Promise-breaking at the World Bank, Part 1: Before

By Patrick Bond, 5 April 2012

That 66th birthday month of his, March 2012, was auspicious for adding a little spice to his dreary life, but no, it just can’t last. Born in March 1946 alongside his evil twin, IMF, in Savannah Georgia, after conception in what must have been a rather sleazy New Hampshire hotel (the ‘Bretton Woods’) in mid-1944, the old geezer known as the International Bank for Reconstruction and Development, or much better by his nickname World Bank (but let me just use WB), really ought to be considering retirement.

Not to be ageist (ok just this once), but still, it’s patently obvious that WB’s relentless WashCon ideology is so last-century, so discredited by recent world financial melting, and so durably dangerous in today’s world. His presidents have reflected the worst of the old yankee imperialist mindset. And let’s not even start on IMF’s extremist lads and lass, who in recent years have migrated their austerity dogma from North Africa to Southern Europe and to my native Ireland, meeting growing resistance along the way.

Even that one moment in 1997-98 when, obviously in mid-life crisis and slightly destabilised by his East Asian buddies’ spills, WB developed a little moral spine and sensibility – witnessed by his chief economist Joseph Stiglitz’s loose talk of a new Post-Washington Consensus – the devil on WB’s right-hand shoulder (named Larry Summers) told his then president James Wolfensohn to boot Stiglitz out, in September 1999, if Wolfensohn wanted to hang around WB for another five years. Order given, and immediately executed.

So the fresh, slightly punky Post-WashCon chatter was never heard again in the 21st century Bank. Although each December since 2009, current president Robert Zoellick has tried to masquerade WB during UN climate summits as a Green Bank (hah) (http://www.counterpunch.org/2010/03/19/what-will-robert-zoellick-break-next/), the institution has degenerated into a bumbling, often senile, and permanently demented entity.

Alzheimers kicks in when a Third World minister in the pocket of a US or European energy company comes knocking to beg for a coal-fired power plant, as WB immediately forgets the greenwash: “but of course, we know of no climate constraints!” (translation: I’ll soon be dead). Or when WB’s staffers venture with the IMF’s into North African finance ministries, wanting to wrench their dirty money back – yet pretending never to have heard of their now missing or sick or dead hunting pals Ben Ali, Mubarak and Gadaffi. (http://www.pambazuka.org/en/category/features/73932) (The IMF’s Washington and Cairo leadership – specifically, John Lipsky and Ratna Sahay – have even been babbling incomprehensibly about ‘social justice,’ so desperate are they to sell new loans so Egypt’s tyrant generals can pay off the old.) (http://links.org.au/node/2546)
However, instead of suggesting a graceful exit from a world economy still crippled by recent financial-liberalisation thuggery egged on by WB, his minder two blocks east in the White House Oval Office has given the old man a taste of Viagra, by nominating for WB president a virile 52-year old (the youngest ever), a man who is doubtless best known across the globe for stylish rapping and dancing with talented Dartmouth College kids. (http://www.businessinsider.com/video-obamas-nominee-for-the-world-bank-is-a-rapping-space-man-2012-3)

WB’s most likely new leader (because really, only yankees need apply), Dartmouth president Jim Yong Kim, will be a heartbreaker, it’s easy to predict – and the kids already teach us that if we just bother to hear them.

One senior student, Dennis Zeveloff, wrote in The Dartmouth newspaper that Kim’s management refused to “communicate with students, improve advising or create a more academic atmosphere.” (http://thedartmouth.com/2012/03/29/opinion/voce) Those hoping for a different WB and more progressive civil society access with Kim as president, listen up.

