Discussion Papers

Economic Multilateralism in Peril

Manmohan Agarwal

Discussion Paper # 245

RIS
Research and Information System
for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Economic Multilateralism in Peril

Manmohan Agarwal

RIS-DP # 245

February 2020

RIS
Research and Information System for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Core IV-B, Fourth Floor, India Habitat Centre
Lodhi Road, New Delhi – 110 003 (India)
Tel: +91-11-2468 2177/2180; Fax: +91-11-2468 2173/74
Email: dgoffice@ris.org.in

Economic Multilateralism in Peril

Manmohan Agarwal*

Abstract: The Doha negotiations are at a standstill, many countries are graduating from the World Bank, and developing countries are reluctant to borrow from the IMF. The institutions set up at the end of the Second World War for international economic governance are facing a crisis. This paper examines what was the purpose behind the establishment of these institutions and how they have come to the current situation. It then discusses the possible role of the G20 in the revival of these institutions. It also analyses the role that developing countries can play in the revival.

JEL codes: F33, F34 and F55

Keywords: Multilateralism, Economic Multilateralism, Peril

Section 1: Introduction

The Doha Round of multilateral negotiations is at a stalemate. The aid situation is changing as many countries are graduating from the soft loan arm of the World Bank Group. Developing countries built up their foreign exchange reserves so they did not need to borrow from the International Monetary Fund (IMF). IMF's earnings from its loans fell and it had to retrench. The question is whether the 2008 crisis has fundamentally changed or the Fund will return to a situation of irrelevance. This paper explores why multilateralism is important and what has led to the decline in the fortunes of the multilateral institutions established at the end of the Second World War (SWW). The paper notes that multilateralism first developed in the context of post war peace attempts. After the First World Was (FWW) multilateralism extended itself into the economic

* Senior Adjunct Fellow RIS. Earlier Professor, Centre for trade and Development, JNU; and Centre for Development Studies, Trivandrum. Email: manmohan44@gmail.com.

This is a revised version of a presentation made at a Symposium on Multilateralism and Developing Countries (Tribute to Shailaja S. Thakur) at Sri Venkateswara College, New Delhi. I would like to thank the participants of the symposium for their comments and questions. I would also like to thank Prof Berlage and Professor Elizabeh Sidiropoulos for helpful comments.

area. We discuss how multilateralism blossomed after the SWW. Then, the paper discusses how and why multilateralism is currently in peril. Finally, the paper discusses the possible role of the G20 in the revival of multilateralism and, in particular, what developing countries might do in response to the decline of multilateralism.

Though multilateralism can be defined quantitatively in terms of a gathering of three or more parties it is more useful to define it qualitatively as most international relations experts tend to (Ruggie, 1993). They define it in terms of international norms and international institutions. It requires states to follow international norms, and respect international institutions (Oxford Research Encyclopaedia of Politics. 2017).

Multilateralism is needed to provide public goods. The norms and institutions provide public goods. So an important issue is what is the public good being supplied by any particular institution.

Section 2: Political Origins of Multilateralism

Peace conferences were held periodically since the mid seventeenth century at the conclusion of European wars to try to ensure peace in the future. The public good that was sought to be provided is peace, necessary for preservation of life and prosperity. It seems to be a European phenomenon where wars were fought between two large coalitions. Wars in Asia seem to have been more between a centre and its provinces. When the centre was weak this resulted in a break up and then a strong centre would try to re-establish its authority.

The first large European peace conference was held at Westphalia in 1648 after the thirty years war.[1] One of the main achievements of the treaty was that it recognised that rulers and their subjects may not have the same religion (Barro and McClearey, 2005. It separated religion of ruler and the subjects thereby bringing to an end the long history of religious wars in Europe. It also gave rise to the notion of national sovereignty, including inviolability of national borders and non-interference in the internal affairs of another country (Kissinger, 2014). The peace treaties signed at Utrecht between 1713 and 1715 to end the War of Spanish Succession[2] developed the notion of the balance of power. The idea was that no state should be large enough to threaten its neighbours (Crowe, 1942, Lesaffer, 2014). At the Congress of Vienna held in 1814-15 after the Napoleonic wars, attempts were made to bring peace to Europe by ending ideological wars. Metternich, the foreign minister of Austria, in particular, sought to rein in the spread of republican ideas which would threaten the monarchies (Kissinger, 1957, Chapman, 1998). The Congress of Berlin 1878 determined the territories of states in the Balkan Peninsula after the Russo-Turkish War of 1877-8 (Medicott, 1938, Taylor, 1954, p228-254, Hubatch, 1985).

Sometimes the purposes of these congresses were more mixed. They sought to prevent wars by bringing about territorial agreements. For instance, The Berlin Congress 1884-85 sought to regulate the competition among European powers to establish their rule over African areas. It divided areas of Africa into areas of influence among the major European powers (Forster, Mommsen and Robinson, 1988, Crowe, 1942).While this avoided war among the European wars it resulted in the division and exploitation of Africa. Similarly, the Algeciras conference of 1906 was successful in preventing war over Morocco, and also agreed upon a division of regional influence in North Africa mainly among the European powers.[3]

The Paris Conference after the First World War (FWW) carried the scope of international agreements to beyond political arrangements. The collapse of the Austro-Hungarian and Ottoman empires resulted in the creation of a number of new countries. Their borders had to be determined. But the consequences of the FWW went far beyond the drawing of political borders. The reparations decided upon at Versailles had far reaching international repercussions.[4] The concerns about reconstruction of the world economy and recovery of the world economy were aggravated by the communist revolution in the Russian empire and the consequences of the FWW. The physical destruction had to be rectified. In addition, the mode of financing the FWW had resulted in different rates of inflation that changed the relative competitiveness of countries and so their international trade. The communist revolution and the reparation related hyperinflation in Germany disrupted trade.[5]The massive balance of payments imbalances made it difficult to fix on appropriate exchange rates.

All these economic difficulties resulted in a large number of international attempts to bring about economic revival and stability. The Brussels conference was held in September, 1920 and the Genoa Conference in 1922. The delegates, for the 1920 Brussels Conference although named by the governments, were chosen for their personal qualifications; they did not represent government policy and their essential task was to recommend the principles of policy which countries should adopt in order to return to the pre-war financial system. The work at Brussels was on financial as distinct from economic questions. The basic resolutions adopted were that budgets should be balanced, the issue of currency restricted and impediments to international trade eliminated. The Genoa Conference on the other hand was attended by many heads of government as they sought solutions to the continuing malaise in the world economy. While it dealt with financial measures it also sought broader agreement on measures to revive the world economy. As discussed below, the different participants had different objectives. Because of this the Conference could not reach agreement on the measures needed for a revival of the world economy. It, however, reiterated many of the principles stressed at Brussels. A further multilateral conference of experts was held in 1927 at Geneva, though with the limited objective to stem the spread of protectionism. The next international conference was held in 1933 at London with a wide-ranging economic agenda on how to deal with the Great Depression. Also, there were continuous meetings in the 1920s among the central bankers of the four largest economies, the US, England, Germany and France to coordinate their policies to bring about prosperity.

Section 3: The Emergence of Economic Multilateralism after the First World War

The FWW had significant economic repercussions. The widespread destruction of economic capacity had to be rectified and the imbalances, particularly the BOP imbalances, arising from the different rates of inflation in the different combatants had to be corrected.The BOP imbalances arose from differences in the financing of the war, the relative shares of taxation, borrowings and increase in money supply. Until these BOP imbalances were corrected, exchange rates could not be stabilised. It was believed that adjustment of the BOP would lead to exchange rate stability that would contribute to reduce uncertainty needed to revive private investment including private capital flows across countries needed for reconstruction.

