

Focus on Trade

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With friends like this, who needs enemies

by Nicola Bullard

Hard on the heels of a tough week defending the World Bank against charges that its policies create poverty and promote the interests of corporate capitalism, James Wolfensohn probably had mixed feelings when he turned to page 9 of the International Herald Tribune and saw oil-giant Exxon Mobil declare its support for the Bank (5 October).

In a quarter page ad, distinguished only by its lack of design pizzazz, the largest petroleum refining company in the world (and, incidentally, not a member of OPEC whose members have been villainised for keeping oil prices high despite the fact that 58 per cent of global oil production comes from non-OPEC members) quotes the World Bank report *Growth is Good for the Poor* (1) to justify its activities in the Third World.

Exxon Mobil we are told, in simple sans serif language, is “on the side of the tide” by which they mean that the rising tide of growth “lifts all boats”. However, they do not accept the simplistic view that growth per se is the silver bullet. No, we are told, what makes the difference is health, education and strong institutions. And if that is not enough to make you glow with gratitude that the third highest earning company in the world cares about the poor, they bring out the violins and push their implied corporate good housekeeping appeal to the limit. “One direct beneficiary of growth,” they assert, “is children.” To prove the point, there is a fabulously simplistic graph showing the dramatic drop in working children as national income rises. Of course, advertising specialises in simplification, but the message clear: Exxon Mobil though its association with the World Bank is a concerned and caring company.

What the advertisement doesn't say is that Exxon Mobil is also the major shareholder and principal operator of the controversial Chad Cameroon pipeline. No doubt the children of Chad and Cameroon — where, respectively, 10 and 27 per cent are in secondary school (World Development Indicators, 2000) — will benefit enormously from the corporate taxes of Exxon Mobil, whose 1999 end-of-year profit was US \$7.91 billion and whose head office is located in Irving, Texas. Meanwhile, the governments of Chad and Cameroon have signed on to \$100 million in non-concessional loans with the World Bank and the European Investment Bank simply for the privilege of being a “partner” in the \$3.5 billion venture. Let's hope oil prices stay up.

But aside from rich and powerful corporate buddies like Exxon Mobil, Mr Wolfensohn was hard-pressed to find friends during the World Bank IMF annual meetings in Prague.

Prague Castle or the Land of Oz?

In what should have been a public relations coup for the Bank and the Fund, the Czech Republic's playwright dissident turned president Vaclav Havel invited the critics and the defenders to share a platform at the Prague Castle (see stories below by Walden Bello and Steven Pearlstein).

The critics were in top form, but didn't say anything that either Wolfensohn and the IMF's new managing director Horst Koehler have not already heard a thousand times. Yet they had no comeback. The best Wolfensohn could do was clamber up to the moral high ground and reassure us that he “has a heart.”

“When we go to work in the morning,” he said, “we think that we are fighting poverty. We do not think that we are responsible for 3 billion people living under \$2 a day.”

Wolfensohn also tried to deflect blame by claiming to be “just a civil servant.” He was, admittedly, handed this excuse on a platter by Ann Pettifor of Jubilee 2000 UK when she commented that the real villains, the G7, were not on the podium. But Wolfensohn, who three years ago was claiming personal

victory for the transformation of the Bank and is paid in excess of US \$360,000 tax free for the pleasure, cannot sidestep his responsibilities or deny his real power so easily. Mr Koehler was no better, but managed – probably unwittingly – to make a dig at Wolfensohn by saying “I, too, have a heart,” he said, “but I also have to use my brain to find solutions.” (Images of Dorothy swinging down the Yellow Brick Road with this pair as the Tin Man and Straw Man singing “If I only had a heart, if I only had a brain” were irresistible.)

After a lot of filler about having spent the first four months on the job “listening” Koehler’s thoughtful contribution to the debate was “Democracy and market oriented policies are the best way to go.”

Although the critics felt victorious, their assessment was vindicated the next day by the Washington Post’s report of the debate “Tough Crowd for IMF, World Bank Leaders in Prague” (see below). And in one of life’s sweet ironies, an IMF staffer was seen at the gates of the Castle pleading with officials for the Post’s journalist Steven Pearlstein to be allowed in, even though his name was not on the list. “It is terribly important that the Washington Post cover this event,” said the man from the IMF. Quite so.

Inside the meetings, the Bank also had a heavy time of it. Of course, the demonstration – before, during and after – dominated press conferences, but some disquiet about the Bank’s expansionist approach also floated to the surface.

