Owning Development

As pillars of the post-1945 international economic system, the International Monetary Fund (IMF) and the World Bank are central to global economic policy debates. This book examines policy change at the IMF and the World Bank, providing a constructivist account of how and why they take up ideas and translate them into policy, creating what we call 'policy norms'. The authors compare processes of policy emergence and change and, using archival and interview data, analyse nine policy areas including gender, debt relief, and tax and pension reform. Each chapter traces the policy norm process in order to shed light on the main sources and mechanisms for norm change within international organizations. Owning Development details the strength of these policy norms which emerge, then either stabilize or decline. The book establishes valuable insights into the strength of current development policies propounded by international organizations and the possibility for change.

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Owning Development

Creating Policy Norms in the IMF and the World Bank

Edited by
Susan Park

and
Antje Vetterlein
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Summary: "As pillars of the post-1945 international economic system, the International Monetary Fund (IMF) and the World Bank are central to global economic policy debates. This book examines policy change at the IMF and the World Bank, providing a constructivist account of how and why they take up ideas and translate them into policy, creating what we call 'policy norms'. The authors compare processes of policy emergence and change and, using archival and interview data, analyse nine policy areas including gender, debt relief, and tax and pension reform. Each chapter traces the policy norm process in order to shed light on the main sources and mechanisms for norm change within international organisations. Owning Development details the strength of these policy norms which emerge, then either stabilise or decline. The book establishes valuable insights into the strength of current development policies propounded by international organisations and the possibility for change" – Provided by publisher. Includes bibliographical references and index.

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Economics. Politics. Society. How do these three work together and in what order? Questioning the order in which societies organize is fundamental to understanding economic development and international political economy. International organizations such as the International Monetary Fund (IMF) and the World Bank are integral to how developing societies determine that ordering, by proffering development norms and sanctioning appropriate economic behaviour. This book takes a step back to look at how the Fund and the Bank take up the ideas they do and translate them into policies that are then propagated throughout the developing world. We did not know that we shared these concerns until we met in 2005. We both had the pleasure of attending a World Bank workshop organized by Diane Stone in Budapest. We didn’t know each other then, but the workshop brought us together with a number of like-minded people who have contributed to this volume, people we now call friends.

The workshop was important for identifying researchers who had taken up the constructivist challenge identified by Michael Barnett and Martha Finnemore in 1999: to open the proverbial black box of international organizations (IOs) to see how and why they make the decisions they do. We view this edited collection as representative of a new generation of IO scholars who do just that. All of the people in this book examine how and why the IMF and the World Bank operate the way they do by tracing how ideas enter into these institutions and become policies that the Fund and the Bank promote to developing countries, which is a process that creates what we call ‘policy norms’. We therefore owe an intellectual debt to Barnett and Finnemore, and a personal debt to Diane Stone. Not only did she arrange the first meeting in Budapest, but we would meet more contributors to this volume when Diane organized a third World Bank workshop that we both attended in Bled in 2007.

In the time between these World Bank workshops the idea for a volume capturing the constructivist work being undertaken on ideas within these two IOs grew. Antje was then persuaded to come to Australia over
Christmas and it was in Adelaide that we set to work to determine what such a volume might look like. We organized a panel at the International Studies Association (ISA) in Chicago in 2007 with Jeff Chwieroth and others, which despite being last on the programme for the conference that year was very well attended. It provided impetus for us to continue. We then brought all of our participants and discussants together at an ISA workshop in San Francisco in 2008, followed by a panel in New York in 2009. By that stage, we had our manuscript and were hoping to find a home for it. We found that with Cambridge University Press. Later in 2009 we polished the work in Copenhagen, which shows just how many miles have been covered in putting this book together!

In terms of the IMF and the World Bank, their practices also show the distance these institutions have covered in areas like gender, social development, debt, sustainability, and in taking up new public management. But they also demonstrate how some ideas that are picked up wane in importance. The volume is unique therefore in showing not only how positive ‘good’ ideas are consumed by IOs, but also how ideas are filtered through the policy-making process, and how norms may decline in importance in these institutions. In this regard we see the value-added of this collection as not only in bringing the constructivist norms literature into our analysis of these IOs, but in showing that examining ideas should not be, and is not, solely focused on tracing successful stories of the diffusion of ‘liberal’ ideas.

