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PAST, PRESENT AND FUTURE OF INTERNAITONAL ORGANIZATIONS, SEEN THROUGH THE LENS OF BRETTON WOODS AND THE WORLD BANK

Ravi Kanbur

Charles H. Dyson School of Applied Economics and Management

School of Hotel Administration

Samuel Curtis Johnson Graduate School of Management

Cornell SC Johnson College of Business

Past, Present and Future of International Organizations, Seen Through the Lens of Bretton Woods and the World Bank

Ravi Kanbur

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1. Introduction

International organizations are a prominent feature of the global institutional landscape. Reactions to them in the general political economy discourse is schizophrenic. It ranges from questioning their existence and blaming upon them a range of global ills, to arguments that we need international organizations, improved of course, if we are to meet global challenges that lie before us. This paper will explore these contradictory responses through the lens of one organization, the World Bank.[1] Along with the International Monetary Fund (IMF), the World Bank is one of the so-called Bretton Woods sisters, founded just over three quarters of a century ago at the famous conference of the same name. As an institution, the World Bank has been and is a microcosm of the global debates on international cooperation and its challenges.

Section 2 of the paper begins with the story of the World Bank at the Bretton Woods Conference, which started on July 1st, 1944, and the role of leader of the British delegation and the most famous economist of his time, John Maynard Keynes, in developing its rationale and its instruments. It discusses his noble vision of the post-War reconstruction and development, and the specific instrument he proposed for implementation of that vision. Section 3 takes us from the founding to the present juncture, recounting its successes in the starting decades but arguing that the institution is now particularly ill matched for the challenges of today in terms of its instruments and its governance structures. Based on this assessment, Section 4 envisions what a new lease of life for the World Bank might look like. Section 5 concludes.

2. Bretton Woods, Keynes and the World Bank[2]

June 6th, 1944 was D-Day. The British delegation to the Bretton Woods Conference sailed for the US on June 16th, in a convoy that zigzagged to avoid the threat of enemy attack. While the liberation of Europe was still uncertain, planning was already under way for the post-War world. Over the past eighteen months, Keynes had been reacting, with proposals and counter proposals, to papers by Harry Dexter White, the US Treasury point person. The weeklong journey produced what became known as the "boat draft," which set out the rationale and structure of the Bank.[3]

From New York, the delegation travelled to Atlantic City for working sessions with Americans on the draft proposals. The Bank draft was discussed on June 25th. Lionel Robbins of the London School of Economics, a member of the British delegation, recorded the atmospherics of the session as follows:

> "In the late afternoon we had a joint session with the Americans at which Keynes expounded our views on the Bank. This went very well indeed. Keynes was in his most lucid and persuasive mood […] and the effect was irresistible. The Americans sat entranced as the God-like visitor sang and the golden light played around them. When it was all over, there was very little discussion. But so far as the Bank is concerned, we are off with a flying start" (Moggridge 1980, p. 56).

[1] I served in this organization in various capacities in the late 1980s and the 1990s.

[2] This section and subsequent sections draw on and build upon Kanbur (2016a).

[3] There was also of course a "boat draft" reacting to proposals for what became the International Monetary Fund; that is a related but different story.

From Atlantic City, the delegation travelled to Bretton Woods in New Hampshire for the conference. The work of the conference was divided into three Commissions. Commission I on the Fund, Commission II on the Bank and Commission III on other matters. Commission I was chaired by White, Commission II by Keynes, and Commission III by the Mexican delegate Eduardo Suarez. Commission II began its work on July 3rd, with an opening statement by Keynes. This statement shows why the American delegation had sat entranced a few days earlier in Atlantic City. It combines the soaring rhetoric of a noble vision, with a diagnosis of the problems facing the post-War world, and practical proposals and instruments for bridging the gap between investment needs and sources of investible funds. The Belgian delegate Georges Theunis presented the final report of Commission II to the conference on July 21st. Keynes's opening address and the final report of the Commission deserve to be much better known by scholars and practitioners, and this section will devote its space to these documents to set the stage for a discussion of the evolution of the World Bank in the subsequent decades, and its desirable and likely trajectory in the decades to come.

