Debt Issues

As a key player in global debt governance, the IMF is tasked with connecting debtor countries, various creditor nations, and private capital. However, disruptions in the flow of information and funds at the marginal level significantly undermine the IMF's role in the network. This lack of connectivity has led to the worsening of debt issues in countries such as Pakistan and Sri Lanka during this period.

On one hand, the IMF's attention to the debt issues of developing countries remains limited, and its responses are often delayed relative to the actual development of crises. In the real financial system, the IMF is primarily focused on the monetary policies of major economies and the global economic outlook, while paying limited attention to the development challenges and debt crises of many developing nations. For instance, the IMF's World Economic Outlook dedicates much of its analysis to the economic performance and policy directions of developed countries and emerging market economies, with comparatively little focus on low-income developing nations. This results in the IMF addressing the debt problems of developing countries only after they have fully developed into crises. Pakistan's current debt crisis can be traced back to the first half of 2022, escalating around July 20. However, official engagement between the IMF and the Pakistani government did not begin until July 2023. During this period, Pakistan faced accelerating depletion of foreign exchange reserves, rising inflationary pressures, and a rapidly slowing economy. Sri Lanka experienced a similar delay between the outbreak of its crisis in 2022 and the IMF's intervention, leading to significant domestic economic losses. From the perspective of Social Networks, debt-related information from developing countries fails to effectively reach other key nodes in the network. The poor flow of information not only exacerbates the socioeconomic conditions of affected nations in the short term but also increases the institutional costs and financial burden of crisis governance. As a result, the IMF's limited focus on the debt issues of developing countries negatively impacts the effectiveness and cost-efficiency of debt governance networks.

On the other hand, the "politicization" of developing country debt issues delays the formation of consensus and solutions for sovereign debt relief. From the perspective of the flow of resources in peripheral regions, "politicization" means that financial flows are restricted by international politics, exacerbating the crisis in the affected countries. Some developed countries have even resorted to accusing emerging countries of falling into a "debt trap" to achieve their own goals of "raising the ladder after climbing the wall." This tactic aims to suppress the influence of emerging market economies. Based on this, the decision-making process of the IMF and creditors often shows a clear bias, reducing the effectiveness of aid. For instance, the United States frequently politicizes economic issues and internationalizes domestic matters during negotiation processes, which hinders the finalization of debt governance solutions. In the debt management efforts of Pakistan and Sri Lanka, developed countries like the United States have exploited the situation by promoting the so-called "debt trap ," attempting to blame China for the crises facing both countries.This tactic, by causing delays, has only intensified the crisis. This behavior not only delayed the formation of governance solutions within the IMF framework but also heightened tensions between debtor countries, creditor nations, and the IMF.

In the global debt governance network, there is a significant issue with the flow of information and funds at the peripheral level. The IMF's attention to the debt issues of developing countries is often insufficient, and its response is typically delayed. The ongoing politicization of debt problems makes it difficult to reach a consensus on relief measures, resulting in blocked and inefficient financial flows. This situation not only worsens the crisis in the affected developing countries but also weakens the IMF's connective function, undermining the effectiveness and legitimacy of the current debt governance network.

### 5.3 Instrumental Topological Structures and Inefficiency of Solutions

The inherent rigidity of Social Networks at the topological level makes it difficult for their structures to undergo significant adaptive changes. In the global debt governance network, the IMF has become an instrument of major powers, which has entrenched its structural role, preventing fundamental changes. This instrumental nature is reflected in debt governance through solutions that heavily favor neoliberal ideologies. However, this approach is not conducive to resolving the diverse debt crises in developing countries in a way that aligns with the interests of all stakeholders.

