Legitimacy Dilemmas: The IMF's Pursuit of Country Ownership[i]

Jacqueline Best, University of Ottawa, Canada

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Abstract

There can be little doubt that the International Monetary Fund is currently facing a serious challenge to its legitimacy. Such criticisms echo similar debates that have surrounded other international organisations, including the World Bank, the United Nations and the World Trade Organization. As these different institutions seek to respond to this challenge, the Fund's efforts to respond to its critics provide a number of interesting lessons and warnings. In this article I examine the Fund's response to challenges to its legitimacy by focusing on one of the often overlooked aspects the institution's recent reforms: the IMF's efforts to change its relationship with borrowing countries by revising its conditionality guidelines and pursuing greater domestic 'ownership' over the reforms that it requires. While this response helps to resolve a number of legitimacy gaps that have emerged in the past decades, this strategy has also produced a number of new legitimacy dilemmas that raise questions about the sustainability of the IMF's current reform efforts. Chief among them is the limit to the Fund's ability to obtain the deeper political legitimacy that it seeks by using the same narrowly technical economic strategies that it has relied on in the past.

Introduction

There can be little doubt that the International Monetary Fund is currently facing a serious challenge to its legitimacy. Much of the current talk about the Fund, whether from the US Treasury Undersecretary for International Affairs, the Governor of the Bank of Canada, or from non-governmental organisations, has focused on the need for significant reforms to the institution.[ii] Mervyn King, the Governor of the Bank of England, has gone so far as to suggest that the institution 'could slip into obscurity' if it does not enact significant changes.[iii] Many key emerging market states, on the other hand, have spoken with their feet, by doing everything in their power to reduce their dependence on the

Fund, by repaying their debts ahead of schedule as Brazil and Argentina have done, or by building up massive foreign exchange reserves and initiating steps towards a regional monetary fund like many Asian countries. The IMF's leadership has not ignored these warnings, but has instead sought to respond through a series of policy initiatives, most recently through the commitment to reform the Fund's own internal governance structure.[iv]

Although the IMF's current legitimacy woes are particularly acute, they echo similar debates that have surrounded other international organisations including the World Bank, the United Nations and the World Trade Organization. In each of these cases, the institutions, their critics and analysts alike have focused their attention on the problem of voice or governance as the key to increasing legitimacy—whether the debate is about vote shares at the IMF and World Bank, backroom decision-making at the WTO or Security Council membership at the UN. At the IMF, Managing Director Rodrigo de Rato has responded to such concerns by calling for the reform of voting and management selection, arguing: 'Fair voice and quota are central to the legitimacy and effectiveness of the Fund'.[v] At the most recent Annual Meeting in September of 2006, the Fund Board of Governors did approve an ad-hoc reform to its quotas to address the most pressing vote imbalances, and has committed to embarking on a full-scale review of quotas within the next two years.[vi]

The problems of governance and voice are certainly central to the legitimacy challenges being faced by the IMF. Yet, they are not the only ones. Resolving the problem of voice, while essential, is therefore not sufficient to restoring legitimacy to the Fund. In order to understand the legitimacy dilemmas facing the Fund and other international organisations, and ultimately address them, it is necessary to dig below the formal level of institutional legitimacy-building and to consider its informal and less obvious manifestations. In this article, I will examine the Fund's renewed attention to the problem of its legitimacy by focusing on one of the often-overlooked aspects the Fund's recent reforms: the institution's efforts to change its relationship with borrowing countries by revising its conditionality guidelines and pursuing greater domestic 'ownership' over the reforms that it requires. Although the Fund's conditionality guidelines—the various policy changes that it asks governments to implement in return for lending them funds—may seem like an unlikely site for legitimacy battles, I will argue that recent reforms to these guidelines are at the heart of the Fund's struggle to reinvent and relegitimise itself—and that they also demonstrate the difficulties that the institution faces in this struggle.

There has been a recent upsurge of scholarly interest in the role of legitimacy in international relations,[vii] much of which seeks to determine whether an institution's legitimacy contributes significantly to its persistence and success.[viii] While this article draws considerable inspiration from these literatures, my goal is not to determine *whether* the IMF is in fact legitimate, or what the effects of that legitimacy might be, but rather to examine *how* the Fund seeks to establish its legitimacy. Moreover, I will suggest that while the concern with legitimacy is not necessarily new at the Fund, the ways in which its representatives have sought to achieve it have begun to change as they have shifted from pursing an expert-based to a more explicitly political form of legitimacy.[ix] Finally, I will argue that this transformation in the Fund's legitimising strategy has produced a number of legitimacy dilemmas that threaten to limit the effectiveness of its current efforts to reinvent itself—dilemmas that may well have resonance in other international institutions that are seeking to shore up their legitimacy by emphasising their more democratic and participatory credentials.

This article is organised into four sections. I will begin by examining the concept of legitimacy itself and its relevance for studying international organisations. In the second section, I will explore the role of legitimacy at the IMF today, arguing that while the Fund has traditionally relied on its claims to objectivity and expertise to legitimise its authority, recent events have put significant strain on this strategy by creating a number of crucial *legitimacy gaps*. In the third section, I will then examine how the Fund has responded to this challenge, suggesting that the Fund's new policies on conditionality and ownership can best be understood as efforts to shore up the legitimacy of the institution by supplementing its traditional emphasis on expert-based legitimacy with a more explicitly political concern with ensuring participation, transparency and genuine consent to Fund programs. Yet, as I will argue in the final section, this strategy has produced a number of *legitimacy dilemmas* that raise questions about the sustainability of its current reform efforts. Chief among them is the limit to the Fund's ability to obtain the deeper political legitimacy that it seeks by using the same narrowly technical economic strategies that it has relied on in the past.

Legitimacy and international organisations

> The issue of legitimacy blossoms when appreciation of the conventional character of social norms and institutions becomes widespread.
> William Connolly[x]

Legitimacy, Connolly suggests, while not an exclusively modern concept, became a more pressing problem in the modern age as tradition lost its hold on political life and the conventional character of social institutions became apparent. Political authority no longer appeared natural or divine but revealed its flawed, human face. People began to ask why they should obey—a question that continues to be relevant today.

Answers to the question ‘why obey?’ vary considerably: something may be deemed legitimate based on the *source* of its authority—tradition, religion, consent or scientific truth, for example. A policy or institution may also be perceived as legitimate because an appropriate *procedure* has been followed: due process, for example, is often viewed as a sign of procedural legitimacy. Finally, a particular action may be viewed as legitimate because of its *outcome*; in somewhat utilitarian terms, a beneficial consequence of a policy—reduced poverty or greater security—is deemed to render the policy itself legitimate.[xi] Most forms of authority seek to combine several different forms of legitimacy. Those advocating democratic forms of authority make claims to its legitimacy based on the source of its authority (the consent of the people), the procedures used to arrive at decisions (elections, participation, representation, deliberation) and the outcomes produced (economic growth, liberty—the good life). Bureaucratic forms of authority, on the other hand, are deemed legitimate primarily for procedural and substantive reasons (they are impersonal, rational and produce efficient outcomes). Expert authority also makes similar claims to procedural and substantive legitimacy, often combined with an appeal to the source of its authority in scientific knowledge.