Keynes's opening statement (Moggridge 1978, pp. 72-77) begins with a vision that will resonate with the modern era as well:

"It is our hope that the institution of the Bank for Reconstruction and Development, to which this Commission is to devote its work, will serve the purpose of increasing the health, prosperity and friendship of the participating countries in two main respects. In the first place, it will be authorized in proper cases and with due prudence to make loans to the countries of the world which have suffered from the devastation of war, to enable them to restore their shattered economies and replace the instruments of production which have been lost or destroyed [...]. We should be bitterly failing in our duty if we were not ready prepared for the days of liberation […]. [A]s soon as possible, and with increasing emphasis as time goes on, there is a second primary duty laid upon it, namely, to develop the resources and productive capacity of the world, with special attention to the less developed countries, to raising the standard of life and conditions of labour everywhere […]" (Moggridge, 1978, pp. 72-73).

Keynes then moved from vision to a diagnosis of the problem and then a proposal for the basic structure of the core instrument of the institution, an instrument that not only dominates the World Bank's operations today but also has been replicated by all Multilateral Development Banks since then. Keynes's analytical and expository genius is well demonstrated in the development of his argument:

"It is evident that only a few of the member countries will be in possession of an investable surplus available for overseas loans on a large scale, especially in the years immediately following the war […]. How can the other member countries play their proper part and make their appropriate contribution to the common purpose? Herein lies the novelty of the proposals which will be submitted to you. Only those countries which find themselves in specially favoured positions can provide the loanable funds. But there is no reason why these lending countries should also run the whole risk of the transaction […]. The proposal is, therefore, that all member countries should share the risk in proportions which correspond to their capacity. The guarantees will be joint and several, up to the limit of any members' subscription, so that the failure of any member to implement his guarantee will not injuriously affect the lender, so long as the Bank has other assets and subscriptions to draw upon, resources which will, according to our proposals, be of considerable dimensions […]. Therefore the quality of the bonds thus guaranteed should be of the first order […]. Indeed, I fancy that the underlying conception of a joint and several guarantee of all member countries throughout the world, in virtue of which they share the risks of projects of common interest and advantage even when they cannot themselves provide the lump sum loan originally required, thus separating the carrying of risk from provision of funds, may be a contribution of fundamental value and importance [...]" (Moggridge 1978, pp. 74-77).

The Bank would intermediate by issuing bonds in markets with investable funds, and lend to member countries in need of finance. Keynes's opening statement also had operational elements, for example a commission of 1% per annum on loans:

"[…] the annual receipts from the commissions will greatly augment the free reserves of the Bank available to meet its obligations before calling on the guarantors" (Moggridge 1978, p. 76).

These "free reserves" have been built up over the decades and now amount to an investment portfolio of over $80 billion for the International Bank for Reconstruction and Development (IBRD) in Fiscal Year 2020 (IBRD 2020), generating significant income for the institution over and above the commission presaged by Keynes. However, these commissions and reserves are somewhat behind the scenes for the public. Much more direct are the requirements on the country for receipt of a loan, which Keynes also emphasized as an underpinning of the financial strength of the institution:

"[…] the proceeds will be expended only for proper purposes and in proper ways, after due enquiry by experts and technicians, so that there will be safeguards against squandering and waste and extravagance, which were not present in many of the ill-fated loans made between the wars […]. [The loans] will carry the guarantee of the borrowing country; and this borrower will be under an overwhelming motive to do its best and play fair, for the consequences of improper action and avoidable default to so great an institution will not be lightly incurred" (Moggridge 1978, pp. 75-76).

And there you have it – conditionality writ large. Not only that the approval and disbursement of loans would be subject to "enquiry by experts and technicians," but also that borrower countries could not "lightly" circumvent these conditions. Conditionality was there at the creation, and became a central point in debates on the institution (actually, on both Bretton Woods institutions) from the 1980s onwards. This issue will be taken up in the next section.

