

INTERNATIONAL FUNDING PREMISES, OPTIONS AND MOTIVATIONS RELATING TO GLOBAL FINANCING BODIES: A CRITIQUE

*Angel-Cristian Oltețeanu**

Abstract

This paper aims to analyze and critique the economic and impacts of international financing bodies (such as the World Bank, The International Monetary Fund, The European Union) on societies, economies and small and medium enterprises. It starts from the motivations of financing, explores how this can be done and later relates to how international financing bodies impact it and the wider economy and society.

Keywords: *European Union financing, World Bank, International Funding, Central and Western Europe business start-ups, intergovernmental intervention*

JEL classification: F00, F02, F19, F21, H00.

Introduction

There are schools of thinking in Economics which believe that governmental intervention in the economy through the use of direct stimulants, whether done by national or supranational government institutions are detrimental to the economy, through the misallocation of resources, from productive entities to entities which are not productive or have not yet been able to prove their economic adaptation, the focus being on the free market¹ (Henderson David R, retrieved 2022). On the other hand, there are schools that believe that government intervention is crucial for the economy² (Jagan Sarwat et al, 2014), or the possibility of government intervention can create national champions³ (Sørgard Lars, 2007). I personally believe that intergovernmental funding when done through international institutions such as the World Bank, the IMF and the European Union, covers gaps in economics, which are necessary for the society, for which private investors are not equipped, and have no incentive to do. European Union institutions especially can encourage regional, community member

* Angel-Cristian Oltețeanu is at the Academy of Economic Studies in Bucharest. E-mail: angelooltețeanu@gmail.com

¹ Henderson David R., Econlib, Friedrich August Hayek, <https://www.econlib.org/library/Enc/bios/Hayek.html>, latest acces in 2022.

² Jahan Sarwat et al, What is Keynesian Economics, 2014, published in FINANCE & Development, vol.51., no. 3, <https://www.imf.org/external/pubs/ft/fandd/2014/09/basics.htm#:~:text=Keynes%20further%20asserted%20that%20free,full%20employment%20and%20price%20stability>

³ Sørgard Lars, *The Economics of National Champions*, first published in 2007, in the European Competition journal, volume 2, issue 1, online source: <https://www.tandfonline.com/doi/abs/10.1080/17441056.2007.11428450?journalCode=recj20>

specialization and collaboration between regions based on comparative advantage. Comparative advantage between member states can be seen in terms of costs⁴ (Landsburg Lauren, retrieved 2022) but also in terms of what resources, different types of personnel with different experience and education can bring to the economic table as well as can conduct concentrations of personnel from certain regions such as larger cities to offset demographic or knowledge shortages in other areas.

The European Union, not only provides a common market and economic integration for its members but also finances various areas of activities through programs such as COSME⁵ (European Commission, retrieved 2021), HORIZON and others⁶ (European Commission, retrieved 2021). Specifically for the group of countries loosely grouped as the Central and Eastern-European member states, a worthwhile evaluation can be postulated to see whether funding specifically to improve economic activities can be done. Narrowing this down, the lense can be set on available, non-reimbursable funding for small and medium enterprises. One such pertinent example is the Start-up Nation program in Romania⁷ (Start-up nation, retrieved 2022).

How can businesses be funded

In order to have a clear analysis, the fundamentals of how businesses can be funded need to be established.

Private businesses have historically appeared as economic actors funded by the financial contribution of the owner, a group of owners or owners being assisted in financing by family and friends. This remains today the most simple and accessible form of starting a business⁸ (World Bank, retrieved 2022).

Concerning private funding, however, there are a number of other facilities available. An individual can create a business through the use of debt (for example bonds or other creative, legally binding contracts), or through equity. Equity means in the fundamental sense that another individual, bank, company, institution or other actor outside of the owner and activity of the business purchases a right of participation in the company, (usually through shares), with the right to benefit from the company's profits (such as dividends) or through the financial gain obtained through the sale of the shares at a profit. Any type of investment carries risk. First of all, there is the default risk, when a business can go bankrupt or otherwise cease its for profit activities. Secondly, there is the risk of the shares losing the initial value for the private investor.

Since the end of the World War and the Bretton Woods Treaty, a number of international institutions have been founded, with the objective of providing capital to

⁴ Landsburg, Lauren F, *Comparative Advantage*, Econlib, online source: <https://www.econlib.org/library/Topics/Details/comparativeadvantage.html>, lasts access in 2022.

⁵ European Commission (retrieved 2021), *COSME. Europe's programme for small and medium-sized enterprises*, retrieved from: https://ec.europa.eu/growth/smes/cosme_en

⁶ European Commission (retrieved 2021), *Funding programmes and open calls*, retrieved from: https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls_en.

⁷ Start-up nation, *Start up nation România*, <https://start-upnation.ro/>, lates access in 2022.

⁸ WorldBank, *Small and Medium Enterprises (SMEs) Finance*, accesat 2022, <https://www.worldbank.org/en/topic/smefinance>

businesses, where this would otherwise not be available, especially for developing states or countries considered to be poorer. The twin institutions that can offer direct loans and thus assistance for international business financing are The World Bank and the International Monetary Fund. A third institution was later added to the group, in 1947, the General Agreement on Tariffs and Trade. It later evolved into the World Trade Organization. While the World Trade Organization does not directly handle loans, it oversees much of what businesses can and cannot do directly since it regulates international trade and settles international disputes⁹ (Careerlauncher, retrieved 2022).

Some critics argue that these international institutions have surpassed their intended historical use which was to reconstruct Europe after the Second World War and to liberalize trade, in case of the World Trade Organization, which is also being liberalized through many other actors such as businesses, governments, international institutions such as the European Union and other factors¹⁰ (Tupy Marian, 2016). Moreover, some critics point that these institutions have become politicized and self-serving or serving the interests of a specific groups of firms and countries against the rest, such as: those of large international corporations versus the interests of family farmers and small business owners; the interests of developed countries versus developing ones; the interest of industrial countries versus countries which do not have an industry, or as not sufficiently industrialized or lack by difference, certain industrial activities; the interests of large agricultural countries versus small agricultural producers; or the interests of rich countries versus poor countries.

A pragmatic approach with regards to international sources of funding from the private sphere is that, in the 21st century, due to the opening of markets, easier financial flows, harmonization of legislation, there are also other means available to obtain funds. Some examples of private sources of funding are angel investors, investment funds, international bank and even smaller firms which do not fall into a very broad category of financing actors, but can do this for specific cases due to the possibilities of international transactions through the Internet.

