The World Bank and IMF: Broken but Worth Fixing

"But for millions of people globalization has not worked. Many have actually been made worse off" (Stiglitz 248). In *Globalization and its Discontents*, Stiglitz challenges the World Bank and the IMF, questioning their motives and their successes. As a Nobel Prize winner and former chief economist of the World Bank, he shines a credible light on the institutions. This makes his arguments powerful and enlightened. He offers insightful suggestions on improving the organizations, so people everywhere can enjoy the attainable benefits globalization offers. The World Bank and IMF started after WWII with different missions. Currently they have similarities and differences, strengths and weaknesses, explained logically by Stiglitz so the reader can synthesize an opinion of their value today. While the pair exhibit severe deficiencies, their power for good, though largely unrealized, makes them necessary, once improved, in today's world.

The World Bank opened after WWII to rebuild Europe, and the IMF to provide global financial stability. With Europe's recovery from the war, the institutions turned to developing nations. Today, Stiglitz says that "one (the World Bank) is devoted to eradicating poverty, the other (the IMF) to maintaining global stability" (23). Both organizations ultimately answer to the western powers: the USA and the European Union. As a result, the World Bank and IMF see the developing world through an industrialized lens. Stiglitz repeatedly notes that though the duo intends to do good, they fall short because of their ties to the western governments and financial communities. The author differentiates the two, writing that the IMF acts less transparently than the World Bank, and with an unflinching adherence to the Washington Consensus policies of the 1980s. The sincere nature of the World Bank, in its mission to alleviate poverty, puts it ahead of the stubborn IMF in Stiglitz's view. Both fall short in helping developing nations cope with globalization, but the World Bank less so.

"The problem is that the institutions have come to reflect the mind-sets of those to whom they are accountable" (216). From this statement stem the problems with the World Bank and the IMF. The World Bank's programs of education, community development, and infrastructural improvement point to its commitment to help the poorest countries. In the end though, the head of the bank receives his/her appointment from the president of the US, which puts its goals ahead of those of the developing nations. Until that organization focuses on poverty alleviation above all, it will continue to face scrutiny and fail in its service. The more opaque IMF more forcefully imposes its will on the countries with which it works. They receive money with many strings attached. These conditions do not make sense, as seen repeatedly with the former Soviet nations and East Asian countries. When compared to success stories like China, which avoided the IMF, one wonders who it actually wants to aid. Until it reforms its ways away from disproved Washington Consensus policies, the IMF will hurt developing nations it ostensibly aims to help. Should the two organizations and the industrialized countries backing them fail to devote themselves to the developing world, they will increasingly face backlash and suffer from a lack of credibility.

The World Bank and the IMF have great potential; they provide the framework necessary to humanely bring globalization to the world. Developing nations need the projects brought by the World Bank, and the stability supposedly provided by the IMF. The US, the EU, and the other countries controlling the two need to loosen their grip. If the pair would operate in a more egalitarian way, they would do a better job. This means opening governance to developing nations, granting them votes and a deserved say in any matter which affects them. The United Nations provides a good model overall, which the two could emulate. The World Bank's development strategies should come from within countries. The IMF should restructure its policies and economic models to reflect reality, not what works in a perfect world. While we should not eliminate the two organizations, fundamental changes must occur to ease globalization's pains.

Stiglitz brings a strong perspective to the globalization debate, and makes valid points about the World Bank and the IMF's failings. They possess the power to lift people and nations from poverty, but currently they lack the leadership, independence, and policies to do so. The western powers which control them must recognize that they should support each country's unique strategy for dealing with and benefiting from globalization. If they fall short, one can hardly blame those hardest hit for pushing back unpredictably and violently against the two institutions and their western controllers, which have backed them into a corner.