The Development Committee (the joint ministerial committee of the board of governors of the Bank and the Fund) tugged on the Bank’s leash, warning that it should “clarify its agenda” and set out key criteria for the Bank’s involvement in “global public goods.” The G24 was far more critical – both of the Bank and of the Bank’s openness to civil society. Amongst a litany of pointed criticisms, the ministers expressed their concern about the “ever-mounting political pressures and non-economic considerations that are interfering with the process of approval and implementation of the BWI’s program and projects.” But they were also critical of the imbalances that exist in the system, noting the “application of codes and standards to be highly asymmetric” and calling for “equitable procedures for debt settlement.”

And of course the Bank and the Fund would have found few friends amongst the 12,000 activists who joined the overwhelmingly peaceful and festive protest. The convention centre was effectively under siege for six hours and caused such disquiet that the meeting closed one day early. The Bank’s vice president for external relations Mats Carlsson admitted as much when he explained the early closing to Reuters television, “We are having a consensus on many of the development issues, but it probably is also prompted by the demonstrations yesterday.”

A curse on all your houses

The Bank is also losing support from the establishment press, which formerly championed their neo-liberal rigour and is now clearly contemptuous of what they regard as Wolfensohn’s woolly “concessions” to the protestors.

The post-Prague Financial Times editorial put a “curse on all your houses” when it attacked in one blistering breath (which had all the markings of the splenetic NGO-bashing Martin Wolf) the demonstrators, the Bank and the Third World elites.

On the demonstrators, the editorial hysterically asked, “how is anyone to deal constructively with people who believe that throwing stones is the answer to world poverty.” It then lay all the blame for poverty at the feet of “predatory, indifferent or incompetent elites of the countries where most of the world’s poor live.” (This does beg the question: would the FT support stone throwing at Third World Leaders?)

But they keep the true venom for the Bank. After quoting Wolfensohn on poverty, “[it] is also about lack of voice, lack of representation, it is about vulnerability to abuse, it is about violence against women and fear of crime. It is about lack of self-esteem” the FT imperiously concludes: “A development institution that believes that poverty is about all this will collapse under its imperial overstretch.”

The Economist was only slightly kinder, noting in a review of the World Bank’s latest pro-growth publication *The Quality of Growth* that the Bank’s central (and in their view correct) development message is getting “blurred” because it is “bowing to the forces of rich-country NGOs and... and rich-country governments who care more about seeming enlightened than about doing what is right.”

Notwithstanding that both the *Financial Times* and *The Economist* are clearly incapable of engaging in a sensible discussion about what the critics of the Bank and the Fund are saying and apparently have not even noticed that hundreds of thousands of Zambians, Bolivians and Nigerians agree with the “uncivilised” elements of civil society (2), it is heart warming to see them turn on their own children.

I was only following orders Wolfensohn’s transformation from the Man who Changed the Bank, to a mere *fonctionnaire* is not convincing. While he fell short of saying “I was only following orders,” he did attempt to paint himself as the well-intentioned man of conscience, trapped between mendacious and corrupt governments, the all-powerful G7, carping NGOs and the world’s ever growing masses of poor, unemployed and endangered humans.

The truth is that the Bank raises 80 per cent of its funds on the private capital markets and while politics demands that NGOs be mollified, that Third World governments are accommodated and that the poor are, at least, acknowledged, at the end of the day it must be comforting to know that Exxon Mobil is still on your side.

(1) The Centre for Economic Policy Research has produced a critique of this report. The full report, “Globalization May Be Good For the Poor— But are World Bank and IMF Policies Good for Growth?” is available at www.cepr.net along with the executive summary.

(2) The World Development Movement has compiled an invaluable report “States of Unrest: Resistance to IMF Policies in Poor Countries”. For full report: <http://www.wdm.org.uk/cambriefs/DEBT/unrest.htm>

(3) The World Bank Bonds Boycott is taking the US by storm. For more information contact Neil Watkins neil@econjustice.net World Bank bonds boycott campaign Center for Economic Justice, 1830 Connecticut Ave., NW, Washington, DC 20009. Tel: (202) 299-0020 Fax: (202) 299-0021 Web: www.worldbankboycott.org. To stay updated on the World Bank bonds boycott, join the listserve: Send blank e-mail to <bank-boycott-subscribe@egroups.com>Website

A World Bank Staffer's Odyssey in Kafka's Prague

(The following is an insider's blow-by-blow account of the World Bank-IMF Annual Meeting in Prague on Dec. 26-28, 2000. The author, a senior World Bank staff member who is a long-time contact of Focus on the Global South, requested anonymity for obvious reasons.)