Finally, the private sphere and international institutions are not the only ones which can provide aid to firms. The government or specific national institutions, divisions of government or other specially designated groups can also provide funding. This can happen through local specific legislation that can designate a specific funding activity, such is the case in Romanian with Emergency Ordinances and can happen in other states through fundamentally similar means. Another means of doing this kind of funding can be through the public buying of company bonds through state institutions.

Historically, as was the case of the Soviet Bloc, the government was a large shareholder in mostly state owned enterprises. In the European Union, the government continues to be a large shareholder such as in key infrastructure or other types of firms which are important for the national interest. A similar situation also happens in the United States for some industries which are considered strategic such as steel or weapons production.

⁹ Careerlauncher, *International Economic Institutions*, accesat 2022, <https://www.careerlauncher.com/rbi-grade-b/international-economic-institutions/>

¹⁰ Tupy. Marian L., *The European Union: A Critical Assessment*, 2016, <https://www.cato.org/economic-development-bulletin/european-union-critical-assessment#notes>

A special and unique case can be made when it comes to the European Union funds which are allocated through cohesion funds¹¹ (European Commission, retrieved 2022), specifically targeted sectorial programs such as COSME¹² (European Commission, retrieved 2022); Horizon, or the Romania Start-up Nation project. These financing programs are unique because, unlike private investment, they do not require any fund reimbursement. And unlike some forms of public investment, they do not grant the European Union Institution any shareholding power. As such, it is relatively novel and unique that supranational institutions are so generous with funds allocation and shareholding, but this is done in order to achieve certain policy objectives of the European Union, so there is an element of political motivation for steering the course of businesses as well as probably prestige of leaders of specialists in institutions, as well as leaders of parties and international families of parties in the European Union.

The motivation of investment

Private entities, when investing into other firms (excluding charity donations), do it overwhelmingly to seek a profit, in the majority of cases. Other reasons can include the elimination of competition, the acquisition of a valuable, strategic or technologically interesting business which would otherwise not collaborate would them and with which, the diffusion of technology is impossible in a society due to laws; or competitive, diverging or opposing interests.

There are adherents who believe in the almost saintly role of private investment as the natural, good, and healthy role of an economy. An argument on the opposing side of this thinking is that, on the contrary, private investment is selfish, it can ruin competition and it can cause imbalances, unnecessary changes in supply lines or bankruptcies which are against the interest of the society. This was the case for many of the state owned firms that were too quickly, forcefully or unintelligently privatized (with regards to the interests of society, not a small number of individuals) in the former socialist bloc states.

Recent approaches on the right-wing, capitalist or laissez-faire camps of the economic spectrum, including the Austria School of Economics (later in collaboration with American capitalist groups of thinkers for economics), believe that private investors, usually small ones are the best in place to make decisions. The reasoning behind this idea is that prices form a very important signaling mechanism¹³ (Mises, L., 1953). As such it can be argued that when a price is formed, it can contain many of the crucial, fundamental aspects of the economy which has happened before the purchase was made (such as land, labor, capital, rent), and a price contains all or most of the important economic factors necessary to tell the truth of that price and a consumer is in the best measure to assess the price, product and health of the economy by this price. Furthermore, according to this train of thinking, if it is extended, can mean sometimes

¹¹ European Commission, “Funding programmes and open calls”, online source: https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls_en, latest access 2022.

¹² European Commission, “COSME. Europe’s programme for small and medium-sized enterprises”, online source: https://ec.europa.eu/growth/smes/cosme_en, latest 2022.

¹³ Mises, Ludwig von (1953), *Theory of Money and Credit*, Yale University Press p 38-47.

that subsidies of no matter what other origin and type than public investment, have a distorting effect on the price and the information that is signaled through the price with regards to the scarcity of the product, distribution, health of the economy and other factors. I personally believe that while this latest type of thinking is appealing, it should not be fetishized since, it does not contain the whole truth.

For example, subsidies can also happen for example earlier in the price chain, so the price that consumers see is rarely the real price. For example, in the 1980's, European Union institutions financed agricultural firms through the Common Agricultural Policy and locked prices (Parker, Ceri, 2017). Not only did this mechanism create a great amount of waste, it also encourages moral hazard, bad management and excessive risk taking, but the price is also affected by other reasons than strictly capitalist ones. Continuing this line of thinking, consumers in most countries of Europe also pay value added taxes and other direct or indirect (hidden taxes) due to certain ideologies or blockages in ways of doing business. For example, while the European Commission argues that it raises the standards of quality of products, this means that some products will never see the light of the consumer market. Others will experience delays, price increases, quantity reductions and other problems which can lead to eventual higher prices if the prices are free to fluctuate. In this case, the consumer is paying hidden taxes due to the way regulators organize the rules. There are also other types of hidden costs which the private sector can predict and include in the price such as scarcity, delays, skilled work, certain techniques, etc.

Another reason why I believe that private investment is not a bulletproof solution for all situations is that there are also situations when private sector firms engage in politics of their own such as collusion, price setting, etc. As strong as the government is or the private sector, I believe that the economy always deals with human beings seeking primarily their own interests and fighting for them through the means available to them; so I believe that neither side should be seen as perfect and economic decisions should be taken on a case by case situation, after concrete analysis is done. Since human behavior is changeable, I believe that, in certain cases, it will be normal that government bodies will seek more efficiency, and firms will seek to politicize, switching these places as necessary and thus requiring a concrete, case by case analysis.

The motivations for government investment is traditionally different than that of firms. Sometimes, this motivation can go into opposite directions. While firms, especially small ones seek efficiency through cost cuts, a government investment may rely on another element and thus seek the opposite of this objective (for example, in the case of promoting job creation or, seen from another side, reducing unemployment indicators).

The motivation for government investment is traditionally linked with more politicization and more decision makers involved in the process. Indeed, the later has many times prompted the idea that government investment is inept, out of touch, too cumbersome, too bureaucratic or too slow. In any case, I believe that there should be a coexistence of government finance and private finance since only government investing can cover different areas where private capital will be scarce. As argued above, since private capital goes usually in the direction of private profit, it will necessarily include some areas such as: the environment, companies which are not very

competitive, companies which do not innovate, elderly workers, less skilled workers. However, all these elements are part of society and economics and their ignoring leads to a high degree of polarization in society as well as in economics through huge discrepancies in buying power, training opportunities, or geographical concentration of enterprises, which can be very harmful to the environment and leads to other areas being economically barren.

Government investment, as opposed to private investment, is done with a broader range of objectives in mind, usually trying to achieve socially beneficial targets or targets motivated by a certain ideology (such is the case of the environmentally friendly-initiatives, for example). In this regard, national government institutions, international or supranational institutions have more flexibility in target choice as well as, in many cases, more access to financing.

