

THE ROLE OF WORLD BANK IN GLOBAL ECONOMIC DEVELOPMENT - DILEMMAS AND CHALLENGES

Blerina Selmanaj 

Economic and Business Faculty,

Europe Southeast University, Tetovo, Republic of Macedonia (FYROM)

blerina_selmanaj@hotmail.com

Nasir Selimi

Economic and Business Faculty,

Europe Southeast University, Tetovo, Republic of Macedonia (FYROM)

n.selimi@seeu.edu.mk

Abstract

From its founding until the age of globalization, the role of the global bank in the global economic development has undergone major metamorphoses. In the framework of these metamorphoses, the most known are: the Keynesian economic paradigm and the Neoliberal economic paradigm. Therefore, this paper analyses the dilemmas and the challenges of the World Bank in these two paradigms. Stimulation of aggregate demand, poverty, economic inequality, transformation and economic development in transition countries, through a common name "securing alternative economic development and strengthening of democracy in continuity", employment, reduction of deaths (AIDS) and other illnesses have been analysed in both paradigms. In addition to these issues, this paper has also addressed the causes of the withdrawal from the World Bank, the drafting of a new World Bank strategy and the building of a global financial system based on two pillars: a) Harmonized financial coordination; and b) Non harmonized financial coordination, which incorporate the following scenarios: The Western re-engineering centralism and the re-balanced multilateralism (the first pillar), and the fragmented pragmatism and financial regionalization (the second pillar). The risk of gliding of the World Bank depends heavily on the US Economic Policy. Therefore, the purpose of this paper lies in overcoming these dilemmas and challenges in the function of turning the World Bank into a "First-Line Bank" and a "Reactive Leadership". The following methods have been used in

compiling this paper: the Comparative and Multidisciplinary Methods that Synthesize the Economic Philosophy, Political Sociology and the Theory of International Relationships, i.e., exploring the sustainable process by making continuous efforts to predict the development trends of global phenomena in the time we live.

Keywords: World Bank, IMF, WTO, Multinational Corporation, Global Networks, global financial system scenarios, metamorphosis

INTRODUCTION

Based at the fact that we live in a period of rapid changes and neoliberal globalism this study is mainly focused in the role of World Bank in global economic development, in realizing globalism process, elimination of deadly diseases and decreasing poverty and economic inequality. However, applying neoliberal concept at international financial institutions, especially in IMF and WB instead of reducing poverty and economic inequality between social classes of one country and among developed countries in one side and “third world” countries and countries “under transition” on the other side, lead to its growth. Deepening poverty and economic inequality is transformation consequence of World Bank and IMF into missionary institutions of neoliberalism concept and transnational capitalist class.

After the fall of Berlin Wall international financial institutions WB and IMF expanded their competencies overcoming their initial idea and source goals. Expanding essence competence of WB and IMF could be explained through a common denominator “Ensuring alternative economic development and strengthening democracy continuously”, (Stiglitz.E.Joseph, New-York, 2002). With transformation of economic model of “Welfare and Social state” in “social disease” this model was replaced with the model “volume and diversity” which instead of decreasing poverty and economic inequality lead to its increase. In this period of time WB and IMF became Missionary Institutions of neoliberal ideology (concept) and skipped the dream of World Bank “Building of a world without poverty”.

Neoliberal globalization led to formation of a capitalist “Transnational” stratum. Formation of this layer has influenced many nation states to become so-called "Orange country". This tendency lead that around 4 billion people in their work became involved in poverty and their diseases. However “above 1 billion other people will enter in labour market on 2012-2020”. This argument and the outbreak of global financial crisis in 2008 led World Economic Forum (WEF) in the wake of global financial crisis in 2009 to propose 4 scenarios on

which will be built "Global Financial System" by 2020. In economic literature and practice these scenarios are labelled as:

- a) a) Western re-engineering centre,
- b) b) Reversed multilateralism,
- c) c) Financial regionalization,
- d) d) Fragmented protectionism.

It is worth mentioning that WEF is not determined for none of these scenarios as most suitable for building Global Financial Strategy. It follows that as immediate task of WB remains building of a new Strategy which would adapt people from these scenarios overseen by WEF. However there are risks that increase of primitive and not-educated people of Europe and USA lead to failure of agreement among Eurozone regarding allocation of losses among state members.

From these arguments it follows that WB is under great pressure from major stakeholders that can slip towards two inadequate scenarios, financial regionalism and fragmentary protectionism. This slippage may also be reflected as symbiotic of these two scenarios.

Hypothesis

1. Neoliberal policy applied by the World Bank influenced in increase of causes of withdrawal from World Bank.
2. Request for building of a New Strategy of World Bank influences in its conversion on "First line Bank" and a "Reacting Leadership".

REVIEW OF LITERATURE

In this study review of literature is focused on following areas:

First, in this area is being analysed initial idea and source goal of forming World Bank as well as creating the favourable environment for stimulation aggregate demand. (Stiglitz.E. Joseph, "Globalization and its discontents", New-York 2002, Stiglitz.E.Joseph: "Making Globalization Work "New-York, 2006, Stiglitz.E.Joseph: "Free Fall ", New-York, 2010, Stiglitz. E. Joseph: "The New Monopoly Wind", Project Syndicate, 2016, Selmanaj Selman "Globalization and State Building", Pristina 2014; Selmanaj Selman: "Globalization and Transition", Pristina 2006).

Second, in the area of World Bank role as realizing partner of globalization process including poverty and economic inequalities among regions, sectors and thematic (voices), (World Bank 2015, Ortiz Izabel & Cammin Mthey: "Recovery and equality", Project Syndicate 2013, Albanian translation).

Third, the area of causes that influenced leaving World Bank, this area involves within group causes that reflect in wide range and which are identified on this study (Stiglitz.E. Joseph: "Making Globalization Work", New York, 2006; Selmanaj Selman: "Globalization and Transition", Pristina 2014, Kapur Devesh: "Leaving from World Bank ", Project Syndicate 2015, Jradford DeLong: "Benjamin's Tragedy", Project Syndicate, 2015. Bradford DeLong: "The Fallen Production Factors", Project Syndicate, 2017, English translation, Stiglitz.E. Joseph: "Satisfied by the American Central Bank", Project Syndicate, 2015, Kaletsky Anatole: "The Right Bank Decision of the US Central Bank", Project Syndicate 2015

Four, in area of demand for building a new World Bank strategy, especially after the outbreak of Global Financial Crisis (BirdsallNansy: "A New Vision for World Bank", Project Syndicate, 2015, Selmanaj Selman: "Globalization and State Building ", Pristina 2014.