Whether in terms of institutional stickiness or organizational structure, the IMF has extremely strong instrumental attributes in the process of formulating and implementing aid policies. As such, its policy-making and implementation processes consistently reflect the will of developed countries. Historically, the IMF was established after World War II, rooted in the monopolistic operations of major powers, and formed a mutually reinforcing relationship with the international monetary and financial system. These institutional arrangements primarily serve to promote the growth of the hegemonic nation's capital and secure monopoly profits. The international power and financial systems require developed countries to provide public goods, and these countries also use their influence to advance their own agendas. Therefore, developed countries are both the largest beneficiaries and the primary managers of the international financial hegemony. As the issuer of the key currency, the US holds a central position in the international financial system, resulting in an asymmetric relationship within the global financial order.This allows the US, through financial hegemony, to manipulate the international financial order via institutional designs and organizational arrangements, influencing the internal markets and policies of other nations to ultimately serve its hegemonic interests. For developed countries like the US, they are able to continuously extract benefits from the international financial structure and the IMF, benefiting from path dependence and the transmission of ideologies. Consequently, these countries are unwilling to allow significant changes to the IMF's structure or function, as such shifts would disrupt the established network and governance systems, which have a strong level of inertia.

The IMF's influence has led it to adopt a more liberal economic orientation, often underpinned by neoliberal ideology when crafting aid programs. Historically, the IMF's policy recommendations for developing countries in crisis have included the following measures: First, a debt cap, which requires recipient governments to limit the total size of their future debt. Second, privatization of state-owned enterprises (SOEs) or encouragement of private capital participation in natural monopolies, such as the energy sector. Third, the promotion of financial liberalization and market openness. For instance, the IMF has urged Pakistan to address inefficiencies in its energy sector, improve the governance, transparency, and efficiency of SOEs, and similarly has required Sri Lanka to privatize state-owned enterprises or implement structural reforms, including energy pricing adjustments. These internal reforms challenge both countries' existing economic models and political stability, leading to prolonged negotiations with the IMF over the reform conditions. Consequently, the formation of a governance consensus is often delayed. However, the one-size-fits-all approach overlooks the differences and contradictions within the recipient countries, such as resource endowments and social psychology, rendering these aid programs inefficient or even ineffective. There remains doubt as to whether the IMF's "reform prescriptions" can genuinely address the crisis and economic development needs of recipient nations, potentially sowing the seeds for future conflicts between the IMF and the countries it assists.

The topological rigidity of Social Networks makes it difficult to change global debt governance models. As a tool of major powers, the IMF's role within these networks is constrained by the influence of these powers. Moreover, the IMF's neoliberal-oriented aid programs do not effectively address the debt crises of developing countries. Instead, these programs may undermine governmental authority and social stability, rendering them inefficient or even ineffective solutions. Consequently, the legitimacy and functionality of the global debt governance network face significant challenges.

## 6. Beyond Network Structures: Bridging Governance Divides through the Concept of "Community"

Global economic growth continues to face significant challenges, with the possibility of financial risks fermenting and spreading. Many developing countries are particularly vulnerable due to inadequate financial infrastructure and insufficient risk identification, making them more susceptible to international financial volatility and domestic economic fluctuations.Meanwhile, China is gradually positioning itself at the center of the international stage, with its influence within Western-dominated international organizations growing significantly. Furthermore, China-led international organizations are playing an increasingly important role in global affairs. Given this context, it is critical to find ways to encourage existing international organizations to adopt more effective interaction strategies while ensuring that China-led organizations do not replicate similar issues regarding identity construction. In this regard, international organizations should focus on a "community" perspective within the global society. They should engage actively with governments and societies in recipient countries and, through initiatives like the Global Development Initiative, work towards crisis mitigation and shared opportunities.

### 6.1 Reform of Relevant International Organizations as the Fundamental Basis for Addressing Debt Crises

When addressing the aid needs of countries affected by crises, international organizations should not only focus on the interaction between themselves and the affected nations. Rather, they should assist these countries in integrating into both domestic and international economic cycles, starting from the foundation of a complete national production system. On this basis, international organizations should help improve the affected country's "national-market" system, fill gaps in its industrial and regulatory structures, and contribute to the development of an economic cycle that is aligned with the country's resource endowment, meets societal production needs, and enhances financial governance.

