



## **THE WORLD BANK, THE IMF and THE CCA Is Ending World Hunger a Fallacy?**

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In the beginning.....

The quest to alleviate poverty or redress the wrongs perpetrated on peoples throughout the world has consumed the greatest of theologians, philosophers, and political thinkers.

In the days of yore, religion employed an admixture of edicts, dogmas, and exhortations, reminding man that helping to eradicate poverty was a noble deed, compensated by divine blessings.

In the Quran, (Suras 1-5), the term Zakat or alms is mentioned. In fact, Zakat comprises one of the Five Pillars of Islam. And in the Torah 250.5, Tzedakah may be deemed an unabashed supplication that we give to the less fortunate.

In the King James version of the New Testament, the word charity appears 29 times.

One of history's greatest philosophers Thomas Hobbes wrote that society's ills could only be successfully eradicated with an unimaginable power exerted by its leader. (See *The Leviathan* 1651). Another great thinker and arguably the father of modern day capitalism, Adam Smith posited that market forces produce national wealth, a sure means of eradicating the blight of poverty. (See *'The Wealth of Nations'*)

In a provocative treatise diametrically opposed to the aforementioned, Vladimir Lenin stated, "The workers may secure a greater or lesser degree of political liberty to fight for their economic emancipation. But no amount of liberation will rid them of poverty, unemployment and oppression until the power of the capital is overthrown". (See *Socialism and Religion*).

Although the dictates of the above still resonate among today's thinkers, contemporary society embraces a more complex paradigm to address social ills. For example, economists, political scientists and sociologists advocate an empirical approach in understanding the underlying social forces that create cycles of poverty.

Yet the problem persists!

According to the United Nations Food Program in early 2003, about 25,000 people die everyday of hunger or hunger related causes, and close to half of the population in Sub-Sahara Africa experience a similar fate. Statistics posted by 'Povertynet indicate that 10% of the world population live on \$1 a day and 25% on \$2 a day.

Forced migration, internal displacement and mass refugee crises have only exacerbated the problem.

At this juncture this paper will explore three institutions established to fight this perennial scourge. Are their goals realizable? Are their missions noble and effectively projected? And if they have failed in their mission, what changes must they adopt for there to be an efficacious distribution of wealth and sustainable development?

As of 1945 one approach to fighting world poverty has been the formation of the World Bank, an assemblage of disparate, yet philosophically connected institutions ratified under the Bretton Woods Agreement in Brussels. These institutions include The International Bank for Reconstruction and Development; The International Development Association; The International Finance Corporation; The Multilateral Investment Guarantee Agency; and The International Center for Settlement of Investment Disputes.

Intrinsically, the World Bank is comprised of the International Bank for Reconstruction and Development and the International Development Association. (2007 The World Bank Group.[www.worldbank.org](http://www.worldbank.org))

### **The International Monetary Fund (IMF)**

Unlike the World Bank the pivotal role of the IMF is to promote a global monetary system wherein its members can participate. According to its mission statement, its role is 'to promote global financial stability, facilitate international trade, promote high employment, sustainability, and economic growth.

The overall strategy of the organization is to facilitate nations in achieving a robust fiscal policy via a social and economic structuring programme. At times such has been controversial and this will be examined in greater depth.

Less known but equally significant is the Washington based institution called the Corporate Council on Africa (CCA). In a special advertisement appearing in the New York Times magazine July 8 2007 p.58, its president Stephen Hayes wrote, "The CCA is dedicated to strengthening trade and investment partnerships between the United States and the 53 countries of Africa. CCA programs and events are designed to bring together potential business partners and to showcase business opportunities on the continent."

The ambitious work undertaken by the CCA cannot be overstated. After all, with an incomparable natural and human resource, the African continent has been a target for the well intentioned and the unscrupulous. (See 'How Europe Underdeveloped Africa' by Walter Rodney).

## **Problems afflicting the World Bank**

### **1. Over-reaching and insensitivity**

A behemoth of a bureaucracy that has historically proven to be incapable of understanding the facts on the ground. A case in point - The 1976 Indonesian Transmigration Programme where an ambitious plan, ostensibly to reduce poverty and overcrowding saw thousands of people moved from Java, Bali and Madura, to less populated areas of Papua and Sumatra. The opponents of such a move saw it as a surreptitious political ploy aimed at weakening potential separatism. Ultimately the World Bank admitted that it was a failed policy.

Clearly, with its aim to explore areas hitherto undeveloped, the World Bank has been acrimoniously condemned by many as a protectorate of transnational organizations. Consequently, the 2004 Extraction Industry Review was established with this in mind -that the World Bank adopt a more sensitive approach as its supports or engages in 'Joint Exploratory Initiatives'.

