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Development Banking, State of Confidence and Sustainable growth

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Abstract: This article outlines the role of three types of development banks (communal, national, and multilateral) in promoting sustainable growth and development in the future. The 2007-2008 crisis made clear the need for: (1) heavy investment in developed as well as peripheral countries, and (2) coordinated financial institutions at the local, national, and international levels. Given a historical and spatial context, development banks can adopt different types of ownership (public or private), can target a myriad of specific sectors, and can promote local and international cooperation. We argue that for sustainable growth to be achieved, "confidence" has to be provided by public financial institutions. In our analysis we follow post-Keynesian ideas, which, considering the use of money with "social responsibility," are thought to match the ideas of other heterodox approaches.

Keywords: Development Banks, 2007-2008 Crisis, State of Confidence, Post-Keynesian, Sustainable Growth

JEL classifications: G10, G20

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1. Introduction

This article outlines the role of three types of development banks (communal, national, and multilateral) in promoting sustainable growth and development. The 2007-2008 world crisis exacerbated two problems: (1) the lack of renewal of infrastructure in developed as well as in peripheral countries, and (2) the failure of local, national and multilateral organizations to provide the integrated economic policies necessary to promote long-term sustainable growth and development. Regarding the first problem, Griffith-Jones et al. (2019; see also Griffith-Jones 2015) reported that the gap between actual and required investments in advanced as well as in peripheral countries amounted to US $ 1 and 1. 5 trillion, and up to US $ 3.5 and 4 trillion per year for the 2014-2030 period, depending on different estimations. This amount grows even higher if the transition to a low-carbon economy is taken into account. Considering the second problem, multilateral organizations and national governments favored, right after the crisis, fiscal and monetary expansions; however, they did not establish any coordinated structure to achieve sustainable growth and development in the long term (Epstein 2013; Griffith-Jones and Cozzy 2014; Aglietta 2018). What instruments (if any) have been used historically to solve these problems? Under what pillars should these instruments be grounded?

A common answer to these problems mentioned before has been to strengthen market fundamentalism, based on the belief that the market always represents the optimal approach to economic activity. A less extreme version of this idea accepts the notion of public intervention but just to correct market failures. Finally, another common answer to these problems is to think that economic problems can be fixed through the adequate behavior of economic agents.

Grounded on the assumption that societies should be approached in the aggregate, the hypothesis of this article is that an instrument such as development banks can provide the “confidence” to foster suitable economy growth. Two sub-hypotheses emerge out the principal hypothesis. First, development banks can provide certainty to an economy because they encompass many types: central, investment, and Ex-IM banks as well as communal (cooperative, credit unions, communal) and multilateral banks, all of which can be complementary. Second, because development banks are socially determined, they can finance a myriad of key activities depending on time and place.

Based on the increasing worldwide relevance of China, the Latin American commodity boom from 2002-2008, the experience of BRICS, and the 2007-2008 world crisis, many heterodox scholars have begun to focus on development banks’ contributions to: (1) the stabilisation of the business cycle; (2) the promotion of the transition to a low-carbon economy and international cooperation; (3) the support of key economic poor sectors, and (4) the facilitation of expansionary fiscal policies (De Luna Martinez and Vicente 2012; Del Pont 2013; Epstain 2013; Hanley 2013; Griffith-Jones 2016; Studart and Galagher 2016; Grifith-Jones 2019 et al; Mazzucato and Semieniuk 2017; Dafermos et al. 2018; Moslener et al. 2019; Studart and Ramos 2019). Taking these valuable contributions into account, this article also asserts, first, that financial institutions such as development banks can contribute to the development of a “Keynesian State of Confidence” and to the rise of the marginal efficiency of capital (MEC). This assertion has the support of post-Keynesians scholars but also of other heterodox perspectives such as institutionalism (Davis 2017), the French regulation theory (Ahmed 2016; Aglietta 2018), and even some Marxist scholars, such as Lapavitsas (2009; 2013). Second, the three levels of development banks--multilateral, national, and communal--are relevant when dealing with contemporary problems, and, third, development banks are socially determined, and their ownership as well as the activities they support depend on time and place.