Within this the main economic issues were i) how to help the new European states economic stability, ii) how to deal with reparations as it was obvious that Germany could not pay reparations at the level fixed at Versailles, and iii) how to restore trade and private financial flows that had been disrupted by the war and that contributed to the economic malaise between the wars. The League of Nations played an important role in the resolution of some of these issues.

The League of Nations was founded in January 1920 following the Paris Peace Conference that ended the First World War. The organisation's primary goals, as stated in its Covenant, included preventing wars through collective security and disarmament and settling international disputes through negotiation and arbitration (Brierly and Reynolds, 1968). Its mandate was extended to economic matters as these could be a threat to peace.[6] Under this provision the League helped the newly independent countries achieve economic stability. Such activity gained momentum after the Brussels Conference held in 1920.

Following the Conference the League established an Economic and Financial Organisation, including several Committees (Financial, Economic, Fiscal, Statistical). During the following years, the League assisted many European countries: Austria, Hungary, Greece, Bulgaria, etc. The Economic Committee dealt with various economic and statistical matters. These included the treatment of foreign nationals and enterprises, trade policy, usage of bills of exchange in trade, etc. (Archer, 2001). The Fiscal Committee discussed general issues related to double taxation and tax evasion and stressed the need to reduce government expenditures to balance the budget. The economic section undertook work on the economies of members. It sought to influence States to institute a sound economic policy, with due regard for the interests of the international economy. This work became the responsibility of the Finance and Economic Research Section in 1932 after the Economic and Financial Section was split.[7] The other section dealt with economic relations between states.

Two questions had to be resolved in order to help the newly independent countries. The central banks had to be supplied with the necessary foreign exchange to start operations, as countries were still on the gold standard (GS). Loans had to be arranged mainly from the UK to provide them with the necessary foreign exchange. Many of the countries were on the gold exchange standard (GES). These countries held the pound sterling rather than gold as their foreign exchange reserve. Of course, they could convert the sterling into gold at the bank of England (BE) when necessary. While the US accepted many of the new European countries being on the GES they did not agree with a similar arrangement for Germany as Germany was an important economy and they believed that Germany being on the GES would give England too much influence. It revealed that cooperation became difficult when balance of power considerations were important. The League of Nations facilitated agreement between creditors and debtors for the provision of loans to countries as the League had no resources of its own. These loans were to supply the new central banks with the needed foreign exchange. The League also arranged for technical advice to the new central banks as to how they needed to operate monetary policy. Furthermore the League arranged for loans when these countries had large balance of payments (BOP) deficits. For instance, the League arranged for loans to Austria and Hungary in 1923, and Greece and Bulgaria in 1925.[8] The League believed that these loans were necessary to maintain stability in these countries and so peace. But the League did not arrange for loans for reconstruction or development believing that this was the responsibility of private investors who had a better capacity to evaluate the viability of projects.

The reparation issue was complicated but proved easier to resolve than generating economic recovery of the world economy. Since such large reparations were considered to be not feasible their size had to be renegotiated. Agreement was reached in 1924, the Dawes Plan (Trueman, 2019), under which the reparations were reduced to more manageable amounts.[9] But later the Young Plan of 1929 further reduced the reparation payments (Trueman, 2019). But the continuing discussions and the differences between mainly France and Germany vitiated the international economic environment.[10]

Three conferences were held under the auspices of the League to help the recovery of the world economy, the Brussels conferences of 1920, the Geneva conference of 1927 and the London Conference of (Cowcher, 1923)

The Brussels International Financial Conference (1920) sought to solve the problem of the world financial crisis. The Members at the Brussels Conference were experts and not representatives of governments. Their main recommendations were to balance their budgets, eliminate superfluous expenditure, return to the gold standard, and abolish restrictions on international trade. In the conditions of the time governments were not able to follow these recommendations. Subsequently, an official conference was held at Genoa in 1922 where many heads of state were present. The participants at the Genoa conference made a prolonged effort to reach agreement on steps needed to help the recovery of the world economy. But these were unsuccessful as the major participants had incompatible objectives.[11] The British wanted both Germany and Russia brought back into the international system as they believed that these would lead to increased demand for British goods that would not only solve the British BOP difficulties, but the increased exports would lead to higher production and employment. The French were mainly interested in preventing any relaxation of reparations as these were necessary to prevent the recovery of German economic and therefore military power. The US wanted to prevent acceptance of the USSR and thereby implicit acceptance of communism. The conditions they wanted the USSR to accept would have essentially meant the dissolution of the Soviet system. The French together with the Belgians argued that the Soviet Union must accept responsibility for all the loans contracted by the tsarist regime. So the conference ended without any solution to the economic problems affecting the world economy. However, resolutions concerning the conduct of monetary and fiscal policy were accepted. For instance, it was recommended that budgets be balanced, public expenditures be reduced, trade restrictions be eliminated, and countries return to the GS. But few of the countries followed these rules.

The 1927 Geneva Conference held under the aegis of the League had a limited agenda, to prevent a rise in protectionism. But protection rose sharply particularly after the onset of the 1929 depression. The 1933 London Conference also held under the league's work programme had two objectives: to stabilize exchange rates and to reach agreement on measures to revive the world economy. While agreement was reached on the latter no agreement could be reached on stabilisation of exchange rates.The failure to reach agreement on stabilisation of exchange rates was because the US was not willing to accept any particular exchange rate (Clarke, 1973, Feis, 1966).

We now discuss the attempts at coordination among the major central banks. Benjamin Strong, the Governor of the powerful New

York Fed, encouraged Norman the Governor of the BE in their meetings starting in 1924 to get back on the GS (Ahamed, 2009). He arranged in 1926 a loan from J.P.Morgan and also a loan from the Fed so that the BE would have sufficient gold reserves, which enabled England to return to the GS in 1926.[12] Since the reserves of the BE were very low in the 1920s he sought to prevent an outflow from the BE by keeping interest rates in the US low. But when in the late 1920s inflation started to rise in the US and there was a boom on the stock market fuelled by easy credit, Strong was forced by other Fed governors to raise interest rates even though he was reluctant to do so (Ahamed, 2009). It brought to light the possible conflicts between domestic and foreign economic interests and how the former might dominate.

The meetings between the four central bank governors in the 1920s brought to light another possible conflict. France and the US had a surplus in their BOP and so had a common and different interest from England and Germany, each of which had a deficit BOP.[13]

The countries were not able to follow any coordinated policy during the 1930s to tackle the Great Depression. In fact they followed destructive policies which came to be known as beggar-my-neighbour policies that made the situation worse. When a country facing a BOP deficit had run out of reserves and could not borrow in international markets to finance, it, the country had to adopt restrictive trade policies. When it did so, other countries' exports would fall and they in turn would be forced to adopt trade restrictions and this to and fro resulted in a large decline in production of goods for export and overall production and so the unemployment would increase.

When discussions were being considered during the Second World War (SWW) about post-war economic arrangements the negotiators sought to prevent the recourse to trade protection that might lead to recurrence of the economic conditions of the 1930s. We discuss in the next section what these arrangements were.

Section 4: Problems of the Thirties and the Post SWW Design of International Economic Governance

In contrast to the League of Nations, the post war system of international governance had not only a broader mandate but also there was more specialisation of the institutions. The system after the SWW systematically sought to deal with the economic problems that had occurred after the FWW unlike the system set up after the FWW. The League of Nations was not expected to deal with the problems of reconstruction or the BOP problems that occurred. It was only occasionally that the League dealt with economic problems. And here also its role was mainly advisory. The system after the SWW dealt with peace keeping, the United Nations had this responsibility, while the World Bank, the IMF and the ITO were to deal with problems of reconstruction, development, BOP and trade. The responsibility for international economic governance was split between the three institutions.