The possibility of public or institutional actors to choose a variety of targets for their objectives is very beneficial economically speaking. With lesser pressure, more time to think, and more access to finance, objectives that others would never tackle are possible through institutional investment. Such of these and for which a majority of citizens would probably believe possible are: the provision of education to citizens who require it, the provision of worker retraining for the acquisition of new skills, better quality of air, water, food; more inclusive societies regardless of background, sex, or economic possibilities; the research into directions which private actors do not find financially profitable, especially in the short term.

Some of the key goals of public or institutional investments include a mix of unemployment reduction, integration, poverty reduction or alleviation; or more specifically targeted goals such as compliance with an international judicial ruling.

The fact of having more access to finance than private actors has also lead to the belief that public institutions can be more susceptible to moral hazard, taking more and unnecessary risks when investing, especially when these investments are done into private companies. Also, I can argue that companies receiving financing can be more risk taking, especially if there is knowledge of further payments. Even in the absence of this, in the case of inexperienced firms, the risk that firms take after they have received international funding can be excessive, leading to losses not only in their balance sheets but also, arguably, in the public resources and public balance sheets.

Risk taking in itself is not a factor completely cured by not doing public investments. A similar phenomenon of too much risk taking can happen, for example, in the cases of shareholder pressure on the price of shares in small or large companies alike. There is fortunately an accounting safeguard implemented against this since, after a share has been sold, the shareholders do not directly control the company and, in case they are not satisfied, they can sell their shares. However, on a very specific examination, this depends on the value of the share and if, in the long-term, the same specific firms hopes to issue more shares to attract the same shareholders as future investors as well. The problem with private shareholding is that it always creates a zero-sum game of limited capital or too reduced capital and the asymmetry, that probably, companies in which shares price increases are more large or frequent, take all the investment away from all the rest of the normal firms.

As such, having mentioned the previous problem of capital allocation towards the most profitable venture (whether socially beneficial or not), leaves much of the rest

of society without investment. If average companies can struggle to find funding, it is clear that other groups of activities such as those seeking the resolution of social but non-financial problems are left with very little areas to go to, except public sources. This goes back eventually to the main problem of funding activities through own means, loans, or support from family, friends and acquaintances.

There is also another important distinction between public and private financing. Public financing is usually more on the macroeconomic level and with macroeconomic premises and considerations (such as unemployment, growth, poverty reduction) than the private investment. Indeed, private investment by contrast, seeks the best niche and tries to get one of the best slices of some pie available somewhere in society, which it very carefully researches and monitors, eliminating everything else and focusing on profit, or at least focusing on the main aspects of the business which lead to profit, if the company is to thrive in the long term in competitive markets.

Also, public investment is done by a range of one or more specialists, from diverse backgrounds and with diverse skillsets, who many times need to seek a vote, approval, or consensus. While this process, especially seen from the outside can be seen as cronny, corrupt, or too distanced, in reality, every situation is specifically unique and much progress can be done by public investment, especially in areas where the private investment does not trudge.

Finally, there is the question of accountability of businesses to the originator of the funds in case they have received them, either from public or private sources. It can argued that private businesses are more accountable when they are receiving money from other private shareholders or loan granters since there is always a need to refund the money or be productive and raise share prices in the long term. In case of public funding, I believe that business is more accountable when the public investor buys a share in the company, than in the case of grants or non-reimbursable funding. This problem can also be seen from an inversion of positions. When thinking from the position of the investor to check the well being of the business, this can be done for personal profit reasons or for reasons of investment into a public cause. I argue that both of these create strong incentives for attention investment from the investment.

However, there is the issue of size. I argue that in the concrete reality, private investors, will be more careful to watch their investments. Private investors tend to generally be smaller organizations than public bodies. As such, leading from the idea that a single private investor, will have the self interest (at least, if not also some other motivations) to watch the well-being of his or her investment; this phenomenon then is spread to the private investment group; but I argue that it will be more important in smaller groups, rather than in large ones. Public bodies, on the other hand, tend to be larger organizations of specialists where funds are allocated through a defined process and the granter is rather faceless, an impersonal transaction which leads to an impersonal relationship. Moreover, the key here is the size, and not the origin (public or private), since a large private bureaucracy can become as irresponsible or even more (depending on the concrete situation) than a public one of the same size; and probably a small, public team with clear and enforceable goals will still do a better job than a large investment body which is chaotically organized. The nuance here, though is that, usually, private entities, if they can be accused of many shortcomings, are, at least, generally very focused on profit as a key mission since it affects the employees and the

decision makers in the long-run as well for their employment, even when discussing sub-contracting or distantly contracting enterprise to check the realizing of profits. Although, this focus clearly diminishes as organizations get bigger, with more goals, chaotic organization and vision.

On the World Bank Group

The World Bank Group is probably the best known and biggest lender on the world stage. It was created, along with the IMF, following the end of World War II and afterwards, in 1947, a third institution, The General Agreement of Tariffs and Trade, was added to the group¹⁴ (Suman, Sanket 2022).

World Bank international funding has a reimbursable character and is made up of loans to national and local government institutions on the long term (usually at least several years). At the moment of writing this paper, a recent and well publicized event in which the World Bank was involved in regards to the world economy and international funding is the Russian-Ukrainian war, beginning in the first part of 2022. Thus, the World Bank committed to over 4 billion US dollars in aid towards the war-affected situation in Ukraine. Through funds which can help turn around the economic situation left in the aftermath of the war aimed at government employee salaries of the Ukrainian nation, the aim was that this will provide better access to public services to the general population such as healthcare, education, social protection, easing a deteriorated economic and social situation. It was not the first time that the World Bank Group has intervened in assistance in Ukraine.

Previous projects between the 2 entities have included funds to assist the population at large to access water, heating, hygiene; achieve a higher degree of energetic efficiency as well as improve infrastructure. In total, Ukraine and the World Bank Group have been together through a total investment of 16 billion US dollars, over the span of 90 programs¹⁵ (World Bank, retrieved 2022).

The World Bank is an international organization which collaborates with the United Nations, being created with the official objective of financing projects which can lead to economic development in member states of the World Bank Group. The World Bank Group has its headquarters in Washington DC, the United States of America, and claims to be the largest and most important source of financing for developing nations. Besides financial assistance, the Bank offers technical assistance and consultations for public policies, which it supervises, with the objective of creating reforms for the free market. Together with the International Monetary Fund and the World Trade Organization, the World Bank supervises the economic policies of a nation, attempts to reform public institutions from developing member states¹⁶ (Choussudovsky. Michael, 2022).