The article is structured as follows. Section 2 reviews the contributions of financial institutions such as development banks to growth according to several school of economic thought, highlighting the Keynesian notion of "State of Confidence," Section 3 discusses the different tasks that can carried out by each type of development bank and the differences and similarities among them, with a focus on how the different types of development can be complementary. Section 4 underlines the importance of time and space in the performance of development banks in achieving growth and development. Finally, we conclude that, in the current situation, to spur the sustainable growth and development of global societies, a "State of Confidence" is needed, and, in our view, development banks can play a significant role in achieving such a state.

2. The Definition of a Development Bank, Development Banks and Growth in the Economic Literature, and the "Keynesian State of Confidence"

In this article, we study three types of development banks: national development, multilateral, and communal. Research on these banks is more abundant for the first type, but fewer studies of communal banks have been undertaken. In addition, few studies mention the potential coordination of the three type of banks in solving the most urgent current economic problems. In this section, we provide a definition of development banks, and then discuss the viewpoints of several schools of economic thought about the effectiveness of development banks in promoting sustainable growth[1] and development. Key in this discussion is the "Keynesian

[1] Sustainable growth, in this article, means to fulfill growth, with several constraints such as the reduction of inequality, the transition to a low-carbon economy, etc. It is posited in this article – implicitly—that economic growth and environmental sustainability can be achieved in the long run. We prefer this alternative to the zero-global- growth economy.

State of Confidence," which, in our opinion, the national state can build through several types of development banks.

Even though each development bank is unique given its historical and spatial context (Kane 1975), all these banks must be: (1) financial institutions, and (2) developing promoters of some locality, country, or region (Diamond 1957; Bruck 1998; De Luna Martinez y Vicente 2012; Isidro Luna 2014). Today, because of the banks' involvement with development in the long term, the majority of national development banks are public; however, in the past, as was the case in England, France, and Germany, some of these banks were private and profit oriented (Cameron 1953, 1961; Epstein 2005).[2] Ownership and destination of resources is a characteristic that depends on the spatial and historical context of each region, nation, or locality. For example, some private development banks (central banks) financed the developmental activities of governments during the 18th century (in the British case, the Bank of England); other private investment banks financed infrastructure and heavy industries in some European countries during the 19th century. Another example of the flexibility of development banks is the case of Latin American countries using public development banks to promote industrialization and public services during the import-substitution period. Lastly, during the neoliberal years, these banks were mostly public banks financing private activities, but after the 2007-2008 crisis, some development banks have been gaining terrain as promoters of: (1) local and international cooperation, (2) counter-cyclical policies, (3) the transition to a low-carbon economy, (4) the rise in investments in search of sustainable growth and development, and (5) the support of local

[2] Although development banks may be private, they differ from commercial banks in that the objective of the latter is to produce high profits in the short term, which they pursue by offering short-term loans to a small sector of the population and the economy, leaving out the poorest people and very important economic sectors, such as the agricultural sector.

economies. (See Griffith Jones 2016; Studart and Gallagher 2015; Isidro Luna 2017; Campligio et al. 2018; Moslener et al. 2019; Studart and Ramos 2019; Vasconcelos Freire 2013.)

Among the three types of development banks, the first to appear was the national development bank (central and investment banks) during the last years of the 17th through the 19th centuries. They blossomed after War World II (WWII), and from 1945 to the 1970s, peripheral governments used these banks to build infrastructure, support key industries, and finance the government in long-term efforts (see section 4). After the 1973 world crisis, and the spread of neoliberal tenets, national development banks were severely damaged through the 1980s and the 1990s (Griffith-Jones and Cozzy 2014).

