

Dimensions of the World Bank's history as a political, intellectual, and financial actor

Dimensões da história do Banco Mundial como ator político, intelectual e financeiro

Dimensiones de la historia del Banco Mundial como actor político, intelectual y financiero

João Márcio Mendes Pereira ¹

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The World Bank report entitled *A Fair Adjustment: An Analysis of the Efficiency and Equity of Public Spending in Brazil* (<http://documents.worldbank.org/curated/pt/884871511196609355/pdf/121480-REVISED-PORTUGUESE-Brazil-Public-Expenditure-Review-Overview-Portuguese-Final-revised.pdf>) was published in November 2017. With a long list of directions on fiscal adjustment for Brazilian officials, the report had widespread repercussions in the country's mainstream press, unleashing a strong backlash in the social media and opinion articles. The debate soon polarized and shed public light on the discussion concerning the methodological consistency of the data behind the Bank's recommendations. Rather than analyzing the report point by point, the current article addresses six dimensions of the World Bank's history that can contribute to the discussion on the Bank's approach to the health sector.

The first dimension refers to the fact that the World Bank is part of the United States' global power infrastructure. From the political and financial point of view, the United States has always been the institution's largest and most influential shareholder. Relations with the United States were decisive for the growth and overall configuration of the Bank's policies and practices. In exchange, more than any other shareholder, the United States has benefited greatly from the Bank's short and long-term economic and political action. This does not mean that the Bank is a mere passive tool of the United States; as a complex bureaucracy, the Bank has its own organizational interests, plus the means to buffer American dictates. Still, the USA can ultimately use its formal voting power and financial leverage to determine the institution's overall direction. American policy for the Bank has always been the object of dispute and bargaining between diverse economic and political interests as to the role of multilateral cooperation and development aid ^{1,2,3}. Two vectors emerged from this dispute, the balance of which has varied over time. On the one hand, the United States led the international development aid industry and the World Bank as instruments for the promotion of a free post-War world economy open to capital, supporting multilateral cooperation, viewed as less politicized and more neutral than bilateral cooperation to leverage and allocate resources for this purpose and thereby lighten the United States' burden of bilateral economic aid. The USA also sought to adapt international organizations, including the World Bank, to serve its own immediate foreign policy ends, contrary to U.S. preaching on multilateralism. The dispute began to involve an ever-growing number of actors over time. By the late 1960s, due to the Vietnam War, the growing foreign policy

¹ Instituto de Ciências Humanas e Sociais, Universidade Federal Rural do Rio de Janeiro, Seropédica, Brasil.

Correspondence

J. M. M. Pereira
Departamento de História e Relações Internacionais, Instituto de Ciências Humanas e Sociais, Universidade Federal Rural do Rio de Janeiro, Rod. BR-465, Seropédica, RJ 23897-000, Brasil.
joao_marcio1917@yahoo.com.br



activism of the U.S. Congress reached the World Bank, opening entry points during the following decade for diverse interests to influence American positions towards the institution. Previously, Washington's policy for the Bank had been determined by the subtle power play between the Treasury and the State Department. In the 1980s, Congressional activism created opportunities for political groups and NGOs to act through the Legislative Branch with the objective of defining the Bank's agenda on social and environmental issues. Since then, Congress has become the target of lobbies and public campaigns focused on influencing U.S. policy for the Bank. This made the U.S. Congress the world's only legislative branch whose action carries weight in the Bank's agenda and methods, which paradoxically increases American weight in the institution.

The second dimension concerns the relationship between the Bank and the client states. This issue is not one of mere unilateral imposition, but of a two-way street. The states are not simply "victims"⁴. In fact, the Bank's activity with the client states combines coercion and persuasion, operating on both the international and national scales. To understand the Bank's work requires considering at least three aspects. First, every client has to be a member, but not all members are clients. This means that the World Bank does not prescribe anything for the wealthier countries and those carrying the greatest weight within the institution (USA, UK, Germany, Japan, France, and Canada); on the contrary, the Bank receives countless forms of pressure from these countries. Second, the Bank's relationship with the client countries is not limited to governments and government agencies, but also involves civil society organizations and private companies. Third, given the unequal structural power marking the international system, the client states are subject to highly asymmetric bargaining conditions.

The third dimension pertains to the Bank's role as a civil society organization on a global and national scale. The Bank is influential because it acts in the middle of a vast network of relations that involves public, private, nongovernmental, philanthropic, and corporate national and global agents⁵. Such agents, while differing as to the resources available to them, nevertheless all interact with the Bank in the sense of supporting, adapting, negotiating, and communicating the institution's ideas and directions. In this relationship, the Bank's discourse and practices frequently provide arguments and resources to resolve conflicts between political actors while consolidating its own convictions and positions of power. Governments frequently rely on the Bank's directions or conditionalities to enforce the implementation of unpopular reforms. For all these reasons, the efficacy of the Bank's actions hinges on building mutual worldviews and interests both from outside and within national spaces, both in civil society and the state apparatus.