¹⁴ Suman, Sanket, *List of 3 Major Economic Institutions*, latest access 2022 <https://www.economicdiscussion.net/economic-institutions/list-of-3-major-international-economic-institutions/12977>

¹⁵ Worldbank, *World Bank Announces Additional \$1.49 Billion Financing Support for Ukraine*, <https://www.worldbank.org/en/news/press-release/2022/06/07/-world-bank-announces-additional-1-49-billion-financing-support-for-ukraine> latest access 2022

¹⁶ Choussudovsky Micael, *World Bank*, latest access 2022 <https://www.britannica.com/topic/World-Bank>

Having that the World Bank channels funds from developed nations (mostly Western) to developing states (usually having a different culture, way or organizing, legal system), the World Bank can also be argued to manifest elements of political and ideological changes.

The World Bank Group is formed of 5 institutions. For the purpose of this paper, I will focus on those that are specifically involved in lending (funding) operations. The Bank for Reconstruction and Development grants loans at interest rates which propose to be at fair market rates, to developing countries with small incomes, but also to smaller countries but which own diverse assets and are thought to be credit-worthy. The International Development Association, created in the year 1960, grants interest-free loans for the long term, as well as technical and organizational assistance for small developing states which have small incomes, for themes such as health, education, development for the rural environment. An important distinction between the 2 institutions in the way they function is that the Bank for Reconstruction and Development gains its fund from international capital markets, while the International Development Association funds its loans through individual contributions of the developed member countries¹⁷ (*Idem*).

The World Bank obtains funds from member state contributions, fluctuations of bonds on international capital markets; as well as profit from interest owed by developing countries to the International Bank for Reconstruction and Development or the International Finance Corporation. Around 10% of the money is paid directly to the World Bank. The World Bank employs over 10,000 people, of which 25% work in developing countries and also advising national ministries of finance. The Bank owns over 100 branches in member states. It has consulting as well as informal ties with international finance markets as well as other types of institutions in developed or developing member states¹⁸ (*Idem*).

The World Bank Group has a key objective in the increase of micro, small and medium enterprise access to finance and aims to find new solutions of financing in order to find capital source. The Group offers crediting services as well as consultancy for clients for the increase of the contributions which the SMEs can make in local economies, especially when it comes to less served sectors¹⁹ (World Bank, retrieved 2022).

Criticism of the World Bank

Joseph Stiglitz, a former chief economist of the World Bank, who resigned his position in 1999 is one of the Bank's most clear critics. He argued that the way in which the World Bank worked was fundamentalist way of promoting free markets in developing countries. He also affirmed that the reforms imposed by the IMF and World Bank can require measures of fiscal austerity, exaggerated interest rates, unwanted trade liberalization, privatisations and unwanted openings of capital markets. These measures are usually counterproductive to the targeted nations and potentially devastating for their citizens. Connections were also drawn between the ideological

¹⁷ *Idem*

¹⁸ *Idem*

¹⁹ WorldBank, *Small and Medium Enterprises (SMEs) Finance*, latest access 2022, <https://www.worldbank.org/en/topic/smefinance>

and standard, unindividualized measures imposed by the World Bank to crises such as the Asian Crisis of 1997 and the Argentinian Crisis of 1999²⁰ (Council on Foreign Relations, retrieved 2022).

Max Lee has stated that the World Bank Group is not as altruistic as it pretends to be. Its objective to reduce poverty is influenced by an imbalance of power, weighing towards the United States of America, as well as other sources of external bureaucracy which lead to other reasons for political association, since the economic and political motivations are in reality usually closely linked²¹ (Lee, Max, 2020).

United States President Ronald Reagan stated that, on the long term, the economic policies of the World Bank are consistent with those of the United States. Robert McNamara, a former Defense Secretary of the United States, who later became the President of the World Bank during the Cold War has stated that the purpose of aid is also in order to maintain developing countries in the Western political area of influence, at a time of competition with the Soviet Union for economic and political influence over developing countries²² (Idem).

The World Bank can be accused that in the financing model and conditions that it requires, an ideology of private aid first is created, requiring the unwanted opening to foreign business²³ (Eurodad, 2019). The idea of auditing the World Bank by an external auditor who should be independent was also proposed, especially for the issue of financing the poorest states versus the financing of states which have good policies and stronger institutions²⁴ (Pablo, H., 2006).

IMF

The IMF was created in 1944, following the Bretton Woods conference, with the official goal of assuring international monetary stability, stabilize currency exchange rates and extend the international currency reserve access to currencies which do not depreciate easily. Following the Great Depression of the 20th century, and the 2nd World War, which had severe economic effects on Europe, Asia and the United States, a new idea came about to create an international monetary system which stabilizes currency exchange rate without the necessity to keep pegging currencies to gold, reducing balance of payment deficits²⁵ (McQuillan Lawrence, retrieved 2022).

This type of deficit was previously identified in the mercantilist systems and they continue to exist as a phenomenon, which has the possibility to recur. Thus, these

²⁰ Council on Foreign Relations, *The World Bank Group's Role in the Global Development*, latest access 2022, <https://www.cfr.org/backgrounder/world-bank-groups-role-global-development>

²¹ Lee, Max, *Domination by Capital: A Critique of the World Bank*, 2020, https://www.researchgate.net/publication/338868451_Domination_by_Capital_A_Critique_of_the_World_Bank

²² Idem.

²³ Eurodad, *Flawed Conditions: the impact of the World Bank's conditionality on developing countries*, 2019 <https://www.eurodad.org/flawed-conditions>

²⁴ Pablo H. *Praise and criticism of the World Bank*, 2006 <https://blogs.worldbank.org/psd/praise-and-criticism-for-the-world-bank>

²⁵ McQuillan Lawrence, *International Monetary Fund*, latest access 2022, <https://www.britannica.com/topic/International-Monetary-Fund>

crises tended to happen in the XXth century when more currency exited the economy of a state than it entered.

In order to eliminate the mercantilist commercial policies, such as reductions of the value of the national currency in order to compete; or restrictions in the currency exchange rates, the IMF was founded. The Monetary and Financial Conference of 1944, New Hampshire, United States, saw the participation of representatives from 44 countries, who created the Articles of Agreement for an International Monetary Fund that would supervise the new international monetary system. The background to this development resided in world trade, investment, economic growth, by holding convertible reserve currencies in other currencies at established exchange rates. The nations that had temporary shortages in their balance of payments, had to finance these deficits through the borrowing of international funds in the form of foreign currency from the International Monetary Fund, and not through the forcing of exchange rate controls, devaluations or deflationary policies which could start the spread of economic problems to other countries (Idem).

Following the ratifying by 29 member states, the Articles of Agreement came into force on the 27th of December 1945. The first meeting of the council of governors was done the next year in Savannah, Georgia, United States of America, in order to adopt the regulations and choose the executive directors. The governors then decided to move the headquarters of the organization in Washington DC, where the first executive directors first met in 1946, and the financial activities of the international monetary fund started in 1947 (Idem).