What then does it mean to say that something is legitimate? The concept of legitimacy is essentially contested, with a multiplicity of competing definitions; to put it in simple terms, however, something is legitimate when its authority is perceived to be justified. Perception and belief are therefore central to the concept of legitimacy;

although simply believing that something is legitimate does not necessarily make it so, if enough people believe that a particular institution or practice is legitimate and then act on that belief, they do contribute to its legitimacy. On the other hand, if enough people stop believing in an institution's legitimacy then its de facto legitimacy will decline.[xii] Who decides whether a policy, government or institution is legitimate? The answer to that question depends of course in part on what kind of legitimacy we are talking about. For example, democratic legitimacy can only be granted by the demos—the members of a particular, self-identified political community. It is their consent to the general legitimacy of a government that makes its actions legitimate—even if a substantial minority opposes specific policies. Expert-based legitimacy, on the other hand, is generally granted by a much smaller circle of individuals.[xiii]

As the quote by Connolly with which I began this section suggests, while the concept of legitimacy seeks to answer the question of why we should obey—to provide a justification for political authority—it is always shadowed by its own conventional character. The very fact that modern legitimacy poses the question of *why* we should obey means that any answer that it provides can itself be challenged. Any institution or government's legitimacy is therefore always potentially fragile—if enough people raise doubts about the sufficiency of an institution's legitimacy (asking whether it is complying with its own claims of legitimacy), or question the basis on which legitimacy is claimed (asking whether procedural or outcomes-based legitimacy is enough, for example). Some institutions seek to limit this kind of potential challenge by downplaying the conventional character of their claims to legitimacy—by effectively re-naturalising the same relations of authority that were de-naturalised by posing the question of why obey. In fact, certain forms of legitimacy are more self-reflexive about their own conventionality than others. Democratically-based legitimacy tends to be more open to questioning and contestation than expert-based legitimacy, which effectively depoliticises its own claims by representing them as singularly true.

Why does legitimacy matter? After all, the perception of legitimacy does not necessarily give a government power or force it from office. Nor does it inevitably make an institution successful or precipitate its decline. Yet, as Ian Hurd points out, legitimacy is a very useful form of social control—one that is often less costly and more effective than coercion and more widely applicable than self-interest.[xiv] An institution or government that is widely perceived as illegitimate may survive but it can only do so at considerable cost and without great security. An institution that is perceived as legitimate, on the other hand, needs to spend far less energy defending its own existence and will have much greater resources to pursue its objectives.

None of this is controversial, of course. There has nonetheless been considerable resistance to using the concept of legitimacy in the field of International Relations—to treating it as a legitimate intellectual tool, as it were. On the one hand, liberal institutionalists and those working in international law have often treated the legitimacy of international institutions as unproblematic and therefore not worthy of much attention. As signatories to international treaties and members in international organisations, states are assumed to have consented explicitly to any authority that they grant them.[xv] The question of how to justify these institutions' authority does not therefore appear to pose much of a problem. On the other hand, realists and other power-based analysts have tended to emphasise the determinant role of coercion in international politics. If might makes right, then what people believe to be legitimate makes very little difference to what actually occurs in international relations. As rationalists, both neorealists and neoliberals have also tended to be wary of deploying a concept like legitimacy, which is intersubjective and therefore difficult, if not impossible, to measure.[xvi]

In recent years, these assumptions about the irrelevance of legitimacy in the international realm have come under attack on several fronts. In theoretical terms, the rise of first postmodernist and then constructivist approaches to international relations has created a body of scholars interested in tackling the slippery, socially-contingent aspects of world politics, including that of legitimacy.[xvii] In practical terms, as international organisations and other non-state actors have grown in number, scope and influence, the question of their legitimacy has begun to seem more pressing.

If legitimacy matters in international organisations, then what form does it take? As Michael Barnett and Martha Finnemore point out, international organisations are consummately bureaucratic creatures.[xviii] As such they have tended to rely on bureaucratic and expert-based legitimacy. They have based their authority on claims of neutrality, objective expertise and apolitical efficiency. Although more democratic claims to appropriate levels of participation and consent are not entirely absent, they are generally marginal. An emphasis on expert-based legitimacy has its advantages: it does not require the kind of strong identification and commitment that democratic legitimacy, with its reliance on an active political community, involves. It is therefore simpler to achieve in the international context in which ties among states and individuals are far more diffuse than in a domestic setting. Expert legitimacy is also based primarily on the success or failure of its outcomes; these are generally judged according to measurable indices that help to reinforce the claimed objectivity of the expert institution.

Yet there are also limits to expert-based legitimacy claims. The thinness of its demands for individual support and identification is also a weakness; an expert institution's hold on its members is only as strong as their belief in it. The fact that people do not need to strongly identify with an institution like the IMF for it to retain its legitimacy means that they are not likely to protest too hard if it is under attack. Claims to expert legitimacy also raise prior questions about the selection of the experts themselves. How do we know that the experts are indeed legitimate? Who selects them and through what process? Expert legitimacy is also based on the assumption that there are objective answers to the problems that institutions seek to address—answers that expertise can provide.[xix] Yet, although expertise can often play a crucial role in providing possible answers to a given dilemma—providing data on the likely outcome of certain monetary policies, for example—alternative solutions often involve trade-offs among different values. The determination of which is the better decision will therefore rest on a subjective judgment about values and politics. Unless, like Plato, we believe in the existence of political experts, such decisions cannot be adequately legitimised solely through an appeal to expertise but must instead rely on other forms of legitimacy.

If the appeal to expertise comes naturally to international organisations, then it is doubly so in the case of those involved in economic issues, where the problems are complex and the dominant form of knowledge, classical economics, prides itself on its claims to scientific and value-free understanding. Yet such technical solutions to the thorny problem of legitimacy are never perfect because they are themselves open to the question of why we should obey these experts, at this time, on this particular issue. The inherently conventional nature of legitimacy means that international institutions are not necessarily any more immune to challenges to their legitimacy than domestic governments—as the IMF has been learning of late.

The IMF's legitimacy gaps

The International Monetary Fund has always had a rather ambivalent relationship to the conventional nature of its authority. Its leaders gesture with great pride to the institution's founding moment at Bretton Woods in 1944, recognising in this explicitly political moment of negotiation and consent a powerful source of legitimacy—a kind of political legitimacy that has grown as its membership has expanded and thus become more universal. The institutions' members have also formally amended the original Articles of Agreement on three separate occasions and on a periodic basis have engaged in less formal but no less political debates on the institution's mandate and direction.