Max Yoeli, the 2012 student body president, wrote in the same pages that Kim suffers “a remarkable devotion to image over impact, a disregard for student input and selfishness in his fulfillment of a tremendous responsibility.” There was “a stunning lack of transparency”; he “consistently abdicated leadership”; and Kim's “fractured and disappointing legacy” will be remembered for "his utter lack of ties to the community and the shortest presidential tenure at the College since the early 19th century.” (http://thedartmouth.com/2012/03/29/opinion/yoeli)
As whistle-blowing student Andrew Lohse complained in an article in *The Dartmouth* that Obama should have read, two months prior to Kim’s Bank nomination, “a systemic culture of abuse exists under a college president who has the power and experience to change what can only be described as a public health crisis of the utmost importance: the endemic culture of physical and psychological abuse that occupies the heart of Dartmouth’s Greek [fraternity] community.” ([http://thedartmouth.com/2012/01/25/opinion/lohse](http://thedartmouth.com/2012/01/25/opinion/lohse))

Lohse’s main allegation, confirmed in a *Rolling Stone* magazine investigation ([http://www.rollingstone.com/culture/news/confessions-of-an-ivy-league-frat-boy-inside-dartmouths-hazing-abuses-20120328#ixzz1rERvlM7L](http://www.rollingstone.com/culture/news/confessions-of-an-ivy-league-frat-boy-inside-dartmouths-hazing-abuses-20120328#ixzz1rERvlM7L)) last month (following which Lohse was rewarded with a stunningly misguided College prosecution, subsequently withdrawn), is that Dartmouth Man gets taught ruling-class behavior during student fraternities’ hazing experiences.

Michael Bronski, a professor of women’s and gender studies, confirmed to *Rolling Stone* that Dartmouth’s Animal House frat “members are secure that they have bright futures, and they just don’t care. I actually see the culture as being predicated on hazing. There’s a level of violence at the heart of it that would be completely unacceptable anywhere else, but here, it’s just the way things are.”

In Lohse’s own frat, first-year recruits were, as he witnessed, compelled to “swim in a kiddie pool full of vomit, urine, fecal matter, semen and rotten food products; eat omeletts made of vomit [‘vomelettes’]; chug cups of vinegar, which in one case caused a pledge to vomit blood; drink beers poured down fellow pledges’ ass cracks; and vomit on other pledges, among other abuses.”

Kim was Dartmouth’s president when Lohse began complaining. The Dartmouth president was fully aware of the vomelette-makers’ ethos, including denialism, but did nothing, says Lohse, leaving “an intoxicating nihilism at the center of our culture that fraternities perpetuate through pathological lies while continuing the abuses.”

As One Percenters in training, Dartmouth Men are the sixth-highest paid university graduates in the US, in spite of what Lohse calls the “pervasive hazing, substance abuse and sexual assault.” Yes, according to the student paper, “Dartmouth reportedly has the highest number of reported sexual assaults in the Ivy League.”

Observed Yoeli, “Kim could not find time to attend a single event of V-Week — 11 days devoted to combating violence against women — despite its clear relevance to campus life.” And as for the College’s hottest issue since in 1986 likeminded frat boys bashed an anti-apartheid, pro-divestment shantytown on the campus quad, “Kim will likely escape Dartmouth without making any meaningful progress on hazing,” laments Yoeli.

*Rolling Stone* explained this by quoting Kim’s 2009 promise to rich alumni worried that Dartmouth’s quaint primitiveness might not earn his respect. He “reassured them he had no intention of overhauling the fraternities,” because, Kim confided, “One of the things you learn as an anthropologist, you don’t come in and change the culture.” (He learned that
lesson as a doctoral student at Harvard, not far from Dartmouth in distance or philosophy, though hazing is reportedly not quite as rigorous.) That's one promise Kim did keep.

Why focus so much on this pathetic institution? Concludes Lohse, “One of the things I've learned at Dartmouth – one thing that sets a psychological precedent for many Dartmouth men – is that good people can do awful things to one another for absolutely no reason.”

Dartmouth’s man-grooming sounds like excellent preparation for climbing the career ladder: straight up from cooking vomelettes for your peers, into WB’s arms where as I argue below, in relation to fossil fuels, lending that causes victims to vomit blood seems to be structured into the job.