Coming into Prague was impressive because they had the system all set up. Right at the airport you were accredited. As soon as you stepped out of the plane, you were fast-tracked out of customs. Everything was so systematic. Everybody got into fast track. And you got escorts. As you know, they closed all universities that week. And one reason was to get students to act as escorts and guides to delegates. For the whole week. Very good looking escorts. Extremely good looking. In fact, I dated one of them later.

Deceptive Calm I have to say that my impression was there was no inkling at least among the people I was in touch with of what was going to come. In fact, the dominant reaction from IMF-WB delegates was that the police were overreacting. I got there Saturday the 23rd. On the 24th and 25th, nothing was happening. Lots of activities but everybody still felt nothing would happen. I think among the delegates and among the private bankers no one was really expecting anything to happen that coming Tuesday. The debate between [James] Wolfensohn, [Horst] Koehler, and the NGO's that President [Vaclav] Havel organized on the 23rd was not well publicized. People I was with had not heard about it. There was a daily schedule called "Emerging Markets," and it was listed there, but it wasn't played up. Only those like me, who had been tipped off before coming to Prague, understood its significance. I told my boss I wanted to attend, but he said there were more urgent things to pay attention to. Anyway, Saturday and Sunday were so uneventful that everybody felt it would stay this way throughout. Really calm.

A Kafkaesque Tuesday Then all of a sudden you had this very dramatic turn of events on Tuesday. Tuesday was the opening day. On Monday, the security system warned that something might happen the following day. But even when the security system started issuing flyers to the delegation rooms, no one believed it. We were warned by the flyers that if we were going to the Congress Center on Tuesday, we would have to be prepared to stay there for a while because a protest could lock in delegates at the Center. But even then I had the sense that no one took that seriously. And I believe that because everybody came to the opening ceremonies the next day. Had it been taken seriously, some people would probably not have shown up. I saw ex-World Bank presidents there coming in with their spouses and big time private bankers, and nobody it seems had taken these warnings seriously.

Then close to noon, all of a sudden you had this announcement that the transport system was shutting down. Usually you had these shuttle services between the Congress Center to the hotels every 15 minutes, but all of a sudden these services were shut down. The bridge leading to the main entrance was blocked, and the two other entrances to the Congress Center were also blocked by riot police, who were now very visibly at the center. But the action was still taking place at quite a distance from the Center. In any case, we couldn't leave. One incident was reported. A young delegate from the Japanese government wanted to go out and he just stepped out and tried to go through one of the side openings. They said he was beaten up and sent to the hospital. All of us were warned not to transit in and out, not to even attempt to walk out.

There was no clear sign or indication of what would happen next. I saw ex-World Bank presidents walking around not knowing what to do. I asked one former president how he was doing, and he told me that his wife had managed to skip coming to the Center by joining the Prague tour but he was left behind. He didn't know what was happening. When I told him about the protests, he became totally disoriented.

In any event what was happening was everyone was waiting to get out. They had long run out of numbers in the program. At around 7:30 p.m., there was a sudden oral announcement. Everybody should go straight to the metro. The metro had been stopped all day. Now, they told us that the metro had been opened and we all had to go, quickly. What happened was they got this special train to get the delegates to the very last station on the line, where buses were waiting to take the delegates to the reception at the

exhibition hall. We were brought in to this big exhibition hall—I don't know what you call it. But when we got there, we were surprised to see that the protesters were already there. This big exhibition hall was supposed to be secure but to our great surprise the protesters had beaten us to the place. And the authorities had not planned for this. When the reception was over, they just wanted to disperse all the delegates, so they ended up bussing us to different parts of Prague, where we were left to our own devices. Many of the people with me were really, really worried, but I was having fun. We finally got to our hotels around 12 midnight. But we still had not known the extent of the protests, and of course once everyone got to the hotel, everyone tuned into CNN and that's when we learned about McDonald's being trashed.

Pleasure or Pain?