Meanwhile, multilateral and communal banks are the most recent creations. The most famous of the multilateral development banks emerged in 1944 (the World Bank). Finally, the foundation of communal banks' may be traced back to the 19th century; however, they are a post-1970s phenomenon. The three types of development banks have received renewed attention after the 2000s (De Luna Martinez and Vicente 2012; Epstein 2005; Vernengo 2016; Griffith-Jones et al. 2019; Vasconcelos Freire 2013).

After the success of industrialization in the Golden Age in both advanced and peripheral countries, national development banks withdrew as a promoter of development with the arrival of neoliberal ideas. For example, inspired by the Austrian school, the empirical work of La Porta et al. (2003) found that the public financial sector is inefficient to achieve economic growth. For this school, privatization and well-protected property rights are the safest ways to foster development. Instead of promoting growth, politicians who control development banks will benefit their supporters. Commenting about the relationship between development banks and industrialization in Mexico during the 1940-1980 period, a leading scholar (De Mobarak 2002,

295) of the Mexican financial system says, “I emphasize that an important characteristic of the financial endeavor of the government was to target areas of political interest…such role was not free from the political interests of the State.”

Subsequently, some orthodox scholars have recognized the relevance of development banks in the past and in the present, and their potentially positive impact in the future. Development banks can be utilized to correct market failures, such as the lack of long-term investment (Rodrik 2004; Mazzucato and Penna 2016 summarize this position nicely), and to solve problems of credit rationing due to market imperfections (credit is not available even if people can pay the interest rate) (Além and Ferreira Madeira 2015). However, these scholars do not favor development banks concomitant to other policies such as fiscal expansion and the provision of international liquidity.

Other schools of economic thought such as Neodevelopmentalism[3] favor development banks because these banks can stimulate economic growth and smooth the business cycle (Hochstetler and Montero 2013; Hochstetler 2014; Chin 2014). To accomplish these goals, the proposal of neodevelopmentalism is to combine orthodox with heterodox policies. First of all, governments must target austerity, price stability, and competitive exchange rates. However, at the same time, governments may stimulate effective demand and encourage national firms. Neodevelopmentalism occupies the middle ground, trying to reconcile the good of the Latin American import-substitution period with the supposed good of the neoliberal era. Recent Latin American experiences have demonstrated that this path is untenable.

How to solve the current global problems mentioned in the introduction of this paper is a challenge. The three schools mentioned try to retain, to a greater or lesser degree, the market

[3] See Berringer de Assumpção (2014) for a conceptualization of neodevelopmentalism.

fundamentals. To our way of thinking, two of the most important ideas of J.M. Keynes may help in this matter: "a Keynesian State of Confidence" and a higher profitability. According to Keynes (1964), the rate of investment depends on the marginal efficiency of capital and the before mentioned "State of Confidence." In many cases, uncertainty may lead to speculation, high demand for liquidity, and reduced long-term investment. In these conditions, people may prefer money to fixed assets even if the second can be more profitable. Then, long-term confidence can be restored by means of state intervention: "I expect to see the State, which is in a position to calculate the marginal efficiency of capital-goods on long views and on the basis of the general social advantage, taking an ever greater responsibility for directly organizing investment" (Keynes 1964, 164).

Then, to provide confidence, state intervention in the economy can be carried out through development banks. Investment may stimulate growth and savings (Chick 2000), but a note of caution must be inserted here. During the time of classical economics, for Marx, and also Keynes, economic growth related to natural resources was not a concern. Today, as has been reported by some scholars, "More than 60% of global carbon emissions currently emanate from the existing infrastructure of the world economy" (Studart and Gallagher referring to Bhattacharya and Stern 2016, 3). Expected investment, then, has to take into account the environmental perspective. Currently, some development banks are trying to tackle this problem, but there is no consensus among heterodox approaches about how to deal with the relation between growth and the use of natural resources (see Chester and Paton 2013; Griffith-Jones 2016; Studart and Gallagher 2016; Campiglio et al. 2016; Moslener et al. 2019; Studart and Ramos 2019; Dafermos et al. 2018).