But what Kim’s crack about anthropology means is that he promises, in effect, to break any promise you think his nomination portends for changing – even slightly adjusting – WB’s exceptional track record of poverty-creation.

So if you thought the excellent book he co-edited a dozen years ago – appropriately entitled Dying for Growth (http://www.zcommunications.org/contents/185491) – means that Professor Kim will teach our old WB dog a new trick, then, if you can hold back the tears, read his banal Financial Times op-ed a week after the nomination (shortly after that dangerous Noam Chomsky endorsement of the book circulated amongst chin-wagging elites). Writing about his native Korea, an exception that in many respects proves the rule (of uneven and combined capitalist development), Kim soothed the FT’s corporate readership: “I have seen how integration with the global economy can transform a poor country into one of the most dynamic and prosperous economies in the world.” (http://www.treasury.gov/press-center/press-releases/Pages/tg1510.aspx)

It’s no doubt hard to hear, but Kim’s critique of the neoliberal, corporate-driven, debt-encumbered, health-destroying, environment-ripping, patriarchy-promoting, racist power regime called globalization – so convincingly argued in Dying for Growth – is already being dashed against the reality of Washington financial power. It’s just like Obama’s intoxicating ability to say things in 2008 that you thought he meant, which ever since gave him space to legitimise imperialism, re-empower the corporate oligarchy, erode the Constitution and destroy the environment.

“Kim promised Dartmouth an approximately 10-year engagement,” griped alumnus Charlie Hoffmann: "Partners in Health colleagues must have missed the irony in their statement on Kim’s nomination: 'Jim is all about delivery and about delivering on promises often made but too seldom kept.'” (http://thedartmouth.com/2012/03/29/opinion/voces)

Partners in Health is possibly the most progressive, dynamic major NGO in the health field, and after co-founding this non-profit agency with Paul Farmer in 1987, Kim could easily have retired with laurels, basking in the light shining from Farmer’s halo. But though the Partners in Health workers I know are of exceptional integrity, that’s because they’ve mostly shied away from administering neoliberalism.
In short, if you want a world without poverty and you think scraggly old WB can be botoxed into a beautiful ally, then you are certain to soon feel just as jilted as you did three years ago, the last time a pretty politician made out with you and, if you were an ordinary US citizen, stole your vote with zero payback, and if you were not, blew away any illusions that a US president could do the world any good.

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Promise-breaking at the World Bank, Part 2: After

If you want a world without poverty or species-threatening climate change, then let’s fast-forward a bit, to the point World Bank President Jim Yong Kim breaks your heart by endorsing what remains the world’s worst financial coal-addiction (http://www.brettonwoodsproject.org/art.shtml?x=569967), which in turn is required to power the world’s most active financing of Resource-Curse economics in some of the world’s most despotic regimes (http://www.brettonwoodsproject.org/art-569560).

Looking back, you could say that the relationship went sour with Kim’s approval, in mid-2012, of WB credits for a Kosovo coal-fired power plant everyone admits isn’t even economically efficient (http://www.brettonwoodsproject.org/art-568872) yet will poison the air near the capital city. (http://www.brettonwoodsproject.org/art-569226)

Then Kim quickly approved more tranches of WB’s biggest-ever loan, to the corrupted South African government for its fraud-filled Medupi power plant, along with more financing for the hotly contested Indian coal-fired power plants that his sponsor Tim Geithner (Dartmouth class of ’83) at Treasury has also been supporting through the US Ex-Im Bank. And before long he was down the slippery slope into funding one killer coal-fired power plant after the next.
How can that be, you’re asking, because not only is Kim a medical doctor. Less than two weeks after receiving the WB presidential nomination, in early April he renamed the medical school at Dartmouth after Dr Seuss (the “Geisel School of Medicine”) – to be sure, merely because before his death, Geisel (class of ’25) and his wife gave more money to Dartmouth than anyone else ever did. Fibbed Kim at that event, “Ted Geisel lived out the Dartmouth ethos (sic) of thinking differently and creatively to illuminate the world’s challenges and the opportunities for understanding and surmounting them.”

