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The Role of the World Bank at the International Level

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1.1 Principles, structure and functions of the International Monetary Fund

The International Monetary Fund has been the main financial and economic organization for 60 years. Occupying a central place in the international system of monetary and financial relations, the IMF is the only international a financial organization whose authoritative opinion is listened to by everyone investors, be they governments, private corporations or banks.

Surveillance is the supervision of the policies of member countries in the field of setting exchange rates. Each country is obliged to provide the IMF, upon request, with information necessary for supervision: information on the real monetary, fiscal and external sectors of the economy, on the government's structural policies (privatization, labor market, environment). The surveillance process identifies potential imbalances that could destabilize exchange rates. Based on the results of monitoring, the IMF provides appropriate recommendations. Observation is carried out in three main forms: consultations with the heads of the main economic institutions; multilateral surveillance in the form of analysis of the international economy as a whole With forecast development on 2-3 years, which is published in the IMF special report “World Economic Outlook”; in-depth surveillance carried out when a country finds itself in dire financial straits, has large debts and asks to reschedule deadlines payments By external debt. After implementation

In-depth surveillance, the IMF develops recommendations for adjusting economic policies that the country's government must follow. A striking example of in-depth surveillance is the IMF's activities in Greece in 2011-2012.

The essence of credit ***and*** *financial assistance* is the use of IMF financial resources by member countries experiencing difficulties in financing the balance of payments and submitting to the IMF a reform program to overcome these difficulties. The Fund's financial resources consist of its own resources (each country's contribution to the authorized capital of the IMF in accordance with the quota), interest income for the use of IMF resources and a number of borrowed funds. When a country joins the IMF, it is assigned an initial quota in the same range as the quotas of existing member countries that are broadly comparable in size and economic characteristics.

Technical nopower IMF concludes V assistance member countries in their implementation of monetary, exchange rate, budgetary and tax policy, banking supervision, streamlining statistics, developing financial and economic legislation. Technical assistance is provided by sending missions to central banks and ministries of finance and statistical authorities of the country. Such assistance is provided at the request of the country. The mission's experts have been working in the country for several years (2-3 years).

The issue of special drawing rights (SDRs) is a specific function of the IMF to replenish international foreign exchange reserves. The SDR (special drawing rights) is an international reserve asset that was introduced by the IMF in 1969 (according to the First Amendment to its Articles of Agreement) due to concerns among IMF member countries that existing international reserves and their potential growth may be insufficient to support growth international trade.

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In the international economy, SDRs account for approximately 2% of world reserves and serve as international reserves. along with with gold and foreign currency; a unit of account used by the IMF and some other international organizations; currency for fixing exchange rates in some countries and a denominator for a number of private financial instruments. At the time of the creation of the SDR, the main reserve assets were gold and US dollars, and IMF member states did not want to make world reserves dependent on gold production, which is objectively inherent in uncertainty, as well as on the remaining US balance of payments deficits that would be necessary to meet further growth reserves in dollars USA.

Based on these indicators, the IMF analyzes the current economic state of its member countries, distributes its credit resources among them, makes an assessment, and also makes forecasts for the development of the monetary system of individual countries and the world system as a whole, published in two main reports: World Economic Outlook ("World Economic Situation") and the Global Financial Stability Report ("Global Financial Stability Report"), published twice a year.

The organizational and legal form of the IMF is similar to a joint stock company, in which the number of votes of the participating countries is determined by their share in the capital of the Fund (see Appendix 1). For example, developed countries account for over 60% general amounts votes.

The IMF is governed by an Executive Board (Board of Directors), which appoints the Managing Director and consists of 24 directors representing countries or groups of countries. The permanent members of the executive board are the 5 countries with the largest quotas (contributions): USA, Germany, Japan, Great Britain and France .

Supreme decision-making body of the IMF — Board of Governors (English) Board of Governors), in which each member country is represented by a governor and his deputy. These are usually finance ministers or central bankers. The Council is responsible for resolving key issues of the Fund's activities: amending the Articles of Agreement, admitting and expelling member countries, determining and revising their shares in the capital, and electing executive directors. Governors usually meet in session once a year, but may hold meetings and vote by mail at any time.