It was believed that the main problem during the 1930s had been the collapse of world trade. But it was also believed that this collapse was tied to the system of BOP financing. Lack of BOP financing meant that BOP deficits resulted in implementation of trade restrictive measures that resulted in a retaliatory cycle of cuts in imports that led, in turn, to a fall in production of goods for exports and so in employment. Efforts to reverse the restrictions in the 1930s failed as countries were not sure how the exchange rate would behave and how would they finance a deficit in their BOP if such a deficit emerged after the liberalisation of trade. So trade and BOP had both to be dealt with simultaneously.

By providing BOP financing the IMF was to step into provide an important public good in times of crisis when the private sector would not provide such BOP financing.[14] This public good was the prevention of the use of trade restrictions that have very deleterious effects on the level of output and employment. Furthermore, if the BOP problem is seen to be dealt satisfactorily the private sector can gradually take on the entire burden and the IMF can withdraw. The mere acceptance by the country in consultation with the IMF to undertake policy changes that would correct the deficit may encourage the private sector to provide financing.

The IMF was also given the responsibility of ensuring that competitive devaluations do not take pace. Competitive devaluations to gain competitive advantage in trade create great uncertainty. It was such uncertainty from competitive devaluation that had contributed to reduced trade and capital flows in the 1930s.[15]

The resources placed at the disposal of the IMF and its mode of operations were the result of negotiations mainly between the US and Britain. But Britain was in a weak negotiating position because of its need for US financing first for conducting the war and later for post war reconstruction. Because of this the rules for the IMF were in consonance with the wishes of the US. As a consequence the IMF had a fixed base of resources composed of contributions from its members, called quotas. A country's voting rights as well as the amount it could borrow depended on a country's quota.[16] Furthermore, though the membership had voted against putting conditions for a country to borrow from the IMF, the US basically stalled the operations of the IMF till members agreed that conditions be attached to its loans.[17] We shall see below how these conditions ultimately eroded the credibility of the IMF.

The ultimate purpose behind the establishment of the IMF was to encourage trade. But the specific task of governing trade was to be the responsibility of the International Trade Organization (ITO). In trade theory a small country benefits from free trade irrespective of whether other countries adopt more protective policies. Small countries do not have the capacity to deter others from adopting protective policies through the threat of retaliation. But even for a small country adoption of protection by others may create a political problem if it chooses freer trade policies. The ITO was to lead all countries to reduce protection.[18] As large countries could adopt retaliatory protective policies which would have an overall restrictive effect on world trade,the ITO was, therefore, more of a brake on the trade policies of larger countries. It thus helped in providing the public good of freer trade for smaller countries.

Furthermore, the agreement provided for a system of dispute settlement which would prevent the smaller countries from being forced to accept unfavourable policies imposed by the larger countries. The dispute settlement process provides for a neutral rule based system. Such a system provides the public good of a legal system. A rules based system provides certainty which encourages investment and so greater output and employment and so is a public good.

We now discuss what public good was provided by the World Bank, namely why finance for reconstruction and development should be a public good. If an investment is likely to be profitable, then the private sector would undertake it. However, it was observed in the 1930s that the private sector withdraws in situations of severe stress. The state was to provide greater certainty in conditions of great uncertainty. Initially it was expected that the World Bank would only need to guarantee private investments, but it was soon found that this was not sufficient. The World Bank had to step in to invest and it was hoped that then the private sector would be encouraged to invest: the public sector investment would lead to crowding in of private sector investment. The public good was larger certainty leading to greater investment and higher output and employment.

Section 5: The Operation of the International Economic Governance Institutions

The ITO was never ratified. But a more restricted part of the agreement was accepted by the countries, known as the General Agreement on Tariffs and Trade (GATT).[19] The 43 member countries, 21 were developing countries, agreed that only tariffs should be used to regulate trade in manufactures.[20] Quantitative restrictions could only be used if a country had a balance of payments problem, as certified by the IMF, and developing countries for development purposes. GATT was a location for conducting trade negotiations. But the negotiations were conducted by the countries and if one or several countries believed that another country was not fulfilling its obligations it was their responsibility to complain and go through the process of dispute settlement established in the agreement. The GATT staff had no role in bringing complaints of non-compliance by a country.

Between 1947 and 1979, seven rounds of multilateral trade negotiations (MTNs) were successfully conducted.[21] Under these agreements tariffs on manufactures in developed countries were reduced from over 40 per cent to under 5 per cent. Developing countries took little part in these tariff reduction negotiations.[22] They sought to get access for their manufactures without liberalising their own imports. They were successful in this with the acceptance of the Generalised System of Preferences (GSP) by the developed countries.[23] Under this scheme developing countries could export manufactures to the developed countries at reduced import tariffs on these goods. While the scheme was helpful the goods that received preferential treatment as also the quantities that could be exported at these reduced tariffs were limited. A major achievement of developing countries in the Tokyo Round Agreement was the 'enabling clause' that allowed developing countries to get preferential trade treatment.

The negotiations for the 8th round, the Uruguay Round (UR) were very different from earlier negotiations (Agarwal, 2010). Newer sectors were included in the negotiations, agriculture, services, trade related intellectual property rights (TRIPS) and trade related investment measures. However, the most important aspect of the UR negotiations was that these were more about rules governing various aspects of trade than merely tariff reductions.[24] Another feature of the UR agreement was that the entire agreement had to be accepted as a whole. Unlike in earlier agreements countries could not accept some aspects and reject others.

The UR negotiations were successful in many respects. Trade in sectors such as agriculture and services were brought under trade rules. Also considerable trade liberalisation occurred under the UR. Developing countries bound their tariffs on manufactures.[25] QRs on agricultural trade were eliminated and only tariffs could be used to manage this trade. The restrictive quota regime governing textile trade, the multi fibre arrangement, was to be eliminated.

The UR involved a trade off for developing countries. They were expected to lose from the agreements on services and TRIPS but gain from the agreements on agriculture and the elimination of the multi fibre arrangement. However, the agreements were so structured that the benefits from agricultural and textile liberalisation were back loaded. This has made developing countries more wary about the demands from the developed countries for further liberalisation in the ongoing Doha Round. On the other hand, developed countries are pursuing a policy of bilateral deals or more limited trade deals where they have greater bargaining strength and so could structure these to achieve greater benefits.[26] Many of these agreements are less about tariff reductions than about regulatory standards, say for intellectual property rights, and protection of erosion of profits of private investors by government actions.[27] The post-war system of trade liberalisation seems to have reached an impasse.

The World Bank was established to help the reconstruction of the war damaged economies and to help in the development of the less developed countries. It was thought initially that the WB would encourage private capital by guaranteeing it. However, the reconstruction of Europe proved beyond its capabilities. The reconstruction was financed by the Marshall Plan. Under this almost 1 per cent of US GDP was provided as grants to European countries. This has to be compared with WB loans which are at rates near those on loans from the private sector.[28] The terms for WB loans meant that developing countries could borrow only limited amounts without running into debt servicing problems. This prompted the demand for soft loans. The International Development Association (IDA) was set up to provide soft loans. The answer to the question as to whether the WB has helped in the development of countries is controversial. Per capita income in Latin America grew at an average at only about 1 per cent annually for almost a half of century since the debt crisis of the early eighties. During this period per capita incomes fell by almost a quarter per cent a year in Sub-Saharan Africa. Countries only in Asia have grown. Most of them now have high enough per capita incomes not to be eligible for soft loans. However, the role of the WB in their success is debated. There is considerable controversy about the causes behind the success of the East Asian countries. In particular, the role of the government in this success is debated as also the importance of the adoption of export oriented policies.[29]

The international financial system has been successful in one sense. Most countries are now able to raise considerable sums of money in international capital markets, independently of any WB guarantee or other intervention. Aid is now a small part of capital flows to developing countries (Agarwal, 2013). However, inadequate aid can still be a problem for the least developed countries. Also, hard term loans may discourage investments with long gestation lags, investments in infrastructure and in area ssuch as education, health, water and sanitation, areas that are important for the achievement of the Sustainable Development Goals accepted at the UN. In addition, the WB has not developed any serious analysis of development problems and policy choices.[30] This is in sharp contrast to the IMF, as we shall discuss below.