Five, on area of interdependence between World Bank and overseen scenarios for building of a Financial Global System on period 2012-2020, ,(Exploring Strategy 2011 Davos, Verhestad Guy: "Defence of Europe on era of Trump", Project Syndicate 2016,Sierakowsky Slawomir: "What means Trumps victory for Eastern Europe", Project Syndicate,2016, Skidelsky Robert: "Taming towards Tramp-it "Project Syndicate 2016, NauriellRaubin: "Alleviation of Trump", Project Syndicate 2016, Sen Amartya: "Development as Freedom", Tirana 2009,Stiglitz .E.Joseph: "What should American economy take from Trump", Project Syndicate 2016, Paten Christ: "Will Trump collapse West? "Project Syndicate 2016, Kaletsky Anatole: "Market Fundamentalism Crisis ", Project Syndicate 2016, Sachs Jeffrey: "Investments for Sustainable Growth ", Project Syndicate 2016, Howard Davies: "Monetary policy on hands of people", Project Syndicate 2016, Johnson Simon: "Consequences of the concussion caused by Trump", Project Syndicate 2016, Albanian translation, O'Neill Jim: "What is the end showing", Project Syndicate, 2016" (Albanian translation).

On area of interdependence between World Bank and overseen scenarios by WEF about building Financial Global System 2011-2020 explanation of essence on this area was reviewed by following literature (Exploring Strategy, 2011, for scenarios regarding Global Financial System 2011-2020, Davos 2011), Selmanaj Selman: "Globalisation and State building, Pristina 2014", MethesJassica: "Essay" published in New York of books, 1945. Three key principles are addressed in this essay: a) US sustainability can be achieved through deep and widespread alliances from around the world; b) Building a global open economy. This means there can be no game without a winner, c) Treatment of dictatorships and trust in democracy. "Roosevelt begins peace but someone can end it," Zacharia Farreed: Project syndicate, 2017.Birdsall Nancy: "A New Vision for the World Bank", Project Syndicate 2015.

ROLE OF WORLD BANK ON GLOBAL ECONOMIC DEVELOPMENT

The initial idea and goal source of World Bank reflected on following directions: a) Creating affordable space for stimulation of aggregate demand (AD), b) Elimination of market failures and weakness and c) Reducing poverty on global proportions. From this comes out that underlying purpose regarding forming of this international financial institution is focused in continuous improving of economic and social stability in global proportions.

On first phase of this institution, dominated realization of source goal through application of these measures:

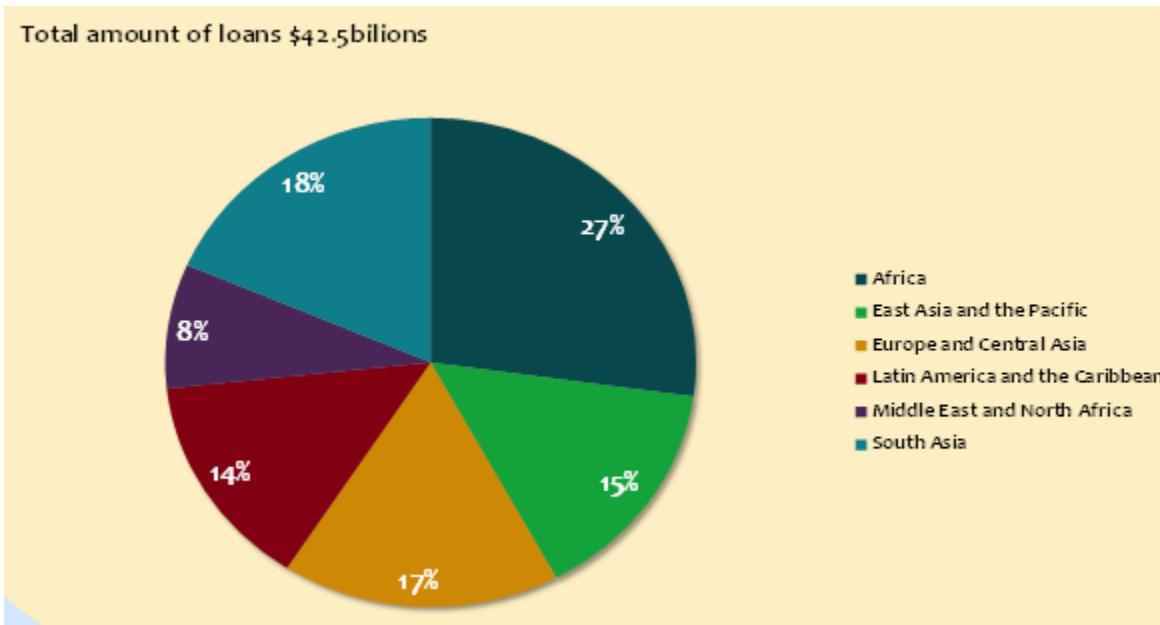
- e) Providing adequate assistance by granting long-term loans for rebuilding of countries that have been heavily hit during World War II and economic development of "Third World" countries,
- f) By providing guarantees for private investment insurances as well as other forms of investments and
- g) Through increase of labour productivity in long term, quality of life and improvement of labour conditions in state members of World Bank.

With time passing and immediate need International Bank for Reconstruction and Development (IBRD) refers mainly to reducing poverty. On year 2005 this bank became World Bank which included five other institutions which by the nature of work are interacted with each other. International Bank for Reconstruction and Development (IBRD) mainly refers to reducing the poverty. International Development Agency (IDA) refers to financing and support under terms of concession. International Financial Corporation (IFC) is focused mainly on development of small and medium enterprises. Multilateral International Guarantee Agency (MIGA) refers to leakage of direct investments (FDI) through non-commercial guarantees. International Centre for Investment Disputes Resolution (ICID) refers to solving of contestable investments. (Dragan Đurić, Beograd, 2001). In recent times after fall of Berlin Wall area of activities of WB expanded including following activities:

- a) In social protection and risk management,
- b) In management and regulation of environment,
- c) In development of rural areas and urban areas,
- d) In development of human capacities,
- e) In development and building a social network in terms of legislative economic management, trade development and economic integration.