In contrast to Dartmouth Man, cartoonist/author Geisel was a genius of allegory, especially in relation to environmental conservation. (Thanks to my three year old daughter, I know this very well.) The best-loved work by Dr Seuss these days is The Lorax, a major motion picture in which the self-destructive Once-ler character cuts down all the Truffula trees for his obscure and useless Thneeds factory, notwithstanding prescient pleadings from the near-extinct Lorax. Filmmakers updated Geisel's tale insofar as Once-ler (standing in for capitalism) promotes a silver-bullet solution (seeds) to the exhausted-resource crisis. It's the same fantasy that motivates a great deal of WB agro-corporate and climate techie-fix research and investment.

(For the sake of full disclosure, not long before Kim arrived, I was flown in to Hanover to address Dartmouth environmentalists on the perils of carbon trading – [http://ccs.ukzn.ac.za/files/Bond%20climate%20change%20paper.pdf](http://ccs.ukzn.ac.za/files/Bond%20climate%20change%20paper.pdf) – and had a marvellous time, especially with several staff and students with whom today I still work. Like Geisel, there are always exceptions at sites like Dartmouth.)

Which quickly brings us to the link between ecological catastrophe and human health, one that WB has in theory recognised and in practice mainly ignored.

Kim is by all accounts an eminent medical doctor with a terrific track record of public health management and advocacy, especially against AIDS. I write from the city with the world’s largest HIV+ population so we will always be grateful for Kim’s role in cheapening AIDS medicines against the interests of Big Pharma, the World Trade Organisation, intellectual property rights, and the US and Mbeki-era South African governments.

So how will he react, when just weeks from now he is faced with the greatest problem WB ever created – greenhouse gas emissions from fossil fuel energy – by being the world’s largest single climate-change financier? Kim’s new WB underlings are, after all, incessant creditors of new coal-fired powerplants, including their largest project loan ever, for $3.5 billion, which was made to South Africa to build Eskom’s Medupi plant exactly two years ago. ([http://ccs.ukzn.ac.za/files/WB%20Eskom%20powerpoint%20slides.pdf](http://ccs.ukzn.ac.za/files/WB%20Eskom%20powerpoint%20slides.pdf))

After the tragedy of Obama, Kim could well be a farce: someone who co-edited the great book Dying for Growth yet who must actively ignore data (from Christian Aid in London) projecting 185 million African deaths in the 21st century due to ‘growth’ that in turn creates runaway climate change, not to mention the vast number of coal-related diseases he will now be blamed for. Yet this is precisely what multinational capital requires of Kim: a revitalised image to help raise $85 billion for WB’s recapitalisation, which will in turn keep
financing, amongst other eco-social-economic catastrophes, coal-fired powerplants and their carbon market fake-fix at a time both are in extreme disrepute.

But why be so cynical before Kim has a chance? It’s simply a matter of considering the underlying power relations. Recall in December 2008, Obama chose for his economic team maniacs like Paul Volcker (http://www.counterpunch.org/2008/11/12/against-volcker/) and Larry Summers (http://www.naomiklein.org/articles/2009/04/why-we-should-banish-larry-summers-public-life). Because US civil society let the pressure completely off Obama, so early, it took another thirty months before finally Occupy Wall Street and similar uprisings across the US began, but after the fiscal horse had bolted from democratic influence into the endless stables of financial tyrant Goldman Sachs.