The IMF was established, as noted above, to provide BOP financing. Its loans were accompanied by conditions. These conditions were designed to tackle the underlying causes of the BOP deficits and so eliminate the deficits. Economists at the Fund pioneered the income expenditure approach (Fleming, 1962) and this was further developed by other economists. Under this analysis a BOP deficit reflected excess demand in the economy and so the solution was to reduce the excess demand. The solution to the BOP deficit was a devaluation that would shift demand from foreign goods to domestic goods thereby increasing exports and reducing imports and so reducing the deficit. But it was recognised that increasing demand for exports and import substituting goods would further increase demand and so may only fuel inflation. In order to create space for production of exports and import substitution goods it was necessary to reduce demand and production of non traded goods. This was done through contractionary fiscal and monetary policies. The theory could be summarised as expenditure shifting from foreign goods to domestic goods through devaluation, and adopting tight fiscal and monetary policies that permitted a shift of resources from production of non-tradeables to that of tradeables.[31] This theory was the basis for the Fund's programmes. Later, in the 1970s, economists at the Fund participated in the development of the monetary approach to the BOP.[32]

As was the case with the WB not being very relevant for the reconstruction of Europe, so the IMF was not very relevant to resolving the BOP problems of the European countries in the immediate years after the end of the SWW. The Fund engaged in only two transactions in 1946-47, a loan of $50 million to France and of 1.5 million pounds to the Netherlands (IMF, 1947). In contrast, the European countries used almost $1.8 billion of gold and short term loans to fund imports from the US. This was in part because the Fund management argued that Fund resources were to be used only for BOP financing and not for reconstruction and no government was in a position to ensure that none of the Fund's money would be used for reconstruction.[33] The lack of Fund activity, for instance no loans in 1950, was because of US refusal to support loans without conditionality (Dell, 1981).[34] US approval was necessary as the demand by countries was for US dollars. BOP financing was provided by the Marshall Plan. Gradually, however, countries approached the Fund for BOP financing. Both developed and developing countries borrowed from the IMF in almost equal numbers in the 1960s, though the developed countries which had larger quotas borrowed larger amounts. Furthermore, very importantly, the same conditions based on the expenditure approach applied to both groups of countries.

The mode of operation of the Fund, however, changed in the 1970s. The oil price crisis resulted in the establishment of a Trust Fund to subsidise the interest costs of loans to poorer countries. The Fund also created the extended fund facility (EFF). Loans from the Trust Fund and from the EFF were for a more extended period than conventional Fund loans. Later, when the Trust Fund was wound up, the Fund set up the Structural Adjustment Facility (SAF) which was followed by the Extended Structural Adjustment Facility (ESAF). Loans from the Trust Fund had very little conditionality, merely a commitment to adopt policies designed to rectify their BOP deficit.[35] But under the SAF, ESAF and EFF programmes the scope of conditionality was extended. It went beyond the traditional conditions on monetary and fiscal policy which had strong theoretical underpinnings. The new conditionality was based on a general belief that countries had too much government intervention which needed to be reduced or eliminated and more reliance should be placed on the market in determining economic decisions. A prominent feature was reduction in import duties.

The structural adjustment programmes (SAP) of the Fund have been reviewed extensively, though there is no consensus on their effects.[36] But it needs to be pointed out that the SAP was not successful in generating stable and prolonged growth. For the almost quarter century after the debt crisis growth of per capita in Latin America averaged less than 1 per cent and in Sub-Saharan Africa it fell.

The Fund response to the Asian crisis of 1997 seems to have affected the confidence of developing countries in the Fund. The Fund, as it admitted later, seriously misjudged the effect of its conditionality on the Asian economies. Furthermore, the conditions imposed seemed have little relation to the problem.[37] The crisis was generated by too much borrowing by the private sector while the public sector had a more or less balanced budget. In this circumstance, it is difficult to understand the rationale for privatisation. Its comments on banks weakened confidence in the banks and so aggravated the crisis.

The Fund response to the Asian crisis had serious repercussions. Countries did not want to be in a situation of having to borrow from the

Fund. They responded by building up reserves and by developing their own institutions to provide BOP financing. They built up their reserves beyond what might be needed to manage BOP deficits. Countries even prepaid their loans from the IMF. It seemed that the IMF might go out of business. While the 2008 global financial crisis has revived the role of the Fund it is not clear what this would be once the crisis is overcome. The institutions established by developing countries to provide BOP financing are discussed in Section 7.

The build up of reserves is very detrimental to the smooth functioning of the international financial system. An advantage of the Fund was that reserves were pooled so that there was an economy in the amount of reserves needed for the entire system. Now with each country wanting its own reserves the international system needs a larger amount of overall reserves. Furthermore, developing countries can build up their reserves only by running surpluses. Since they hold their reserves in dollars, build-up of reserves essentially means that poorer developing countries are lending to a much richer US, a clear case of misallocation of savings.[38] The international monetary system set up after the SWW is not functioning satisfactorily. One of the problems is that whereas earlier both developed and developing countries borrowed from the fund and the same conditions were applied, developed countries now do not borrow from the Fund as they have access to private capital markets.[39] However, developing countries cannot access private capital markets when they face BOP problems. So the conditions apply only to developing countries and are mainly determined by the developed countries who have the majority of the votes.[40]

Section 6: Saving Multilateralism: Role of the G20

The G20 which had been established at the level of finance ministers and central bank governors after the Asian financial crisis, was upgraded to leader's level after the global financial crisis of 2008. At the Third Summit at Pittsburgh, USA, in September 2009 it was decided that the G20 would be the premier organisation for discussing, planning and monitoring international economic cooperation. Its objective was to provide strong, sustainable and balanced growth (SSB). As the premier organisation for international economic governance it could play a major role for rejuvenating the multilateral system.[41]

Along these lines the G20 leaders have sought at various summits to deal with the international economic governance system. They have repeatedly called for a halt to any increase in trade protection and for completion of the Doha Round and for governance reforms at the IMF and the WB. But protection levels have gone up broadly. The actions undertaken by the current US administration have aggravated protectionism. As noted in the context of monetary cooperation in the 1920s, cooperation is difficult when basic national interests are involved.[42] It seems that the US believes that it has monopolistic power which it seeks to use. But the risk is that other countries may retaliate and the situation of the 1930s may be recreated with very deleterious effects on the world economy and that of most individual countries. Just as the G20 has not been successful in pushing for a successful conclusion to the Doha Round, the G20 members, who are also major stakeholders in the Bretton Woods institutions, major reforms recommended by them have not been implemented.

What can we expect from the G20? The G20 seems to have been successful in coordinating monetary and fiscal policies in 2008 to prevent the world economy from sliding into a depression. However, it has not been successful in delivering SSB growth. The least developed countries have fared particularly badly and have fallen further behind the developed countries. For instance, growth in per capita income in Latin America fell from an average of 2.2 per cent during 2001-07 to 0.9 per cent during 2011-15 and in Sub-Saharan Africa from 3.4 per cent to 1.3 per cent. During these years the external balance worsened from an average surplus during 2001-07 of 1.4 in Latin America and 1.5 per cent in Sub-Saharan Africa to an average deficit during 2011-15 of 1.7 per cent and 2.2 per cent respectively.