At the international level, Keynes also supports the creation of development banks, making the case for the establishment of two institutions: one that may provide international liquidity to solve the trade imbalance problem, and another institution that may furnish capital for the reconstruction and development of other countries:

> I will not say that the establishment of the Bank for reconstruction and development is more important than the Monetary Fund but perhaps it is more urgent. U.N.R.R.A. will provide funds necessary for relief and rehabilitation in the days immediately following liberation but it will not provide finance for more permanent reconstruction and the restoration of industry and agriculture…Its other main purpose is the development of the less-developed areas of the world in the general interests of the standard of life, of conditions of labour, and the expanse of trade everywhere (Keynes 2014).

Finally, post-Keynesians also argue that communal banks such as cooperative banks can be a source of development since they can provide credit to the less favored sectors of society (Papadimitriou and Toay 2014) based on values such as cooperation and proximity, with the objective of development and local stability.

In our opinion, the use of development banks to build a "State of Confidence" and increase the rate of investment to promote sustainable growth is a good idea and is in line with other heterodox approaches, such as institutionalism, the French regulation theory, and even those of some Marxists. For example, Davis (2017) asks for monetary institutions with a more humane use of money (including environmental protection); Aglietta (2018) comments that institutions should provide money as a public good to foster stability and development in the long term; Polanyi (1957, 2001) comments that society must have long-term structures to be stable; and, finally, Lapavitsas (2009; 2013) claims that public banks should be encouraged to deal with the current crisis.

In this section, we have defined what a development bank is and discussed several views about development banking. The main difference between orthodox and heterodox scholars is the rejection of public-sector inefficiency, fiscal austerity, any broad cooperation at the local and international levels with a long-term perspective. Among the heterodox scholars, we focused on a post-Keynesian perspective: that investment determines income and savings. We also highlighted in this section that development banks can participate in the creation of "State of Confidence" to achieve sustainable growth and development.

3. Similarities and Differences of the Three Types of Development Banks

As previously stated, development banks can be promoters of sustainable growth and development. However, as noted, just one bank cannot change the course of the world; it has to be a myriad of banks concomitant with other economic and social policies. In this section, we describe the similarities and differences of the three types of development banks, and we demonstrate that because of the difference among the different types of development banks, they can be complementary.

The differences among the three types of development banks--national, multilateral, and communal--are clear. Communal banks operate in a specific locality or region whose resources originate from the same community, nonprofit institutions, and the state. These banks can finance housing, student loans, consumption, and SMEs. Some of these banks can also create local currencies. Unlike commercial banks, these banks provide loans without collateral and with very low interest rates (since their loans are based on social values such as trust and solidarity). In some versions of the communal bank, the penalty for lack of payment is social: not having the opportunity to take advantage of the financial resources of the bank again.

National development banks can carry out some functions similar to those performed by communal banks, such as granting loans for housing, consumption, and SMEs.[4] The outstanding differences between the two kind of banks are the magnitude of the financial resources, the long-term material activities supported, and the proximity of people to the financial institution. A national development bank can finance: (1) large infrastructure projects such as ports, roads and railways; (2) industries that are considered basic such as steel and energy; (3) the acquisition of advanced technology machinery and equipment; (4) exports and imports; (6) the transition to a green economy, and (7) government spending. The resources of the national development banks can come from international aid, private funds, deposits, bonds' emissions, external indebtedness, and/or taxing. Because supported activities of national development banks are related to government objectives, these activities depend on time and place. For example, after WWII, the US financed the purchase of its own products overseas by lending to European and Latin American countries. Similarly, the Brazilian Development Bank (BNDES) and the Chinese Development Bank (CDB) financed exports after the 2000s.

