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The World Bank and the New Global Economic Disorder

The post-war global economic order is finally on the verge of collapse, writes Francisco H. G. Ferreira ahead of the 2025 IMF/World Bank Spring Meetings, with the “system” teetering on the edge and wholesale reform finally on its way. The only problem: the change that is coming is much for the worse...

Twice a year, most of the world’s ministers of finance, a handful of heads of state and a large number of assorted other ministers and senior officials from around the globe descend on Washington, DC, for the IMF’s and World Bank’s Spring and Annual meetings. Roads are closed around the headquarters of the two institutions, which face each other across 19th Street NW, and traffic around the city comes to a crawl as large black SUVs compete with police cars for scarce roadway. Alongside the government delegations come observers from the UN and its various agencies, the WTO, the European Union and the European Central Bank, the African Union, all of the regional development banks, as well as representatives from international NGOs and the press.

With the possible exception of the annual opening of the UN General Assembly in New York, which happens every September, it is hard to think of an event more emblematic of the post-war global economic order. There is a palpable sense of concentrated power in and around those buildings and, as a result, the Meetings often attract protests and anger from progressive intellectuals, academics, and activists. After all, the world is a mess – with obscene levels of inequality, brutal wars, unchecked climate change, rampant corruption, you name it – and these people are in charge, aren’t they? What better time and place to call for change in the way the world is run?

True as that may be, be careful what you wish for... As the Spring Meetings come to Washington again next week, between 21 and 27 April, this much-maligned post-war global economic order is finally on the verge of collapse. Globalisation is in full retreat: international trade and migration – two of its four main manifestations (technology and capital flows being the other two) – are under unprecedented attack. The “system” is teetering on the edge and change is finally coming!



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The only problem is that the change that is coming is much for the worse. The enemies of globalisation that are in the process of destroying the established economic order are led by a profoundly authoritarian US administration marked by a deep disregard for human rights, for democracy, for the rule of law, and for the very idea of objective truth. They are obscurantist and anti-science. They persecute students for their political views and are engaged in a systematic campaign of destruction against universities and other institutions of science and research.

There is much more one could say about their domestic policies. But my focus here is “only” on the threat they pose to multilateralism and “globalisation”. Between 1990 and 2024, global extreme poverty fell from 38% to less than 9% of the world’s population. In absolute terms, there are more than one billion fewer people in extreme poverty today than thirty-five years ago. There are many causes for this remarkable achievement and, let’s be clear, most of them are related to actions taken by workers, firms and governments in developing countries themselves and have nothing to do with international institutions.

Poverty reduction has not been particularly ideologically consistent: it benefitted from land reform and the spread of educational equality in rural China under socialism, as well as from market-driven reforms in the 1980s and 1990s in both China and India. It benefitted too, without a doubt, from a relatively open trading system – in both goods and services – which those countries, and many others, exploited with great success. It is inconceivable that global poverty – or even inequality, for that matter – would have declined by as much as it did since the 1980s without the export-driven economic growth that took place in much of Asia over that period.

Don’t get me wrong: there was plenty wrong with the post-war global economic order. Environmental degradation and climate change have been allowed to proceed unchecked; levels of inequality in wealth, health and wellbeing are grotesque; intellectual property rules are often unfair; and powerful countries frequently bend the rules in their favour, often to the detriment of their former colonies. It was and remains a deeply unfair and unequal system.

But the change we are seeing now will preserve all of those bad things, while dismantling some of the good things, such as reasonably open trade and technology flows and at least a modicum of freedom of movement of people across countries. Protectionism will make almost everyone poorer, beginning with Western Europeans, who will also have to re-arm at a time when they have no fiscal – or social – headroom. The crackdown on migration will reduce remittance flows that many communities in developing countries rely on. And that's to say nothing of the terrible abuse, suffering, death and humiliation of migrants around the world that will also come to pass. That might seem like hyperbole, but it is already happening.



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It is in this context that the 2025 Spring Meetings in Washington acquire unexpected importance. As I have argued [elsewhere](#) (as have many others), the United States exerts an outsized influence on the World Bank: not only is it its largest shareholder, it is also its main physical host and has historically asserted the right to pick its president – through a “gentlemen’s agreement” with the Western Europeans, who get to pick the head of the IMF in return.

Going into these Spring Meetings, the Bank is still led by a Biden appointee, Ajay Banga. While he has not so far caved in completely to the preferences of the new occupants of the White House, Banga has clearly moved the institution into high alert. Work on climate change has been allowed to continue but has moved well below the radar. The word “Equity” is being removed from the name of a department that used to promote Poverty Reduction and Equity. And so on.

Of course, the World Bank is not USAID. The United States government cannot dismantle it alone. It is a multilateral organisation run by a Board of Governors and, while the US has the most votes of any country, it is only [around 16% of the total](#). This means that large coalitions from the rest of the world could, if they so desired, “save” the Bank from the gutting it would inevitably suffer if the new US administration were allowed to appoint the next president.



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But doing so would require a serious realignment of the traditional alliances that have prevailed since 1945. In particular, it would require that the European shareholders (and Canada and Japan) cooperate much more closely with China, India, Brazil, and other developing country shareholders for the protection of a World Bank that cares about inequality. A World Bank that proactively fights climate change, that supports women’s reproductive rights in poor countries and that promotes investments in the health, education and social protection of the poorest people in the world.

There are two obvious places to start. First, the Europeans should believe the message they received from Vice-President **Vance in Munich**, earlier this year: they are no longer the US’s natural and preferred allies. They should therefore abrogate the unwritten – and deeply unfair – agreement whereby the US and Europe have a monopoly over the appointments of the President of the World Bank and the Managing Director of the IMF, and should proactively support a candidate from the developing world to lead the World Bank when Banda’s term comes to an end.

Second, in order to establish a true collaboration with the largest developing countries, the so-called Part 1 (rich country) shareholders must address the longstanding imbalance in China’s (and, to a lesser extent, India’s) capital subscriptions – and thus voting shares – at the World Bank. These have been held below the weight those two countries punch in today’s global economy and must be rectified. This second step might also represent a small step in correcting one of the West’s greatest foreign policy blunders of the last ten years, namely the increasing antagonism that is pushing Beijing ever politically closer to Moscow, even as its economic interests align much more closely with the West. Saving the World Bank from the unilateral nationalism of the current US administration will not reverse the huge damage being done elsewhere. But every little bit that can be done to protect international collaboration and multilateralism at this time counts. Over the last three decades or so, the Bank has come a long way towards becoming a real force for good in international development. At this pivotal moment, it is worth saving.

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