Developing countries have other reasons to be disappointed by the performance of the G20. For instance, when the G20 was predicated to be the premier international economic governance institution there was some mention that the G7 would be wound up. But no such action happened; the developed countries first coordinate their positions at the G7. The decisions of the G20 are more aligned to the decisions of the G7 than to decisions reached at various gatherings of developing country members.

Whether developing countries can increase their influence in the G20 will depend on China.[43] China may decide to work with the US in a sort of duopoly as suggested by Branson. Chinese leaders may continue to seek to increase their influence among developing countries through investments such as the one belt one road initiative and through their trade links, without directly challenging the US. Alternatively, China may align itself with developing countries and challenge the US and its developed countries allies. China has to take the lead if the G20 is to take more seriously the concerns of developing countries on board as it is the only developing country that plays a significant role in the global economy. Chinese leaders may decide to directly challenge the US if the investment route runs into problems which it might if the recipient countries run into problems servicing the Chinese investments; such problems may even raise resentment in the recipient countries. The Chinese may also realise that the unilateral route has shortcomings such as are being debated in the US about Trump's unilateralism. Many analysts have argued that the US was able to be so influential because it carried its allies with it.

To play a larger role China will not only need the support of developing countries in the G20 but also those outside. One of the problems in increasing South-South Cooperation has been the fear of smaller countries that they will lose out. These fears have to be allayed. Theory suggests that bigger countries need to make sacrifices, if necessary, to convince the smaller countries to join.[44] This is also borne out practically. To encourage the European nations to move towards freer trade the US made larger tariff cuts and did not always insist on full reciprocity in initial rounds of multilateral trade negotiations. Also the French and German governments made substantial concessions to other countries to encourage the weaker countries to join the European Monetary System (Ludlow, 1982).

The G20 can act as a coordination agency. Just as it successfully coordinated monetary and fiscal policy to tackle the bad effects of the 2008 financial crisis, they expect the G20 to deliver on its promise of SSB. There are different levels of cooperation that the G20 can engage in with varying advantages and disadvantages.

Coordination of policy is difficult even at the theoretical level. Coordination has in addition the problem that if the diagnosis of the problem is wrong and all countries follow from this wrong diagnosis, the world economy would be very adversely affected. But even when this is not the case coordination is difficult. Coordination of exchange rate policies at the G7 in 1985 created substantial imbalances that hurt the world economy later.

There are other problems with trying to coordinate policies. Monetary policy is run by central banks and over the past couple of decades central bankers have become more autonomous. So leaders cannot commit to any specific policy. Governments may find it difficult to commit themselves to specific fiscal actions. For instance, in the case of the US the actual fiscal policy may be very different from that proposed by the president because the Congress may have very different ideas.

Policy makers have to balance domestic and foreign interests and these may change and different actors may have different views regarding this trade off. As we noted above, Strong of the New York Fed was able to keep interest rates low to prevent capital outflows from England. But ultimately domestic pressures arising from the booming stock market forced him to raise interest rates.

If leaders cannot commit to specific policies what can we expect from the G20? A meeting of the G20 enables the leaders to exchange ideas of how they expect the world economy to behave and information on how policies in their country may evolve. Also the leaders can on their return inform the various policy makers and the public as to how the rest of the world views developments and what they expect from the country. So the public good that the G20 is providing is information and education. This might help to counter extreme nationalism.[45]

The G20 has, however, helped in the implementation of reforms in the supervisory system regarding the financial system. It has supported the adoption of the Basel III norms. The Financial Stability Board, in which developing countries are now included, has led to the adoption of new regulatory tools to bring new tools for regulating the shadow banking system.

In brief, the G20 and its role in international economic governance can be considered, as has been suggested, more an interregnum rather than a regime (Helleiner, 2010). Perhaps, the greatest problem in the G20 has been its failure to reach agreement on how to remove imbalances, whether in the BOP or in growth rates between different countries.

Section 7: Developing Countries and Reform of the International Economic Governance Institutions

We have seen above that the economic governance institutions after the SWW are not working let alone working efficiently in tackling the problems facing the world economy. The post-war liberal order was moulded for the benefit of the US and its friends (Drezner, 2019). While the rules were for the benefit for all, the US benefitted the most (Drezner, 2019). Developing countries have for long sought to rectify this imbalance in benefits. For instance, they sought in the 1950s to get the GATT to deal with the reality of the importance of agricultural exports for them.[46] The notion of non-reciprocal benefits for developing countries was accepted in the adoption of the GSP. Developing countries sought access to cheaper development loans to be administered by the UN, it was to be called SUNFED. But the demand by developing countries was implemented differently. The UN agency set up, UNCTAD, was to be mainly for providing technical assistance and the money was given to a new agency, IDA to be administered by the World Bank.

The demands by developing countries were encapsulated in the recommendations of the Second UNCTAD Conference in 1964. Developing countries made a strong effort after the 1973 oil price rise to bring about fundamental changes in the international economic governance system, called the New International Economic Order (NIEO). Negotiations went on for much of the 1970s, but ultimately developing countries were not successful in their efforts. This was in contrast to earlier demands from developing countries. While developing countries had only partial success the system did respond to their concerns. For instance, GSP was implemented and loans on easier terms were made available. However, later SAP was implemented by the IMF and the World Bank and this placed much more stringent conditions on developing countries.[47] It is perhaps only a coincidence that this strengthening of conditionality occurred when the developed countries stopped borrowing from the Fund.

It is important to stress that there was no theoretical consensus that these conditions were necessary to achieve stated goal and the empirical evidence is at best mixed. As noted above, the prolonged stagnation of growth in LA and SSA raises questions about the efficacy of the advice given and conditions imposed by the Bretton woods institutions.

As we have seen the actions of the Fund basically led to developing countries withdrawing from borrowing from the Fund with very adverse effects on the working of the international monetary system. Despite agreement on the reforms needed at these institutions the developed countries have been able to stall the implementation of the reforms. They would naturally continue to be able to derive the major benefits from the operation of these institutions. We now discuss a possible response by developing countries.

Developing countries have talked about South-South cooperation (SSC) as a way to derive benefits from the more limited cooperation among themselves. However, it is only recently that developing countries have taken steps to enhance SSC but much more needs to be done. The BRICS have set up the New Development Bank to provide loans to developing countries.

The total paid in amount would be US$ 10 billion. In comparison, the World Bank had started 1945 with an authorised capital of US$ 10 billion of which 20 per cent was paid in. Only about 6 per cent or about 12 billion of the total authorised capital of US$ 191 billion at the end of 2010 was subscribed, the rest was callable. More important than the subscribed capital are the accumulated reserves, almost twice the size of the subscribed capital. The World Bank's loan portfolio of about US$ 200 billion is mainly supported by its borrowings from the market.

The US$ 10 billion paid in capital of the NDB at the end of the seventh installment would compare very favourably with the US$ 18 billion paid in capital of the World Bank. However, the resources of the NDB would have two shortcomings in comparison to the World Bank. The NDB would not have any significant reserves. Furthermore, the World Bank is able to leverage its own resources by borrowings, made possible by prudent financial management, its large callable capital and the credibility provided by membership of the developed countries. Initially, the NDB may not be able to borrow cheaply and so similarly leverage its own resources. This would limit its lending capacity.

It has also been very slow to start operations. China has also set up the Asian Infrastructure Investment Bank that has been more successful in having a broader membership and has also been making more loans. But much more needs to be done to develop such institutions to become really effective as an alternative or an addition to the existing international multilateral development banks.