The overwhelming majority of the institution's actions, however, are governed by a depoliticised approach that seeks to distance itself from such moments of negotiation and contestation. Although the Executive Board must make difficult policy decisions regarding the terms and conditions of IMF financing, and staff are involved in both designing and implementing them, such activities are represented in technical terms as matters of economic rather than political authority. Of course, difficult negotiations are always involved in standby arrangements. Yet, as one senior IMF official noted in an anecdote, the IMF General Counsel, 'Joseph Gold, always insisted that we never use the word negotiate', because to negotiate implied that 'the minister doesn't really want to implement the program'. Of course, he continued, Gold was never successful in eliminating the word 'negotiate' from common Fund usage. Yet, 'ideally, there shouldn't be negotiation. There may be persuasion, but you hope that at the end of that process, the minister, backed up by the whole country, views things the same way that the Fund does'.[xx]

If anything, the tendency to downplay the potentially political nature of Fund decisions has become more pronounced over the course of its history, as financial policies became more quantitative. This process began as Fund staff adopted their own version of monetarism in the 1960s, became entrenched with the expansion and standardisation of standby arrangement conditionality in the 1970s, and intensified with the evolution of structural conditionality in the 1980s and 1990s.[xxi] Throughout its history, the Fund thus built up a claim to a particular kind of expert legitimacy, one that promised to apply a series of objective, quantitative techniques of analysis to bear on a member country's payments difficulties and to determine the appropriate measures to resolve them.

This particular expert-based approach to legitimacy has always had its critics, but it has generally served its purpose in maintaining the IMF's authority. Yet in the last few years critics outside the Fund as well as major players within it have begun to question its adequacy. Why has this occurred? In their recent book, Barnett and Finnemore suggest that bureaucratic institutions like the IMF tend almost inevitably to expand the scope of their operations and, in doing so, to confront the limits of their legitimacy.[xxii] While this insight certainly holds true for the Fund, the reasons for the decline in expert-based legitimacy are more complex.

The most immediate and straightforward reason for the erosion of the Fund's expert-based legitimacy was the apparent failure of its promised outcomes in the late 1990s. Expertise as a basis of legitimacy relies heavily on the success of its results. In the case of the IMF, that meant a stable international financial system and sustained economic growth. The Asian financial crisis in 1997-98 raised significant questions about the ability of the Fund to ensure global financial stability. The painful economic contraction that followed for the worst hit countries also precipitated challenges to its ability to sustain global economic growth. And as it became apparent that the costs and benefits of economic globalisation and, in particular, financial liberalisation, were not equally distributed—with industrialised countries gaining the most and the poorest countries the least—critics also began to ask whose outcomes should be priorities. The decision to include poverty reduction among the Fund's central objectives for the first time was a sign of an emerging debate on what constitutes appropriate Fund goals. As one senior IMF official put it:

> It's now accepted in this building that the IMF, not just the World Bank and the UN, are the instruments of the international community to end poverty. You would have been laughed out of the building if you had said that twenty years ago.[xxiii]

A *legitimacy gap* thus began to emerge between the Fund's promised outcomes and its actual delivery of stability, growth and poverty reduction.

In seeking to respond to the crisis and what they perceived to be its causes, the Fund leadership together with the G7 the G22 and others emphasised the importance of introducing domestic institutional reforms. These reforms began as explicit conditions, most notably in those attached to IMF financing packages for countries affected by the Asian crisis, but they quickly spread into less formal mechanisms such as new international standards and codes and the increasing emphasis on institutional reform and capacity-building as a part of the Fund's technical assistance to its less developed members. While this shift from macroeconomic policy to institutional reform was designed to respond to a particular economic problem—to prevent future financial crises—it also had specific political consequences, as it involved a further encroachment on domestic sovereignty. As the Fund's policies moved into these new areas, a second legitimacy gap opened up between its narrow expert-based claims to legitimacy and its increasingly political policies.[xxiv]

If the Asian crisis and its aftermath precipitated the current legitimacy crisis, they combined with a third, longer term trend that had been undermining its legitimacy for some time: the problem of the Fund's own increasingly inequitable governance. When the IMF was first created, its architects envisioned it as a fund from which all members would draw in times of need, playing the roles of creditor and debtor in turn. While this vision played out for the first few decades of the institution's existence, it has long ceased to hold true. Instead, Fund members are now increasingly polarised into lenders with significant voice in the Fund who do not envisage themselves ever needing the institution's resources and borrowers who have little voice, some of whom may never fully repay their debt. As Ngaire Woods has argued, the Fund's decision-making structure has not been reformed to take into account this growing division in its membership.[xxv] This ongoing problem has become particularly acute in the past five years, as emerging market countries—those few members who had the potential to play the mediating role of debtor and creditor, but who have yet to have a significant voice in the institution—have sought to rid themselves of all dependence on the Fund. In turning away from the Fund, they have intensified this third legitimacy gap between those who have a stake in the institution and those who have a voice, and in doing so have begun pointing to the need for a broader, more politically-attuned kind of legitimacy based in a more representative decision-making structure. All three legitimacy gaps have thus raised questions about the sufficiency of the IMF's expert-based legitimacy, criticising its outcomes, challenging its appropriateness for increasingly political programs, and advocating for a more accountable form of decision-making.

Plugging the legitimacy gaps

How have the Fund's leadership and staff responded to these challenges to the institution's legitimacy? They have made a number of changes to their rhetoric and policy, many of which depart from their traditional emphasis on expertise and neutrality and move into more explicitly political and moral territory. I have discussed this rhetorical shift—which I've termed a tendency towards moralising finance—in some detail elsewhere.[xxvi] What I want to focus on here are some of the changes taking place in IMF policy—more specifically, their new emphasis on revising conditionality and increasing national ownership of Fund programs.

The conditions attached to IMF financing have always been the subject of some controversy, as it is the place where the Fund's power is most apparent and thus subject to the most criticism. Although conditionality was not actually provided for in the original Articles of Agreement, it quickly became a cornerstone of Fund policy and was formalised as such in 1968[xxvii] and then implemented in 1979.[xxviii] The 1980s saw the introduction of structural conditions that sought to tackle what were seen as the underlying sources of poor growth and financial instability by, for example, reforming trade practices, liberalising prices, privatising state-owned enterprises and making central banks independent.[xxix] Although the scope and detail of Fund conditions rose and fell throughout the history of the institution,[xxx] by the 1990s, under the joint leadership of Michel Camdessus and Stanley Fischer, they had become particularly numerous and specific, relying heavily on structural conditions. This trend reached its peak in the IMF response to the Asian financial crisis, as the Fund negotiated some of its most extensive and intrusive financing programs.