The main sense from the deliberations of Commission II as recorded in public documents was that of a spirit of international cooperation and the idea that in helping one country member nations were helping the whole world and therefore themselves. This is how Georges Theunis put it in his presentation of the report of Commission II to the plenary session of the Bretton Woods Conference:

"All those who have given thought to the problems which arise every day in connection with the economic life of a country are aware of the economic interdependence of nations. This interdependence may not be immediately apparent. It is unquestionable, however, that a loan granted to one country from the resources or with the guarantee of the Bank will not be advantageous to that country alone. The loan will enable it to reconstruct its economy, destroyed by war, or inadequately developed. As a result, activity is fostered, needs and requirements are satisfied, purchasing power is increased, new markets are born, and, indirectly, by means of the general flow of international trade, all countries finally benefit by the improvement brought about in the particular country which has obtained a loan through the Bank."

Thus, again, the idea of a global public good was also present at the creation, an idea that, as we shall see, the world needs to return to desperately now, three quarters of a century after these words were uttered.

3. The World Bank from Creation to the Present

The noble vision put forward by Keynes and by the whole Bretton Woods conference was, of course, subject to global political realities. Overall, and this was especially the case in negotiations for the International Monetary Fund, the tensions and conflicts between the old hegemon represented by Keynes, and the emerging one represented by White, were never very far below the surface. Indeed, Volume 3 of Robert Skidelsy's magisterial biography of Keynes is titled *Fighting for Britain*, and the characterization goes beyond survival in the World War, to Britain's position in the world after the war. There was perhaps less tension in Commission II on the Bank because Keynes's "boat draft" on that institution had built closely on Harry Dexter White's original proposal. However, there was politics nevertheless. Steil (2013) and Conway (2015) document, for example, how last minute compromises had to be reached with the Russian delegation.

Keynes was appointed Governor of both the Bank and the Fund and was present at the very first meeting of the two Boards in Savannah, Georgia, in March of 1946. The location of the two institutions was a point of contention. The Americans wanted them based in Washington; the British did not. Skidelsky (2003, p. 830) quotes a Treasury official, Paul Bareau as noting, "the Committee on the Site met in the afternoon and all opposition to Washington was brushed aside brutally by the Americans." Earlier, in a speech at the opening ceremony, Keynes had raised the specter of the evil fairy Carabosse from the *Sleeping Beauty* cursing the two newly born Bretton Woods twins:

"You two brats will grow up politicians; your every act shall have an *arrière-pensée*; everything you determine shall be not for its own sake or on its own merits but because of something else" (Skidelsky 2003, p. 829).

Again, in a political compromise, the head of the International Monetary Fund (IMF) was to be a European while that of the World Bank was to be an American. These political considerations, especially at the behest of the dominant shareholder, have loomed large in the discourse on the two sister institutions, and in particular the World Bank, which is the focus of this essay. Many histories have been written about the World Bank. The retrospective at its half century by Kapur, Lewis and Webb (1997) is particularly well known, as are other later volumes such as by Mallaby (2004). The 75th anniversary of Bretton Woods has also led to a spate of writings but with a wider perspective than just the World Bank. For example, despite the clear dominance of the US and UK delegations at the conference, Helleiner (2016) highlights the role played by developing country concerns at the conference, which were present in Harry Dexter White's earlier proposals which Keynes had worked on and midwifed in his "boat draft," and which were then present in Keynes's opening statement to Commission II as quoted above.

The broad story of the evolution of the World Bank from its birth to the present day has been well recounted in these and other publications. Its very first loan was to France, in 1947, for $250 million. Among its iconic loans in its first quarter century was the "bullet train" loan to Japan in 1961. Between 1953 and 1966, when lending ended, the Bank had made 31 loans totaling $862 million to Japan. What is remarkable is that the loans were made and support was given to wartime allies and enemies alike. This was a very different stance from that taken by the reparations approach after the First World War, which Keynes had railed against in his 1919 polemic *The Economic Consequences of the Peace*:

"If the European Civil War is to end with France and Italy abusing their momentary victorious power to destroy Germany and Austria-Hungary now prostrate, they invite their own destruction also, being so deeply and inextricably intertwined with their victims by hidden psychic and economic bonds'" (Keynes 1919, p. 5).