An interesting peculiarity of both the World Bank and the International Monetary fund is that, despite being international organizations, their management structure is similar to that of American companies, including the presence of executive directors and some of the way decisions are made. Another common feature of both the International Monetary Fund and the World Bank is that, based on economic power, some of the larger (especially Western) economies have permanent voices and more powers, while the rest of the states are grouped into groups representing regions and, as such, they cannot express individual interest, but must express their interests through groups.

The IMF is able to grant loans through payments done by member states. Thus, each member state pays into the IMF a yearly sum, similar to a subscription. The quotas needed to pay are remade every 5 years, based on the economic performance of the country, with the richest paying more. The money which is gathered then forms a fund for lending and determines what voting power a specific member will have. For example, the United States, being the largest contributor, receives the most votes, in relation to its subscription amount, both in the Governors Council as well as in the Executive Council. The group of G8 countries (Canada, France, Germany, Italy, Japan, Russia, The United Kingdom and the United States) together control an important share of the votes.

Having that the system is based on voting power based on economic performance, it is reasonable to believe that unless reformed, the system will see large shifts in the future as previously emerging economies are now growing more strongly and will have higher economies as expressed by shares of world GDP.

Since its inception, the International Monetary Fund worked to stabilize exchange rate, finance the short term balance of payments deficits of the member state

and the supply of technical assistance and consultancy for countries which need to borrow. Following the first inception documents, the IMD has supervised a system of exchange based on anchored, stable rates, starting from the gold standard which was later modified. The first system of this type had been introduced in 1870²⁶ (World Gold Council, retrieved 2022).

Thus, each member state upon adhesion, declared a value for its national currency with respect to the United States Dollar, then the United States Treasury connected the dollar to gold, being able to sell and buy the gold at a prescribed rate of 35 USD per ounce. The exchange rate of a state could variate just at the maximum point of 1% over or under the declared value. Seeking to eliminate the competitive devaluations, the International Monetary Fund allowed changes of the exchange rate of over 1% only in the cases of those countries that could demonstrate to be in a fundamental imbalance of the balance of payments, and only after the IMF had been consulted and it approved this solution. In august 1971, the United States President, Richard Nixon, closed the pegging or anchoring system of the exchange rate, and refused to sell gold to other countries at the established price. Since then, every member state could choose the method that it uses in order to determine the value of its own currency. One of the option was the ability to freely fluctuate, in which the currency exchange rate for the currency of a specific country was determined by the supply and demand of that currency on the international currency markets. Another option was a managed fluctuation, in which the responsible institutions for the monetary policy of a state could occasionally intervene on the international currency markets in order to buy or sell the respective currency in order to influence exchange rate. A third option was an anchoring arrangement, in which the officials that managed the monetary policy of a nation promised to connect the currency exchange rate of their country to a different currency or a group of currencies. The last option was represented by an arrangement of fixed exchange rate, in which the currency exchange rate of a country was connected to another currency, this rate unable to be changed. Following the loss of authority to regulate international exchange rates, the IMF then focused its efforts towards currency lending to developing countries²⁷ (McQuillan Lawrence, retrieved 2022).

Criticism of the International Monetary Fund

Over time, the International Monetary Fund has received a wide variety of critics. These are usually aimed at the conditionality of their loans. Other critics have include the lack of responsibility to any other authority and for the availability to lend to countries which were previously accused of human rights violations.

When a loan is granted by the IMF, it is conditioned on the implementation of certain economic policies. These can usually involve a combination of: Austere or otherwise conservative policies which aim at reducing government debt, higher taxes and reduced government expenses; higher rates of interest in order to stabilize the

²⁶ World Gold Council, *The Classical Gold Standard*, latest access 2022, <https://www.gold.org/history-gold/the-classical-gold-standard>

²⁷ McQuillan Lawrence, *International Monetary Fund*, latest access 2022, <https://www.britannica.com/topic/International-Monetary-Fund>

nation; the approach that failing firms should be let go to enter bankruptcy; structural adjustments, privatizations, more lax regulation or deregulation, reductions in corruption or of bureaucracy.

The issue with these kinds of policies imposed, as well as macroeconomic intervention is that this can make difficult economic situations worsen. For example, in the case of the Asian Crisis of 1997, many nations such as Indonesia, Malaysia and Thailand were requested by the International Monetary Fund to apply a tighter monetary policy, with higher interest rates. This was coupled with a more restrictive fiscal policy in order to reduce budget deficits and increase the national currency exchange rate. These types of policies can be argued to have built a small economic slowdown into a serious recession, with high degrees of unemployment. In 2001, Argentina received similar requests for its economic policies, arguably leading to a decrease in public services and shrinking the economy²⁸ (Pettinger, Tejvan, retrieved 2022).

With respect to currency exchange reform, when the IMF intervened in Kenya in the 1990s this made the Central Bank eliminate certain controls over the circulation of capital. At the time, the consensus belief was that this decision made simpler the transfer of money outside of the country by politicians, also known as the Goldenberg problem (Idem). This can be seen as an example where the IMF did not understand specific elements of the country with which it worked, insisting on ideologically motivated reforms.

Joseph Stiglitz has criticized the monetary approach of the IMF for assisting in the promotion of an ideology propagated by a Western financial community over developing countries. At the inception of its operation, the IMF was criticized for allowing inflationist devaluations. Regarding privatizations, in some cases these were not appropriate since they can lead to private monopolies that exploit the consumer (Idem).

Despite the fact that the IMF was criticized by what can be seen as a left-wing school of economic thinking, it was also accused of being too interventionist by liberal or more capitalist economists. As such, according to liberal economists, it is best to leave the capital markets to operate without intervention. Such means as influence over the exchange rates only make a situation worse of and the currencies should be left to achieve market levels. There is also the idea that the aid of a country with high external debts can cause more hazard. Thus, if such a state is assisted, it will be encouraged in the future to borrow more.

The IMF was criticized for the funding of political, military and dictatorial regimes in Brazil and Argentina in the 1960s. It was also accused at the time of granting these kinds of funds to these states while other nations cannot access them. In such situations, the International Monetary Fund and the World Bank, had responded that their interests are focused on economics and these need to ignore political ideologies²⁹ (McQuillan Lawrence, retrieved 2022).