I was staying at the Renaissance near the Old Town. I had this friend who was staying at the Hilton about 10 minutes away who was still with me, and I just wanted to make sure he got to his hotel safely. So I took off my suit and got into my jeans and more comfortable wear. But he was still in this suit and had this bag with a big IMF logo. While we were walking to his hotel which was 10 minutes away, we met a group of French protesters who started harassing us. Actually if I was actually threatened with physical harm, I would have called out your name and screamed I'm a friend of one of your leaders. I was ready to do that.. The guy I was with comes from a Third World country, but I told him that saying that you're Third World wouldn't work, not with your IMF badge. Fortunately, there was a restaurant nearby and I shoved him inside. We had a couple of beers and waited till the French protesters went away and we snuck out.

On the way back from his hotel, I ran into another problem. Two prostitutes sidled up to me, and the one to the right of me started rubbing my buttocks. I guess they knew I was a delegate. I don't think they were Czechs. They looked like Italians. Maybe they came in with the Italian protesters, since we heard that the Czech security had driven most of the regular prostitutes out of the city. So that evening, it was a question of who got to the delegates first, the prostitutes or the protesters. If you were lucky, you got pleasure. If you were unlucky, you got pain. In any case, we never got to the price. I ran away: who knows, they might have been protesters in disguise!

Whose Side Are You on?

The following day, very few people went to the Congress Center. Most stayed away. They just stayed in their hotel rooms. They didn't even want to go out. But those who did still went out in their suits. I couldn't figure that out. Those of us who were brave enough to go to the Center had to go by a completely different route. Our bus stayed at the back of a tram and it followed this all the way. This was fine with me because I hadn't seen the sites of Prague, and the city was beautiful. At the conference center, I got to talking to the student guides. They really didn't know what was happening. These kids actually didn't know who to side with - the protesters or the delegates? They just wished the whole thing would end. By the way, I noted this attitude even with the police. Whenever I asked the police for directions, they very seldom answered me. I had a sense that they were just as wary of the delegates as they were of the protesters. I think one personal dilemma that both the students and the police had was that they were too young to have experienced the protests of late eighties and didn't know what to do about it.

As you know, the meeting got cut by a day. During the press conference the next day, they denied that the protests were the reason. They actually said the reason was that things had run so efficiently that they were able to compress everything into two days. The press laughed at this.

End of the Affair

The real conclusion was the press conference the following day, the 28th. At this press conference, both Wolfensohn and Koehler were there to field questions and answers. There was a corps of press reporters keen to pounce on them. The questions from the first were quite pointed. Ranging from very specific to very basic. For instance one reporter from India asked Wolfensohn and Koehler that they had been accused of causing so much misery in the Third World and what did they have to say about that. Wolfensohn said, I don't think I am responsible for all that, and if you think so, you're misinformed. But the whole conference was dominated by questions about the protest and not issues. Which means, at least from my perspective, that the objective of the protests had been achieved. They had really distracted the proceedings.

A number of the press people said the annual meeting was obsolete and out of control and what did the

IMF and WB want to do about this. Wolfensohn responded that although they could have virtual meetings, the personal interaction was still quite important. So that the Bank would actually continue to have annual meetings. Wolfensohn and Koehler insisted that they had “gotten through” to the NGO’s and pictured the Saturday debate at Prague Castle as a big success for them. On the other hand, from my experience watching Wolfensohn for several years, he appeared to be very tired. It seems he had run out of things to say and even his statements to the press were very uninspired. He didn’t look like the “Elvis” Bono described him to be. He appeared to be much less enthusiastic. He was repeating many of the old formulas. Maybe the futility of it all had finally gotten to him. As for Koehler, he was upbeat and very light. No, light is not the word. He appeared to be very naive, that’s what I want to say. I don’t think it’s just his lack of mastery of English. He was talking like a college student about the issues, repeating the same line about him not being a banker but somebody with a heart. Both of them said that the violence had come from a very, very small minority, and that the majority of the protesters were really there because they had something to say. And there were a lot of legitimate arguments being made by them. And that the WB and the IMF would now pay greater focus to their concerns. It was very difficult for me to distinguish between reality and rhetoric because all the time Wolfensohn was playing with his watch. From my vantage point, in the end, the agenda had been taken over by the protesters. I think Prague created quite an impression with the World Bank-IMF bureaucracy, although this is a much more entrenched bureaucracy than the WTO. I sensed that after Prague, the words of civil society will be taken much more seriously, but whether this will mean real dialogue we still have to find out.