Kim will be firmly instructed to respect the prevailing culture, for it’s in corporate capital’s short-term interest to both extract and burn the maximum amount of fossil fuels, especially in the death-grip competitive era in which Western transnational corporates are being challenged by Chinese and Indian corporates in a race to most rapidly destroy the planet. The Westerners are pulling out all the stops, and it is only possible to understand the appointment of Kim in the context of petro-military-financial complex influence over capital accumulation.

Flash back to those dozen years after the 1997 Kyoto Protocol, when financial penalties for emissions appeared to become more likely, albeit channelled by WB, UN and Goldman Sachs cronies into what we can term without exaggeration The Lorax-style ‘privatisation of the air’ (carbon trading). Towards the end of that period, we witnessed a big climate-denialist push from leading oil firms – BP, Shell, Chevron and ExxonMobil – through thinktanks and astroturf advocacy such as the Global Climate Coalition.

The disinfo marketing worked from 2009-11, for it switched typically vacuous US public opinion away from a desire to solve the climate crisis – ideally through a solution like the Montreal Protocol which in 1987 phased in a CFC ban to stop the ozone hole from growing – into a different headspace: either questioning the science, or preferring to simply ignore the signs of climate change, and the implications for rising global environmental injustice.

Instead of addressing the crisis, corporate capital decided to promote – with world taxpayers covering the bill – a variety of ‘false solutions.’ If these happen in Third World sites like South Africa, they are termed Clean Development Mechanisms (CDMs). The WB is still the leading force in financing these innovations, even as the European carbon markets in which CDMs are sold are now crashing to all-time lows, from highs of over 30 euros/tonne in 2006 down to just over 6 euros/tonne in early April, thus threatening the entire carbon casino with a fatal crash.

How brutal a contradiction is this for Kim? If activists can keep the pressure on, he will be increasingly embarrassed at maintaining WB’s fossil fuel portfolio, for scientists have been establishing explicit links between climate change and what former Bolivian ambassador to the UN Pablo Solon termed ‘genocide and ecocide’ at the Durban COP17 climate summit here last December.
Even using a word like genocide, Solon was not being in the least hyperbolic. The main scientific board – the Intergovernmental Panel on Climate Change – considers a variety of adverse healthcare effects of climate change, including higher levels of malnutrition, malaria, respiratory disease, diarrhoea, and deaths due to extreme weather conditions. And the World Health Organisation admits the burdens of climate-related disease are already unfairly distributed, with Southern and Eastern Africa, small islands and areas reliant upon snow-packed water supplies (from the Andes and Himalayas) most susceptible. Like so many sites in which Kim and Partners in Health have worked, environmental health and economic racism overlap closely.

In coming weeks, Kim should be acutely ashamed of presiding over WB’s extreme coal-heavy portfolio, given that three Environmental Defense Fund scientists – Sarah Penney, Jacob Bell and John Balbus – recently found that “between roughly 6000 and 10,700 annual deaths from heart ailments, respiratory disease and lung cancer can be attributed to the 88 coal-fired power plants and companies receiving public international financing.”

And writing in Geotimes on “Health Impacts of Coal,” three other scientists – Robert B. Finkelman, Harvey E. Belkin, and Jose A. Centeno – observe the rise in cancers, bone deformation, black lung and other respiratory diseases, sterilization, and kidney disease associated with coal. They illustrate their argument with a photograph describing a place that, ultimately, supplies me my electricity: “Uncontrolled coal fires in Witbank, South Africa, rage along a coal mining road. Such fires can contain toxic compounds that endanger the health of mine workers and nearby residents.”
Much of Witbank’s output is used in Eskom’s power plants, but four corporations (AngloCoal, BHP Billiton, Eyesizwe and the world’s largest mining house, Xstrata/Glencore) also export via the world’s largest coal port, Richards Bay. Yet more output from the vast field is shipped a few dozen kilometres south to Secunda, where it feeds the world’s single largest CO2 emissions site, Sasol’s coal-to-liquid plant.