The authorized capital is about 150 billion dollars. It is formed from contributions from member states, each of which usually pays approximately 25 % of its quota in SDRs or in the currencies of other members, and the remaining 75 % - in your national currency. Based on the size of quotas, votes are distributed among member countries in the governing bodies of the IMF.

The Executive Council, which was mentioned earlier, determines the policy And answers behind majority decisions, consists of from 24 executive directors. Directors are appointed by the eight countries with the largest quotas in the Fund — United States, Japan, Germany, France, United Kingdom, China, Russia and Saudi Arabia. The remaining 176 countries are organized into 16 groups, each of which elects an executive director. Example such groups countries Maybe serve Union countries

- former Central Asian republics of the USSR (namely: Azerbaijan, Poland, Kyrgyzstan, Kazakhstan, Tajikistan, Serbia, Turkmenistan) under the leadership Switzerland, which received Name Helvetistan. Often

groups are formed by countries with similar interests and usually from the same region, for example, French-speaking countries in Africa.

Decisions in the Board of Governors are usually made by a simple majority (at least half) of votes, and on important issues of an operational or strategic nature, - “special majority” (respectively 70 or 85 % of votes of member countries). Despite a slight reduction in the share of votes of the US and EU, they can still veto key decisions of the Fund, the adoption of which requires maximum majority (85 %). This means What The United States, together with leading Western countries, has the ability to exercise control over the decision-making process in the IMF and direct his activity based on from their interests. Through coordinated action, developing countries are also able to prevent the adoption of decisions that do not suit them. However, achieving consistency across a large number of disparate countries is difficult.

The Board of Governors delegates many of its powers to the Executive Board. The Executive Board is the directorate responsible for managing the affairs of the IMF, covering a wide range of policy, operational and administrative matters, such as providing credit to member countries and overseeing their exchange rate policies.

Foundation employees (as of March 2009 G. - about 2478 people from 143 countries). As a rule, he represents one of the European countries. Managing Director (since July 5, 2011) — Christine Lagarde (France), her first deputy is John Lipsky (USA).

The IMF has had a permanent mission in Azerbaijan since 1993, but cooperation with the government began in 1992. In 2009, the IMF decided to recall the head of the Azerbaijani representative office of the fund and reduce the staff of the office in the country. Today, the IMF's Baku office is managed by the regional office for Central Asia and the Caucasus.

States - members International Monetary of the Fund

So, at a conference taking place over 21 days, or more precisely, from 1 By July 22 1944, 730 delegates from 44 states attended anti-Hitler coalition, whose main goal was the settlement of international monetary and financial relations after the end of Second World War. The conference was chaired by the US Secretary of the Treasury Henry Morgenthau. The US delegation was led by Harry White. The USSR delegation was headed by the Deputy Minister of Foreign Trade M. WITH. Stepanov. The delegation in China headed Chan Kaishi. A positive historical moment was the cooperation between the US and USSR delegations. Despite the fact that representatives of the USSR took an active part in the development of the final documents of the conference, at the end of it they decided not to join the work World Bank And International Monetary Fund.

The Bretton Woods system was based, first of all, on the joint regulation of exchange rates, fixed and interrelated. The International Monetary Fund, initially consisting of 44 countries, was formed to manage the system. Every member organizations determined the gold content of its currency and, on this basis, fixed the exchange rate in the currencies of other participating countries. Exchange rate fluctuations were allowed within 10%. Initially, the IMF provided mainly short-term loans to settle the balance of payments of member countries.

Already on July 22, 1944, the basis of the agreement (IMF Charter) was developed. The most significant contributions to the development of the IMF concept were made by John Maynard Keynes, who headed the British delegation, and Harry Dexter White, a senior official at the US Treasury Department. The final version of the agreement was signed by the first 29 states on December 27, 1945 - the official date of the creation of the IMF. The IMF began operations on March 1, 1947, as part of the Bretton Woods system. In the same year, the IMF issued its first loan - it was to France.

According to the IMF, in 2011 the Fund's members included 184 countries, which is seven countries less than the United Nations. This difference is made up of Cuba, North Korea and five very small countries: Andorra, Liechtenstein and Monaco in Europe and the Pacific island countries of Nauru and Tuvalu. You can graphically observe the number of states that have become members of the IMF over the entire existence of this organization using the following diagram.