It was in this context that Horst Köhler began his leadership of the Fund and made the revision of the IMF's guidelines on conditionality one of his first major initiatives as Managing Director. There are a number of different stories circulating about what motivated him to call for these revisions. One senior IMF official has suggested that Köhler's earlier role in negotiations around Indonesia's post-crisis financing package, where he was representing Germany, had led him to conclude 'that the Fund had gone overboard' in demanding conditions.[xxxi] A former member of the Executive Board suggested that it was during Köhler's Africa tour that his concern with the scope of IMF conditionality came visibly to the surface after witnessing the level of Fund conditions on the Mozambique cashew industry.[xxxii] What is clear is that he acted quickly after his appointment as Managing Director, issuing an interim notice on streamlining conditionality in September 2000, followed by formal guidelines that were approved by the Executive Board in September 2002.[xxxiii]

The new IMF conditionality guidelines are based on five key principles: parsimony, tailoring, coordination, clarity and ownership. Fund staff are to use parsimony in determining what conditions are truly necessary to achieve the objectives of the Fund program. While this does not necessarily preclude the use of the kinds of structural conditions that had come under the greatest criticism, parsimony does require that staff carefully justify all conditions—and that they provide more detailed justification for structural conditions. Staff must also now attempt to tailor the programs that they develop more carefully to meet the specific conditions and needs of individual countries. They must also ensure more effective coordination with other multilateral institutions, most notably the World Bank. Staff must also ensure that they distinguish clearly what elements of a program document constitute conditions that must be met to ensure continued access to Fund resources. Clarity has become a particularly pressing issue as the Fund has come to rely increasingly on structural benchmarks, program reviews, waivers and other evaluative tools that require staff to exercise considerable discretion in determining whether or not conditions have been adequately met.[xxxiv]

Finally, the new guidelines on conditionality are intended to foster greater 'national ownership' of Fund-supported programs. Although this term is by far the most ambiguous of the new principles, as I will discuss further below, it is also the most central and is prominent as a driving theme in Fund documents on the changes to conditionality. In a recent staff statement on the principles underlying these new guidelines, the term ownership is defined as 'a commitment to a program of policies, by country official who have the responsibility to formulate and carry out those policies, based on their understanding that the program is achievable and is in the country's best interest'.[xxxv] In practical terms, this means that member countries are to play the lead role in determining how they will meet program goals—at least in so far as they have the capacity to do so—and there needs to be adequate political will on the domestic level to put the agreed policies in place.

Why has the Fund embarked on these reforms? Although Köhler himself clearly played a central role in making them a priority, he was also responding to a broader series of pressures that had been at work for some time. Debates about the form and scope of IMF conditionality were far from new, and the concept of ownership itself had been gaining some interest in the organisation for several years before the reforms were introduced.[xxxvi] There is little doubt that the Fund's new concern with achieving country ownership was in part pragmatic. The IMF's own research indicated that when member governments had little commitment to the program objectives, the program itself was rarely successful.[xxxvii] As one senior IMF official noted: 'If conditionality is excessive, it leads to unnecessary political fights that are to the detriment of the programs'.[xxxviii] From this perspective, the new emphasis on ownership was simply one more way of ensuring that Fund programs were as effective as possible in meeting their economic goals. Yet there was more at work in this policy shift than the pursuit of efficiency alone.

The bid to reform conditionality and increase ownership was also a rather effective way of responding to some of the Fund's critics. On the one side, NGOs critical of the IMF's activities had become increasingly numerous, organised and vocal in the course of the 1990s. The rise in the number and scope of structural conditions, which were viewed as an effort to impose a kind free-market ideology on developing countries, was a target of considerable criticism on their part. On the other side were major shareholder governments, who had also been calling for reforms to the IMF. British officials had been pushing for reforms to the Fund and the Bank since the election of the Blair government; the UK government's first White Paper on Development in 1997 argued for a shift to a partnership-based approach to lending that 'moves beyond the old conditionalities of development assistance and will require political commitment to poverty elimination on both sides'.[xxxix]

In the United States, the Meltzer Commission on international financial institutions was underway and there was considerable talk about scaling back the Fund's role.[xl] The Treasury was aware of what was being discussed by Commission members and were under a certain amount of domestic pressure, from both left and right, to push for IMF reform; they therefore sought to respond to some of the concerns that they knew the Meltzer report was going to articulate.[xli] Indeed, in late 1999 and early 2000, Treasury Secretary Lawrence Summers called for more focused conditionality as part of the Fund's overall need to return to its 'core competencies' in several speeches in late 1999 and early 2000.[xlii] This same refrain was taken up with considerable energy by John Taylor, the first Undersecretary for International Affairs in the Bush Administration's Treasury Department.[xliii] In the context of the political pressure for broad-based reforms at the IMF, and facing significant criticism from critical NGOs, there were certainly political incentives for the Fund management to take a closer look at their conditionality policy.[xliv]

It is difficult, however, to separate out the role of political pressures and efforts to improve efficiency from concerns about legitimacy. In a 1999 speech entitled 'The Right Kind of IMF for a Stable Global Financial System', Lawrence Summers highlighted the links between conditionality and legitimacy when he argued,

> The basic principle is clear: programs must be focused on the necessary and sufficient conditions for restoring stability and growth. Intrusion in areas that are not related to that goal carries costs that exceed the benefits, and may undermine the legitimacy of the IMF's advice.[xlv]

Similarly, the failure of IMF programs due to a lack of commitment was not just a technical issue but also posed significant problems for the Fund's expert-based legitimacy. Moreover, the diagnosis of the problem and the solution proposed both squarely pointed a finger at the centrality of legitimacy: national ownership, after all, is essentially a term for political legitimacy. The concept of ownership suggests that for a policy to work, it must be perceived as legitimate by those, on the ground, who are responsible for implementing it. This does not mean that they must agree with every aspect of the program, but that they must have the political will to implement it. Ownership is thus not only about legitimacy, but about a kind of political legitimacy that exceeds the narrow constraints of expertise. If ownership is necessary it is because expert authority is not enough to make a program viable.

How then does one obtain ownership? Much of the debate about ownership has focused on the importance of increasing participation, through broader consultation processes with parliament, NGOs, and so-called ‘stakeholders’ in the reform process. This emphasis on participation as key to ownership is particularly central to the Poverty Reduction Strategy Paper (PRSP) process and related financing facilities, which have replaced IMF and World Bank structural adjustment policies and funds. Participation, consultation and negotiation also figure prominently in the new conditionality guidelines, as staff are encouraged to spend more time consulting with member countries before the program is determined.[xlvi] While there is no consensus on just how broad ownership needs to be (or ought to be), the new emphasis on ownership does now begin to pose the question of who should own Fund-supported policies and thus play some role in granting the institution legitimacy.[xlvii]

While this new legitimacy strategy is not quite democratic, it does rely on some of the same kinds of claims to legitimacy, relying on participatory procedures, norms of greater transparency, more inclusive outcomes like poverty reduction and more explicit signs of consent. The new policies and the rhetoric that surrounds them therefore work to shift the basis of legitimacy from an almost exclusive reliance on claims of apolitical expertise to a broader and more political kind of legitimacy. In doing so, they have responded at least in theory to the two legitimacy gaps that I outlined above by promising to improve the outcomes of Fund policies, by at least moderating the institution's involvement in more politically sensitive areas, and by complementing its more political mandate with a broader-based form of institutional legitimacy.