Forty major new coal mines are being dug in this area to supply growing world demand. Along with higher corporate profits and faster climate change, we can expect more of Witbank’s notorious health problems, including stunted growth of children, silicosis, other lung and respiratory diseases and mining fatalities, according to shocking research by Victor Munnik, Geraldine Hochmann and Mathews Hlabane (http://www.bothends.org/uploaded_files/2case_study_South_Africa.pdf).

These are the same coalfields that will supply Medupi, in spite of fierce opposition and evident corruption by the borrower. The immediate debtor is the much-hated SA parastatal company Eskom, whose chairperson Valli Moosa engaged in what is scathingly called ‘tenderpreneurship’ to direct (through tenders) WB resources into boilers made by Hitachi, in whose local subsidiary South Africa’s ruling party – the African National Congress (ANC) – has a 25 percent ownership. Because Moosa was on the ANC’s finance committee at the time, even the state’s public protector ruled his role to be ‘improper.’

In spite of that, a CDM team from the United Nations Framework Convention on Climate Change (UNFCCC) voted in February 2012 to make Moosa head of a panel looking into future CDM policy. Under Moosa’s reign, Eskom threatened it would apply for CDM monies to augment WB financing for Medupi, but that conflict of interest hasn’t worried the
UNFCCC neoliberals, since the body is presided over by a notorious carbon trader, Christiana Figueres, and since the team Moosa is chairing does not have a single member on record questioning the failed carbon trading strategy.

(By the way, the Medupi boilers are not being produced on time because Hitachi screwed up, so there are now renewed threats of electricity blackouts in South Africa, where Eskom still gives BHP Billiton the world’s cheapest electricity – $0.02 per kWh compared to $0.15 for most domestic households – with the firm chewing up more than 10 percent of the national supply, so as to export aluminium whose main ingredient, bauxite, is imported to Richards Bay from Australia. If you buy many of our base metals within South Africa, you pay a higher price than do customers abroad, given the big companies’ oligopolistic pricing power, a debilitating fact that the SA Competition Tribunal finally recognised last week when penalising Arcelor Mittal for domestic price-fixing.)

WB appears to revel in this sort of economically-irrational, crony-capitalist, back-scratching, health-defying, climate-amplifying, mega-corporate complex of bad states and big business. Were there justice and a modicum of countervailing power or morality within crusty old WB’s hardened soul, this travesty would be reversed. The (ir)responsible WB bankers, economists and environmental consultants would be fired and banned from ever lending again, and reparations would be paid. (I debated one of these charlatans, Bill Moomaw from Tufts University, the day after the Medupi loan was made – http://openmediaboston.org/node/1250 – and as a result, can only recommend the application of an academic malpractice standard.)

Instead, last month, the WB’s Inspection Panel whitewash team issued a milquetoast report on Medupi, ignoring or downplaying all the major problems.

So it is safe to predict that without a change in the power balance, Kim will nudge-nudge, wink-wink these kinds of WB projects, precisely the way he did the Dartmouth hazing, and the haze in the Witbank air will get thicker, as the size of children’s heads shrinks and the diseases in their lungs grow. Through Dr Kim, a health-caring WB image will be created while substantive support to progressive health initiatives will be stymied. And it is controversial yet safe to predict that Kim will soon be hated by a public health community that currently adores him for his excellent career to date.

As Finkelman, Belkin, and Centeno point out, “In the 13th century, the dense, sulfurous air in London attracted the attention of the British royalty who issued proclamations banning the use of coal in London.” But to get Kim to catch up to eight-century old preventative healthcare will be impossible given the balance of forces amongst Third World elites in sites like South Africa, within the fossil-addicted WB itself, and a few blocks away at the White House and Treasury where mega-energy interests hold enormous sway.

The point here is not that the WB should become more involved in healthcare, for after all, it’s a bank, full of bankers and dogmatic neoliberal economists who continue to practice their craft unshaken by the events of 2008-09. To lend hard currency to poor countries – money often hijacked by venal elite rulers – so as to support public health, is financially
ridiculous. The successful demand by African health advocates to halt WB lending to poor countries to buy overpriced AIDS medicines a decade ago reflects this common sense.