In addition to these activities, WB has focused on restructuring and construction of financial institutions, labour market, etc. Overall IMF and WB common denominator in "transition countries" can be summarized in this sentence: "Ensuring Alternative Development and Developing and Strengthening Democracy Continuously", (Stiglitz .E.Joseph, New York, 2002). It follows that since establishment and so far World Bank has played an important role in field of employment by financing various projects especially in "third world" countries and transition countries as well as against deadly diseases (AIDS) and other diseases of "third world" countries and countries under transition. According to the purposes of enterprise in capitalism - maximizing profit and eliminating fear of existence - led to globalization being implemented in the form of neoliberal globalization. This implementing form of globalization led to an increase rather than to reduction of poverty and dream loss of World Bank, "Building a World without Poverty" (Selmanaj Selman, Pristina, 2006). One of causes that have influenced in increasing poverty and inequality is way of allocating loans from WB to sectorial regions and issues (voices) that led to outbreak of global financial crisis. This allocation of loans could be illustrated through diagram 1.

Figure 1. Loans by the regions IBRD and IDA, Fiscal year 2015



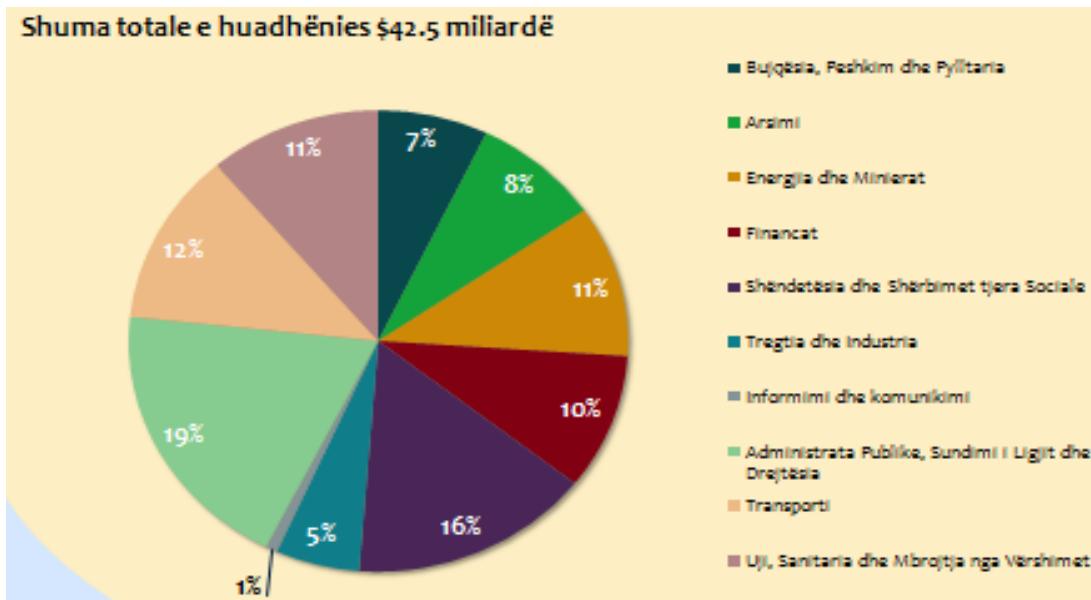
Source: The World Bank

According to data of this diagram outflows that amount of approved loans by WB (IBRD) and IDA for 2015 fiscal year has reached sum of 42.5 billion \$, this amount overcomes the level from previous years in particularly compare to year 2005 where amount of approved loans was 13.6

billion\$, on year 2013 the approved amount of loans was 31.5 billion \$, while on year 2015 this amount of approved loans reached 42.5 billion \$. Therefore the amount of approved loans for fiscal year 2015 increased by 13.6 billion \$ on fiscal year 2005 around 28.9 billion \$ on fiscal year 2015. On this year (2015) is noticed a fairer distribution than before outbreak of global financial crisis. In this fiscal year granting of loans to Africa has increased from 1% in 2005 to 27% in 2015.

According to data it outcomes that based at amount of approved loans, Africa is on the first place with 27% of general sum for approved loans, on second place is Eastern Asia and Pacific with 18%, on third place is Europe and Central Asia while on the last place is Middle East and North Africa with 8%. It is worth mentioning that Latin America and Caribbean noted decrease from 36% on 2005 fiscal year in 14% on 2015 fiscal year from general sum of approved loans. Loans by sectors on Fiscal Year 2015 can be illustrated on the basis of Diagram 2.

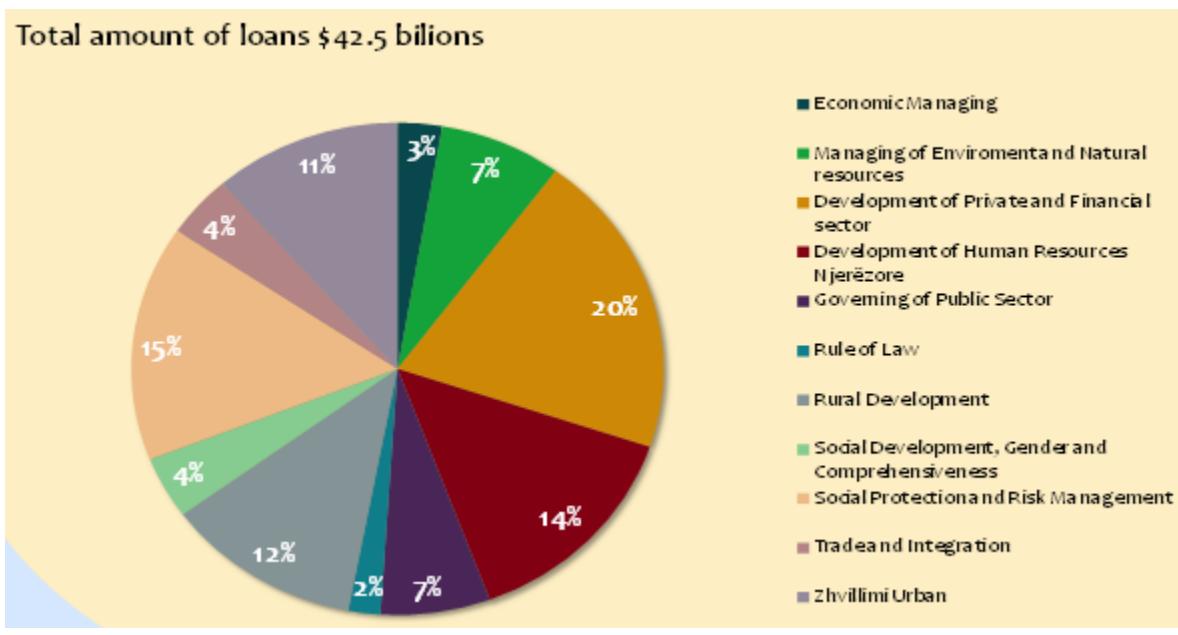
Figure 1. Loans by Sectors, Fiscal year 2015