Legitimacy dilemmas

What are the practical consequences of this effort to re-establish IMF legitimacy? Although it is still too early to make any definitive predictions about its likely success or failure, it is possible to unpack some of the logical consequences of this policy shift. If we take a closer look at the concrete ways in which this bid for legitimacy is being pursued, it becomes clear that the Fund is in fact facing a number of crucial *legitimacy dilemmas* that revolve around the tensions between the uneasy coexistence of expert and political claims to legitimacy. Although the attempt to broaden the basis of Fund legitimacy may have filled some of the previous legitimacy gaps, it has also precipitated some significant new problems.

The first challenge that confronts the Fund is a *methodological dilemma*, caused by the tension between qualitative and quantitative methods of evaluation. As I discussed earlier, the revised conditionality guidelines' emphasis on clarity is intended to reduce some of the uncertainty that has come with staff's increasing reliance on qualitative measures to evaluate program compliance. Yet the guidelines do not actually prohibit their use. More importantly, they actually require greater reliance on qualitative forms of assessment, for at the heart of the guidelines is a commitment to ensure greater ownership. Ownership is an inherently subjective concept. As James Boughton and Alex Mourmouras have pointed out in their IMF working paper, ‘Is Ownership an Operational Concept?’:

> The first challenge in making this concept [of ownership] operational is that it is not directly observable. A judgment about the extent to which ownership is present is a judgment about the state of mind and degree of internal commitment on the part of the country's officials.[xlviii]

How then are Fund staff to determining country ownership? Clearly they must use their own judgment in doing so, ideally by drawing on some depth of knowledge of that country's history and political culture. Far from increasing the clarity of Fund decisions, this shift to more qualitative and ultimately subjective forms of evaluation may well feed into existing concerns about the increasing subjectivity of Fund programs. Moreover, there is a general perception within the Fund that quantitative evidence is the most legitimate. As one senior IMF official noted, ‘if I can show something technically and quantitatively, then I don't need to make soft arguments, because there is evidence’. However, ‘the problem is that this is an area that doesn’t naturally lend itself to quantitative analysis’.[xlix]

One alternative would be to resist this move towards qualitative analysis and rely exclusively on more easily measurable determinants of program success. This is arguably the approach that underpins the current US position on ownership and conditionality, which places considerable emphasis on sticking to the Fund's 'core mission'.[1] Yet this quantitative option is subject to a different kind of legitimacy dilemma, for it excludes the possibility of taking into account the subtle political nuances which IMF research has suggested are essential determinants of program success. Fund leaders could potentially resolve this methodological dilemma not by eliminating discretion but by rendering it more legitimate; however, to do so, they must first confront a second, more profound, legitimacy dilemma.

This second tension within the IMF's new strategy is a kind of *paradigm dilemma*, pitting the new more explicit concern with politics against the institution's longstanding conviction in the sovereignty of economics. Economics in its neoclassical guise gains its authority entirely from its claim to objective, expert knowledge. Although the earlier classical economists like Adam Smith and David Ricardo were more comfortable combining politics, economics and ethics, by the early twentieth century, the discipline of economics had clearly staked its claim as a value-free science. The Fund's commitment to economics as its dominant paradigm poses significant challenges for its new efforts to integrate a more politically attuned analysis and practice. It also reveals a crucial tension at the heart of its concept of ownership: whereas ownership requires political negotiation and debate over alternatives and priorities—creating what NGOs describe as 'policy space'—the Fund's economic paradigm generally assumes that there is one best solution for any given problem and that it can be determined through the application of economic expertise. Studies of the Poverty Reduction Strategy process conducted by the Fund's Independent Evaluation Office indicated that the scope of genuine debate on policy alternatives was generally very limited, arguing:

> The PRS process has had limited impact in generating meaningful discussions, outside the narrow official circle, of alternative policy options with respect to the macroeconomic framework and macro-relevant structural reforms.

The review concluded, 'Results in terms of ownership are mixed' with only a narrow circle of officials developing any real ownership of the process.[li]

To resolve this tension between the Fund's expert-based economic paradigm and its apparent desire to gain political legitimacy for its programs, a pretty radical transformation to its institutional culture would be required.[lii] There are already indications that the new policy approach is not universally embraced by Fund staff. As one senior IMF official noted:

> I think that management is [comfortable with the new direction in policy] and I think the very senior staff are pretty comfortable with it because these are people who have long experience in dealing with national governments on difficult policy issues. Where it is more difficult is with the mission chiefs who tend to be the next level in the bureaucracy and who see their task as 'getting to yes', if you will. Their task is to come up with a quantifiable program and their experience in many cases has been to come up through the ranks crunching numbers. . . . and now they're sitting across the table from politicians coming up with solutions to countries' problems.[liii]

There is certainly some recognition from senior staff that the institution's reliance on a particular kind of narrowly quantitative economic analysis has had some costs, yet as another senior IMF official noted, the problem is within the economic discipline itself:

> People my age were educated in an era where the growth theorists and the econometricians had taken over and the historians and institutionalists were more or less relegated to the small offices. . . . In retrospect, the discipline had swung too far in that direction. . . . In the end this bias in the curriculum was of questionable value in terms of really understanding what makes an economy tick.[liv]

This tension between the Fund's economistic paradigm and the political realities of its role runs deep, constituting a second significant dilemma for its efforts to regain legitimacy.

If the first two dilemmas facing the Fund's new legitimacy strategy are theoretical, the third and fourth are more practical. For country ownership to become a reality, member governments must have the capacity to exert meaningful control over their decisions and actions. Yet, the Fund's ownership policy faces a *capacity dilemma*, in which those states that have the autonomous capacity to engage in genuine ownership are less and less likely to require the Fund's assistance, while those who do need financing are rarely capable of exerting real ownership. For ownership to be meaningful, member states must be able to take responsibility for setting the overall direction, if not the actual drafting, of the policy documents. More than that, they need to have some genuine political power; as one former member of the Executive Board noted, ‘if a country wants its policy space, it has basically got to push for it. And there are very few countries that are in the position to do that’.[lv] Although emerging market countries may once have been the ideal subjects of country ownership policies, they are now doing their best to eliminate all dependence on the Fund. And those who are genuinely in need of Fund assistance—and of the political stability that ownership might help to foster—are often themselves incapable of exercising anything more than rhetorical ownership.