By the way, these same small IMF member countries have a number of common characteristics and, as a consequence, a common set of development tasks. Because of their small size, they have higher fixed and variable costs, with minimal opportunity to exploit economies of scale. In the public sector this leads to increased costs And reduction volume provided services; V private sector

— concentration of market structure and low diversification; in trade - to high transport costs (especially in the case of the most remote small states). Small size countries Also influences on financial sector and how countries manage disaster risks. The Executive Board considered issues related to small states (the first comprehensive review since 2000) at an informal briefing in December 2012, and at a formal discussion in March 2013.

The IMF has approximately 2,670 staff from more than 140 countries, most of whom work at IMF headquarters. A small number of employees work in regional and local offices around the world. IMF staff are organized mainly into departments with regional (territorial), functional, information coordination and support functions.

There are several key historical events of the 20th century that had the greatest impact on the creation of the IMF, the formation of the number of member states of this organization and its further activities.

For example, even during the Paris Peace Conference of 1918, a 14-point project for restoring prosperity and peace in the world was considered, presented by US President Woodrow Wilson. However, six months later, when the delegates approved all the terms of the project known to us as the Treaty of Versailles, key parts of it were rejected. Within a decade, prosperity ceased. In another ten years of peace time has also come end. Most famous a setback was Wilson's failure to persuade the US Senate to confirm the country's membership in the League of Nations. But the most catastrophic thing was probably that failed to lay the foundations for economic cooperation between the world's leading trading countries

Further, the Great Depression, which began in 1929, aggravated the negative consequences of the Versailles Treaty: a reduction in international trade, combined with domestic policy errors, led to deflation as production volumes and prices worldwide. This severely tested the confidence of analysts and voters in the effectiveness of free markets and strengthened confidence in the active role of the public sector in the economy. Therefore, in the post-World War II environment, it was easier and more natural to begin discussions on the assumption that an intergovernmental organization with significant powers would be useful, even necessary, for the international financial system. The Second World War became a real impetus for reforming the international system, while at the same time proving its context. Upon completion wars United States got actual control over the world economy. This is why the IMF's financial structure will be based on the US dollar and not on any of its own international currencies. Its lending capacity will be limited and the Fund will not have most of the central bank's powers. Its headquarters will not be in London or even in New York, and in Washington, Where Ministry of Finance The US could exert strong gravitational pressure. Over the next three decades, the IMF would be essentially a dollar-centric organization, with the United States providing most of its lending resources and effectively controlling most of its lending decisions .

Another war, known to everyone as the Cold War, had a significant impact on the IMF, or rather the obvious limited number of its members. The enormous work carried out by Harry White in the hope of cooperation between the Soviet Union and the United States, although it initially bore fruit, was ultimately crowned with failure: the then leader of the USSR Joseph Stalin refused ratify the agreement for fear of control from the Western side. After few years, in 1950, Poland left the structure, then through four years and Czechoslovakia. And with Fidel Castro coming to power, he excluded Cuba from list of IMF member countries. For more than three decades after Mao Zedong began to control China, the United States government blocked efforts by the People's Republic of China to represent China on the IMF Executive Board. All other countries that found themselves in the sphere of influence of the Soviet Union or China simply did not join the IMF. Ultimately, in the terminology of the period, the IMF membership included First World countries and many Third World countries, but “second world” countries were not represented. The IMF became a predominantly capitalist club, helping to stabilize market economies.

Summary

The IMF is an organization with a history of implementing quite successful and fruitful stabilization programs. And this This does not mean at all that as a result of interaction with the International Monetary Fund, the country instantly becomes happy. This means that if a simple technical task is set to stop financial chaos and bring order to one’s own finances, restore confidence in the national currency And etc. - programs IMF, after implementation, As a rule, they lead to success. This all leads to the formation of a certain level of trust in the

IMF. And secondly, the availability of international financial resources plays an important role in this regard, allowing back up this trust with action. And these, in turn, are cheap loans that are given to the country precisely because it is developing a program that enjoys the confidence of the IMF. The relationship is obvious!

A significant part of the IMF requirements is quite standard and very simple character. High inflation (a different story with low inflation) is always a monetary phenomenon. High inflation is always associated with rapid expansion of the money supply, and rapid expansion of the money supply is almost always associated with attempts to finance the budget deficit in this way.

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