

THEORY IN BRIEF		CONTENDING PERSPECTIVES ON THE INTERNATIONAL POLITICAL ECONOMY		
	ECONOMIC LIBERALISM	MERCANTILISM/ ECONOMIC REALISM	RADICALISM/ MARXISM	
VIEW OF HUMAN NATURE	Individuals act in rational ways to maximize their self-interest	Humans are aggressive; conflictual tendencies	Naturally cooperative as individuals; conflictual in groups	
RELATIONSHIP AMONG INDIVIDUALS, SOCIETY, STATE, MARKET	When individuals act rationally, markets are created to produce, distribute, and consume goods; markets function best when free of government interference	Goal is to increase state power, achieved by regulating economic life; economics is subordinate to state interests	Competition occurs among groups, particularly between owners of wealth and laborers; group relations are conflictual and exploitative	
RELATIONSHIP BETWEEN DOMESTIC AND INTERNATIONAL SOCIETY	International wealth is maximized with free exchange of goods and services; on the basis of comparative advantage, international economy gains	International economy is conflictual; insecurity of anarchy breeds competition; state defends itself	Conflictual relationships because of inherent expansion of capitalism; seeks radical change in international economic system	

The **World Bank** was initially designed to facilitate reconstruction in post-World War II Europe, hence its formal name: the International Bank for Reconstruction and Development. During the 1950s, the World Bank shifted its primary emphasis from reconstruction to development. It now generates capital funds from member-state contributions and from borrowing in international financial markets. Like any bank, its purpose is to loan these funds, with interest, and in the case of the World Bank, to loan them to states for their economic-development projects. Its lending is designed not to replace private capital but to facilitate the use of private capital. While a high proportion of the World Bank's funding has been used for infrastructure projects—hydroelectric dams,