Relevant international organizations need to reform existing systems and establish dialogue frameworks, while ensuring the stability of the global financial system. Currently, these organizations are predominantly controlled by a few developed countries, with their voting shares and institutional designs not reflecting the international status and financial needs of developing countries.Both the IMF and the World Bank are undergoing organizational reforms that include changes in voting rights, personnel systems, and supervisory capacities. In particular, reforms to voting rights should address the historical legacy of the system, adjusting it to reflect shifts in global economic power. This would ensure that developing countries and emerging economies have voting rights proportional to their economic size.Personnel reforms should focus on increasing diversity in appointments, including greater representation of nationalities, educational backgrounds, and areas of expertise. Reforms to supervisory capacity should expand the focus beyond national public debt to include the rapid movement of cross-border capital and the regulation of financial derivatives. For international organizations led by China, the design and establishment of their systems should prioritize the interests of developing countries. These organizations should support crisis-stricken nations in overcoming their challenges and foster collaborative development among countries.

International organizations should actively engage with other economic actors to prevent the escalation and spillover of crises, while assisting affected countries in their economic recovery. On one hand, these organizations should take the lead in effectively regulating multinational capital and encourage cooperation in funding during the aid and revitalization processes. However, financial assistance from international organizations often only addresses the immediate needs of the affected country, failing to resolve long-term issues such as capital shortages and loss of confidence. In such cases, international organizations should negotiate with multinational corporations investing in the affected country post-crisis, ensuring stability in investment expectations and preventing a "stampede" of capital outflows, which could further harm the country's interests.Additionally, when the economy of the affected country begins to recover, international organizations should collaborate with multinational capital to provide further financial support. On the other hand, international organizations must focus on fostering organic interactions with real industries. If funding is only circulating within financial institutions without practical impact, it will not contribute to economic recovery and may pose significant risks. To address this, international organizations should closely collaborate with the affected country's government and both domestic and international industries. By implementing specific project plans and executing them, they can introduce construction projects that benefit domestic industries and improve the welfare of the population. This approach will reduce the inefficiency of capital circulation, while increasing economic output and social welfare through industrial parks and supporting infrastructure.

The support policies of relevant international organizations should not be limited to the financial sector or solely directed at the affected countries. Existing international organizations are, in essence, products of hegemonic environment, and their current institutional designs fail to reflect the economic power of developing countries or adequately address the interests of these nations, including those with "financial vulnerabilities." Therefore, these organizations need to undergo reform. Additionally, given the central role of finance in the global economy, these organizations should engage in active interaction with other economic entities. It is essential to persuade these entities to move beyond a short-term profit-oriented value system and to incorporate long-term, "non-exclusive" returns into their investment considerations, thereby fostering the healthy development of national economies and capital markets.

### 6.2 Appropriate and Active Interaction with the Victimized Country's Government: A Key Approach to Resolving Crises

Susan Strange once argued, "Negotiation provides more feasible solutions for businesses, governments, and policymakers than other methods." As key players in international relations, relevant international organizations can help reduce competitive identity conflicts between themselves and crisis-affected countries through active, equal, and mutually beneficial interaction and support. The interaction between these international organizations and the victimized country should encompass two dimensions: the government and local society. This comprehensive approach aims to improve the overall perception of the relevant international organizations in the affected country.

First, the fundamental and most important requirement for relevant international organizations is to abandon any notions of disdain or condescension towards the crisis-affected countries. When assisting these countries in overcoming a crisis, international organizations should avoid adopting a "teacher-student" mentality, using financial aid as leverage to coerce the affected country into implementing reforms that align with their own preferences. Similarly, they should not resort to simplistic or forceful reform measures in response to the complex economic crises faced by different nations. Instead, international organizations must adopt a perspective that prioritizes the interests of the victimized country, maintaining close cooperation with its government. They should implement effective measures tailored to the country's specific crisis characteristics and underlying causes, avoiding the imposition of "one-size-fits-all" reforms typically associated with neoliberal policies.

Secondly, the government of the affected country is a crucial partner for international organizations in fostering positive interaction. A nation's economic policies are typically formulated by relevant bureaucratic departments and implemented through the state's coercive mechanisms. Therefore, public diplomacy is a primary focus for international organizations when conducting foreign affairs. In developing and implementing aid plans, these organizations should maintain active communication with the government of the affected country, thoroughly analyzing the root causes and spread of the crisis. They should work together to address institutional gaps and management weaknesses.