Source: The World Bank

According to data on this diagram outcomes that within Public Administration sector, Rule of Law and Justice for fiscal year 2015 are on first place with 19%, on second place is Health and other Social Services with 16%, third place is for transport 12% while on last place is information and communication with 1% of approved loans according to the sectors for fiscal year 2015. However approved loans based to topics (voices) could be illustrated on the diagram no.3 Loans by topics (voices) for fiscal year 2015.

Figure 1. Loans by Topics, Fiscal year 2015



Source: The World Bank

Based on data from this diagram, first place is occupied by private and financial sector with 20%, second place is occupied by Social Protection and Risk Management (risk) by 15%, third place is occupied by Human Resources Development with 14%, penultimate place is occupied by Economic Management with 3% and last place is occupied by Rule of Law with 2% of the amount for loans approved on 2015.

Over the time idea and source goals changed in particularly on area of global poverty and economic inequalities. Therefore based to data outcome came out the question mark (?) realization of main motto of IBRD the dream that can be summarized in one sentence: "Our dream is building a world without poverty". However based on the main function of enterprise in capitalism and neoliberal globalism not only that did not get fulfilled motto of WB (IBRD) but global poverty and economic inequalities got more emphasized. Increasing poverty especially on the places of "third world" influenced that Maknamara former president of WB start taking courageous steps for decreasing poverty directing activity of WB in direction of decreasing poverty. In order to achieve this goal he brought together most renowned economists in the world for development of an effective poverty reduction strategy at global level. But in the 1980's, with transformation of model for economic well-being and social state in social illness, this model was replaced with volume and diversity model where fundamentalism of market came to blame outbreak of global economic crisis in 2008. Unlike Maknamara and his staff who made efforts to find causes of poverty alleviation and measures to reduce it to "third world

countries," William Clausen and Anne Krueger considered as main cause of this disaster governments of "Third World" countries, according to them as a lucky choice for decrease of poverty in these countries was considered free market. It follows that IMF and WB over the time became missionary institutions of neoliberal ideology (concept) and market fundamentalism.

The application of neoliberalism to "third world" countries led to growing poverty and ever-increasing need for loans and donations from developed countries. According to some data, "third world" countries are plunged into huge debts, whereby the return of these debts to some countries of this group reaches up to 80% of the amount of foreign currency realized. The return of these debts does not enable salaries of civil servants to be covered and not to talk about accelerated economic development. A significant number of countries from the "third world" WB treats as inadequate for loans and refuses their new requests for allowing new loans. In other words WB allows granting new loans in these countries under the condition of taking in control economic governing of these countries (Mahathir Muhammad, Sarajevo, 2002). Neoliberal globalization led to creating of transnational capitalist stratum named as "Individual strata with a moderately high salary" and these strata influenced in conversion of states-nationalities in so-called "Orange country". This tendency led to deepening the poverty and economic inequality among developed countries in one side and countries of "third world" and "countries under transition" on the other side.

In addition to the mentioned reasons in deepening of poverty and economic inequality among developed countries and countries of the "third world" as well as countries under transition influenced also following causes: Global crisis, price increase in two periods of time 2007-2008 and 2010-2012, food crisis etc. These causes led to emphasized reduction of the quality and amount of their food.

As other cause that is being reflected is considered labour markets which generated fewer jobs with low salaries. This phenomenon influenced that 1 billion people with employment were involved in poverty and their diseases. The phenomenon of unemployment increase is mainly reflected in new generations. This phenomenon influences on increase of number that was about 1 billion people that enter on labour market on 2012-2020 (Ortiz Izabel&Commins Mathew, Project Syndicate, 2012). One of causes of poverty increase on countries of the "third world" and countries under transition is considered reduction of annual revenues to 1.69% of GDP.

A study drafted for 133 countries in particularly 30 countries of this group is under the emphasized shrink that in literature and economic practice is named as "purchase shrink" in unequal level. For this reason in most of the countries of "third world" came to reducing of purchase for 1.8% of GDP on 2012 Ortiz Izabel&Commins Mathew, Project Syndicate 2012.

Having in consideration the fact that measures to reduce non-marginal expenses in context of these poor countries according to IMF and WB reports, are that these countries are drafting and reviewing 4 fiscal reform scenarios:

First, on 73 countries of this group are considering reducing salaries of workers in public sector.

Second, on 73 countries of this group are reducing benefits in food and heating.

Third, on 53 countries of this group are undertaking measures to reduce benefits in area of social protection.

Four, on 71 countries of this group are taking measures in area of budget cuts, increase in taxes on goods and basic services, which affects further deepening of poverty (Ortiz Izabe I& Commins Mathew, Project syndicate, 2012, English translation). These causes lead to redefining goals and existing ideas of World Bank and International Monetary Fund (IMF).

CAUSES OF LEAVING THE WORLD BANK

These causes are divided into two groups. In the first group, causes derive in terms of governance regarding alignment, timing and disrespect of broad social context. The causes of first group are reflected in these directions.

First, in terms of imposing globalization process on "third world" countries, especially in transition countries;

Second, towards implementation of intensive process of property privatisation, especially in transition countries in absence of institutional infrastructure, market infrastructure, including competition;

Third, lack of understanding the economic and political processes by proponents of market fundamentalism;

Four, omissions and mistakes made by main partners of globalization implementation process especially of errors in the field of ordering namely on social policy;

Five, in terms of eliminating food and heat subsidy by globalization partners in countries of "third world" and on countries under transition. This mistake of financial institutions led to unbundling the social tissue in particularly in countries of the "third world".