The World Bank thus played its part in the reconstruction of war torn Europe and Japan, leading to what has rightly been called the "golden age of capitalism," or "*les trentes glorieuses*," three decades of recovery and unprecedented growth in the US, Western Europe and Japan.

As post-War recovery was under way, and as Keynes had envisaged, the World Bank turned its attention to developing countries. There were loans in the 1950s to South American countries and others, but the major leap forward was the establishment of IDA (International Development Association) to provide loans to poor countries at concessional rates. IDA was established in 1960. Honduras, Chile, Sudan and India were the first recipients of IDA loans. Like the post-War recovery loans, the initial loans to these countries and subsequent loans until the 1970s were for investment and infrastructure. However, in the 1980s loans began to be made to poor countries not for investment but for policy reform, which raised controversy and debate over the question of conditionality, which had already been touched upon in Keynes's opening statement to Commission II.

Much of the discussion on policy reform and conditionality, at the time and subsequently, used as a platform what became known as the "Berg Report," or *Accelerated Development in Sub-Saharan Africa: A Plan for Action* to give it the full title (World Bank 1981). This report is argued to have crystallized a broad move away from the broadly Keynesian and state interventionist stance of global policy and thinking in the three decades after the Second World War. The move was to the market oriented "Reagan-Thatcher-Kohl" years of the 1980s, culminating of course in the fall of the Berlin Wall at the end of the decade, which Francis Fukuyama famously characterized as the "End of History," meaning by this that economic liberalism and political liberalism had won the contest of ideas and of policy.

The World Bank itself could not be expected to be immune from these global currents of thought and action. It also took a turn towards advocating market-oriented policies, and indeed made the adoption of these policies a condition for its lending, which increasingly became oriented towards policy based rather than conventional infrastructure loans. The subsequent discourse, however, conflated two elements of the shift – the use of conditionality, and the conditions themselves. These should be kept separate conceptually, even if it is difficult to do so operationally.

The question of conditionality has led to vehement denunciations of the Bank and other international institutions as forcing weak and poor nations to toe the line set out by the rich and powerful nations. However, the issue is more nuanced than this. First, as Keynes set out in his framing of the Bank, conditionality is essential to a lending or a grant making institution. It is inconceivable that funds would be transferred without safeguards, even minimal prudential requirements. Second, it often turns out that many NGOs, when they critique conditionality, are critiquing the conditions, not the conditionality. Indeed, they often ask for international institutions to keep an eye on their own governments – to use conditionality to check waste and abuse in their own countries. Third, as argued in Kanbur (2000a), it is in fact not clear how strictly conditionality was enforced. In a borrowing-lending relationship, the supposedly weak borrower turns out to have as much power as the supposedly strong lender, since default is costly for the borrower and the lender. As Keynes himself is famously reputed to have said, "if you owe your bank manager a thousand pounds, you are at his mercy. If you owe him a million pounds, he is at your mercy."

As for the conditions themselves, there are cycles in thinking on the balance between state and market, and the Bank has been subject to those. After three decades of state interventionism after the Second World War and then three decades of strong market orientation, the pendulum seems to be swinging back again to a more balanced perspective on state and market (Kanbur 2009). In fact, I have argued that such swings are inherent to the nature of the political economy discourse (Kanbur 2016b). It would be surprising indeed, if the Bank as a global institution did not reflect to some degree the global winds of change in thinking and action. As we shall see in the next section, we certainly hope that it reflects the shift towards recognizing and acting upon the importance of global public goods.

A more deeply problematic issue for the Bank as it faces the challenges of the future is its governance structure, reflecting as it does the realities of 75 years ago. At the creation, the US had 35.1% of the voting rights (the UK, the second largest, had 14.5%). The current voting shares are 15.9% for the US and 3.8% for the UK. The US still has the highest voting share but the next countries are Japan (7.5%), China (5.1%), Germany (4.3%), with UK and France next in line (3.8% each). There has indeed been a significant shift of voting shares in the last three quarters of a century. It is remarkable that the two defeated powers from the Second World War, and China, should have risen from nowhere to the top, and the UK's share should have fallen several fold. However, these movements came with considerable resistance, and they reveal significant residual power for the US.