Moreover, international organizations must respect the sovereignty and social welfare of the affected country. They should not only focus on the immediate financial returns from their lending activities or define their aid efforts based solely on their ideological preferences. Instead, their support should be centered around the affected country's long-term economic development and the well-being of its citizens, offering sustainable, comprehensive relief packages. Additionally, international organizations should consistently monitor the evolution of risks in the affected country, adjusting their aid strategies in response to the progression of the economic crisis and the implementation of policies.

Finally, the affected nation's public is the ultimate focus of the diplomatic efforts conducted by relevant international organizations. Financial activities in any given country have a wide range of stakeholders, including: the financial markets and production systems of the affected nation, its social classes and interest groups, other financial capitals, and the general public. The active involvement of international organizations in social diplomacy aims to improve the perception of the affected country regarding these organizations, from a broader societal perspective. On one hand, international organizations need to demonstrate their active role in managing the economic crisis, rather than colluding with cross-border capital to exploit the victim nation. On the other hand, these organizations can provide financial support for certain social welfare, environmental protection, and infrastructure projects in the affected country. By funding and promoting model projects, they can present themselves as responsible "builders" to the public of the affected nation.

Financial activities are closely linked to a country's production order and the quality of life of its citizens. Relevant international organizations must adopt a broader social perspective and a more compassionate approach. Instead of relying on doctrinaire reform demands, they should implement proactive and pragmatic public diplomacy measures. By fostering an equal and constructive interaction and offering support, these organizations can help improve the perceptions of affected countries' governments and societies, alleviating issues of misaligned interests.

### 6.3 "Common Development" as a Holistic Solution that Transcends the Construction of the "Other" to Bridge Differences

The economic crises faced by countries are closely linked to regional and global development prospects, and addressing such crises requires the cooperation of multiple stakeholders. Currently, the approach of international organizations is often based on a narrow "otherness" perspective, which fails to connect the logic of national recovery, regional stability, and global development. This "otherness" view is clearly insufficient for resolving the economic difficulties of the affected countries and may even delay the crisis's resolution. In response, China proposes the concept of a "community," which transcends the traditional notion of "otherness" in modern international relations, rejecting exclusive definitions of interests. The "Global Development Initiative," centered on the principles of inclusivity, shared destiny, and mutual growth, offers a Chinese solution to address the pressures and imbalances in economic development.

The construction of the "Other" focuses on the differences between other entities and the self, presenting the phenomenon of the "Other" as being distinct from "the self," "us," and "our kind."When such constructions occur, the involved parties fail to consider the interests of the other. In conflicts of interest, the interaction between the two may even resemble a "zero-sum game." Negative identity construction and the "aid-seeking and lecturing" interaction model observed between crisis-stricken countries and international organizations are examples of the construction of the "Other."

In contrast, China's concept of a "community of shared human destiny" starts from the acknowledgment of the universality and interconnectedness of relationships in the real world. It integrates China's own development into the future vision of human society.In foreign relations, China adheres to a balanced "view of righteousness and benefits," rejecting the idea of advancing its own development at the expense of other entities. It also refuses to focus solely on short-term gains. Additionally, China emphasizes its role and responsibility as a major power, rejecting the notion of "kicking someone when they are down" during times of crisis in other countries.In addressing crises, China's diplomatic vision of a "community of shared human destiny" and the practice of its "view of righteousness and benefits" provide a key to resolving crises and fostering solidarity. This stands in stark contrast to the value position inherent in the concept of the "Other." Furthermore, the "Global

Development Initiative" represents China's theoretical contribution to promoting global progress and overcoming development challenges.

Firstly, the initiative emphasizes the progress and development of human society, placing overall development at its core. This focus is especially crucial in today's world, which is characterized by uncertainty and the widespread perception of security threats. Development remains the key to resolving the global challenges we face today. In addressing economic crises, development contributes by increasing the global development increment and improving the management of existing challenges. This approach promotes multilateral coordination between countries and between countries and international organizations, reducing unilateralism and abrupt policy shifts.

