Description for the general public

In 2014 the World Bank and International Monetary Fund, collectively known as the Bretton Woods Institutions, were celebrating their 70th anniversary. Both organisations were founded when the World War II was coming to an end with an ambitious role to play in the post-war international economic order. The Fund was designed to be a guardian of the international monetary system, a kind of central bank of the central banks, whereas the Bank was assigned a role of supporting reconstruction of the Western Europe and once this had been accomplished - promoting development in poor countries. In the upcoming decades both Bank and Fund drifted towards tasks which were difficult to anticipate by the founding fathers, making inroads into areas and activities that went beyond original mandates.

Suffering from an identity crisis Bank and Fund have been confronted with a necessity of fundamental changes to better adjust to the contemporary world. Both institutions were set up as a part of the new international order and with a global mandate, but their interventions have always occurred on a country level. Also lending policies and financial instruments used by IMF and the Bank were designed to address individual needs of member countries (at least on paper, as it was often done in a standardised fashion), rather than groups of countries, regions, let alone a broader international community. Nevertheless, as a result of globalization process, 70 years after the Bretton Woods conference, many problems that the world is now facing are of a global and transnational nature. And because of their global charter, some scholars have long maintained that World Bank and IMF should "go truly global" by becoming providers of global public goods. Others argue that Bank and Fund are in fact GPG in their own right, but this notion is subject to debates.

The concept of GPG has spun off from the theory of public goods presented for the first time by Paul Samuelson in 1954. His examples of public goods were public education and national defence. Global public goods might be defined as those goods that are systematically underprovided by private market forces and for which such under-provision has important international externality effect. Being an extension of the public goods, GPG is non-rivalrous (consumption of this good by anyone does not reduce the quantity available to others), non-excludable (it is impossible to prevent anyone from consuming that good) and, of course, it is available worldwide. Benefits of global public goods extend over state borders, generational borders and other borders dividing various groups of end consumers. Scott Barrett offers different categories of global public goods depending on a collective action needed, for example: deflecting a meteor headed toward earth (this GPG can be supplied by a single state), eradication of smallpox (which depend on effective action in all the relevant states), mitigating global warming (this also requires action by all states).

This project's major objective is to confront the theory of global public goods (GPG) with the capacity of two key multilateral institutions – the World Bank and International Monetary Fund. The authors formulate a following research question: are global institutions, such as Bank and Fund, fit to increase the supply of the GPG? They formulate a hypothesis that although IMF and Bank are a vital part of the global governance, their current operational model is hardly conducive to production and delivery of GPG. But they also argue that upon implementing certain organisational changes and adopting a different operational philosophy, Bank and Fund might play a leading role in increasing a supply of global public goods in the future.