As Jois Mukherjee of Kim’s group Partners in Health put it in the journal HIV+ in mid-2001, “More World Bank loans are definitely not going to help. We’re firmly against – and I think most of the activist community is against – loans as a major funding source for the HIV epidemic. It can’t be the major source of funding because these are countries that can’t afford the debt payments they already have. These areas are in need of debt relief, not more loans.”

Instead, what are required from world elites are fewer Intellectual Property Rights restrictions on Third World countries producing vitally-needed medicines that are now threatened by Washington-Brussels-Geneva free-trade pressure and by multinational corporate takeovers of Indian firms; more R&D on Third World diseases instead of the best medical brains being used for so much wasteful cosmetic healthcare; and more grants from Northerners who are the people most responsible for the climate-related fatalities that in Africa will probably exceed 200 million range within the next century.

That ‘climate debt’ must be paid, and although Hilary Clinton offered $100 billion/year from the North during the Copenhagen COP17 in December 2009, this was a promise she apparently meant to break, as it was offered only to ease pressure on Obama who arrived there the following day. The recipient of the grants, the Green Climate Fund, is being designed (partly by South African Trevor Manuel) as a ‘Greedy Corporate Fund,’ as NGO critics call it. It is currently under the WB trusteeship of Zoellick, who after taking over from his nepotistic predecessor, the war criminal Paul Wolfowitz, in 2007, rapidly tripled WB lending for coal projects. Clinton hasn’t paid a cent, as her team repeatedly goes to the UN climate summits with one aim in mind, sabotage.

The single best example of such a grant mechanism, according to the trusted advocacy group Health GAP, is the Global Fund to Fight AIDS, Tuberculosis and Malaria. After intense struggles to launch the fund a decade ago, it has subsequently channelled nearly $23 billion into 150 countries, saving millions of lives.

However by now it was meant to have raised its capacity up to $10 billion in annual grants. But in continuing the isolationist policy of predecessor George W. Bush, Obama maintains funding at only half what is needed, failing to locate the $1 billion per year that the Global Fund requires to even maintain existing levels. So huge cuts – 25 percent or more – in vital projects are already underway, leaving South Africa’s AIDS treatment and funding-dependent Treatment Action Campaign movement in tatters. Recent estimates of the cost of the Bush-Obama banking sector bailout now approach $30 trillion.
Promise-breaking at the World Bank, Part 3: Contenders

It is onto the terrain of unprecedented global financial malgovernance that Kim now strides. To be sure, on the way, he's being tripped up a little by disgruntled neoliberals like Reuters columnist Felix Salmon, who concludes, correctly, “the US government in general, and the Geithner-Clinton axis in particular, doesn’t actually want any real change at the World Bank. Change can only come from a strong president who is strongly supported by the US, which has veto power over any real changes. Kim will be a weak president.”

Salmon and far-sighted ‘establishment’ allies – The Economist, New York Times, Financial Times and dozens of ghastly Old-Guard WB executives – support Nigerian Finance Minister Ngozi Okonjo-Iweala, who was nominated by the governments of Nigeria, South Africa and Angola. A few years ago, Okonjo-Iweala served as Zoellick's understudy, without visible discomfort, aside from "causing great turmoil" by abolishing new WB staffers' open-ended contracts against the advice of her human resources department.

Most importantly, she gave the West enormous assistance seven years ago in maintaining neo-colonialism in Abuja at a difficult time. As a result, writes a Foreign Policy blogger, backing Okonjo-Iweala’s candidacy is “an easy ‘reformist’ stance for economic conservatives to take. As these sources all note in their endorsements, Okonjo-Iweala is a fairly orthodox, free market, growth-oriented economist.”