Furthermore, the "people-centered" development approach in this initiative represents a departure from the previous "capital-centered" model. Western development theories have historically focused on the demands of capital accumulation, with the benefits of development largely concentrated in the hands of a small group of capital owners, while the broader population struggles to reap the rewards of progress.The Global Development Initiative emphasizes the importance of people in the development process by addressing the questions: "For whom is development? Who drives development?" It advocates for the shared benefits of global development to be enjoyed by all people worldwide. Existing international organizations, in their crisis response efforts, still often operate under the logic of capital accumulation and risk avoidance, preventing them from effectively mitigating the impact of crises on people's lives. Therefore, the construction and operation of future international organizations must prioritize serving the global population, rather than functioning as tools for capital accumulation.

The "inclusive and equitable" approach in this initiative represents a departure from the monopolistic hegemony of developed countries. The historical development of human society has been driven by the logic of capital expansion, which has led to the dominance of capitalist-developed countries over the "marginal" developing nations.Moreover, contemporary international organizations have become significant tools for this form of control. In contrast, the Global Development Initiative emphasizes addressing the specific needs of developing countries, supporting them through debt relief, development aid, and other means. This demonstrates that China's approach to development is not about a singular dominance but about shared growth under the concept of "collective" progress. Therefore, whether reforming existing international organizations or establishing regional financial cooperation agreements, all relevant actors must consider the real challenges and legitimate needs of developing countries. They should also adopt a responsible policy framework from the perspective of both the people of developing countries and global development as a whole.

The evolution of the international financial system and the uncertainties surrounding global development have created multiple challenges for economic governance. Existing international organizations and their underlying "otherness" mindset have proven ineffective in addressing these issues. Therefore, embracing a "community" approach and leveraging the "Global Development Initiative" are crucial to promoting the healthy development of the international economic order. These efforts will help reduce the spillover effects and destructive power of financial risks, while advancing global shared development.

## 7. Conclusion

The current global economic structure can be traced back to the end of World War II and has undergone accelerated changes since the conclusion of the Cold War. However, this economic structure, along with the international organizations involved, has failed to address the issue of global development imbalances. Moreover, it has been unable to prevent or even alleviate the outbreak of economic crises.

International financial organizations, such as the IMF, have become deeply embedded within the global economic framework and the international debt governance network. However, the heterogeneity at the node level, constraints at the boundary level, and the dynamic stickiness at the topological level hinder these organizations' ability to function effectively and actively within the network. This has relegated them to a somewhat awkward position among the various actors. This not only undermines the resolution of the current debt crisis but also hampers the healthy development of the international financial order.

In response, the relevant actors should adopt the concept of a "community" as the foundation for policy and solutions, placing the well-being of people at the center. By fostering active communication, implementing pragmatic institutional reforms, and adopting effective recovery measures, the crisis can be mitigated. In the long term, the practical implementation of the "community" approach will promote shared socio-economic development globally and lead to more equitable international welfare distribution.

This paper addresses the urgent dilemma of rapidly escalating sovereign debt in developing countries and the imminent peak in debt repayments in the wake of the COVID-19 pandemic by situating international financial organizations within a social network framework and analyzing mismatches of interests and interactional frictions across three dimensions—node level, peripheral level, and topological structure level. Nevertheless, the manuscript exhibits several shortcomings. First, its presentation of data and empirical evidence is relatively sparse, lacking more detailed quantitative information and graphical illustrations that would enable a clearer depiction of debt structures and capital flows. Second, although the social network perspective is theoretically illuminating, its empirical implementation remains overly abstract and would benefit from the inclusion of quantifiable, visualization - driven analytical tools. Third, while the case analyses involving Pakistan and Sri Lanka are vivid, they do not sufficiently examine how domestic institutional factors—such as fiscal architecture, tax regimes, and foreign reserve management—interact with the sovereign debt crises in those countries. Finally, the proposed remedies tend to remain at a macro level; recommendations such as voting - right reforms and public participation lack concrete roadmaps and operational details, leaving questions about their practical feasibility unresolved.

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## Author Contributions

Xinyan Xu: Writing, Original draft and Responsible for the Paper Structure. Haocheng Yin: Writing, Original draft and Data Case Collection.All authors reviewed the results and approved the final version of the manuscript.

## Availability of Data and Materials

The data for this study are derived from publicly available literature and news reports, which have been listed in the references.

## Conflicts of Interest

The authors declare that they have no conflicts of interest to report regarding the present study.

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