Even though it is thought that national development banks are a characteristic of peripheral countries, these banks have been part of the economic history of the developed countries (Isidro Luna 2014; Mazzucato and Penna 2016; Griffith-Jones and Ocampo 2019; Moslener et al. 2019). In some countries where development banks did not exist as "investment banks", central banks or Ex-Im banks fulfilled the role of development banks. For example, the Bank of England financed the war with France at the beginning of the 19th century. In a similar vein, the northern system of US banks financed the country's victory during the American Civil

[4] Also, it is well known that national development banks can take deposits from the public given the historical and spatial context.

War (also see below). Lastly, and currently, the KfW is one of the most powerful banks in Germany, and also across Europe (Moslener et al. 2019).

Finally, multilateral banks have been integrated by several countries. The most famous of these banks is the World Bank (WB); however, in recent years attempts have been made to create new multilateral banks as an alternative to the WB. The Bank of the South, created in 2009 by Argentina, Venezuela, Ecuador, Bolivia, Uruguay, and Paraguay, failed.
Recently, the New Development Bank (NDB), established by Brazil, Russia, India, China, and South Africa (jointly referred to as BRICS), has gained notoriety as a source to finance green growth and development in peripheral countries. The multilateral banks' resources come from members' contributions and/or capital markets. In addition, these contributions usually determine the voting power. The stated purpose of this type of bank is to promote the growth and development of each of the participating countries; however, the history of the WB questions this purpose.

The differences among these three types of development banks are the political space in which they operate (a locality, a nation, and many nations); the proximity of the lender-borrower relationship, evidently person-to-person in the case of communal banks and unpersonalized in the case of national and multilateral banks; the level of participatory democracy practiced in the communal versus the possibly high political-level administration of the national and multilateral banks; and the time of maturity of long-term investments (see Table 1). Due to their differences, development banks are complementary and may be a useful tool to promote growth with "social responsibility."

Table 1. The Differences Among The Types of Development Banks

	Communal	National	Multilateral
Political space	Local	Nation-state	Several countries
Proximity	Close	Unpersonal	Unpersonal
Investments	Short-term	Long-term	Long-term
Administration	Highly democratic	Barely democratic	Barely democratic
Material goals	Short-term	Long-term	Long-term

Source: Author's elaboration

4. Social Determination of the Different Types of Development Banks in Time and Place

The period when the first development bank appeared is questionable. However, it has to be clear that development banks are established to solve local, national, or global problems given a historical and social context. Then, ownership, destination of resources, and intra-bank cooperation can vary through time and space. Following Aglietta (2018) and Epstein (2005), national development banks as central banks emerged with the birth of capitalism and the consolidation of nation-states. Later, it was hypothesized that the Industrial Revolution made necessary a financial revolution (Vernengo 2016; Davis 2017; Aglietta 2018). As Epstein has reported, in reference to the origin of development banks and their ownership (2005, 9),

> Central banks in Europe were not only important lenders to the state. Many of them were also very involved in lending to industry…For example, the Bank of France, the Bank of Netherlands, and the Bank of Italy all had widespread branch networks, and had very close relationships with industry. The Reichsbank of Germany also had important industrial customers.
>
> It is important to remember in this discussion that these "central" banks were private banks with special government privileges. Hence, they were profit oriented. But the fact there were private institutions should not lead to us to underestimate the "public" role they played in helping to direct credit

As long as the central banks financed their governments and key sectors, ownership of the bank did not matter. The next step in development banking was the "European Investment Bank." Many of the countries that now are developed used these banks to increase investment in infrastructure and heavy industries during the 19th century (Cameron 1953, 1961, 1972).[5] One of the first successful cases of "investment banks" was the Belgian experience. After gaining political independence from the Netherlands, Belgium utilized a development bank to promote industrialization. From 1830 to 1850, Belgium's growth rate was 2.5 percent, which was higher than the European average (1.4 percent) (Da Rin 2001). Despite the relevance of the Belgium experience, the utility of "investment banks" to promote growth became more apparent when they were adopted by much more powerful countries such as France and Germany. Further examples of development banking were in France, Germany, and Japan. In France, the Pereire brothers (Saint-Simon disciples) grasped the idea that the private banker was much more important than the industrial capitalist and the merchant to promote growth and development for the whole society. Thus, the Pereire brothers founded the Société Générale du Crédit Mobilier in 1852, which granted long-term credits for railways, ports, and an omnibus system. Even though the Société Générale was not always dedicated to financing long-term activities and went bankrupt in the 1860s, it reshaped the behavior of private banks as highlighted by Gerschenkron (1962, 13):

