

# Analysis of arguments for and against the institutions

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The Bretton Woods twins, namely the International Monetary Fund and the International Bank for Reconstruction and Development, have been the focus of attention for several years already since its inception. The International Bank for Reconstruction and Development has been changed to its presently popular name of World Bank. It is the aim of this paper to make a general presentation and evaluation of the argument posed for and against the Bretton Woods institutions in relation to their influence on the sovereign decision making process of the different countries in the global economic arena.

During its creation, the IMF and the World Bank has been absorbed with practices of neoliberal economy policies that sought to liberalize the market from the state and minimize government intervention in the premise that “the state itself was conceived as the problem rather than the solution” (Onis and Senses 2005: 264). It has been clearly pointed out by Onis and Senses (2005) that the effects of strict adherence to the neoliberal practices proposed by the Bretton Woods institutions have led to problems for a lot of countries.

Among them is Argentina who has fallen suddenly at the peak of its swing (Onis and Senses 2005). This was followed by a shift of the Bretton Woods institutions to rethinking the neoliberal practices they have imposed as a tight rope to the countries they have bestowed with different programmes. However, it is still stained with uncertainty as to whether their sincerity is real or not in the light of their actions (Onis and Senses 2005: 280).

The arguments posed by the authors, Onis and Senses (2005), have been followed by concrete examples from countries that have adopted the neoliberal approaches hailed to be good by the Bretton Woods institutions but did not directly provide as to how and why there were failures on the part of the Bretton Woods institutions than what Stiglitz (2003) had done. Another counter-argument thrown towards the IMF, in particular, is its failure in the East Asian Crisis.

It has not adhered to the objectives originally formulated by Keynes when it had begun, which was to adopt policies that are expansionary in nature and to provide for funding to developmental undertakings (Stiglitz, 2003). In fact, they have provided for policies that have been contractionary fiscal policies that either involved reducing public spending, increase in taxes, or adopting both. With regard to objectives, this argument stated by Stiglitz is valid for it has stated the whys of the failure of IMF with regard to objectives.

The author also provided the answer to the question “ how” by stating that the IMF has been accountable to a single stream of representatives, who are in turn becoming less and less accountable (Stiglitz 2003: 119). A good argument placed upon the World Bank has something to do with the fact that it has been able to learn from the mistakes of the IMF and was able to discuss the problems that have beset their organization (Stiglitz 2003). The World Bank, unlike the IMF, was accountable to a lot of sectors and, with its leaders, was able to discuss the problems and criticisms that have been pushed their way (Stiglitz 2003).

This approach by the World Bank was better than the actions of the IMF, who actually blamed the governments for poor implementation. However, with <https://assignbuster.com/analysis-of-arguments-for-and-against-the-institutions/>

regard to the aids given by the Bank to the developing countries, there are certain conditions such as policies that would pave the way for the success of the aid given (Stiglitz 2003: 124). Thus, this has rendered the aid more selective. These are among the several arguments placed and there is more coming from the different fields in the academe. These criticisms only show that the institutions formed Bretton Woods left some more room for improvement.

In addition to this, these arguments have shown that the courses of action taken by these institutions had impacts that are felt by both the developing and the developed countries. References Onis, Z. and Senses, F. (2005), ' Rethinking the Emerging Post-Washington Consensus. ' Development and Change 36, (2) 263-290. Stiglitz, J. (2003), ' Democratizing the International Monetary Fund and the World Bank: Governance and Accountability. ' Governance: An International Journal of Policy, Administration, and Institutions 16, (1) 111-139.