

At issue: Research, knowledge and "paradigm maintenance": The World Bank's development economics vice-presidency

Robin Broad, professor in the School of International Service at American University, describes six mechanisms by which the World Bank's development economics vice-presidency (DEC) performs a "paradigm-maintenance" role, privileging individuals whose work "resonates" with the neo-liberal free-market ideology.

Unbeknownst to most who work on the World Bank, this institution is not only the main lender of public money in the world. It is also the world's largest development research body, centred in DEC. DEC is important because it serves as a research department for other bilateral aid agencies and other multilateral development banks, which often follow the course laid out by the Bank. And Bank research is consulted by policy-makers across the globe. In academia, as well, relevant courses often rely heavily on Bank research papers. In short, DEC is the research powerhouse of the development world.

The Bank likes to claim that DEC conducts the *crème-de-la-crème* of development research and that governments and researchers should view it as an impartial 'knowledge bank' on development, conducting rigorous and independent research. After a careful look inside DEC (including a couple dozen interviews with former and current Bank staff), I have reached a different conclusion: through its research, the World Bank has played a critical role in the legitimisation of the neo-liberal free-market paradigm over the past quarter century and its research department has been vital to this role. As activists working on the World Bank explore which parts of the Bank should be eliminated or reformed, they should look closely at the Bank's research department as well as its external affairs department which disseminates broadly this less than objective research.

The work of perhaps the best-known World Bank researcher, David Dollar, exemplifies the "paradigm-maintenance" role (a term taken with gratitude from Robert Wade). For many in the media, academia, and policy-making circles, Dollar's work on trade and economic growth has been transformed into a widely-cited, empirically-proven 'fact' that 'globalisers' - countries wedded to the Washington Consensus, especially to liberalised trade - experience higher economic growth rates than 'non-globalisers'. As Dollar and a co-author phrased it in a 2002 article in *Foreign Affairs*: "openness to foreign trade and investment, coupled with complementary reforms, typically leads to faster growth."

How did Dollar's work become so prominent? Why does the work of Bank DEC researchers who support the neo-liberal policy agenda get widespread attention? I discovered a set of six inter-related processes and mechanisms through which DEC, at times collaborating with other parts of the World Bank, performs its "paradigm-maintenance" role by privileging individuals and work "resonating" with this ideology.

Here is a brief overview of the six sets of mechanisms (unless otherwise indicated, quotations are from my interviews):

1. Hiring

The structures through which these incentives play out are multiple and they begin with hiring biases. While countries of birth and nationality may lead to a superficial assessment that the staff is

international and diverse, the Bank is far from diverse. Bank staff are overwhelmingly PhD economists. DEC houses fewer than a handful of non-economist social scientists. Further concentrating thought, the US and the UK university economics departments supply most of the PhD economists working within DEC.

So too are the Bank's generous pay scale and benefits part of this incentive structure. This is what a former Bank economist terms "the golden handcuffs". While the Bank claims these are necessary to attract the best staff, what they actually do is limit dissent by increasing the "opportunity costs" of any dissidence.

2. Promotion

There are a number of ways in which promotion incentives help shape the work toward "paradigm maintenance". The overarching goal of any researcher who wants to make a career of the Bank is to achieve, after five years, "regularisation", the Bank equivalent of academic tenure. Along the way, there are annual reviews. Gilbert et al. (2000) note that "most Bank employees are on short-term contracts. There is substantial anecdotal evidence that this is distorting incentives away from creative thinking and towards career-path management."

To get good reviews, DEC professionals need to publish, ideally in both internal Bank publications and externally especially in academic journals. Reviews also look at a DEC researcher's influence on Bank operations and policy. The Bank has set up formal structures to try to ensure the transfer of research 'knowledge' to operations. Most notable is that one-third of a researcher's time must be spent doing what is called operational "cross-support". In devising a work programme, the researcher is aware that he/she will "need marketability for 1/3 time" when she/he is a *de facto* "free agent". In terms of the characteristics of a "marketable" DEC researcher, as one senior economist in DEC explains, operations looks for high-profile folks with "resonance". To paraphrase, if you are in operations and you are looking to buy the time of a researcher, you want someone who is likely to improve the chances of your project getting through.

3. Selective enforcement of rules

DEC's paradigmatic bias is also reflected in the process of reviewing ongoing research for publication. The Bank likes to claim that there is uniform, objective, external review, but that is not the perception of individual researchers themselves. While there may be written rules with specific requirements (which this author has yet to see, despite repeated attempts), evidence suggests and interviews confirm that reviews of proposed research, manuscripts, and individuals are done "selectively".