Six, in terms of applying restrictive monetary and fiscal policies, lack of transparency of IMF and WB, failure to respect risk, lack of bankruptcy institution, whereby borrowers are unable to repay debts of lenders. It follows that loan payments should not be realized through "bailout" (Stiglitz, Joseph, New York, 2002), the discrepancy between obvious problem and unclear choice, lack of continuous perfection of social protection network, especially in field of agriculture and small and medium businesses on "third world" countries and in transition countries, especially in the late transition (Selmanaj Selman, Pristina, 2006).

Seven, on the mistake of granting loans collapse phase of downturn (recession), line of credit contingents which mainly is focused on insuring cash when appear symptoms of recession phase (Stiglitz.E.Joseph, New York, 2006);

Eight, in the absence of a proper correspondence between World Bank and Central Banks of World Bank member countries;

These causes influenced in appearance of causes for second group which influenced on leaving (removal) from World Bank. These causes could be reflected on following directions. First on deepening of poverty and economic inequality in all local, regional level in particularly on countries of "third world" and countries under global transition; Second, in terms of selling plots of arable land especially in Africa above 8000 hectares of land or 1.3% of arable land were sold based to applied model that involves a violation of property rights. In applying of this model was involved World Bank through granting soft loans. Regarding involvement of WB on this model was declared "Oxfam International" Agency which this model of plots sale of arable land has described as "usurpation of land". For this reason except this agency were declared also some other organizations which requested from WB to quit this model of sale until determining international rules and standards for this issue. But World Bank disregarded request of these organizations (Singer Piter: "Selling of arable land plots", Project Syndicate 2013, Albanian translation). Third, on removal from World Bank influenced emphasized bureaucratization on this international financial institution. Bureaucratization of the World Bank is reflected through increase of administrative budget. This increase could be argued based to the following fact. On initial phase of WB as the main governing mechanisms was panel of directors who for activities and approved decisions responded only to the Panel of Governors which in its own terms, included the Ministers of Finance or Equivalent Officers of member countries of this institution. Over the time within this institution were established new forms of authority, new leading offices, internal audit office, job appraisal office, appointment of ethics officers and office for institutional integrity (KapurDevesh: "The Fall of the World Bank", Project Syndicate, 2015, Albanian translation). At the fiscal year 2015 volume of assets allocated to customers amounted to 623 million \$, 931.6 million \$ was allocated to Administration and Institutional Governing, for Executive Board 87 million \$ while 44 million \$ was dedicated to external relations of corporations. From this data challenges faced by the World Bank they are a consequence of huge pressures from major stakeholders (KapurDevesh: "Escape from World Bank", Project Syndicate 2015, Albanian translation). Despite the perfect design of this Ship (World Bank), ship passengers continually seek to redefine purpose and existing idea of this ship. This redefinition should correspond to time and quality of life. Four, underlined pressure of major stakeholders the developed countries engage in a synchronization of their activities with "International

Development Association", this mechanism turned into a window of BB for granting soft loans. Five, in some expert's opinion in this field on leaving from World Bank have affected the failure of some commercial projects. Six, underlying causes of World Bank is to increase confidence deficit of financial markets for central banks of member countries of this institution. This implies that either participants in neither financial markets nor central banks themselves know the true state of economy or how it should be best designed especially after the global financial crisis (2008). Therefore as unclear phenomenon remains use of data from central banks as frightening element of new analyses. The increase of confidence deficit leads to loss of approving trust of a sustainable decision-making (DeLong Bradford: "Uncertainty in American Central Bank", Project Syndicate 2015, Albanian translation). Seven, leaving World Bank is failure of financial markets which could be emphasized rather than risk of not efficient governing. The consequence of this tendency could be policies which are not based on evidences but in some not accurate ideas. This failure on economic theory and practice is present (DeLong Bradford: "Monetary Mistake", Project Syndicate, 2015, English translation). Eight, as other cause that influenced on leaving World Bank is dream of monetarists which is based on monetary intervention for overcoming of unpredicted strikes. This tendency on economic theory and practice lasted approximately until the second half of XX century. Analysing condition of US Central Bank on year 2000 Ben Bernake on courageous manner declared that:" Central Bank with a positive energy could influence in economic progress through mass facilities". For this reason Ben Bernake requested from American Congress emphasized fiscal expansion (DeLon Branford, IBID, Albanian translation).In order to overcome this situation and to secure inflation, it can be achieved by combining a monetary regime with a fiscal stimulus (DeLong Bradford: "Ibit", Albanian translation). Nine, as other cause of leaving the World Bank is disregarding needs of simple people during drafting and not approving decisions (Stiglitz.E. Joseph: "Satisfied by the American Central Bank", Project Syndicate 2015); Ten, as other cause that influences on leaving World Bank is considered the rejection of a sustainable compromise between unemployment and inflation. However, with outbreak of global financial crisis, central banks diverted their attention to theories that were previously believed to compromise inflation and unemployment. This compromise requires gradually to embark on monetary policy building, which consistently strives for an optimal compromise between these two economic factors (Kaletsky Anatole), "The Right Decision of US Central Bank" Project Syndicate, 2016, Albanian translation).Taken as a whole these causes have enabled establishment of two international banks: a) Investment Bank for Asian Infrastructure initiated by China and b) the New Development Bank or the Development Bank of BRICS as originally named. Most likely these two banks now for now will not convert in major creditors in

this 10 years. This tendency can be justified based to the following fact: First, each from those two banks could not have a sum above 50 billion \$. This sum can only increase if it manages to accumulate a larger volume of private investment. Second, also despite the argument what plays an important role on the time in which we live is that major countries with fast economic development will deposit their capital on institutions dominated by China (KapurDevesh: "Leaving World Bank, Project Syndicate, 2015, Albanian translation.). Therefore, these countries express their dissatisfaction with World Bank and IMF.