The Desert Beckons

The next two annual meetings will be in Washington and the third one will be in Dubai. And the head of the Dubai organizing committee said that the temperature would be higher in Dubai than in Prague! He was saying basically that prior to the Prague proceedings, he didn’t foresee problems in Dubai, but after this, there has to be some rethinking. So it’s three years away but the impact is already there. I have a feeling that when the WB-IMF bureaucracy assesses Prague they will wind down the annual meetings. Because their only function is for governors to deliver their speeches, and more and more governors now simply submit written speeches. So I think more and more they will turn it into a virtual meeting.

And they will probably try to separate the unofficial events from the official meeting. Because what is most significant about these meetings are the informal business parties. There were at least 15 lavish parties given by the commercial banks for the delegates. Very, very lavish. For many delegates, those were the prime events of the conference. The actual official functions were just pro forma. If I were a protester, by the way, I would have gone to these venues because they were not secured at all. These were the events that everyone went to in the evenings. These were very open venues. And they were listed in the schedule. Now, that would really have stopped the real business of the conference.

The Prague Castle Debate: A Few Questions for Mr. Wolfensohn and Mr. Kohler

by *Walden Bello*

On September 23, 2000, President Vaclav Havel of the Czech Republic hosted an historic debate between the heads of the Bretton Woods institutions and their civil society critics. The event took place at the historic Prague Castle—immortalized in Franz Kafka’s allegoric tale *The Castle*—a few days before the World Bank-IMF annual meeting in the Czech capital. Attended by about 300 invited guests from governments, the multilateral institutions, the academy, and civil society, the event quickly turned into a heated exchange. The *Washington Post* reported that “although [the NGO’s] complaints have been heard before, they rarely have been delivered in a setting at once so intimate and so public. And not surprisingly, Wolfensohn and Koehler took it all a bit personally.” On one side were Horst Kohler, IMF managing director, World Bank President James Wolfensohn, George Soros, the financier, and Trevor Manuel, South Africa’s finance minister. On the other side were Katrina Liskova, a representative of militant Czech NGO’s, Ann Pettifor, head of Jubilee 2000 in the United Kingdom, and Walden Bello, executive director of Focus on the Global South. The debate was chaired by Mary Robinson, the United Nations Human Rights Commissioner and former President of Ireland.

The following is an edited composite version of the Focus director’s two lengthy interventions during the debate. Data presented by Bello to support his points were taken from a variety of publications and reports.

I would like, first of all, to thank President Havel for staging this debate today, and President Robinson for chairing it.

I never thought I would be seating so close to Jim Wolfensohn. I guess this is what you call combat in close quarters.

The International Monetary Fund and the World Bank have avoided a real debate with their critics in civil society for a long time. Today, the representatives of these two institutions are here, partly because of President Havel’s moral suasion, partly because they realize that, with their two institutions suffering an unparalleled crisis of legitimacy—the worst in their 56-year history, in fact—the old strategy of denial and non-confrontation no longer works.

In this brief presentation, let me tackle four myths propagated by the Bank and the Fund, and end with questions to Mr. Kohler and Mr. Wolfensohn:

Myth No. 1: The World Bank and IMF are proponents of “good governance.”

Fact: For the greater part of the last 30 years, the Fund and the Bank have been intimately associated with very corrupt governments and human rights violators. What did the Brazilian military dictatorship, Ferdinand Marcos, Gen. Pinochet, the PRI government in Mexico, and the Suharto regime have in common?

They were all governments or heads of governments that were designated by the World Bank as “countries of concentration”—that is, countries to which the flow of Bank resources was greater than to other countries of similar size and income.

Over the last 30 years, over \$30 billion in World Bank funds found its way to the Suharto dictatorship. According to several reports, including a World Bank internal report in 1999, the Bank tolerated corruption, accorded factual status to false government statistics, legitimized the dictatorship by passing it off as a model for other countries, and was complacent about the state of human rights and the economy. This happened under your watch, Mr. Wolfensohn, and the people of Indonesia will never forgive the Bank.

Myth No. 2: The IMF and the World Bank are concerned with the degradation of the environment.

Fact: Again and again, studies of the impact of IMF-World Bank structural adjustment programs have shown that, by institutionalizing stagnation and high poverty levels, they have been among the biggest contributors to environmental degradation in developing countries. In my country, the Philippines, for instance, so deep was the crisis triggered in the mid-1980's by structural adjustment in both the countryside and the cities that the population flow shifted away from the cities to open access forests, watersheds, and artisanal fisheries, severely destabilizing them in the process. Studies show that by the early nineties, the top 15 Third World debtors—all of which were subjected to structural adjustment—had tripled the rate of the exploitation of their forests since the late 1970s, a phenomenon that was undoubtedly caused by the adjustment program's pushing countries to rapidly increase their export earnings to pay off the foreign debt.