The International Monetary Fund, in turn responded to some of the critics addressed to its activity. Since the Fund must take measures in times of economic

²⁸ Pettinger, Tejvan, *Criticisms of the IMF*, latest access 2022, <https://www.economicshelp.org/blog/glossary/imf-criticism/>

²⁹ McQuillan Lawrence, *International Monetary Fund*, latest access 2022, <https://www.britannica.com/topic/International-Monetary-Fund>

crises, any measures that it encourages will also be met with difficulties, regardless of how good the intentions. For example, a balance of payments problem cannot be solved without readjustments which will surely have some negative consequences. The problems of the IMF also tend to be very highly sensationalized, while its successes are much less known. The IMF claims that its fund have helped many countries to avoid liquidity crises, such as Mexico in 1982 and later Greece and Cyprus (*Idem*).

The fact that there is a creditor of last resorts brings an important increase in the levels of confidence exhibited by investors with regards to the risks in investing in a country. This is especially important in times of financial instability. The IMF also states that a country is never forced or pressured to accept its loans, it is always the nation that seeks out the IMF. The fact that so many countries still seek the IMF support can be seen as proof that they believe that the funds that IMF sends, even though conditioned, are a source of benefit for them. Also, sometimes, the will for political change can be internal, coming from inside a nation's government. In some of these cases, the political will is weak in implementing costly and unpopular reforms and an intervention by the IMF can permit the shifting of the blame to the IMF, as an external pressure, from the local government³⁰ (Pettinger, Tejvan, retrieved 2022)

However, by creating the safety net of the IMF, important reforms can be delayed and a long term dependency can be created towards foreign capitals. The imposed conditions of austerity can also prolong financial crises, highly impeding the lives of the poorest members of some nations³¹ (McQuillan Lawrence, retrieved 2022).

The European Sovereign debt crisis which started in 2010, represented a change in the approach made by the IMF. Since it traditionally assisted developing countries, focusing on poor countries on the periphery of the global markets, it was a significant change to shift its focus on unsustainable debts in developing countries. Thus, in the case of the Greek sovereign debt crisis, The IMF, The European Central Bank and the European Commission had pledged a total of 375 USD in 3 financing programs over the course of 8 years³² (Masters Jonathan, et al, 2021).

The intervention in the Greek economy was significant for IMF for 2 reasons. First of all, it was the first time when the IMF decided to lend to a member state of the Eurozone, since it was created in 2002. Secondly, the size of the assistance package was much larger. Usually, this is limited at a ceiling of 600% of the level of a government's contribution. But in the case of Greece, this was at a rate of over 3200%, the largest package which had ever been historically granted to a member of the IMF. Even the later contrast with Greece and other member states of the Eurozone was high, since Portugal received around 30 billion USD and Ireland around 25 USD³³ (*Idem*).

³⁰ Pettinger, Tejvan, *Criticisms of the IMF*, latest access 2022, <https://www.economicshelp.org/blog/glossary/imf-criticism/>

³¹ McQuillan Lawrence, *International Monetary Fund*, latest access 2022, <https://www.britannica.com/topic/International-Monetary-Fund>

³² Masters Jonathan. et al, *The IMF: The World's Controversial Financial Firefighter*, 2021 <https://www.cfr.org/background/imf-worlds-controversial-financial-firefighter>, pot sa mai pun, daca e nevoie si de la rezultate din teza p. 52

³³ *Idem*.

European Union

The European Union is a supranational entity, founded and organized through the European Institutions (such as the European Parliament, European Commission, etc), which behaves in some ways, like a large nation, having its own currency, flag, borders, collaborations for economic, military, political affairs and many others. At the time of writing this paper, the European Union was the largest trading block in the world and composed of 27 member states (at maximum 28, before Brexit).

The European Union has a large role to play in international finance, whether it is granting assistance to developing countries, funding public institutions in member countries such as schools for modernization, or funding businesses through a wide variety of past and present instruments.

The European Union works with both economic and social objectives in mind. While it does direct funding to business projects such as COSME, HORIZON, START-UP NATION, and others, it also follows social objectives such as more equality, more inclusion, more employment, a better environment and many others.

One of the most important objectives and one which the European Commission highlights is the integration of Central and Eastern European Countries, starting in 2004. The Commission has elaborated detailed reports presenting the social impact, economic growth and integration achievements.

As such, the Eastern extension has brought new jobs for both the former socialist countries as well as for the older (Western) European members. It has brought about knowledge diffusion, economic growth and reforms in terms of the rule of law and corruption. However, it has also led to problems relating to work migrations to the richer countries³⁴ (European Commission, 2009), as well as social frictions, isolation and the spread of inequality, as well as a fragmentation of national culture.

SMEs in the European Union

The transition from the former socialist regimes in Central and Eastern Europe started more than 30 years ago and since then, there have been many wide-ranging and diverse achievements with regards to the development of small and medium sized enterprises in this region. Large economic discrepancies continue to exist between regions, especially between Central and Eastern Europe as a whole and Western Europe as well as between Central and Eastern Europe themselves. However, the political regime changes since 1989, of legislation for small and medium enterprises, has allowed the creation of a multitude of small and medium enterprises in Central and Eastern Europe.

For the European Union, small and medium enterprises are those enterprises that hire under 250 persons and have a turnover which does not surpass 50 million euros or a balance sheet that does not surpass 43 million euros, as stipulated in article 2 of the annex of the recommendation 2003/361/EC³⁵ (European Commission, retrieved 2022). Small and medium enterprises are a majority of all businesses in the European Union, representing around 90% of all the registered businesses and providing for

³⁴ Europa.Eu, *Five Years of an enlarged EU, Economic achievements and challenges*, 2009, pages 19-20, https://ec.europa.eu/economy_finance/publications/pages/publication_14078_en.pdf

³⁵ European Commission, *User Guide to the SME Definition*, https://ec.europa.eu/regional_policy/sources/conferences/state-aid/sme/smedefinitionguide_en.pdf, p. 3, latest access 2022.

approximately two thirds of jobs. In 2015, Jean-Claude Juncker, the President of the European Commission, expressed the necessity for a European legislative framework which is lax, with laws that are not too detailed and too limiting, in order to promote innovation and competitiveness, since small and medium enterprises were creating around 85% of new work places³⁶ (*Idem*). Not only did small and medium enterprises represent the main generating source for new jobs, but they were also the largest contributors to governmental budgets.

Small and medium enterprises raise the number of jobs in economies, they increase the Gross Domestic Product of a national and generate social stability directly through their activity of business and job allocation. Indirectly they influence the wellbeing of a society through the contributions to the national budgets as well as the budgets of the European Union, by generating goods and services which are later taxed towards the European Union institutions through the value added tax charged to end customers of those goods and services.

In 2013, over 21 million small and medium enterprises provided 88,8 millions of jobs throughout the European Union, also stimulating the entrepreneurial spirit in the European Union, as being one of the key policy objectives of the European Union³⁷ (*Idem*).