However, developing countries are much less happy with the Fund and very little has been done to find an alternative. The East Asians set up the Chiang Mai Initiative (CMI) to provide BOP financing for its members. Actions have been taken to try to make it effective. But no country has borrowed from it and countries such as Korea preferred in 2008 to enter into a swap arrangement with the US Fed than borrow from the Chiang Mai Initiative. The BRICS have set up the Contingent Reserve Arrangement (CRA). But neither the CMI or the CRA have been active (Agarwal, 2017b). One of the problems is that as yet only the BRICS countries are member of the CRA. Similarly, the Chiang Mai Initiative has limited membership. Furthermore, the amounts that can be borrowed from either the CMI or the CRA without any conditionality are quite limited and clearly insufficient to tackle any significant BOP crisis. Larger borrowings require the country to have an IMF programme namely subject itself to IMF conditionality. Developing countries have not been able to provide BOP financing on different terms than the IMF. With such limited memberships, and limited amounts the governments can borrow, these initiatives cannot provide an alternative to the Fund.

It is only when there is a credible challenge to the dominance of the Western dominated institutions that the developed countries will have an incentive to reform the existing institutions. Though SSC has developed in terms of trade and investment mainly, developing countries have not been able to establish an institutional framework to their cooperation. Their attempts to negotiate wide ranging trade agreements, the generalised system of trade preferences (GSTP), has resulted in very meagre trade liberalisation. IBSA, the agreement between India, Brazil and South Africa, has done little to enhance economic cooperation between the three counties. Similarly BRICS has achieved little in the area of economic cooperation. Even the share of trade among MERCOSUR and ASEAN members has tended to stagnate at levels achievedbefore their cooperation agreements (Agarwal 2013b). Transactions among developing countries in the rapidly growing areas of computer related services and financial services have stagnated. The share of most developing countries in world exports of these services has declined (Agarwal, 2013b).[48]

The developed countries have been engaging them in negotiating partial trade agreements. The arrangements call for much more stringent provisions in areas such as intellectual property rights, protection for foreign investors including their exclusion from normal judicial processes. Special courts have to be set up to operate in secret to adjudicate disputes between corporates and a government and any action by the government that may have an adverse effect on corporate profits can be challenged and the government forced to give compensation. It would severely restrict the ability of government to enact and implement, for instance, new environmental regulations.

We now discuss the implications of the setting up of these South-South institutions for the world multilateral system. My preference is for multilateralism. However, the world trading system has seen a proliferation of partial trading arrangements. One more is unlikely to worsen the situation. It may even reduce the distortion by having one large overarching system covering all developing countries. Furthermore, developing countries often export their more advanced products first to other developing countries and subsequently to the developed countries. So South-South Cooperation in the trade area may help in their development. As regards alternative institutions for providing BOP financing, South-South institutions would encourage pooling of foreign exchange reserves of developing countries and the subsequent economies of scale would mean that developing countries as a group would need to hold smaller amount of total reserves. Furthermore, to the extent it forces reforms in the IMF, it would improve the efficiency of the world system. But it is clearly a second best solution.

While the NDB and the AIIB have become operational, the BOP financing institutions have not made any loans .Their operations need a rethink if such organisations are to be effective.

Section 8: Conclusions

FWW saw the extension of long standing use of a multilateral approach to resolve issues of peace after European wars to the economic sphere. However, the large expansion of the multilateral approach to resolve world economic issues in order to prevent a recurrence of the conditions of the great depression of the 1930s occurred after the SWW. The system set up has been successful in preventing not only the recurrence of an event such as the great depression of the 1930s but also similar events that had periodically afflicted the world economy through the nineteenth century. We have seen how the collective response to the 2008 financial crisis prevented it from becoming a world depression. Furthermore, the world economy has seen unprecedented growth.[49] All countries, including developing countries, benefitted from this growth in world economy. But the benefits were unequally distributed among developing countries. As we have noted above, countries in LA and SSA have stagnated despite loans and advice from the Bretton Woods institutions.

The governance structures and operating rules of these institutions were designed to benefit the friends of the US and the US the most. Developing countries have failed in their efforts to reform these institutions and even when reforms have been agreed to they have often not been implemented or implemented partially or after great delays. For successful change developing countries need to improve their bargaining position. This requires establishing their own institutions that would make developing countries less dependent on the institutions established and governed by the developed countries.

Endnotes

1 The conference involved 194 states and not all participated in all the meetings. For instance, the principal French and Spanish envoys never met.

2 The war was fought to prevent the same person holding the thrones of France and Spain which would make the combined kingdom very powerful (de Bruin, Haven, Jensen and Onnekink, 2015).

3 The US was also represented at the conference. For a discussion of the conference see Taylor (1954), p 469-71.

4 The harmful effects of the reparations were analysed by Keynes (2012) in a celebrated book

5 See Agarwal (2020) for an analysis of the differences in inflation rates. Also see Balderstone (1987) and Rockoff (2004).

6 Also see League of Nations Encyclopedia Britannica, at Britannica.com accessed on 21st Jan. 2020.

7 Its International Currency Experience: Lessons of the Interwar Period (1944) written by Ragnar Nurkse is a classic study of the inter war economy.

8 See Decorzant (2012) for a discussion of League arranged loans. For an analysis of the loan to Austria see Warnock (2015)

9 There is a dispute about whether these reparations were actually as great as its critics made them out to be (Schuker, 1988).

10 Also see Marks (1993).

11 Pittagula discusses the Genoa conference. Also see Fine (1931).

12 There is another interpretation of Anglo-US rivalry in the inter-war period (Costigliola, 1977).

13 It reinforced the view of Keynes (1971) about the viability of the GS.

14 Keynes (1978a) describes the evolution of thinking about the need for and the nature of such an institution.

15 Exchange rate uncertainty leads to reduced trade as an exporter does not know what he will receive for his goods and an importer does not know what he may have to pay for the goods he has bought.

16 This is in contrast to Keynes' proposal that the IMF act more as a bank. Countries would have accounts with it. Surpluses would be credited to their account. So the resources would increase and enable the deficit countries to borrow from the IMF without constraints.

17 For a history of the arguments about conditionality see Dell (1981).

18 The role of the ITO is discussed in Keynes (1978b).

19 See Hoekman and Kostecki (2001) for a discussion of GATT.

20 The GATT did not deal with trade in agriculture.

21 See Agarwal (2006) for discussions on the MTNs.

22 There were a number of reasons for the reluctance of developing countries to liberalise. Developing countries were following a policy of import substitution industrialisation which required high tariffs and also often recourse to quantitative restrictions. Furthermore, the major exports of these countries were agricultural products and textiles Agriculture was excluded from the GATT. Trade in textiles was governed by a special arrangement by which each developing country had a quota for each type of textile in each developed country. There didn't seem to be anything developing countries could offer to the developed cones for them to liberalise trade in agricultural products and textiles.

23 For a discussion of the GSP see Murray (1977).

24 For instance, the negotiations dealt with the rules for levying anti-dumping and countervailing duties as also with the application of safeguard measures.

25 When a tariff is bound the country cannot raise the tariff above this level. This provides for certainty for investors.

26 For a critical analysis of preferential trade deals and their implications for the multilateral system see Bhagwati (2008).

27 This includes establishment of special, often secret, courts to adjudicate on compensation to be paid to investors for the erosion of profits because of government actions.

28 The WB lends at rates of interest marginally lower than those at which it raises resources from international markets. Of course, the WB can borrow in international markets at a substantially lower cost than individual developing countries as its bonds backed by developed countries have a triple A rating.

29 See World Bank (1993), Chang (2001) and Wade (1990) for a discussion of these issues.

30 In its attempts the WB has at different times championed different policies, and it has frequently changed the focus of its attentions.