It is not sensitivity to the environment that is demonstrated by Mr. Wolfensohn and the World Bank management's unyielding support for the Chad-Cameroon Pipeline, which will seriously damage ecologically sensitive rainforests like Cameroon's Atlantic Littoral Forest. It is not concern for the environment that was revealed by the World Bank's violation of its own rules on environmental assessment, involuntary resettlement, indigenous peoples, and environmental assessment in its failed attempt to push through the China Western Poverty Project that would have transformed an arid ecosystem supporting Tibetan and Mongolian shepherders into land for settled agriculture for Chinese migrants.

A look at the Bank's loan portfolio would reveal the reality behind the rhetoric: loans for the environment as a total of the Bank's total loan portfolio declined from 3.6 per cent in FY 1994 to 1.02 per cent in 1998; funds allocated to environmental projects declined by 32.7 per cent between 1998 and 1999; and more than half of all lending by the World Bank's private sector divisions in 1998 was for environmentally harmful projects like mining, roads, and power.

Indeed, so marginalized is the Bank's environmental staff within the bureaucracy that Herman Daly, the distinguished ecological economist, left the Bank staff because he felt he and other in-house environmentalists were having very little impact on Bank policy.

Myth No. 3: The Fund and the Bank are dedicated to combating poverty.

Fact: The opposite is true: the IMF and the Bank are central to creating poverty.

Structural adjustment programs imposed on over 90 developing and transition economies in the last 20 years have institutionalized economic stagnation, increased poverty, and exacerbated inequality in these areas. A recent World Bank study, in fact, admits that poverty worsened in the 1990's in Eastern Europe, Sub-Saharan Africa, Latin America and the Caribbean, and South Asia—all regions which have come under the sway of World Bank-IMF adjustment programs. Indeed, so bad was the record of adjustment programs that the IMF renamed the Extended Structural Adjustment Facility (ESAF) the Poverty Reduction and Growth Facility during the World Bank-IMF meeting in September 1999. So devoid of success was the structural adjustment approach that Larry Summers, the US Treasury Secretary, who, as chief economist of the Bank in the early 1990's, was a partisan of adjustment, admitted to the US Congress last year that it was time to shelve the "IMF-centered" macroeconomic approach because it just was not working.

Recently, the IMF has been busy creating poverty in East Asia. There is now a consensus that the harsh program of high interest rates and budget cutbacks imposed by the Fund turned an economic crisis into a full-blown recession that saw negative growth rates in Thailand, Indonesia, and South Korea accompanied by a sharp rise in unemployment and the poverty rate. At least 1 million people fell into poverty in Thailand and 21 million in Indonesia. In Korea, the trend of declining poverty rates between 1975 and 1995 was sharply reversed in 1998, and the recession led to a suicide rate in 1998 that was 59.4 higher than in 1997.

As for the World Bank, the truth about Mr. Wolfensohn's crusade to end global poverty was revealed by the findings of the bipartisan Meltzer Commission mandated by the US Congress to look at the record of the Bretton Woods institutions: 70 per cent of the Bank's non-grant lending is concentrated in 11 countries, with 145 other member countries left to scramble for the remaining 30 per cent; 80 per cent of the Bank's resources are devoted not to the poorest developing countries but to the better off countries that have

positive credit ratings and can raise their funds in private capital markets; the failure rate of Bank projects is 65-70 per cent in the poorest countries and 55-60 per cent in all developing countries.

So why does the Bank continue to pontificate about going about its “noble mission” to end poverty? Because it has learned from Joseph Goebbels that a lie repeated often enough eventually attains the status of truth.

Myth No. 4. The Fund and the World Bank are actively soliciting the help of civil society.

The truth is that the World Bank and IMF are mainly interested in using civil society to legitimize their unchanged approaches via consultations that are really monologues. The Bank and the Fund are more interested in splitting civil society opposition to their projects, and they do this by branding some civil society groups as “reasonable NGO’s” and their more militant critics as “unreasonable NGO’s” interested only in “closing down discussion.” Certainly, dialogue with NGO’s was not the intent of Mr. Wolfensohn when he avoided debate on the merits and demerits of the Chad Cameroon Pipeline in favor of a strategy of name-calling by branding opponents of the project as the “Berkeley Mafia.”