European Structural Funds

The European Structural Funds were created in order to reduce disparities between regional development and in order to widen the social and economic integration in the European Union. The European Commission collaborates in the financing of projects across member states of the European Union, with a focus on direct assistance to small and medium enterprises located in the less favoured economic zones, known also as convergence zones. In the more economically developed regions, the European Union focus on activities which can have a big impact in influencing business, including: professional training for entrepreneurs, assistance services for businesses, business incubators, activities to enhance technology transfers, facilitation of relationships between entrepreneurs; without directly financing specific SMEs³⁸ (Eufunds, retrieved 2022).

For the 2007-2013 period, the total allocation for the European Regional Development Fund, The Social European Fund and the European Cohesion Fund, was of 347.41 billion euros, with the main objectives of:

a) Convergence: the increase of economic convergence for under developed zones (81.54% of the budget);

b) Regional competitiveness and job creation through the increase of regional competency, as well as the assistance offered to enterprises and employees to facilitate economic exchanges (15,94% of the budget).

c) European territorial cooperation through the enhancing of collaborations across national boundaries and between regions (2,52% of the budget)³⁹ (*Idem*).

³⁶ *Idem*

³⁷ *Idem*

³⁸ *European Union Support Programmes for SMEs*, online source: <https://eufunds.gov.mt/en/EU%20Funds%20Programmes/Other%20Programmes/Documents/SME%20guide.pdf>, p. 10.

³⁹ *Idem*.

The European Regional Development Fund is the largest financial instrument of the European Union, targeting small and medium size enterprises. Its aim consists in the improving the disparities in regional development as well as the sustenance of economic and social cohesion in Europe. In order to improve the creation and competitiveness of small and medium enterprises, the Fund finances activities in various domains. Firstly, it finances entrepreneurship, innovation and competitiveness among small and medium enterprises through entrepreneurial education, technical innovations and management systems for small and medium enterprises, as well as innovations for environmental protection, the improving of using Internet and technology communications.

Secondly, the Fund finances the improvement of the regional and local framework for small and medium enterprises through: better access to financing in the incipient phases of the business, better infrastructure for businesses and assistance for SMEs, regional and local innovation capacities, cooperation and innovation for business. Thirdly, the Fund assists in the formation of more advanced collaborations between regions and beyond national border with regards to small and medium sized-firms. Lastly, the Fund invests in the formation of human capital together with the European Social Fund.

Unlike other European funding sources, the initiatives of the European Fund for Regional Development are not directly managed by the Commission, but by regional or national authorities which serve as a point of contact for financing request and project selection⁴⁰ (Idem).

Criticisms of the European Union

From an economic point of view, the European Union can be criticized from many directions, some of the most important ones being: Common Agricultural Policy, Highly bureaucratized labor markets with structurally high unemployment, deflationary tendencies of the European Central Bank, problems relating to the Euro currency and Eurozone membership, problems with the free movement of laborers and migrants.

With regards to the free movement of citizens for work, the European Union can be criticized for the way the phenomenon was managed. The free movement of workers and capital are founding principles of the European Union with purposes such as harmony and mixture of European citizens and businesses. Although, following the Eastern extensions of the European Union, high discrepancies between incomes, work conditions, development conditions and other factors; pressures mounted for large scale migration for East to West. This type of migration has created problems not only for the Central and Eastern European Nations who lost young employees, and many times, with beyond average education or preparation; but also problems in destination countries, which could not manage certain tensions between resident citizens and the migration of labor force.

Massive migrations with economic motivations, for the capacity to increase income, has build pressure on some public services and has determined important increases in real estate prices in some of the richer member states. Although some migrants contribute to a better situation in tax revenues for local government

⁴⁰ *Idem*, p.10.

institutions, migration can concentrate in some areas such as larger cities, reducing the access to certain goods and services. This phenomenon was one of the key cited reasons for the withdrawal of the United Kingdom from the European Union⁴¹ (Migrationobservatory, retrieved 2022).

Some euro skeptics consider that the European Union has become, in the last decades, an organization too big for its own good and purposes, too heavy, too centralized and too bureaucratized for the wellbeing of the European citizens. Through the centralization of many legal powers, institutions and laws to the institutions in Brussels, the connection with the electorate from the origin states is lost, as is the flexibility to make decisions on a national level. The support for forming of a federal state such as some believed that it would become decades ago, is presently very weak⁴² (Tupy, Marian, 2006). The idea of a United States of Europe was voiced famously by British Prime Minister Winston Churchill, in a discourse done in 1946⁴³ (Europa.eu, retrieved 2022).

Monetary policy done in the European Union has led to a friction between member states, for example between countries where this policy is convenient such as Germany and Austria, and countries for which this has not had beneficial effects such as Greece and Italy. Historically, the development of some states of the present European Union, did not only have the liberalization of the European Union or of some predefining institutions such as the Treaty of Coal and Steel. It can also be argued that there were other trade liberalizations that were taking place, such as those caused by the General Agreement of Tariffs and Trade. As well, certain directives coming from the European Institutions, especially cumbersome ones are reasons for Euroskeptics to cite as reducing the competitiveness of the block in terms of world trade, despite European continental trade being more liberal⁴⁴ (Tupy, Marian, 2006).

In recent decades, the European Union or its institutions are seen with more skepticism than in previous decades after its founding. As such, if initially there were different and fewer critical voices, presuming a consensus based on specialists and efficiency, it can be argued that currently, the European Union does not at present, benefit from the quality of being seen as just an organization made up of specialists. The way of organizing for European institutions, as well as certain decisions of the European Union, seem to have gained more and more harsh criticism from a wide variety of national and international groups. A lack of satisfaction with regards to the European Union by large categories of citizens was also noticed⁴⁵ (Della Porta, Donatella, retrieved 2022).

⁴¹ Migrationobservatory, *Migration and Brexit*, accesat 2022, <https://migrationobservatory.ox.ac.uk/projects/migration-and-brexit/>

⁴² Tupy. Marian L., *The European Union: A Critical Assessment*, 2016, <https://www.cato.org/economic-development-bulletin/european-union-critical-assessment#notes>

⁴³ Europa.EU, *Winston Churchill: calling for a United States of Europe*, accessed 2022, https://european-union.europa.eu/system/files/2021-06/eu-pioneers-winston-churchill_en.pdf

⁴⁴ Tupy. Marian L., *The European Union: A Critical Assessment*, 2016, <https://www.cato.org/economic-development-bulletin/european-union-critical-assessment#notes>

⁴⁵ Della Porta, Donatella, *The Antiglobalisation and the European Union: Critics of Europe*, accessed 2022, p. 7, https://institutdelors.eu/wp-content/uploads/2018/01/policypaper22-en_03.pdf

Despite many pertinent issues, others believe that the European Union is in a better situation than other states or supranational entities to resist some crises. Thus, when certain crises have hit the European Union such as the Euro Crisis, The Refugee Crisis, The COVID-19 Pandemic, and others, many euro skeptics believed that the European Union had reached a low point and the Euro would fall as a currency. However, since the founding of the European Union in 1951, it went through numerous crises, increased its size 4 times and proved to be very resilient⁴⁶ (Rachman, Gideon, 2021).