The founding articles of the World Bank specified in effect a majority of 80% to change the statues – a veto for the US with its 35.1% voting share. The emergence of newly independent nations meant that the voting share of the US was bound to be diluted. In 1966, the share was 25.5%, still enough for a veto. In the 1980s, the rise of Japan within the institution could no longer be resisted. The US accepted a reduction in its voting rights but only in exchange for the veto threshold being lowered to 15%. Thus in 2020 the US still has veto rights with its reduced share of 15.9%. The veto threshold plays itself out in capital increases for IBRD. There is general agreement that there needs to be a significant increase to meet the rising needs of the world. However, the US neither wants to contribute to the capital increase, nor does it want other countries to make such a contribution because that would dilute its voting share to below the veto threshold. We are therefore stuck with anemic capital increases for the World Bank.

This is where we are with the World Bank at the start of the third decade of the new millennium, three quarters of a century after the world was reshaped in the image of the victors of the Second World War. What will the next few decades look like?

4. The Future of the World Bank

There is a good argument to be made that the first three decades of the World Bank were very successful. It contributed to post-War reconstruction and rebuilding of infrastructure in war torn Europe and Japan, and began the task of building new infrastructure in the newly independent developing nations, just as Keynes had envisaged. It did this through intermediating finance between sources of investable funds and investment needs, through the sovereign loan instrument and, to use Keynes's words, "joint and several guarantee of all member countries throughout the world." The operationalization of conditionality, and the buildup of reserves, contributed to the success of the enterprise. Even later critics of the Bank's turn toward neoliberal economic perspectives would have had little to complain about, since in the first three decades after the Second World War the Bank's stance, following from global consensus, was Keynesian and interventionist. As for governance, it made geopolitical sense at the time for the global hegemon to have a leading say in the institution, including veto power. It is difficult to see how it could have been otherwise. Overall, it is perhaps significant that most Multilateral Development Banks (MDBs) have adopted very similar structures to the World Bank.

But we are not in Kansas anymore. Today's world is very different from that at the end of the Second World War. The World Bank should be given credit for its past successes, but should now be interrogated for its fitness for purpose in the context of new realities. While my focus will be on the World Bank specifically, it should be clear that the discussion applies more generally to Multilateral Development Banks.

The problems faced by countries when Keynes was designing the World Bank and its central instrument were specific to each country. Japanese infrastructure needed to be rebuilt. The funds were elsewhere. The sovereign loan instrument for lending to a specific country, guarantees to bondholders, conditionality on use of funds and the threat of cutoff from future lending in the case of default, was the appropriate mechanism for its time. The situation now is very different. There is no shortage of private funds in the world. Barriers to flows of private funds have been lifted, investment instruments have proliferated, even to the extent that there is an argument that capital mobility has gone too far, especially for financial and portfolio investment. IBRD has gone from being a major source of financial intermediation at the national level to playing a relatively trivial player in world financial markets with its annual gross disbursements running at just over $20 billion, compared to the trillions of dollars that are moved in global financial markets.

Furthermore, a new set of issues has come to the fore in a way that was not perceived at the time the World Bank was created. There was a general sense, for example in Georges Theunis's closing comments at Bretton Woods, that lending to a single country for reconstruction was a global public good because the recovery of that country would help global recovery and thus the recovery of other countries. However, direct cross-border externalities were not in the Bretton Woods discussions as an issue to be addressed. These are, of course, the dominant issues of our time. Climate change, global spread of infectious diseases, financial contagion, and races to the bottom in labor regulations, environmental regulations and national taxation, are the global public bads that affect us, and coordination efforts to mitigate these externalities are the global public goods that are in short supply.