> When the Rothschilds prevented the Pereires from establishing the Austrian-Anstalt, they succeeded only because they became willing to establish the bank themselves and to conduct it not as an old fashioned banking enterprise but as a

[5] Mexico founded two investment banks in the 18th and the 19th centuries. Because those banks were isolated policies of growth, they had a short duration.

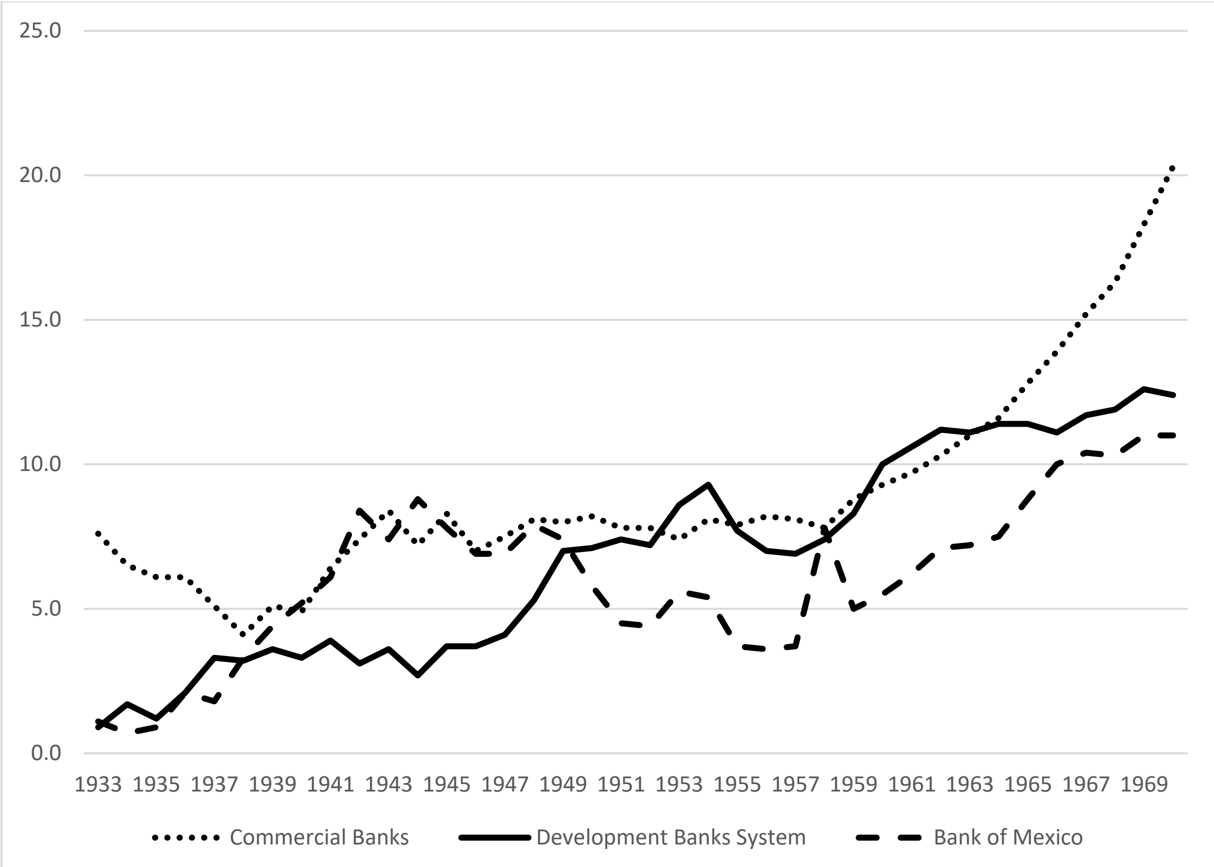
credit mobilier, that is as a bank devoted to railroadization and industrialization of the country