The fourth dimension concerns the functions performed by the Bank as a financial institution, thereby distinguishing it from the specialized United Nations agencies that lack financial autonomy and stability. The Bank has money, and the money bolsters its capacity for policy induction, frequently taking the lead ahead of UNESCO in education, WHO in health, FAO in rural development, etc. Yet the World Bank is not a mere lender of funds, but a political, intellectual, and financial actor, combining loan approvals with technical assistance to define and design public policies, abundant and influential intellectual output, and leadership in global development policies. Not by coincidence, the Bank is huge, with more than 12,000 employees, far more than other multilateral organizations. In this linkage of roles, money acts as an instrument for induction of the principal product: ideas and directions on how to think and what to do on development matters.

The fifth dimension concerns the World Bank's intellectual role^{6,7}. Despite its historically limited creation of innovative knowledge in Economics, the Bank enjoys legitimacy as a bastion of expertise in development. Its publications are worldwide references for public policymakers, researchers, and opinionmakers from a wide range of fields. The Bank is also one of the largest hirers of consultants on the global market, selecting experts who generally echo the ideas and proposals pushed by the Bank itself on matters of economic adjustment, public-private management, governance, human capital, social capital, empowerment, etc. Meanwhile, the institutionalization of ideas and directions requires a friendly global environment, so the Bank invests heavily in public relations, research, and networking with multilateral institutions, public agencies, think tanks, corporate-philanthropic foundations, and NGOs in the client states.

Although the Bank cultivates an appearance of technical excellence, its research is highly normative, serving the institution's purpose of proselytizing with its political agenda. In fact, the Bank's intellectual activity does not adhere to the scientific field's standards, which are ruled by peer review

and the need for a plurality of approaches and a broad and balanced view of evidence. In addition, for years the institution has practiced an acute narcissism, backing its research either by the Bank's own previous research, or research commissioned by it. This not only discourages internal dissent, but also the critical reflection resulting from the non-negotiable freedom to question the underlying premises of its scientific activity.

Finally, the sixth dimension has to do with the way the institution addresses poverty. The issue relates to the U.S. government's concern over the uprisings and revolutions in Third World countries in the 1960s and 70s. With its roots in the Cold War, the banner of the "fight against poverty" was grafted onto the Bank by Washington⁸. Robert McNamara's administration (1968-81) marked the institution's history deeply in this sense. Evoking the link between national security and development, he argued that economic backwardness and the contradictions of capitalist modernization opened the doors to radical ideologies. Upon taking office, McNamara made a negative assessment of international development in the previous decade, citing that income inequality between nations had increased and that most of the world population remained in poverty, despite the Third World's economic growth. He thus acknowledged that the dominant development model had floundered and that the so-called "trickle-down effect" had failed to materialize. For McNamara, it was no longer tenable to assume that growth would necessarily reduce poverty. It was necessary to distinguish between the two analytically, which opened room for both to be addressed separately and directly. Later, beginning in 1979-80, within the discussion on the creation of structural adjustment loans, the Bank ended up selecting primary healthcare and primary education as areas eligible for loans, linking them to poverty relief and targeted social policies. In 1979, the institution began to authorize loans exclusively for health. Meanwhile, the human capital concept was enthroned late on the institution's agenda. This provided the outline for the social policy adjustment that was to become hegemonic a decade later, centered on formation of human capital and targeted provision of social minimums by governments. During the 1990s, the Bank internalized the fight against poverty on the neoliberal agenda, through compensatory relief programs and later, in the 2000s, conditional and temporary income transfer programs that acted as ancillary mechanisms in the liberalization and privatization of national economies⁹. The Bank sees no contradiction or hypocrisy in disseminating and applying neoliberal recipes while simultaneously posing as the champion in the fight against poverty. By limiting social policies to the "fight against poverty", it follows a kind of "povertology", according to which it is important to mathematize poverty and promote increasingly targeted and individualized programs. Canonizing certain economic options as universal (fiscal austerity, financial liberalization, privatization, etc.), the Bank has pushed for reconfiguration of social policies while disregarding how national wealth is produced and shared extremely unequally by social groups and classes. After all, the poor are poor because they have no "assets" (income, human capital), and they lack assets because they are poor.

Through institutional expansion and incremental change that have accelerated since the 1990s, the Bank began to impact public policymaking in all dimensions of development, particularly health, education, environment, and public administration. In Brazil, historically one of the five largest clients, the Bank exercises intense and capillary activity in public administration reform and sectoral policies in the municipalities, states, and Federal Government. Thus, it is important not only to discuss the Bank's most recent directions for the Brazilian health sector, but to analyze the institution's activity as a whole in Brazil.

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