However, the characteristic instrument of the World Bank, the sovereign loan, is particularly ill suited to addressing multi-country spillovers that are the hallmark of today's externalities across borders. A sovereign loan, on the other hand, is made to a specific country and that country has specific obligations to repay. When the loan is for country specific infrastructure, then the recipient and repayer of the loan is one and the same. Keynes's conditionalities can be applied to an identified entity to ensure repayment. But with attempts to address cross-border externalities, identification of specific beneficiaries for repayment is not very easy. For this reason, grants rather than loans are more appropriate for projects that address global public goods. Indeed, a group of prominent economists and policy makers made this focus the primary recommendation in their report:

"An explicit new mandate for the World Bank should promote global public goods critical to development as its major priority, through the creation of a new financing window or fund with a separate governance structure and a target of deploying $10 billion in grant resources annually within the next five years. Resources would be directed to selected programs with substantial spillovers at the global level, primarily in agriculture, energy/climate, health, and development policy data and research that cannot easily be structured or priced as traditional country operations" (Center for Global Development 2016, p. x).

The magnitude of this shift is seen by comparing the net lending flows by IBRD of just over $10 billion annually now. The grant instrument would thus be on equal par with the lending instrument on this trajectory. The question, of course, is how this would be financed. If the World Bank is to be fit for the purpose of the challenges of the twenty-first century, its core instrument will have to be supplemented dramatically by grants. However, an even more problematic issue is that of governance. We have already seen the tussles over the voting shares of the US. Resistance on the part of the US has led to new institutions being set up (such as the Asian Development Bank some time ago or the Asian Infrastructure Investment Bank in recent years) to better reflect economic weight in the global economy today. If the IBRD's capital is to increase to meet growing needs then the voting weight of the US will have to decline as other countries come forward with the capital subscriptions the US is unwilling to make. This will in effect remove the US's individual veto, but it could still exercise the veto in concert with allies and partners. The move towards grant financing will also change the voting patterns in favor of those countries who contribute most to the grants pool.

Much of the criticism of the World Bank in the era of "structural adjustment" of the 1980s and 1990s was directed towards the market orientation of the policy conditionality. However, as noted earlier, there appears to be an ambivalence on conditionality per se – these same groups would have no objection to "good" conditionality. And therein lies the rub. Good conditionality depends very much on the broad perspective one adopts, and further on the position one takes on detailed implementation. And what about the government of the country itself? If that government has very different views on policy, whose views should prevail? On the one hand, there is Keynes's worry stemming from the nature of the "the ill-fated loans made between the wars." On the other hand, there is a concern about an external agency requiring policy changes based not on detailed local knowledge but broad theoretical and even ideological stances.

This tension is not easy to resolve. I have argued that "results based financing" or "retrospective conditionality" would be a possible avenue in an era where there is ever increasing diversity on development strategy, especially in its details, a very different situation from the global consensus in the immediate post-War years, and the (opposite) global consensus in the years around the fall of the Berlin Wall. The idea here is that, with ex ante agreement and within broad prudential safeguards, a country would be "paid for" achievements in measured outcomes on health, education and other final outcomes of wellbeing of the population. There are of course a number of operational issues to be addressed and resolved, but it looks as though this is the direction development assistance is taking in broad terms (Kanbur 2000b; Birdsall and Savedoff 2011; O'Brien and Kanbur 2014).

Finally, there is an element of governance that was not present in 1945, but which is now dominant in the global discourse. This is the role of global civil society in addressing the challenges facing the world today. Keynes was a constant participant in the general political discourse of his time, writing articles in and sending letters to newspapers in both the UK and the US. However, he did not have the information and communication revolution and, perhaps more important, the sensibility that policy making and policy discourse is no longer the preserve of a small elite. The influence of civil society broadly construed on national policy and in national discourse has grown dramatically. The impact on international institutions has lagged behind, but has accelerated.

The origins of the World Bank's purposive interactions with Non-Governmental Organizations (NGOs) are well described by Ibrahim Shihata (1992):

"Prior to 1981, Bank staff occasionally invited NGOs to play various roles in Bank-financed activities in several of the Bank's borrowing member countries. In 1981 the Bank moved from this ad hoc approach in dealing with NGOs to the adoption of specific guidelines to assist Bank staff in making effective use of NGOs within the framework of Bank-financed projects. The Bank issued Operational Policy Note (OPN) 10.05, which […] identified specific roles that NGOs might play in Bank-financed projects and outlined potential benefits and problems" (p. 624).