The Fund's proposed solution to this problem is its renewed emphasis on capacity-building through its technical assistance to poorer countries. Yet, this solution only displaces the problem back to the first two legitimacy dilemmas, as it raises further questions about the extent to which that technical assistance will continue to be narrowly economic and expert-based, not fostering genuine debate about policy options and thus providing the capacity for genuine, informed ownership. On the other hand, if this assistance is to be more broadly political, this raises a further dilemma about whether the Fund has the expertise—and the legitimacy—to provide such advice.[lvi]

The question of whether the Fund should, as an institution, be extending its scope beyond the more narrowly economic focus that it has traditionally emphasised is at the heart of the final *dilemma of scope*. In theory, these recent revisions to the IMF's conditionality guidelines were intended to reduce the problem of an ever-widening mandate, contributing to a new commitment to narrowing the focus of the Fund. Yet in practice, the emphasis on increasing ownership, building domestic institutional capacity and tailoring conditions to the specific political and economic contexts in different states all point towards an increase rather than a decrease in the scope and complexity of Fund programs. Although the objective of this shift of focus may the establishment of greater domestic legitimacy, it is likely to raise further questions about whether the Fund is the right institution to be pursuing this more political agenda. The current favorite solution to this problem, advocated most energetically by the US Treasury, is to narrow the scope of the Fund to the economic bare bones; yet this strategy is unlikely to bear much fruit if the problems facing borrowing countries are indeed deep and complex, requiring political as well as economic analysis and action. Better coordination with other agencies like the World Bank may help to mitigate this dilemma, but it is naïve to think that the Fund can simply contract out its need for political analysis and legitimacy rather than integrating them into its own programs.

Conclusion

The Fund is indeed facing challenges to its legitimacy as an international institution—challenges that may well be intensified by its own efforts to respond to them. This article has shown that a concern with legitimacy is at the heart not just of the more high-profile Fund proposals for reforming its own decision-making structure, but also in less formal, micro-level changes to its conditionality guidelines. These changes—particularly the new emphasis on national ownership—represent a significant shift in the form of legitimacy pursued by the Fund, from narrowly expert-based to more explicitly political. Yet this move promises to generate its own dilemmas as long as the Fund continues to try to achieve a deeper kind of political legitimacy by relying on narrowly technical forms of economic expertise. These dilemmas are not unresolvable, but it will require significant political will and imagination—and, dare I say, ownership—on the part of Fund management and staff to respond to them. I will not attempt to develop an entire program of reform in the final pages of this article, but will instead flag three key issues worthy of attention: the place of discretion, the importance of intellectual pluralism, and the crucial role of voice.

Although it is certain that a genuine commitment to ensuring greater national ownership will require more reliance on qualitative methods and subjective judgments, these are not in themselves necessarily illegitimate. As I have argued elsewhere, transparency has its limits, particularly in cases where politics are involved.[lvii] Discretion is not the problem. Unaccountable and illegitimate discretion is. If discretion in politically-complex situations is being exercised primarily by experts untrained for such challenges, operating as a part of an institutional process that has little political legitimacy, then it does pose a problem. Resolving it, however, does not require a return to the transparent but limited realm of numbers but rather a concerted effort to tackle the factors that make that discretion illegitimate—the narrowness of the economic paradigm being imposed and the illegitimacy of the institutional process.

The belief in the value of ownership contains within it the seeds of a commitment to political pluralism—the conviction that there is more than one right way of pursuing the good life and that people should have the opportunity to debate those alternatives. Yet that pluralism rarely extends beyond the political realm into that of economics, in spite of the fact that there are credible alternatives to many Fund policies. Economics is a contested domain of knowledge in which there does exist a plurality of different approaches. It therefore makes sense to encourage a greater degree of intellectual pluralism, to foster meaningful debates among different economic theories and to draw on expertise from other disciplines like sociology, anthropology and political science. Until such debates become a part of negotiations with member countries, the depth and scope of ownership is likely to remain thin.

Finally, you cannot resolve these legitimacy dilemmas without finding an answer to the problem of voice, the third legitimacy gap that I outlined earlier. Discretion and negotiation are only as legitimate as the institutional process to which they are accountable. The preliminary revisions to quotas, and therefore voice, made at the most recent Annual Meeting of the IMF are just a first small step to responding to that dilemma. As one NGO representative put it,

> The more discretion you have, the more safeguards you need in the process. And that's when the process comes into the spotlight and you see that five countries have 40% of the voting power.[lviii]

While this article thus supports other analyses that have argued for the importance of reforming the Fund's decision-making structure, it also suggests that this is not enough. Ultimately, the IMF's claims to legitimacy must be born out in the field, in its staff members' interactions with the people their policies are supposed to help.

As I suggested at the beginning of this article, the IMF is not the only international institution that has had to confront difficult questions about its legitimacy of late. In spite of their considerable differences, international institutions like the Fund, the World Bank, the WTO and the UN all face the challenge of combining political and technical appeals to legitimacy. All have been seduced to some extent the promise that bureaucratisation held out: to avoid political complications—or at least to contain them under layers of technical jargon and carefully-followed procedure. Yet, that promise does not seem to have delivered, as politics is rearing its head again and demanding a more robust basis for institutional legitimacy.

As these different institutions seek to respond to this challenge, the Fund's experience provides a number of interesting lessons—and warnings. Ironically, this experience suggests that the very policies designed to resolve some of these institutions' legitimacy gaps may themselves create new legitimacy dilemmas. Perhaps we should not be too surprised by this turn of events: if questions of legitimacy tend to arise as people become more aware of the conventional nature of norms and institutions, then any solutions that are provided will themselves tend to be viewed as conventional and thus open to further questions and challenges. This may not be a bad thing: it suggests that there may indeed be a more genuinely political debate emerging about the role and future of international governance. Yet, as long as institutions like the IMF continue to subordinate their efforts to achieve a more robust political legitimacy to their faith in the adequacy of expert-based solutions, then they are likely to be torn rather than energised by such debates and dilemmas.

Jacqueline Best is an Associate Professor in the School of Political Studies at the University of Ottawa in Canada. Her work combines an interest in international political economy, international relations, and political theory, with an empirical focus on international financial governance issues. She is currently researching legitimizing strategies at the World Bank and International Monetary Fund. Some of her recent work has appeared in *Review of International Studies*, *Review of International Political Economy*, and *New Political Economy*. Her first book, *The Limits of Transparency: Ambiguity and the History of International Finance*, was recently published with Cornell University Press.