In Germany, banks and industry held hands in the second half of the 19th century. "Investment banks" contributed to the construction of a scientific-technological complex that rivaled that in England and the US. The relationship between German banks and industrial companies was so close in the 19th century that the Austrian economist R. Hilferding (1971) would single it out as one of the most important characteristics of advanced capitalism. Metaphorically, this relationship between banks and companies was described by Gerschenkron as "a marriage… from the cradle to the grave" (Op.cit. 1962, 94). Finally, Japan also implemented a close relationship between banks and industry in the second half of the 19th century. The state collected taxes from the public, and these resources were subsequently transferred to large business groups (zaitbasu) to be invested in different key economic sectors.

The German-Japanese experience has been summarized as being bank-based; in contrast, the US-English experience has been known as market-based. However, England and the US did have development banks. The US and England had development banks not only in the 19th century but also in the 20th (see above). For example, taking the example of the US after WWII, Mazzucato and Penna (2016, 311) comment: "Also the United States, usually portrayed as the free-market economy *par excellence*, has an active export-import bank that for eight decades has supported the country's exporting sector."

The Russian economist Gerschenkron (1962) thought that the bank-based model, such as that in Germany and Japan, was characteristic of backward countries; conversely, the market-based model was characteristic of advanced countries such as England and the US. For more backward countries, it would be more necessary for the private sector or state to intervene in the economy. However, Gerschenkron's assertion was not corroborated by any historical experience. Today, many developed countries continue utilizing development banks. One of the biggest in the world is the German KfW (Griffith-Jones et. Al. 2019; Além and Ferreira Maderia 2015; Moslener 2019); according to Além and Ferreira Madeira (2015), the credit portfolio of this bank was nearly 15 percent of their national private sector in 2013; also, this bank leads in international cooperation with other banks (Griffith-Jones 2016). Other successful examples of developing banking in advanced countries are the US Ex-Im Bank (1934), the industrial development bank of Canada (1944), the Export Bank of Japan (1950), and the Japan Development Bank (1951). In peripheral countries such as Mexico, Brazil, Chile, and South Korea, development banks were also established, mostly after WWII. Taking the case of Mexico from 1940 to the 1970s, development banks as well as the central bank were very important agents for development since financing by commercial banks was always minimal (see Figure 1). At that time, development banks and the central bank worked together to produce a "State of Confidence" and to increase the MEC, since private finance and investment had been always low in Mexico (Ramírez Gómez 1972). Because of the too low participation of the private sector, crowding out effects cannot be claimed. Peripheral countries achieved growth with the help of development banks during the 1940-1970 period; however, developed countries have enjoyed by far a higher level of development. In our opinion, this fact makes legitimate the claim for a petition of financial institutions with social responsibility.

Figure 1. Total Financing in Mexico as Percent of GDP



Source: Author's elaboration with data from INEGI (2013)