31 This approach was implemented through the IMF's programme conditionality.

32 For a discussion of the monetary approach see Johnson (1976).

33 After all as is well known money is fungible.

34 The US position on conditionality was rejected at the Atlanta conference before the Bretton woods conference. The US did not press the issue at Bretton Woods, a strategic decision, and other countries thought that the US had given up the demand for conditionality.

35 What was called first tranche conditionality. A country had to pay a quarter of its quota in gold. Since this gold still belonged to it, its borrowing of the first tranche of 25 per cent of its quota attracted hardly any conditionality.

36 See Moseley, Hartigan and Toye (1991).

37 The difference in treatment of Mexico at the time of its 1994 crisis with of the Asian economies was striking. The loan to Mexico was approved in a day whereas those to the Asian countries involved prolonged negotiations.

38 Furthermore, these savings were used to fuel consumption in the US. Instead of these savings being invested in developing countries and raising incomes there they were used for consumption in an already much richer country.

39 The IMF was supposed to police the policies of the developed countries to ensure these were not detrimental for the world economy. However, despite repeated demands for more surveillance this has not happened.

40 This asymmetry can be seen in the implementation of the reforms agreed upon after the 2008 crisis which would have given developing countries a greater voice. These have largely not been implemented. The asymmetry in votes remains despite the Fund raising more resources in developing countries (Woods and Domenico (2007)

41 It itself is an example of multilateralism.

42 It is an open question whether the increase in protection in the US is in the interest of the US.

43 Any other individual developing country accounts for only about 1 per cent of world GDP.

44 For a discussion of these issues see Olsen (1965)

45 It is reported that at a meeting a central banker from a developing country noted that he always had to take account of US policy in making his policy and asked Bernanke, the Fed president whether he ever considered the effects of his policies on developing countries and Bernanke's reply was no (Subbarao, 2016).

46 The GATT did respond by setting up a three member committee under the chairmanship of Haberler, a famous trade economist, to analyse the trade problems of developing countries.While the member countries of the GATT accepted the report (Haberler,1958) nothing ensued. The negotiations at the GATT were conducted under the rule of reciprocity and solving the problems of developing countries meant deviating from this rule.

47 The assumptions behind these conditions were either that policy makers in developing countries did not know what was needed or did not have the political courage to take the necessary policy decisions.

48 See Agarwal and Whalley (2017) for a discussion of institutional arrangements to provide a basis for SSC.

49 There were also hardly any interruptions to growth in contrast to the behaviour of the world economy before FFW and the abysmal performance of the world economy in the inter war years.

References

Agarwal, Manmohan. 2017a. The New Development Bank, the Asian Infrastructure Investment Bank : A New Aid Architecture in Manmohan Agarwal, Jing Wang and John Whalley: *The Economies of China and India " Cooperation and Conflict, Volume 1: China and India: The International Context and Economic Growth, Manufacturing Performance and Rural Development*, World Scientific, Singapore,.

Agarwal, Manmohan. 2017b. "International Monetary System: Response of Developing Countries to its shortcomings" in Manmohan Agarwal, Jing Wang and John Whalley *The Economies of China and India:* Cooperation and Conflict, Volume 1: *China and India: The International Context and Economic Growth, Manufacturing Performance and Rural Development,* World Scientific, Singapore, 2017.

Agarwal, Manmohan. 2013b. Reshaping International Institutions for Achieving MDGs, in Hany Besada and Shannon Kidornay (eds) *Multilateral Development Cooperation in a Changing Global Order*. Palgrave Macmillan, 2013.

Agarwal, Manmohan. 2013. "South-South Economic Cooperation: Emerging Trends and Future Challenges." Background Research Paper Submitted to the High Level Panel on the 2015 Development Agenda, May 2013, UN, New York.

Agarwal, Manmohan . 2020. "G20 and International Economic Coordination: Lessons from the Inter-War Years," forthcoming in volume ed. by Manmohan Agarwal and John Whalley, *G20*. World Scientific, Singapore

Agarwal, Manmohan and John Whalley. 2020. What can the G20 contribute to Development forthcoming in volume ed by Manmohan Agarwal and John Whalley, *G20*. World Scientific, Singapore.

Agarwal, Manmohan. 2006. "WTO and international economic governance" in R.K.Jain and H.Elsenhans (eds.) *India, the European Union and the WTO*. Radiant Publishers, New Delhi.

Agarwal, Manmohan. 2010. India and Coalition formation in Multilateral trade Negotiations, in A. Barua and R.M..Stern (eds.) *The WTO and India : Issues and Negotiating Strategies.* Orient Blackswan Private Limited, New Delhi, 2010.

Ahamed Liaquat. 2009. *Lords of finance: The bankers who broke the world*. New York, Penguin Press.

Archer, Clive. 2001. *International Organizations*. Routledge.

Balderston T. 1989. "War Finance and inflation in Britain and Germany, 1914-18," *Economic History Review*. Vol. 42(2) 222-244.

Barro, R.J. and R.M. McCleary. 2005. "Which countries have state religions?" *Quarterly Journal of Economics* 120 (4): 1331-1370.

Bhagwati, J. 2008. *Termites in the Trading System: How Preferential Agreements Undermine Free Trade*. Oxford University Press

Brierly, J. L. and P. A. Reynolds. 1968. The League of Nations in C.L.Mowat (ed.) *The Shifting Balance of World Forces 1898-1945: The New Cambridge Modern History*, Vol. XII. Cambridge University Press.

Chang, Ha- Joon. 2006. *The East Asian Development Experience: The miracle, the crisis and the future*. Zed books.

Chapman, Tim. 1998. *The Congress of Vienna, 1814-15*. Routledge, Oxford.

Clarke, Stephen V.O. 1973. The reconstruction of the international monetary system: The attempts of 1922 and 1933. *Princeton Studies in International Finance*, No. 33 ,Princeton University.

Costigliola, Frank C. 1977. "Anglo-Americak Financial rivalry in the 1920s." *Journal of Economic History*, 37(4) 911-934.

Cowcher, W. B. 1923. "League of Nations: Economic and Financial Commission," *The Economic Journal Vol. 33*, No. 132 pp. 566-579

Crowe Sybil. 1942. *The Berlin West Africa Conference, 1884-85*. N.Y. Longman Green.

de Bruin, Renger E. Cornelis van der Haven, Lotte Jensen and David Onnekink (eds.). 2015. *Performances of peace : Utrecht* 1713, Leiden**,** Brill

Decorzant, Juan Flores Yann. 2012. "Public borrowing in harsh times: The League of Nations loans revisited," Universite de Geneve, Faculty de Sciences Economique et Social, WP 12091.

Dell, Sidney. 1981."On being grandmotherly: The evolution of IMF 1." *Essays in International Finance, No. 144*, Princeton.

Drezner Daniel W. 2019. "This time is different: Why U.S. foreign policy will never recover," *Foreign Affairs 98(3) 10-17*

Encyclopedia Britannica. League of Nations at Britannica .com accessed on 21st Jan. 2020

Feis, Herbert. 1966. *Characters in crisis.* Boston, Little Brown and Co.

Findley, Carter Vaughn and J.A. Rothney. *Twentieth Century World*. 6th ed. Boston: Houghton Mifflin Company.

Flandreu, Marc. 1997. "Central bank cooperation in historical perspective: A skeptical view." *Economic History review*, 50(4) 735-63.

Fleming, M. 1962. "Domestics financial policies under fixed and under flexible exchange rates." IMF Staff papers, Vol. 8, November, p369-379.

Helleiner, Eric**.** 2010. "A Bretton Woods moment? The 2007–2008 crisis and the future of global finance." *International Affairs* Vol. 86(3), p 633-663.

Hoekman, Bernard and Michel Kostecki. 2001. *The Political Economy of the World Trading System: WTO and Beyond*. Oxford University Press.