In tracing how these institutions take up ideas and turn them into policy we hope that the volume will appeal to development scholars as well. Our nine cases of policy norms cover vital issue areas that are fundamental to development – not just debt and gender as mentioned earlier, but also current and capital account liberalization, and pension and tax reform. How policies are decided, and on what normative basis, is critical for the Fund and the Bank in terms of their relationship with societies in their attempts to develop. It is also central to perceptions of the IMF’s and the World Bank’s importance and power in the international political economy. The 2008 global recession has reinvigorated the IMF and boosted World Bank lending after their decline in importance stemming from criticism of their actions during the Asian financial crisis and as a result of the abundance of private capital flowing to developing countries from the 1990s. Yet the book also points out how external shocks like financial crises and the end of the Cold War are just one of the triggers for new thinking and new policy norms to enter into these institutions. The book also recognizes that IOs tend to have staying power in light of uncertain political, economic and social conditions. We hope this book helps in
making sense of the waxing and waning of Fund and Bank influence,  
through tracing how their ideas emerge and how their policies are formu-
lated both as reflexive responses to their member states and non-state 
actors, and from pushes for change by staff inside these organizations.  
Work on this book began in December 2006 in a library in Adelaide,  
Australia. This was the first of many intense sessions to come, some of 
which took place in cafés around the world, but most of which occurred 
through email and phone conversations. All of the authors were brought 
together at the workshop in San Francisco in 2008 when the main ideas of 
this book had already begun to take shape. We asked our contributors to 
present their specialized knowledge on IMF and World Bank policies and 
to fit it within our conceptual framework of emerging, stabilizing and 
decaying ‘policy norms’. An intensive period of revisions followed before 
submission to the publisher. Our thanks go to the contributors to this 
volume, for their patience and excellent collaboration. Chapters arrived 
on time, they came with lots of good humour and great ideas – you have 
made this such a straightforward process that we cannot thank you 
enough.

We have so many more colleagues and scholars to thank for helping to 
bring the ideas in this book to fruition. We would like to thank Diane 
Stone for arranging a series of World Bank workshops, especially the first 
one in Hungary where many of us met for the first time, and the third 
workshop in Slovenia where we were introduced to other scholars who 
would then join this volume. The workshops were part of the Research 
Bank on the World Bank project initiated by Diane Stone and first hosted 
by the Central European University (co-sponsored by the World Bank 
and the Economic and Social Research Council). The workshops would 
also establish the Research Alliance for Development to promote a shar-
ing of ideas and research between scholars and the World Bank. We would 
like to thank everyone who commented on the various papers and acted as 
discussants to panels for this collection: Steven Bernstein, Jacqueline 
Best, Toby Carroll, Ralf Leiteritz, Leonard Seabrooke, Ole Jacob 
Sending, Jason Sharman, Diane Stone, Mike Tierney and Antje Wiener. 
We would like to thank the International Studies Association for the 
Catalytic Research Workshop grant that funded the 2008 workshop in 
San Francisco where we were able to have all of the contributors in 
one place and to take apart and put back together the ideas in each of 
the chapters. ISA also hosted our panels before the workshop and 
after. Knowing that ISA was arriving every February was a good boost 
for getting drafts finished! We would also like to thank Tom O’Brien 
for doing the hard slog of putting together our bibliography: we really 
appreciate it.
Preface and acknowledgements

Susan would like to thank her interviewees, especially Robert Goodland for sharing his wealth of knowledge of and experience in the Bank. Funding was also provided by Deakin University for some of the research undertaken in Washington, DC. I would also like to thank the Centennial for Political Science and Public Affairs for hosting me in Washington, DC, and Jack Ireland for putting me up – again! Thanks also go to my partner, Matt, for not minding the hours spent hunched over email and Skype late at night to discuss the book with Antje and the hours spent at my desk rather than being there.

Antje thanks her interviewees in the Bank and the Fund, in particular Michael Cernea and Jitendra G. Borpujari. Funding was provided by the British Academy. The first draft manuscript was largely completed while a visiting scholar at the International Center for Business and Politics at Copenhagen Business School funded by the GARNET mobility fund. I would like to thank my colleagues at the Center for being such fantastic fellows and making work much more fun. Thanks go also to Stine Haakonsson, Christiane Mossin, Ove Kaj Pedersen and Grahame Thompson for offering their thoughts and comments on earlier drafts, and to Lars Bo Kaspersen for his incredible support — he has helped make research projects like this book much easier to undertake.