REQUEST FOR DRAFTING A NEW STRATEGY FOR THE WORLD BANK

Based on Bretton-Woods agreement, were determined initial idea and source goal of World Bank. On time of rapid changes especially after financial global crises should be done some fast and deep changes. Among fundamental changes is general and sustainable increase until year 2030. As another change should be increase of responsibilities on state members of WB urging their citizens for tax increase (Birdsall Nancy: "A New Vision of World Bank, Project Syndicate, 2015). This step aims redefining of existing goal and existing idea. Building of this strategy reflects through following directions. First, on terms of positive externalities in weaving with low costs of borrowing up to potential limit, these externalises will enable return of this dynamics in one original dynamic as in developed countries on countries of "third world" and "countries under transition". Second, the World Bank has a huge experience in solving problems on different sectors as agriculture, infrastructure, health, educations, pension system, financial regulations etc. Therefore this experience enables solving of different problems with special importance using various instruments. This experience of World Bank could be reflected also in solving of local political problems which could influence implementation of necessary reforms for loan repayments by borrowers (Birdsall Nancy: "A New Vision for the World Bank", Project Syndicate, 2015, Albanian translation). Three, the new strategy should focus on solving problems and need of XXI century. World Bank should reflect an increase in responsibility for transforming public investment into global proportions. This move leads to sustainable economic development. In other words, sustainable economic development with global proportions is considered as an immediate demand and need of XXI century. For this reason, focus of World Bank is particularly oriented towards "third world" countries that are still unable to turn their investments into public goods. From this comes out that World Bank should convert in one global "crediting global cooperative (corporation)" (Birdsall Nancy, Ibit, 2015). Four, solution of global problems requests for World Bank to convert in "First rate operator" by accelerating investments which will play important role for a sustainable development in many environmental sectors, research of causes that impact on agriculture development clean energy, information

collection, drafting of serious analyses in particularly on economic and social area. Five, despite responsibility for returning of good public global investments it could be engaged also in determining priority forming different investing funds and valuating as well as channelling investments in particular countries of "Third World" which are members of this international financial institution. Six, despite fact that United States for a given period was a leading state, not only of Western civilization but also a good leader in achieving international stability especially in respecting general (common) interest; For this reason US should be ready to create an affordable space for rapid developing countries. But so far United States is not ready for implementing of such an objective. This tendency can be argued through US hesitation towards formation of "Asian Infrastructure Investment Bank" initiated by China as well as formation of "New Development Bank" under the BRICS. The G-20 summit requires from World Bank to redefine voting rights in its context, particularly where it is about strategic decisions (Selmanaj Selman: "Globalization and State Building", Pristina, 2014). Eight, as a part of this strategy can be considered: risk acceptance, bankruptcy institution, reduction of Bailout's support with a more intensive use of Banking Institution and debt repayment, improvement of legislation in field of banks which should rely on intertwining formal and informal institutions, i.e. specifics of each EU country should be considered. Nine, as integral part of this strategy, may be the on-going improvement of social protection network, especially in the "third world" and transition countries, including construction of channels to overcome crisis and prevent export of crises in other countries (Stiglitz E. Joseph, New York, 2002). Ten, as part of the new strategy is considered the international economic austerity. This means that developed countries should take measures to lift customs barriers for "third world countries" and "transition countries". While "third world countries" and transition countries must take measures to remove barriers protectionists that cause enrichment of a small social group. Drafting of a new strategy of WB plays an important role towards adapting with objective reality on time and space as well as towards global sustainable economic development. Overall the New Strategy of WB should focus on area of redefining goals and ideas. This focus leads symbiosis between free market, real democracy and state which are most perfect forms that ensure maximal efficiency of social protection for human to convert on object and subject of economic and social development on global ratios. From this comes out that on modern conditions during distribution of loans between regions, sectors, thematic (voices) WB should focus only on infrastructure and health which are considered as important factor for global sustainable development but also on the area of education.

RISK FROM SLIPPAGE OF WORLD BANK

World Bank in addition to globalisation process as its next objective has also focus on building a new Global Financial System which will correspond to requirements of time. Therefore risk of slippage of WB is related to globalization and building Global Financial System.

At the critical point of Global Financial Crisis, World Economic Forum (WEF) in 2009 has proposed 4 scenarios on how Global Financial System will look in period 2012-2020. The construction of these scenarios is based on 2 pillars. The first pillar relies on harmonized financial coordination. This pillar in the framework itself reflects construction of two scenarios. The first scenario was leaned on gradual changes (displacement) of economic force from West to East and in one harmonized financial coordination. While the second scenario is leaned on fast changes (displacement) of economic force from West to East in one harmonized financial coordination. The first scenario on economic literature and practice is named as "Western re-engineering Centre". The second scenario is referred to "Multilateralism Rebalance", despite rapid changes policy makers is able to coordinate and control these changes in global financial system. The second pillar relies on divergent financial coordination. Within the framework of second pillar were built two scenarios, the third and fourth scenario. The building of the third scenario is based on gradual changes without financial harmonisation. On economic literature and practice this scenario is named as "Financial Regionalization". Policy makers face underlying problems on this scenario of reaching a global agreement on construction of Global Financial System. In case that such agreement cannot be reached then it could come to division of the world into three blocks: a) American Block, b) European Block and c) Asian Block which is getting empowered on high speed. The fourth scenario as the last one on the economic literature and practice is named as "Fragmented protectionism" which is considered as the most dangerous one. On this scenario emerges nationalist protectionism that slows economic change (displacement) from West to East but at the same time this tendency impacts on decrease of economic growth and leads to unbundling of "Eurozone" as integrated complex. These scenarios can be illustrated in the Table 1.