Hubatsch, Walther. 1985. *The Berlin Congress of 1878: Causes, Consequences and Assessments a Century Later, Studies in Medieval and Modern German History,* London: MacMillan.

IMF. 1947. Annual Report 1947. IMF. Washington D.C.

Johnson, Harry. 1976. "The monetary theory of balance of payments policy" in Jacob Fremkel and Harry Johnson (eds.) *The monetary approach to the balance of payments.* Toronto: Toronto University Press, p 262-284.

Keynes, J.M. 2012. *Economic Consequences of the Peace*. 2ndedition. Cambridge University Press.

Keynes, J.M. 1978a. The Collected Writings of John Maynard Keynes ed .E. Johnson and D. Moggridge, Vol. *25 Activities 1940-44: Shaping the post-war world: The clearing union*. Royal Economic Society.

Keynes, J.M. 1978b. The Collected Writings of John Maynard Keynes. E. Johnson and D. Moggridge, (eds) Vol. 25 *Activities 1940-44: Shaping the post-war world: Employment and commodities*.

Keynes, J.M. 1971a. *Collected Works of Keynes.* Vol.I. Indian Currency and Finance, Macmillan and Co.

Kissinger, H. 1957. *A World restored : Metternich, Castlereagh and the problem of peace, 1812-22.* Boston, Houghton Mifflin

Kissinger, H. 2014. *World Order: Reflections on the Character of Nations and the Course of History*. London: Allen Lane

Lesaffer, Randall C. H. 2014. The Peace of Utrecht, the Balance of Power, and the Law of Nations. Tilburg Law School Legal Studies Research Paper No. 05/2014. Available at SSRN: https://ssrn.com/abstract=2384467. Accessed 1/12/ 2019.

Ludlow Peter. 1982. *The Making of the European Monetary System*. London.

Marks Sally. 1993. "Reparations in1922" in Carole Fink (ed.) *The Genoa Conference: European diplomacy*, *1921-22. Syracuse University Press.*

Medicott, William. 1938. *Congress of Berlin and after*. London: Methuen.

Morrison, Rodney J. 1993. "The London monetary and economic conference of 1933: A public goods analysis." *The American Journal of Economics and Sociology*, 52(3) 307-321.

Murray, Tracy. 1977. *Trade Preferences for Developing Countries*. The MacMillan Press.

Nurkse, Ragnar. 1944. *International Currency Experience: Lessons of the Interwar Period*. League of Nations, Geneva.

Olsen, Mancur. 1965. *Logic of Collecive Action*. Harvard University Press.

Pittagula, Giovanni. The Genoa Conference: Was it a failure? http:/dev3.cepr.org/meets/wken/1/167/papers/the_Geneva_Conf_final.pdf accessed on 25 Aug 2017.

Rockoff, Hugh. 2004. "U.S. Economy in World War I." NBER WP 10580, Cambridge Mass. NBER.

Ruggie, J. (ed.). 1993. *Multilateralism matters: The theory and praxis of an international form*. N.Y.: Columbia University Press.

Ruggie, J. 1996. *Winning the peace: America and world order in the new era*. N.Y. Columbia University Press.

Schuker, Stephen A. 1988. American "Reparations" to Germany, 1919-33:Implications for the Third-World Debt Crisis. Princeton Studies in International Finance, No. 61.

Stig Foster, Wolfganf Mommsen and Ronald Robinson (eds). 1988. Bismarck, Europe, and Africa : the Berlin Africa Conference 1884-1885 and the onset of partition, Oxford. Oxford University Press.

Subbarao, D. 2016. *Who Moved My Interest Rate*. Delhi: Penguin Books India.

Tago, A. 2017. Multilateralism, bilateralism and unilateralism in foreign policy. Oxford Research Encyclopaedia of Politics https://oxfordre.com/politics/view/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-449 accessed on 1/12/2019.

Taylor, A.J.P. 1954. *The struggle for mastery in Europe, 1848-1914.* Oxford: Oxford University Press.

Trueman C. N. "The Dawes Plan Of 1924." historylearningsite.co.uk. The History Learning Site, 22 May 2015. 29 Nov 2019

Historylearningsite.co.uk/modern-world-history-1918-to-1980/weimar-germany/the-dawes-plan-of-1924/. accessed 5/12/2019.

Trueman, C. N. "The Young Plan Of 1929" historylearningsite.co.uk. The History Learning Site, 22 May 2015. 30 Nov 2019.https://www.historylearningsite.co.uk/modern-world-history-1918-to-1980/weimar-germany/the-young-plan-of-1929/ accessed 5/12/2019.

Wade. 1990. *Governing the market: Economic Theory and the Role of the state*. Princeton University Press.

Warnock, Barbara Susan. 2015. The first bailout-the financial reconstruction of Austria 1922-26. Ph.D. dissertation, Birkbeck College University of London.

Woods, Ngaire and Lombardi Domenico. 2007. Centre for International Governance WP, CIGI, Waterloo, Canada.

World Bank. 1993. The East Asian Miracle: Economic Growth and Industrial Policy. World Bank, Washington D.C.

RIS Discussion Papers

Available at: http://www.ris.org.in/dicussion-paper

DP#244-2019 *Surmount Challenges, Cash in New Trade Opportunities* by Dammu Ravi

DP#243-2019 *Social Stock Exchange for Social Enterprises and Social Incubators: An Exploratory Study for India* by Sachin Chaturvedi, Sabyasachi Saha and Arun S. Nair

DP#242-2019 *Income Convergence Experiences among Asian Economies: An Empirical Investigation* by Sunetra Ghatak & Prabir De

DP#241-2019 *Prospects of Achieving Sustainable Development Goals* by Manmohan Agarwal and Adrita Banerjee

DP#240-2019 *Sustainable Agriculture and Nutritional Security: Emerging Policy Options with Production Choices* by P. K. Anand, Krishna Kumar and Shruti Khanna

DP#239-2019 *Monetary Policy Effect on Inflation and Growth by Manmohan Agarwal and Irfan Ahmed Shah*

DP#238-2019 *Pathways for Country's Official Statistical System to Surmount Over Policy Midget by* Krishna Kumar and P. K.Anand

DP#237-2019 *Trade in Local Currency: Illustration of India's Rupee Trade with Nepal, Iran and Russia* by Priyadarshi Dash, Monica Sharma and Gulfishan Nizami

DP#236-2019 *Government's Policies and Growth of Pharmaceutical Industry in India 1947-2018: A Review* by Prasanta Kumar Ghosh

DP#235-2018 *Is India Digitally Prepared for International Trade?* by Rashmi Banga

DP#234-2018 *Evolving Conceptual Framework and Monitoring Mechanism for SDGs in India* by Krishna Kumar and P. K. Anand

DP#233-2018 *A Review of R&D and Sectoral Incentives in Manufacturing in Industrialised and Emerging Economies: Lessons for 'Make in India'* by Sabyasachi Saha and Prativa Shaw

RIS A Think-Tank of Developing Countries

Research and Information System for Developing Countries (RIS) is a New Delhi-based autonomous policy research institute that specialises in issues related to international economic development, trade, investment and technology. RIS is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues.

The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. RIS is engaged across inter-governmental processes of several regional economic cooperation initiatives. Through its intensive network of think tanks, RIS seeks to strengthen policy coherence on international economic issues and the development partnership canvas.

For more information about RIS and its work programme, please visit its website: www.ris.org.in

– Research shaping the development agenda

RIS
Research and Information System
for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Core IV-B, Fourth Floor, India Habitat Centre
Lodhi Road, New Delhi-110 003 India., Ph. 91-11-24682177-80
Fax: 91-11-24682173-74, Email: dgoffice@ris.org.in
Website: http://www.ris.org.in