Finally we would both like to thank John Haslam and Cambridge University Press and two anonymous reviewers for their comments. The book has been made stronger as a result of the process.

SUSAN PARK
AND
ANTJE VETTERLEIN

St Petersburg
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>BIS</td>
<td>Bank for International Settlements</td>
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<td>BP</td>
<td>Bank Procedures</td>
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<td>BWI</td>
<td>Bretton Woods institutions</td>
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<td>CAC</td>
<td>current account convertibility</td>
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<td>CAL</td>
<td>capital account liberalization</td>
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<tr>
<td>CAS</td>
<td>Country Assistance Strategy</td>
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<td>CODE</td>
<td>Committee on Development Effectiveness</td>
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<td>CoE</td>
<td>Council of Europe</td>
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<td>CSA</td>
<td>Country Systems Approach</td>
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<tr>
<td>DfID</td>
<td>Department for International Development, UK</td>
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<td>DIPRES</td>
<td>Budget Office, Ministry of Finances, Chile</td>
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<tr>
<td>EA</td>
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<td>EB</td>
<td>Executive Board</td>
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<td>Executive Board Minutes</td>
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<td>ED</td>
<td>Environmental Department</td>
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<td>EIA</td>
<td>environmental impact assessment</td>
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<td>ESASAF</td>
<td>Enhanced Structural Adjustment Facility</td>
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<td>ESD</td>
<td>environmentally sustainable development</td>
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<tr>
<td>ESSDN</td>
<td>Environmentally and Socially Sustainable Development Network</td>
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<td>ESW</td>
<td>Economic and Sector Work</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAD</td>
<td>Fiscal Affairs Department</td>
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<tr>
<td>FDI</td>
<td>foreign direct investment</td>
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<td>FI</td>
<td>financial intermediary</td>
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<td>FPSI</td>
<td>Finance Private Sector and Infrastructure</td>
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<td>G7</td>
<td>Group of Seven</td>
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<td>GAD</td>
<td>gender and development</td>
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<td>GAP</td>
<td>Gender Analysis and Policy</td>
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<td>GP</td>
<td>good practices</td>
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xvi  List of acronyms and abbreviations

GTZ  Gesellschaft für Technische Zusammenarbeit
HD  human development
HIPC  heavily indebted poor country
IADB  Inter-American Development Bank
IBRD  International Bank for Reconstruction and Development
IDA  International Development Agency
IEO  Independent Evaluation Office
IIF  Institute of International Finance
ILO  International Labour Organization
IMF  International Monetary Fund
IMFC  Interim Committee of the Board of Governors on the
      International Monetary System
IOs  international organizations
IR  international relations
ISA  International Studies Association
IUCN  International Union for Conservation of Nature
MDBs  multilateral development banks
MDF  Multilateral Debt Facility
MDGs  Millennium Development Goals
MDPP  Pilot Project of Municipal Development
MICs  middle-income countries
MOP  Ministry of Public Works
NATO  North Atlantic Treaty Organization
NDC  non-financial defined contribution
NEPA  National Environmental Policy Act
NGOs  non-governmental organizations
NPM  new public management
NUPI  Norwegian Institute of International Affairs
OD  operational directive
OECD  Organization for Economic Co-operation and
       Development
OED  Operations Evaluation Department
OMS  Operational Manual Statements
OP  Operational Policy
OPCS  Operations Policy and Country Services
OPCSN  Operations Policy and Country Service Network
OPN  Operational Policy Note
OSCE  Organization for Security and Co-operation in Europe
PA  principal–agent
PAYG  pay-as-you-go
PER  Public Expenditure Review
<table>
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<tr>
<th>Acronym</th>
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<tr>
<td>PREM</td>
<td>Poverty Reduction and Economic Management</td>
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<td>PRGF</td>
<td>Poverty Reduction and Growth Facility</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>PSIA</td>
<td>Poverty and Social Impact Analysis</td>
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<tr>
<td>SAF</td>
<td>Structural Adjustment Facility</td>
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<td>SAL</td>
<td>Structural Adjustment Lending</td>
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<td>SBA</td>
<td>Stand-By Arrangement</td>
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<td>SDN</td>
<td>Sustainable Development Network</td>
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<td>SDRM</td>
<td>Sovereign Debt Restructuring Mechanism</td>
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<td>SM</td>
<td>Seminar Memorandum</td>
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<td>TFAP</td>
<td>Tropical Forest Action Plan</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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