Table 1. The Four Scenarios

	Slow geo-economic relocation	Rapid geo-economic relocation
Harmonized financial coordination	Western re-engineering centre	New multi-lateral balancing
Non-harmonized financial coordination	Fragmented protectionism	Financial regionalization

Source: *Exploring Strategy, Davos 2011-2020.*

Therefore WEF has not determined yet which of scenarios is best suited to overcome problems faced by humanity. Despite the fact that this forum was not set for a more favourable scenario, again this effort has made a major contribution to development of economic thinking to find alternatives for overcoming problems that humanity is facing. Based on the fact that WB and IMF since '80s converted in missionary institutions of neoliberal ideology that lead to deepening of poverty, economic inequality, nationalist protectionism, non-educational population in Europe and USA, open economic nationalism, election of Trump for President of USA lead regardless from electoral choices in some countries of Europe and America lead to transformation of liberal democracy into a resistance movement. The causes that have influenced election of Tramp for US President, apart from above-mentioned causes have affected intertwining between modern leftist elitism with rural racism, the triumph of nativism towards internationalism, the context between open and closed societies. Such intercourse could lead to conversion of liberal democracy as stated in a resistance movement. Despite the election results in some Western European countries and in some Eastern countries, evidence shows that liberal democracy cannot play the role of formative force of Western civilization policy. At the beginning of governing Trump contested some agreements between America and some other countries of the world which based to his opinion created favourable area in many countries of the world with aim of using America. This conclusion could be reflected in these directions: First, in terms of job losses in production sector; Second, in terms of promises during the electoral campaign that the annual growth rate will reach 4.1 to 5%; Third, in terms of leading an anti-trade policy that implies a significant import restriction in the USA; Fourth, in terms of fiscal stimulus, tax cuts, tax regulation in field of import, growth of interest rate in the long term; Fifth, in term of removing Trump from initial idea of USA building an open international rule based on rule of law. As for job reducing on producing sector as consequence of bad agreements between US and other countries of the world is disputable as thesis, for this reason this decrease tendency of working places in producing is consequence of increase for work productivity and restrictive monetary policy. Impact of these factors led to employment decrease in produce sector by 30 % on '60s of XX century afterwards on 12% for further generation (DeLong Bradford: Facts about Decrease of Employment in Production, Project Syndicate, 2017).

Annual growth rate of 4.1-5% per annum of an economy as is American economy could be only significant illusion. While an anti-trade policy generates more pronounced consequences than UK's exit from EU. The United Kingdom is confined to closing borders for emigration, but not to termination of trade ties with the world. Significant import restraint is reflected in increase on customs duties on all goods imported to US. This tax would have come from 35% up to 45%. The custom tax rate for goods imported from China will reach up to 45%

(Simon Johnson: "Consequences of a Tramp Cause", Project Syndicate, 2016, Albanian Translation).

According to some data such policy is being implemented in USA that will directly initiate growth of dollar value. This policy will reflect noteworthy consequences not only in USA but also at key partners of Globalization process, IMF-WB-WTO. Applying of this economic policy leads in direction of converting for these partners in missionary institutions of neoliberal ideology (DeLong Bradford: "Facts about Decreasing of Employment in Production", Project Syndicate, 2017, Albanian translation). Moving away from idea of USA on building a new open international rule leads to unbundling of foreign US policy built and applied continuously for 70 years. Building of an open international rule is based on three main principles: a) Security Sustainability of USA is based on deep and broad alliances between United States and a large number of countries around the world; b) Building an Open Economy cannot be treated as a "No Winning Game "; c) The third principle is reflected in the question of whether dictatorships should be tolerated, managed or disputed, with regard to this issue during this period was achieved a "consensus on confidence in democracy and its priorities ". However, the beginning of Tramp's governance reflects some signals that these principles and agreements between America and other countries in the world will not be respected (Zakaria Fareed: "Roosevelt begins peace, but someone else can end it", Project Syndicate, 2017, Albanian translation). Mentioned arguments and pressure of United States major stakeholders, in particular lead to reform of existing international financial institutions, to draft a New Strategy of WB with aim to convert on a "First Line Bank" and "Reacting Leadership"; If these steps will not be undertaken WB is threatened on the risk of its slipping towards scenario of "Financial Regionalization" and Scenario of Fragmentary Protectionism. This slippage could lead to dividing of the world on three blocks: a) American block, b) European block and c) Asian block that on high speed is getting stronger. While slippage of WB towards scenario "Fragmentary protectionism" will impact on slowdown of changes (displacement) of economic force from West to East as well as in slowing down global economic development. Therefore having in consideration these arguments are verified by second hypothesis that is overseen on this study. The threat of slippage of WB has to do with international standards which attempt to get accepted and get implemented only if they adapt to "American financial system and American people", it means ideology "America First". From this comes out that Trump most likely resembles a proponent of the concept of "open economic nationalism" rather than a radical populist. But such likelihood can trigger risk of WB slipping towards last two scenarios, which will be a barrier to sustainable global economic growth.

CONCLUSION

Based on the analysis of the dilemmas and the challenges of the World Bank starting from its founding until now, the conclusions and recommendations can be summarized in the following points: First, in literature and economic practice, the World Bank has suffered large metamorphoses: the Kenyan Paradigm and the Neoliberal Paradigm. Secondly, the replacement of the Keynesian paradigm with the Neoliberal paradigm instead of diminishing the poverty and fulfilling the World Bank dream of "a world without poverty and inequality", only deepened them further. Thirdly, the continuing growth of the causes that have contributed to the growth of tendencies, such as: credit defaulting before the outbreak of the downturn (recession), the contingent lending line which mainly focused on providing large amounts of cash when the first symptoms of the recession phase were announced and the lack of genuine cooperation between the World Bank and the Central Bank of the member states has contributed to the withdrawal from the World Bank. Fourth, the sale of arable landplots especially in Africa. In this continent, over 8,000 hectares or 1.3% of the world's arable land has been sold through a model that involves a property right violation. The World Bank was involved in the application of this model, through the granting of soft loans. Fifth, the increase of the bureaucracy of this bank, which is reflected through the increase of the administrative budget, has influenced in the withdrawal from the World Bank. Sixth, the financial market failure, which may be worse than the inefficient governance risk. This confirms the first hypothesis of this paper.

In this paper, besides the conclusions, recommendations were made on the reformation of the World Bank and development assistance. Despite the fact that this bank was reformed at the initial stage, its reformation philosophy should be extended and deepened in these fields: first, development; second, general assistance, especially banking assistance; third, the relationship between the World Bank and third world and transition countries. Based on the analyses of the World Bank and various world institutions it has been confirmed that economic development is not only a result of the primary education system, but also the establishment of an advanced technological base that requires a high level of education. The egalitarian job creation policies have influenced this economic development, innovations by opening up new jobs based on the growth of exports rather than loss of jobs due to the increase of import compared to the privatization and restructuring of existing enterprises. The development field includes not only the resources and the capital, but it also incorporates the transformation of the entire society. Besides development the World Bank reform also extends to the development aid area. In a large number of countries the aid is conditional -the approval of laws, social security and bankruptcy reforms or any other financial system - is a prerequisite for receiving aid. But based on the fact that the increase in poverty and inequality has turned into time-bombs

that can be activated at any moment, the developed countries in Manterey, Mexico reached an agreement for a substantial increase of developmental aid up to 0.7% of their GDP. The recipient countries require that the aid is implemented in the form of financial assistance and very little as loans. Giving development assistance in the form of a loan leads to major problems related to loan reprogramming.