Most of those interviewed for this article offered that research critical of the neo-liberal model or opening the door to alternatives

(i.e. without that necessary “resonance”) is likely to undergo stricter external review and/or be rejected. The review process, says a former Bank professional, “depends on what the paper is [about] and who the author is. If you are a respected neoclassical economist, then [approval] only needs one sign-off, that of your boss. If it's critical, then you go through endless reviews, until the author gives up.”

4. Discouraging dissonant discourse

In 1996, then-Bank president James Wolfensohn launched the initiative to magnify the research and dissemination role of the World Bank by transforming the institution from what was called a ‘lending bank’ into a ‘knowledge bank’. The implication was that the World Bank was a place where all views, all ideas, all empirical data on development would be available to the world.

DEC demonstrates how badly the Bank fails in this regard. Dissent is allowed on more marginal issues, but seldom on the core tenets of the neo-liberal model. How does this discouragement of dissent occur?

Discourse is part of the answer. On numerous occasions when the present author asked Bank staff about someone whose work has raised dissent, the response was invariably that that person was “idiosyncratic” or “iconoclastic” or “disaffected”. In other words, people who do not project the Bank’s paradigm are diminished or ostracized or deemed a “misfit”. Former DEC official David Ellerman has described the Bank as “an organisation where open debate is not a big part of the culture”.

This lack of openness to dissent is all the more troubling in the context of the rapidly evolving post-Seattle and post-Asian-crisis debate on development. Since the late 1990s, with the rise of a global backlash against the neo-liberal model, there has been - outside the Bank - a vibrant theoretical and policy debate about neo-liberal economic globalisation as evidence grows of its negative impacts on economic, environmental, and social development. During this period, Bank projects and policy-based lending have come under heavy attack for contributing to these negative impacts. Yet, the Bank has been able to continue to operate relatively unchecked in its research work.

Take Dollar’s work. There has been widespread external criticism of Dollar’s methodology by non-doctrinaire economists outside of the Bank. Harvard economist Dani Rodrik, for example, reaches a conclusion opposite of Dollar’s: “The evidence from the 1990s indicated a positive (but statistically insignificant) relationship between tariffs and economic growth.”

Yet, the Bank continues to project Dollar’s work as if it is undisputed fact. “The point,” explains a DEC economist, “is that one type of research is encouraged, people know what type it is and they produce it, while another type is given short-shrift.”

5. Manipulation of data

What does the Bank do if data/research does not support a neo-liberal hypothesis? There is disturbing evidence that the Bank crafts, and even manipulates, the executive summaries and press releases of reports so that they reinforce the neo-liberal paradigm. A case in point of an executive summary that is so well crafted that it no longer meshes with the text of the report is a 350-plus-page 2003 Bank document on *Lessons from NAFTA for Latin American and Caribbean Countries*. The summary states that “real wages [in Mexico] have recovered rapidly from the 1995 collapse”. However, the text itself does not support this conclu-

sion, as researcher Sarah Anderson noticed as she read the text carefully: “Table 1 of the summary shows that real wages in both local currency and in dollars have dropped since 1994. ... Figure 4 in the main body of the report shows that real Mexican wages relative to those in the US are also below their 1994 levels.”

Anderson wrote report co-author Daniel Lederman to ask how the table’s drop in real wages in the 1994-2001 period could have been summarised as a return to a level “roughly equal” to 1994. Lederman responded that the wage trends were complicated and therefore the summary was meant to “be vague”. As Anderson replied: “to say that wages have returned to their 1994 levels when they have not is not merely ‘vague’ but is inaccurate”.

6. External projection

My research also concluded that the Bank’s external affairs department functions as a projector of DEC’s “paradigm-maintenance” role. Dollar, for instance, did not have the backing only of DEC. The Bank’s external affairs department stepped in to publicise his work; it is external affairs that has the “money, media contacts, and incredible clout” to fly an author around the world.

External affairs’ rise in stature dates from the early Wolfensohn years under the leadership of Mark Malloch Brown (1994-99). In Wolfensohn’s second term, external affairs’ budget soared. By 2004-5, its budget was comparable to the full annual budget of the right-wing US think tank the Heritage Foundation.

These six sets of incentives raise significant questions about the World Bank’s own argument that it produces work of the utmost quality and integrity. My research should certainly raise alarm about further concentrating and aggrandising this role of knowledge production and marketing in the World Bank.

In fact, my research suggests just the opposite. At this moment of identity crisis within the Bank, this is an opportune moment to question “paradigm maintenance” and to rethink fundamentally research - knowledge production and dissemination - at the World Bank. My inquiry into a part of the Bank that has been shockingly unexplored by outsiders also opens the door to thinking about new arenas for advocacy work on the Bank. Does the Bank really need a biased research department? Does the Bank really need an external affairs department to tout research that reinforces the highly discredited neo-liberal model? Governments and private foundations that support World Bank research and publicity would do far better to support independent research institutions that are stimulating a more diverse development debate.

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