The national development bank has a long history. Attempts to build a successful multilateral development bank are recent. The WB emerged in 1944 under the name of the International Bank for Reconstruction and Development; its mission was the European reconstruction and encouragement of capital flows from rich countries to the poor. During their first years, the WB contributed to the European reconstruction and granted several resources to poor countries to build infrastructure under the influence of the US. In the 1960s, the International Development Association was created to address problems of peripheral countries. However, despite the existence of this entity, the 1982 debt crisis was a turning point in WB policies. Structural adjustment programs headed by the WB were implemented in the 1980s and 1990s (Krueger 1998; Toussaint 2008; Griffith-Jones and Cozzy 2014), which provoked stagnation, poverty, and reversal in the direction of the capital flows. Specifically, in the last 35 years, capital flows have been returning to the rich countries. Currently, even though the WB is more open to state intervention, it has not removed the neoliberal tenet of inflation targeting and fiscal austerity. There have been recent experiences of multilateral development banking as an alternative to the WB. In 2009, the Bank of the South was founded, but it has not been operational. Later, the NDB was founded in 2014 and started operation in 2016. The main purpose of this bank is to finance infrastructure and renewable energy. Its resources come from capital markets, and the interest rates charged are variable according to the 6-month LIBOR (London Interbank Offered Rate); finally, voting power depends on the capital subscribed in each country. Although some scholars support the NDB as an alternative to the WB, especially in the financing of green projects, other scholars think that the NDB is based on market criteria, and also can be utilized to impose a Chinese hegemony.

Finally, communal banks are a more recent creation. In developed as well as in peripheral countries, they are considered a post-1970s phenomenon. In advanced countries, these banks were created in response to the financial exclusion of several social groups, such as workers, women, and unemployed people. In the case of developed countries, communal banks are usually private. The first antecedent of this bank is found in Europe, particularly in Germany, with the appearance of agricultural banks in the 19th century; in the US, the ShoreBank in Chicago, founded in 1973, was one the first communal banks. In peripheral countries, communal banks appeared in the 1990s. One of the most successful experiences has been the Banco Palmas in Brazil, which was founded in 1998. This bank is supported by the BNDES, can issue its local currency, and also can finance activities to create close community relations. This bank is also not profit oriented and is focused on enhancing great popular participation (see Singer 2013; Vasconcelos Freire 2013).[6]

5. **Conclusion**

The conclusion of this article is straightforward. To increase the rate of investment in the world, and subsequently achieve sustainable growth and possibly development, coordinated state intervention considering people participation is needed. The state can use development banks to spur growth with "social responsibility." Orthodox scholars favor a market approach to current problems and frequently reject an aggregate approach in studying socioeconomic problems. Recently, heterodox scholars have produced outstanding contributions to the study of development banks. This article tried to show that: (1) the three type of development banks (national, multilateral, and communal) can make important contributions to the creation of a "Keynesian State of Confidence" to increase investment, profitability, and sustainable growth in the long run; (2) the different types of development banks are complementary, and for this reason, all three are needed to foster growth with social responsibility, and (3) development banks depend on the historical and spatial context. For centuries, development banks have been used as a tool for development in advanced and peripheral countries. Because these banks are historically and socially determined, they can also be flexible in financing a myriad of activities.

Apart from the advantages mentioned before in using an instrument such as development banks, other advantages and, of course, drawbacks can emerge. First of all, the advantage of communal banks is the close participation of the community and the proximity of the local financial needs. New forms of participation and knowledge can be accessed with the

[6] The antecedents of the communal include the following: first of all, the Bank of the People, constituted by the anarchist Pierre-Joseph Proudhon, in which the credit should be managed and granted by the community in response to the needs of the community, and the Banco de los empleados in Mexico, constituted with public workers' contributions in 1883, and which was able to issue currency.

creation of local currencies. The advantages of national and multilateral development banks are obvious, because of their ability to build green economies, renew infrastructure, grant liquidity, and implement fiscal and monetary expansions. Second, some possible drawbacks lurk in the use of these banks. For example, long-term projects can be curtailed with a change in political regimes. In 2009, the Brazilian government supported the creation of the Bank of the South, but that decision did not hold afterwards. Also, if there is a failure in institutionalizing long-term goals because of a lack of public participation, elites and politicians will make decisions without considering the wider population.

However, through coordination and cooperation, these three types of development banks may provide stability, investment, growth, and development to global societies in the coming years. At the end, as is highlighted by Post-Keynesians scholars, but also for other heterodox approaches, money has to serve the public good.

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