Let me end by addressing the question: Are the Fund and the Bank capable of reform? I think we will know the answer from Mr. Kohler and Mr. Wolfensohn’s answers to the following questions:

- Mr. Kohler, do you propose to give greater decisionmaking power in the IMF Board to the developing countries? Will you do this by diluting the voting power of the United States and the European Union countries that now dominate the board?

- Mr. Kohler, will you propose ending the medieval and non-transparent practice of the IMF always being headed by a European?

- Mr. Wolfensohn, will you advocate doing away with the equally medieval and non-transparent tradition of always having an American head the World Bank? I would like to remind the audience that had Mr. Wolfensohn not given up his Australian citizenship to become an American, he would never have become head of the Bank.

- Mr. Wolfensohn, why did you not stand by your chief economist Joe Stiglitz and allow that powerful voice of reform to be pushed out of his staff position and later from his advisory role by influential conservative forces both within and without the Bank?

- Mr. Wolfensohn, what about Ravi Kanbur, who headed the World Development Report Project? Why did you not stand by this advocate of reform and allow the conservative forces in the Bank to stonewall him and leave him no other option but resignation?

So far, what we have been told here today is that Mr. Wolfensohn feels good about going to work everyday and that Mr. Kohler also has a heart. This frothy stuff is not the response that we in civil society are looking for today. We want hard answers to hard questions. Please.

Tough Crowd for IMF, World Bank Leaders in Prague

by Steven Pearlstein, *Washington Post*

PRAGUE, Sept. 23 — Although he has been a head of state for more than a decade now, Vaclav Havel still has the instincts of the playwright he once was, for creating great political theater.

This morning, Havel set his latest play on the grounds of Prague Castle in a building constructed by the Habsburgs for playing badminton. There, with Havel looking on, the heads of the International Monetary Fund and the World Bank—in Prague for their semiannual meetings—heard directly from critics who accused them of coddling tyrants, despoiling the environment and spreading poverty.

“Yes, Mr. Wolfensohn, under your watch you helped to legitimize the Suharto dictatorship [of Indonesia], and that is something the world will never forgive,” said Walden Bello, a Philippine scientist and human-rights activist, addressing World Bank President James Wolfensohn, who was sitting beside him.

Minutes before, Katrina Liskora, a Czech student, told Horst Koehler, the German who is head of the IMF, that if the World Bank and IMF had applied their current economic policies to Europe after World War II, “we’d still be living with food rationing today.”

And by the end of the 90-minute session, the chairman of Friends of the Earth International told Wolfensohn that he and his colleagues—in their enthusiasm for building dams in Third World countries—were personally responsible for killing 400 people and displacing 10 million more.

Although these complaints have been heard before, they rarely have been delivered in a setting at once so intimate and so public. And not surprisingly, Wolfensohn and Koehler took it all a bit personally.

“I must say that when we go to work every day, we have a rather different view of what we do,” replied Wolfensohn, a former investment banker with a long history of philanthropy and civic activism. “We don’t think we’re responsible for the fact that there’s global warming or that there are 3 billion people who live on less than \$2 a day. We’re not a world government.”

“I have a heart, but I also must use my brain to find solutions,” said Koehler at another point, making clear that his view that economic policy requires more than just empathy.

Surprisingly, it was Ann Pettifor, an advocate for Third World debt relief, who delivered the most spirited defense of the international bankers, albeit a left-handed one. Her point was that it was really U.S. Treasury Secretary Lawrence H. Summers and the European finance ministers who effectively set the rules of global capitalism.

After the formal presentations, the actors left the stage and continued their dialogue while strolling the shaded grounds of the castle. Billionaires such as George Soros mixed with backpack-carrying student protesters, while South Africa’s finance minister sipped wine with human rights activists from Indonesia.

At times it all had a surreal quality as tuxedoed waiters passed drinks while occasional music was provided by roving bands of gypsy fiddlers, chanting monks and a flutist strolling around with a basket over his/her head.

When it was all over, Havel said he was satisfied that the gathering had helped civilize the dialogue between the globalizers and their critics, but he had no illusion of heading off the massive street demonstrations planned for Monday.

“We are only in the first act,” the playwright-president said. He wouldn’t say how he thought it would turn out.

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