The relationship has evolved and deepened since the initial first steps. In 1993, the World Bank set up the Inspection Panel, which "is an independent complaints mechanism for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project."[4] There is a regular Civil Society Policy Forum, which "convenes twice a year coinciding with the World Bank Group (WBG) and International Monetary Fund (IMF) Spring and Annual Meetings in April and October. The CSPF has become an integral part of the WBG-IMF Meetings, providing an open space for Civil Society Organizations (CSOs) to dialogue and exchange views with Bank and IMF staff, their peers, government delegations, and other stakeholders on a wide range of topics."[5]

However, Shihata (1992) presaged the fundamental constraints faced in any relationship between the World Bank and civil society:

"One important issue raised during the process of adopting these guidelines was the sensitivity of borrowing governments to the use of NGOs, particularly those that did not meet with the approval of the borrower concerned. Along this line, one of the main principles communicated in OPN 10.05, which is still true under current directives, was that the Bank should collaborate only with the consent or concurrence of the government concerned" (p. 625, footnote 10).

The World Bank is a multilateral organization and can thus, in the final analysis, be governed only by the constituent nations. Given this constraint, which is unlikely to change and will be present in all international organizations governed by nation states, civil society organizations have followed the only avenue open to them – public criticism of the World Bank and of their own governments, on projects and loans which violate what they consider to be basic developmental objectives. One example of such an organization, which is also in fact an aggregator

[4] About the Inspection Panel | Inspection Panel

[5] Civil Society (worldbank.org)

of views and commentary from a multitude of civil society organizations, is the Bretton Woods Project,[6] which has both the World Bank and the IMF in its sights. As an illustration, Sonkin (2020) writes as follows under the auspices of the organization:

"The current global health and climate emergencies expose the results of decades of hyper-globalisation and neoliberal policies pushed by the IMF and World Bank. These policies have progressively weakened public preparedness and social safety nets that have proven so essential to cope with crises. Now, market-led policy approaches increasingly used to deal with both climate and health emergencies are failing to protect those most vulnerable, gambling with our lives and deepening preexisting inequalities" (p. 1).

Governance reform of the World Bank can only go so far in giving such voices a direct say in approving and validating its policies and operations. However, being open to listening to these voices is an avenue that has been followed and the engagement clearly has to be intensified as we look to the future.

5. Conclusions

This paper develops the specific story of the World Bank and uses its history as a lens through which to look at international organizations of its type. It has laid out the panorama of history from its creation after the First World War, its engagement with primarily developed countries in its first two and a half decades, the pivot to developing countries in the 1960s and 1970s, engagement in policy reform from the 1980s onwards, all the way to the current situation as the world looks ahead to challenges of cross-border externalities and global public goods.

I have highlighted three themes that have emerged in the World Bank's history, and which are likely to be important in the decades to come: instruments, conditionality and governance. The World Bank's core instrument of the sovereign loan, which provided the foundation of its success in its early years, is increasingly irrelevant as multi-country issues begin to overwhelm the world. These challenges will need grant based instruments to underpin the Bank's future. Conditionality on loans was a key element in Keynes's original design, and it is difficult to see how conditionality can be dispensed with. The question, rather, is on the content of the conditionality, particularly on policy reform, and here the issue is a broader one of the evolving consensus (or lack thereof) on successful development strategies – history has shown that the Bank is influenced by the trends in global discourse. Finally, on governance, the Bank's national voting structures are out of date and reflect the geopolitical realities of 75 years ago, not those of today. Reform to reflect current economic structures, particularly the ending of the US veto, is urgently called for. At the same time, while they cannot have a direct governance role given the nation based structure of multilateral organizations, the World Bank must continue to intensify its engagement with national and global civil society at all levels.

[6] Bretton Woods Project – Critical voices on the World Bank and IMF

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