[i] Earlier versions of this article was presented at a workshop at the Canadian Political Science Association meeting in Toronto, June 1-3, 2006, and at the Centre for International Governance and Innovation workshop, 'The Reform on Global Financial Governance: Whither the IMF?' June 10, 2006. I would like to thank the participants in both workshops for their feedback on earlier versions of the paper, particularly Randy Germain, Ariel Buira, Bessma Momani, Patty Goff, Randy Henning, Jim Boughton and Eric Helleiner. I would also like to acknowledge the valuable research assistance of Maxime Ouellet. All responsibility for the final content of the article is, of course, my own. This article was researched and written with the financial support of the Social Sciences and Humanities Research Council of Canada.

[ii] Without, of course, agreeing on the form that these reforms should take. D Lynch, 'Tired Fund Struggles to Reinvent Itself; Goal: Regain Once-Clear Focus, Energy', *USA Today* April 19 2006, ActionAid, *ActionAid International Comments on the IMF and World Bank Spring Meetings*, 20 April 2006, ActionAid, Available: http://www.actionaidusa.org/pr_imf_comments.php, 24 May 2006, S Ambrose & W Bello, *Take the IMF Off Life Support*, 26 May 2006, Focus on the Global South, Available: http://www.focusweb.org/content/view/933/, 26 May 2006.

[iii] M King, *Reform of the International Monetary Fund.* Speech at the Indian Council for Research on International Economic Relations (ICRIER) in New Delhi, India, 20 February 2006, Bank of England, Available: http://www.bankofengland.co.uk/publications/speeches/2006/speech267.pdf, 18 May 2006.

[iv] R De Rato, *The Managing Director's Report on Implementing the Fund's Medium-Term Strategy*, Washington: International Monetary Fund, 2006.

[v] De Rato, *The Managing Director's Report*, p 2.

[vi] IMF. 'IMF Board of Governors Approves Quota and Related Governance Reforms'. Press Release no. 06/205. Washington, D.C.: International Monetary Fund, 18 September, 2006.

[vii] See, for example: M Bukovansky, *Legitimacy and Power Politics: The American and French Revolutions in International Political Culture*, Princeton: Princeton University Press, 2002, and the *Review of International Studies* Special issue on 'Force and Legitimacy in World Politics', including articles by C Reus-Smit, N Rengger, R Falk and M Finnemore.

[viii] See, for example: L Seabrooke, *The Social Sources of Financial Power: Domestic Legitimacy and International Financial Orders*, Ithaca: Cornell University Press, 2006, I Hurd, 'Legitimacy and Authority in International Politics', *International Organization* 53, 1999, pp 379-408.

[ix] For a discussion of the traditional expert-based form of international organisation legitimacy, see: M Barnett & M Finnemore, *Rules for the World: International Organizations in Global Politics*, Ithaca: Cornell University Press, 2004.

[x] W Connolly, 'Introduction: Legitimacy and Modernity', *Legitimacy and the State*, William Connolly (ed), Oxford: Basil Blackwell, 1984, p 2.

[xi] For a useful discussion of these three forms of legitimacy, see: D Bodansky, 'The Legitimacy of International Governance: A Coming Challenge for International Environmental Law?', *The Americal Journal of International Law* 93 (3), 1999, pp 611-12.

[xii] Legitimacy is therefore by its nature a 'social fact' that cannot be adequately understood without reference to the social context within which it exists; is it also necessarily an intersubjective phenomenon that depends on mutual perception and communication for its reality. On social facts and intersubjective phenomena, see: J

G Ruggie, *Constructing the World Polity: Essays on International Institutionalization*, London and New York: Routledge, 1998, J Searle, *The Construction of Social Reality*, New York: Free Press, 1995. On their relevance in the context of international political economy, see: J Kirshner, 'The Study of Money', *World Politics* 52 (April) 2000, pp 407-36, J Best, *The Limits of Transparency: Ambiguity and the History of International Finance*, Ithaca, NY: Cornell University Press, 2005, Ch. 2.

[xiii] Although as I will suggest below, the question of who selects the experts raises broader questions of legitimacy that cannot themselves necessarily be resolved by expert-based means.

[xiv] Hurd, 'Legitimacy and Authority in International Politics'.

[xv] Bodansky, 'The Legitimacy of International Governance', pp 596-7.

[xvi] On possible ways of doing so, and their attendant limits, see: Hurd, 'Legitimacy and Authority in International Politics', pp 390-92.

[xvii] Various critical treatments of the problem of legitimacy in international economic governance include: Seabrooke, *The Social Sources of Financial Power*, Barnett & Finnemore, *Rules for the World*, T Porter, *Globalization and Finance*, Cambridge: Polity Press, 2005, R Germain, 'Global Financial Governance and the Problem of Inclusion', *Global Governance* 7 (4) 2001, pp 411-26.

[xviii] Barnett & Finnemore, *Rules for the World*.

[xix] Bodansky, 'The Legitimacy of International Governance', pp 618-20.

[xx] Interview with senior IMF official, 29 August 2005.

[xxi] W David, *The IMF Policy Paradigm: The Macroeconomics of Stabilization, Structural Adjustment, and Economic Development*, New York: Praeger, 1985, pp 33-43, M De Vries, *The International Monetary Fund 1966-1971: The System under Stress: Narrative*, vol. I, Washington, D.C.: International Monetary Fund, 1976, pp

364-5, 582, De Vries, *The International Monetary Fund, 1972-1978: Cooperation on Trial: Narrative and Analysis*, vol. I, Washington, D.C.: International Monetary Fund, 1985, pp 484, 488.

[xxii] Barnett & Finnemore, *Rules for the World* esp. Ch. 6.

[xxiii] Interview with senior IMF official, 29 August 2005.

[xxiv] This is not, of course, to suggest that IMF policies did not previously have political consequences, particularly since the introduction of structural conditions in the 1980s, but rather to suggest that they have become more pronouncedly so since the new emphasis on institutions.

[xxv] N Woods, 'Order, Justice, the IMF, and the World Bank', *Order and Justice in International Relations*, R Foot, J Gaddis and A Hurrell (eds) Oxford: Oxford University Press, 2003, pp 80-102.

[xxvi] J Best, 'Moralizing Finance: The New Financial Architecture as Ethical Discourse', *Review of International Political Economy* 10 (3) 2003, pp 579-603, Best, 'The Moral Politics of IMF Reforms: Universal Economics, Particular Ethics', *Perspectives on Global Development and Technology* 4 (3-4) 2005, pp 357-78.

[xxvii] IMF Executive Board Decision No. 2603-(68/132), 20 September 1968.

[xxviii] IMF Executive Board Decision No. 6056-(79/38), March 1979. These earlier guidelines actually bear considerable resemblance to the new ones, as one senior IMF official pointed out. Interview with senior IMF official, 29 August 2005.