Debt repayment towards the World Bank and the IMF is considered as a special form of development aid that has a significant impact on economic development and the transformation of society. 18 countries in extreme poverty, of which 14 of them located in Africa, have been relieved of debts. In relation to debt repayment, "third world countries" and transition countries require the establishment of a sustainable aid development funding centre. Revenue from the exploitation of global resources - minerals from earth depths, oil and natural gas from deep sea, oceans' fishery - (Stiglitz, Joseph, 2002) may be another form of development aid funding. Another field related to the World Bank reform is the relationship between the World Bank and the third world countries and the countries in transition. In this area the completion of World Bank reforms extends in the following directions: accepting the risk market liberalization and short-term money (hot money) that produce large externalities. Each case of these externalities requires state intervention in the form of soft interventions through the banking and taxation systems.

The relationship between the World Bank and these countries requires the implementation of bankruptcy reforms. These reforms should be applied in cases where borrowers are unable to pay off their debt to lenders (internal and external creditors). Therefore, the loan (credit) payment should not be accomplished through a "bail-out", which is why bankruptcy reform should be implemented, which accepts the special nature deriving from macroeconomic disorders. This requires the reduction of "bail out" support and the establishment of a bankruptcy institution.

Another reform the World Bank should apply is the social network continuation, especially in "third world" and transition countries. Nowadays, the World Bank needs to approve both its own demand as well as the Central Banks of the member states that, as soon as possible, the governments start issuing their debts in a new form related to their country's resources. Namely, issuing securities - shares, bonds, and treasury bills –is similar to buying insurance against economic worries. The crises that exploded in countries such as Ireland and Greece a decade ago would not be so notable if their debt would be linked to GDP (Shiller, R. Robert, Project Syndicate, 2018). Trump's decision to apply tariffs, 25% for steel and 10% for aluminium, signals the US withdrawal from the WTO (WTO), which implies a trade war between the US and other countries, specifically China. This war will provoke a recession deeper than

the global financial crisis. In which case, the World Bank will face a serious challenge that will affect how the World Bank will respond in the future. Therefore, the need to draft a new World Bank strategy (vision) is an immediate task, which will turn this bank into "first-line bank" and "Reactive Leader." If the World Bank is late in drafting this strategy, it will risk sliding towards fragmented protectionism, financial regionalization or its dissolution as an international financial institution.

REFERENCES

- Arnaullt, J. (2014): "Post-Crisis Lucidness", Project Syndicate
- Birdsall, N. (2015): "A new vision of the World Bank", Project Syndicate
- Civici, A. (2009): "Globalisation Ante Portas", Tirana
- Civici, A. (2013) "State of market", Tirana
- Davies, H.(2016): "Monetary policy on people hands", Project Syndicate
- World Economic Forum (2011) (WEF:) "Exploring, Strategy-Scenarios for the global Financial System", Davos
- DeLong, B. (2015): "American Central Bank Insecurity", Project Syndicate
- DeLong, B (2015): "Tragedy of BenBrnaky", Project Syndicate.
- Kaletsky, A. (2015): "The right decision of the US Central Bank", Project Syndicate
- Kaletsky, A. (2015): "The crisis of market fundamentalism", Project Syndicate
- Kapuar, D. (2015): "Escape from the World Bank", Project Syndicate
- Ortiz, I.&Methey. C. (2013): "Recovery and Equality", Project Syndicate,
- Pëllumbi, S. (2009):"Globalystics", Tirana
- Philippe, L. (2014): "Punitive Banking Union for many Eurozone states", Project Syndicate
- Paten, C. (2016): "Will the West pull down Donald Trump", Project Syndicate
- Roty, R (1991).: "Above Self Interest", Overview, Edition of the American Embassy
- Raubin, N. (2016): "Taming of Trump", Project Syndicate
- Sen, A. (2009):"Development as freedom", Tirana
- Stiglitz, E.J. (2002): "Globalisation and its discontents", New York
- Stiglitz, E.J. (2006): "Making Globalization Work", New York
- Stiglitz, E.J. (2009): "Review of Regulatory Reforms", Evidence before the Panel of the American Congress, Washington
- Stiglitz, E.J. (2014): "Economic helplessness", Project Syndicate
- Stiglitz, E.J. (2010): "Free-fall", New York
- Stiglitz, E.J. (2016): "New Era of monopolies", Project syndicate
- Stiglitz, E.J. (2016): "What to get from Tramp-American Economy", Project Syndicate
- Stiglitz, E.J. (2015): "Saturated by the American Central Bank", Project Syndicate
- Soros, G. (2011): "How to solve crisis in Euro-Zone",Project syndicate
- Skidelsky, Robert (2014): "The road to full investment",Project syndicate
- Skidelsky, Robert (2016): "Dragging towards Trump", Project Syndicate
- Selmanaj Selman: "Globalization and Transition", Pristina 2006.

- Selmanaj, S. (2014): "Globalization and State Building", Pristina
- Sierakowsky, S. (2016): "What means the victory of Trump for Eastern Europe", Project Syndicate
- Schwab, K. (2017): "Five Leading Priorities for the Year 2017", Project Syndicate
- Simon, J. (2016): "Consequences of the concussion caused by Trump", Project Syndicate
- Sachs, J. (2016): "Investments for sustained growth", Project Syndicate
- Teodoro, M.&Stephen, S (2012): "EconomicDevelopment", Boston
- UNESCO (2011): "Institute for Statistics", UN
- Vukotic, V. (2011): "The risk for the future", IDN, Beograd
- WEF 2011.
- World Bank: "Fiscal year 2015".
- Winnie, B. (2017): "Lucky people and the forgotten ones", Project Syndicate