Today the political ascendancy of indigenous peoples as seen in Bolivia may have fueled the ambitions of their counterparts in neighbouring nations. The Pachakutik of Ecuador, the Uwa in Columbia; the Parintintin of Brazil and the Machinguenga of Peru, have all flexed their muscle, as they demand tenure and entitlement to lands they have 'owned' for centuries.

Interestingly such movements are not characteristic solely of Latin America. In more violent confrontations, the volatile Niger Delta has seen nearly daily gun battles and kidnappings as locals 'resist' foreign oil companies.

And recently, in a display of even more violence, Maoists rebels killed 24 policemen in the forested area of Chhattisgarh State in Central India as they rejected Government plans to create special economic zones to attract investment. (See New York Times July11, 2007 A10).

### **Transparency**

That some NGOs have become engineers of policy change within states is not a new charge. As they have grown in numbers so have their mandate taken on a greater role. That mandate is not uniformed and may serve a multiplicity of agendas. With the World Bank collaboration with NGOs on poverty issues in Brussels in 1995, the former has been accused of obfuscating its original intent on transparency and impartiality.

### **Failed Economic Approach**

In this age of information technology, gross political violations, regardless of how furtively perpetrated, will not go unnoticed. Hence, conducting business with governments the likes of the ZANU-PF in Zimbabwe is anathema. The World Bank, historically relying on a macro-economic approach to governance must devise more stringent means of determining governments that are void of wanton graft and corruption. Adopting new and innovative ways of circumventing government bureaucracies and even NGOs may prove the most effective way of transferring skills, technology, and funds (loans and grants) to those in need.

More importantly, such a practice will enable the World Bank to disengage itself from politically motivated economic sanctions against states that usually create hardships on a people and not necessarily those that govern them.

The employment of micro- economic management, albeit practiced by a large institution like the World Bank is worth further research. The historic feat of Nobel Peace Prize winner Muhammad Yunus of Bangladesh in extending small loans to burgeoning entrepreneurs is exemplary. Nobel committee chairman, Ole Danbolt Mjoes summed it up when he succinctly remarked that Mr. Yunus was "being honored for creating economic and social development from below". Today Mr. Yunus' bank is believed to have assisted some 6 million borrowers.

And in an equally dramatic demonstration of helping others access funds without the burden of bureaucratic red tape, famous actor and director Mel Gibson approached the Costa Rican President to determine ways of assisting the country's Indian population through a large financial donation. President Oscar Arias stated, "He wants to help the indigenous population here and wants to know how to channel the funds." (See New York Newsday July 14 p.10).

### **A word on debt relief**

Cognizant that many nations are experiencing 'debt unsustainability', the World Bank, like institutions, and creditors, have established a standard of completion point system or yardstick determining eligibility for relief. Concomitant with such are pre-requisites that focus on social, political, and legislative reforms.

That debt forgiveness and structural reforms can create the environment for imminent sustainability is nebulous at best and fails to consider the myriad of variables involved in economic success. Has long-term research been conducted on debt relief? If so, does it really exculpate countries from disaster or does it extirpate underlying social and economic problems? Such are the complex and compelling issues that must be addressed.

Failure to admit that a new systemic approach must evolve according to the technological, cultural and psychological demands of a nation, the World Bank will be beleaguered with accusations, imagined or real, that it is an aloof and elitist institution.

### **Criticisms leveled at the IMF**

The term 'corporate welfare' and the IMF have become synonymous. 'Corporate welfare', coined by Ralph Nader in the 1950s can be described as a covenant between government and corporations. Through tax breaks, subsidies and subsidized loans, grants and trade barriers, it is believed that funds are siphoned away from the public to those controlling the levers of power.

The role of the IMF has been one of controversy in developing countries.

"The government of Haiti has stolen billions of dollars. We have corrupt officials and house Negroes who have collaborated with foreign governments and companies to exploit the natural resources of their country. The enemies of Haiti are still determined to cripple it. It is hard to understand that at one time Haiti was the breadbasket for France who in turn exported Haiti's goods to other countries. We need the international community but we need a commitment by

our leaders to feed and educate our people" (Dr. Frank Henry interview with Glenville Ashby at Haitian Centers Council, 2006)

"The IMF in Nigeria has been a total failure. Nigeria was a lot better before it took a loan from that institution. It created mass distress for the people with its high interest rates and opened the gates for corruption. Millions were sent to foreign banks by government ministers. Before the loan in the 1980s there were so many expatriates, so many people coming to Nigeria. Today Ghana is one of the most prosperous African countries because it was not caught in that economic web." (Ifeany Okinawa interview with Glenville Ashby at the Peninsula Hospital Center NY 2007).