Conclusion

This article has discussed the possibilities of funding available and the impact that international institutions with the capacity of funding (The World Bank, the International Monetary Fund, the European Union) have over economics, society and international relations.

The article has started from the premise of why funding is necessary, what kind of funding is available and what are motivations when funds are allocated by the private and public sector (including international institutions). Then the article has discussed implications for the society and progress made in economic and social affairs by the 3 institutions.

Despite funding becoming more accessible, many businesses, especially in developing countries, rely on funding from the mentioned international institutions. While these institutions have made tangible progress to improve, economies and societies, significant challenges are still present for them, as outlined in the criticisms.

It is clear that the economies of the future will be a rich mix between public and private actors in which the international economic institutions will have very impactful roles to play with a significant capacity to alter economics and society for the better, if specific the challenges can be overcome.

References

1. Henderson David R., Econlib, Friedrich August Hayek, <https://www.econlib.org/library/Enc/bios/Hayek.html>, latest access in 2022.
2. Jahan Sarwat et al, What is Keynesian Economics, 2014, published in *FINANCE & Development*, vol.51., no. 3, <https://www.imf.org/external/pubs/ft/fandd/2014/09/basics.htm#:~:text=Keynes%20further%20asserted%20that%20free,full%20employment%20and%20price%20stability>
3. Sørsgard Lars, *The Economics of National Champions*, first published in 2007, in the *European Competition journal*, volume 2, issue 1, online source: <https://www.tandfonline.com/doi/abs/10.1080/17441056.2007.11428450?journalCode=recj20>
4. Landsburg, Lauren F, *Comparative Advantage*, Econlib, online source: <https://www.econlib.org/library/Topics/Details/comparativeadvantage.html>
5. European Commission (retrieved 2021), *COSME. Europe's programme for small and medium-sized enterprises*, retrieved from: https://ec.europa.eu/growth/smes/cosme_en
6. European Commission (retrieved 2021), *Funding programmes and open calls*, retrieved from: https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls_en

⁴⁶ Rachman, Gideon, *The EU's stability will again confound its critics*, 2021 <https://www.ft.com/content/4e5cf2d3-9978-400a-b62f-2266dc86ce41>

7. Start-up nation, *Start up nation România*, <https://start-upnation.ro/>, latest access in 2022.
8. WorldBank, *Small and Medium Enterprises (SMEs) Finance*, accesat 2022, <https://www.worldbank.org/en/topic/sme/finance>
9. Economicsdiscussion.net, *List of 3 Major Economic Institutions*, latest access 2022 <https://www.economicsdiscussion.net/economic-institutions/list-of-3-major-international-economic-institutions/12977>
10. Worldbank, *World Bank Announces Additional \$1.49 Billion Financing Support for Ukraine*, <https://www.worldbank.org/en/news/press-release/2022/06/07/-world-bank-announces-additional-1-49-billion-financing-support-for-ukraine> latest access 2022
11. Chossudovsky Micael, *World Bank*, latest access 2022 <https://www.britannica.com/topic/World-Bank>
12. WorldBank, *Small and Medium Enterprises (SMEs) Finance*, latest access 2022, <https://www.worldbank.org/en/topic/sme/finance>
13. Council on Foreign Relations, *The World Bank Group's Role in the Global Development*, latest access 2022, <https://www.cfr.org/backgrounder/world-bank-groups-role-global-development>
14. Lee, Max, *Domination by Capital: A Critique of the World Bank*, 2020, https://www.researchgate.net/publication/338868451_Domination_by_Capital_A_Critique_of_the_World_Bank
15. Eurodad, *Flawed Conditions: the impact of the World Bank's conditionality on developing countries*, 2019 <https://www.eurodad.org/flawed-conditions>
16. Pablo H. *Praise and criticism of the World Bank*, 2006 <https://blogs.worldbank.org/psd/praise-and-criticism-for-the-world-bank>
17. McQuillan Lawrence, *International Monetary Fund*, latest access 2022, <https://www.britannica.com/topic/International-Monetary-Fund>
18. World Gold Council, *The Classical Gold Standard*, latest access 2022, <https://www.gold.org/history-gold/the-classical-gold-standard>
19. McQuillan Lawrence, *International Monetary Fund*, latest access 2022, <https://www.britannica.com/topic/International-Monetary-Fund>
20. Pettinger, Tejvan, *Criticisms of the IMF*, latest access 2022, <https://www.economicshelp.org/blog/glossary/imf-criticism/>
21. Masters Jonathan. et al, *The IMF: The World's Controversial Financial Firefighter*, 2021 <https://www.cfr.org/backgrounder/imf-worlds-controversial-financial-firefighter>, pot sa mai pun, daca e nevoie si de la rezultate din teza p. 52.
22. Europa.Eu, *Five Years of an enlarged EU, Economic achievements and challenges*, 2009, pages 19-20, https://ec.europa.eu/economy_finance/publications/pages/publication14078_en.pdf
23. European Commission, *User Guide to the SME Definition*, https://ec.europa.eu/regional_policy/sources/conferences/state-aid/sme/smedefinitionguide_en.pdf, pag. 3, latest access 2022.
24. *European Union Support Programmes for SMEs*, online source: <https://eufunds.gov.mt/en/EU%20Funds%20Programmes/Other%20Programmes/Documents/SME%20guide.pdf>, page 10.
25. Migrationobservatory, *Migration and Brexit*, accesat 2022, <https://migrationobservatory.ox.ac.uk/projects/migration-and-brexit/>
26. Tupy. Marian L., *The European Union: A Critical Assessment*, 2016, <https://www.cato.org/economic-development-bulletin/european-union-critical-assessment#notes>
27. Europa.EU, *Winston Churchill: calling for a United States of Europe*, accessed 2022, https://european-union.europa.eu/system/files/2021-06/eu-pioneers-winston-churchill_en.pdf

28. Della Porta, Donatella, *The Antiglobalisation and the European Union: Critics of Europe*, accessed 2022, pag. 7, https://institutdelors.eu/wp-content/uploads/2018/01/policypaper22-en_03.pdf
29. Rachman, Gideon, *The EU's stability will again confound its critics*, 2021 <https://www.ft.com/content/4e5cf2d3-9978-400a-b62f-2266dc86ce41>