[xxix] For an interesting internal overview of IMF structural conditionality, see: IMF, *Evaluation of Structural Conditionality in IMF-Supported Programs: Issues Paper for an Evaluation by the Independent Evaluation Office*, Washington, DC: International Monetary Fund, 2005.

[xxx] For an excellent overview of the early history of Fund conditionality, see: S Dell, 'On Being Grandmotherly: The Evolution of IMF Conditionality', *Essays in International*

Finance (144) 1981. See also: J Polak, 'The Changing Nature of IMF Conditionality', *Princeton Essays in International Finance* (184), 1991, J Boughton, *Silent Revolution: The International Monetary Fund, 1979-1989.* Washington, D.C.: International Monetary Fund, 2001, Ch. 13, S Babb & A Buira, 'Mission Creep, Mission Push and Discretion in Sociological Perspective: The Case of IMF Conditionality', *G24 Technical Group Meeting* , Geneva: 8-9 March 2004, H James, 'From Grandmotherliness to Governance: The Evolution of IMF Conditionality', *Finance and Development* 35 (4) 1998, pp 44-7, Joseph Gold, 'Conditionality', *IMF Pamphlet Series* (31) 1979.

[xxxi] Interview with Jack Boorman, Consultant, Office of the Managing Director, and former head of Policy Review and Development, IMF, 31 August 2005.

[xxxii] Interview with former member of IMF Executive Board, 29 August 2005.

[xxxiii] H Köhler, *Streamlining Structural Conditionality in Fund-Supported Programs: Interim Guidance Note*. Washington, D.C.: International Monetary Fund, 2000, IMF, *Guidelines on Conditionality*. Washington, DC: International Monetary Fund, 2002.

[xxxiv] For a discussion of the growing role of discretion in IMF structural conditionality, see: Babb & Buira, 'Mission Creep.'

[xxxv] IMF, *Statement of the IMF Staff on Principles Underlying the Guidelines on Conditionality*. Washington, DC: International Monetary Fund, 2006, p 1.

[xxxvi] See, for example: IMF, 'IMF Completes Internal Review of ESAF', *IMF Survey* 26 (15) 1997, IMF, 'IMF Releases Report of External Evaluation of ESAF Following Executive Board Review', *IMF Survey* 27 (6) 1998.

[xxxvii] S Schadler, et al., *IMF Conditionality: Experiences under Stand-by and Extended Arrangements, Part I: Key Issues and Findings.* Occasional Paper No. 128 Washington, D.C.: International Monetary Fund, 1995. See also: J Boughton, 'Who's

in Charge? Ownership and Conditionality in IMF-Supported Programs', *IMF Working Paper* WP/03/191, 2003.

xxxviii Interview with senior IMF official, August 2005.

xxxix DFID, *Eliminating World Poverty: A Challenge for the 21st Century*. Department for International Development, United Kindom, 1997, p 39.

xl The final report was published in March of 2000: A Meltzer, *Report of the International Financial Institutions Advisory Commission*. Washington, D.C.: US House of Representatives, 2000.

xli Interview with former senior US Treasury official, 31 October, 2006.

xlii L Summers, *Post-G7 Press Conference*, 25 September 1999, US Department of Treasury, Available: http://www/treas.gov/press/releases/ls140.htm, 12 May 2006, Summers, *The Right Kind of IMF for a Stable Global Financial System. Remarks to the London School of Business*, 14 December 1999, US Department of Treasury, Available: http://www.treas.gov/press/releases/ls294.htm, 12 May 2006, Summers, *Transcript: Treasury's Summers Post-G7 Press Conference*, 25 September 2000, US Department of Treasury, Available: http://canberra.usembassy.gov/hyper/2000/0925/epf104.htm, 12 May 2006.

xliii J Taylor, *International Financial Crises: What Is the Role for Government? Remarks at the Cato Institute 20th Annual Monetary Conference*, 17 October 2002, US Department of Treasury, Available: http://www.treas.gov/press/releases/po3546.htm, 12 May 2006, US Department of Treasury, *Report on Implementation of the Recommendations Made by the International Financial Institutions Advisory Commission* Washington, DC: US Department of Treasury, 2001.

xliv It is important to note, however, that American, British and Fund objectives in calling for reforming the Fund—and, ultimately, their very interpretation of what 'streamlining' conditionality meant—were often different. The Americans, for example, were comfortable with retaining the ex-ante controls that others sought to reduce.

[xlv] Summers, *The Right Kind of IMF*.

[xlvi] IMF, *Guidelines on Conditionality*, IMF, *Statement of the IMF Staff*, IMF, *Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines* Washington, DC: International Monetary Fund, 2006.

[xlvii] Of course, the question of the relationship between participation and legitimacy is itself a complex one, raising questions regarding whose participation is necessary for a legitimate process.

[xlviii] J Boughton and A Mourmouras, 'Is Policy Ownership an Operational Concept?' *IMF Working Paper* WP/02/72, 2002, p 3. For staff discussions of this problem, see: IMF, *Review of Conditionality Guidelines -- Selected Issues*, 4 March 2005, International Monetary Fund, Available: http://www.imf.org/external/np/pp/eng/2005/030405.pdf, 27 July 2005, IMF, *Statement of the IMF Staff*, IMF, *Operational Guidance*. See also: G Bird & T Willett, 'IMF Conditionality, Implementation and the New Political Economy of Ownership'. *Comparative Economic Studies*, 46, 2004, pp 423-450.

[xlix] Interview with senior IMF official, August 2005.

[l] Taylor, 17 Oct 2002. In fact, the National Security Strategy suggests that the IMF may ultimately become redundant once markets take up their proper role in fostering international stability and domestic development. US National Security Council, *The National Security Strategy of the United States of America*. Washington, DC: US National Security Council, 2006.

[li] IMF, *Evaluation of the IMF's Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility*.Washington, D.C.: Independent Evaluation Office of the International Monetary Fund, 2004, p 3.

[lii] For some excellent discussions of the politics of the IMF's institutional culture, see: B Momani, 'Limits on Streamlining Fund Conditionality: The International Monetary Fund's Organizational Culture', *Journal of International Relations and Development* 8, 2005, pp 142-63, Momani, 'Recruiting and Diversifying IMF Technocrats'. *Global Society*. 19 (2) 2005, pp 167-87.

[liii] Interview with senior IMF official, 31 August 2005.

[liv] Interview with Jack Boorman, 31 August 2005.

[lv] Interview with former member of the IMF Executive Board, 29 August 2005.

[lvi] This solution is also constrained by the Fund's recent financial difficulties, which has led De Rato to propose new funding arrangements for technical assistance, including the possibility of charging fees. De Rato, *The Managing Director's Report on Implementing the Fund's Medium-Term Strategy*, 11.

[lvii] Best, *The Limits of Transparency*.

[lviii] Interview with Aldo Caliari, Director, Rethinking Bretton Woods Project, Center of Concern, 31 August 2005.