By its very nature the IMF is undemocratic with its overriding philosophy determined by states that hold the largest amount of shares. The IMF among other pejorative terms, has been called a global and transnational loan shark. Loans are extended contingent on states adopting austere measures. Welfare assistance have been truncated. And so too have educational and health programmes. The 'structural adjustment policies' have arguably created hardships. It has also required that governments privatize national assets under the presumption that government managed projects are cumbersome and are less productive. And in another move that has been severely criticized, local currencies are usually devalued, thus creating a market for cheap exports.

That transfer of technology in sectors like oil exploration and refining is non-existent when dealing with developing nations, is another argument used against the IMF as advisers of a nation's economic path

### **And cases of questionable practices continue.....**

In Guyana, Barama, an Asian company, received logging rights to more lands than the indigenous people. Interestingly, in such places like Guyana, and others like Suriname, Venezuela and Costa Rica, the indigenous peoples depend on one of the most valued eco-systems - the forest. There, edible and medicinal plants, bush meat, shelter and firewood are readily provided. (See 'The Underlying Causes of Deforestation, Dec 1998. The World Guide 1999/2000).

And in examples of indiscriminate trading practices countries are forced to open its markets to foreign subsidized produce. (Source: Global Exchange).

Clearly, those supportive of the IMF are proponents of the 'trickle down' economic 'effect', the virtues of which are still undeterminable. But according to critics of this institution, the underlying factor is the cronyism, corruption, disregard for social complexities, and lack of accountability that arise from such a system.

Of the IMF and its philosophy, intellectual Juggernaut, Naom Chomsky, stated, "The big transnationals want to reduce freedom by undermining the democratic functioning of the states in which they are based, while at the same time ensuring the government will be powerful enough to protect and support them". (See 'The Common Good').

## **Corporate Council on Africa**

Can Africa extricate itself from its past? Should we continue to perceive Africa as a continent still beset by problems caused by monolithic and despotic rule? The CCA and even a recent report by the World Bank published in the New York Times dated July 11, 2007 believe that 'Afro-pessimism ' should be a thing of the past, citing the progress made by Liberia, Tanzania and other countries.

Yet, with all the optimism of trade and investment espoused by the CCA, there persist fundamental flaws in the African democratic psyche. Nigeria, Africa's most populous and potentially most prosperous nation has been dogged by an electoral process that has left many independent observers aghast. From Mauritania to Uganda, and from Sudan to Zimbabwe, the cry of electoral irregularities is rife.

Senior adviser for the Africa division at Human Rights Watch, Alison Des Forges wrote in the New York Times on July 5, 2007, "Everyone likes good news and good news from Africa is rare....." And in referring to a positive economic evaluation of Rwanda by a certain Mr. Kristoff, she continued, "How does Mr. Kristoff square what he calls the authoritarian and repressive nature of the Rwandan government with good governance? And what are the long the prospects for economic development under a government that abuses human rights? Rwanda was hailed as a model of economic development in the 1980s yet by 1994 a genocide had destroyed the majority of the Tutsi population". She poignantly concluded by begging the question, "Have we not learned by now to gauge long term success not by the superficial appeal of economically booming capitals but by the way that governments treat the poorest and least favored of their citizens."

### **The Corporate Council on Africa may well heed these words.**

As we scramble to ascertain ways of reducing, if not eliminating poverty, it behooves our leaders to adhere to the very fundamental of principles that advocates a governance that is mindful of the needs of both citizenry and ecology.

The following tenets are but the framework by which these laws must be implemented.

1. Recognition that all peoples are deserving of education and the acquisition of skills that will create an environment of economic independence and viability.
2. That big government and a macro-economic approach to sustainability may not be cross-culturally applicable. Macro-economic strategies tend to seek short-term benefits at the expense of long-term sustainability.
3. That the rights of indigenous peoples and those of developing countries must be respected. That sound ecological practices are adhered to in order to minimize one of the main causes of deforestation - unsustainable agricultural practices.
4. That those in leadership positions who violate the trust afforded them must be held accountable.

5. That institutions like the World Bank that promote equitable distribution of resources must be accorded some legislative judicial means to enforce its principles.

6. That the World Bank and the IMF gradually depoliticize themselves, act in good faith and hold the welfare of the people as their utmost responsibility.

7. That the aforementioned institutions work in concert with nations as they seek to demilitarize regions of conflict.

8. That the term 'modernization' be redefined so that it encompasses every aspect of sustainability and independence.

9. That the spirit of humanism be engendered in every facet of interaction whether that is between man and man and that of the environment.

10. That the decision making process is truly democratic and not one of paternalism. This will mean the restructuring of institutions like the World Bank and the IMF which are characterized by a shareholder system.

The above may seem to reverberate with the drumbeat of idealism but in the end only man will be the ultimate adjudicator of his destiny.

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