Free markets and growth are rarely so ‘easy’ to fuse, of course, and Okonjo-Iweala was not particularly successful in Abuja. According to the Nigerian Guardian columnist Sonala Olumhense, “She was one of those who put together the National Economic Empowerment and Development Strategy (NEEDS), which, we were assured, would cure employment in Nigeria before our very eyes. NEEDS, when the scheme was launched early in 2004, would create seven million jobs within three years, they told us, one million of them before the end of the year alone.”

For Olumhense, “It was the original 419 [Nigerian financial scam]. Let me date-stamp all of this: Okonjo-Iweala was a key member of the powerful ‘economic reform team’ of that hour. In just months, NEEDS slipped into folklore; nobody from that team has acknowledged its existence since then, let alone taken responsibility for its deception.”
Last August, continued Olumhense, “at a media briefing to showcase the government’s economic priorities, she said that the major thrust of the administration’s economic agenda was ‘jobs and pro-jobs growth.’ Okonjo-Iweala did something else on that day. She spoke of the much-awaited ‘Transforming Nigeria Document,’ a mysterious guide that has remained unpublished until this day.”

Then there was the “Vision 20:2020 blueprint” which for Okonjo-Iweala was “the bedrock of the economic agenda. But Vision 20:2020 is a myth, like transformation, or NEEDS, or reform, or the war against corruption,” concludes Olumhense.

This was confirmed by former Central Bank Governor Charles Soludo, quoted by Olumhense as ridiculing “the whimsical origins of Vision 20:2020.” Confessed Soludo, “The impetus was the Goldman Sachs report on the BRIC countries and the Next 11 countries, which included Nigeria... We all know it is not achievable... it remains a wish list. The numbers simply do not add up. At best, it is a good slogan and an interesting joke.”

The same dynamics worked in relation to debt relief. Back in 2005, Nigeria’s rowdy parliament was regularly rejecting foreign loan repayments as undemocratic and corrupt, given the country’s desperate poverty and the debts’ origins in the country’s military dictatorships. So Okonjo-Iweala first came to the world elite’s attention by working on behalf of the debt-collection mafia known as the Paris Club, with its representatives from the US, Europe, Brazil, Japan and the Russian Federation. To their applause, by October 2005 she quickly emptied Abuja’s treasury under the rubric of ‘debt relief’.

IMF rip-off artists explained the scam: “The agreement envisages a phased approach, in which Nigeria would clear its arrears in full, receive a debt write-off up to Naples terms, and buy back the remainder of its debt. The agreement is conditional on a favorable review of its macroeconomic and structural policies supported by the Fund under a nonfinancial arrangement.” (this and the next four citations are from https://www.civicus.org/new/media/PatrickBond-LootingAfrica.doc)

What that meant was that Nigeria, $6.3 billion in arrears, would first pay $12.4 billion in up-front payments. As Rob Weissman of Multinational Monitor reported, “You can celebrate this deal, as the Paris Club does, if you ignore the fact that creditors generally write down bad debts as a matter of course (not charity), the billions over principle that Nigeria has already sent out of the country, the fact that the deal imposes IMF conditionality on Nigeria (even though the IMF isn’t providing credit to the country), and the reality of the severe poverty in Nigeria.”

Complained the Global AIDS Alliance, “The creditors should be ashamed of themselves if they simply take this money. These creditors often knew that the money would be siphoned off by dictators and deposited in western banks, and the resulting debt is morally illegitimate. They bear a moral obligation to think more creatively about how to use this money. Nigeria has already paid these creditors $11.6 billion in debt service since 1985.”
According to Soren Ambrose, then based at Jubilee Africa, “The Paris Club requires that countries applying for relief be under an IMF program, but the prospect of agreeing to one is political dynamite in Nigeria. The Paris Club was however under great pressure to complete a landmark deal with Nigeria, where the legislature had threatened to simply repudiate the debts, so the PSI was deemed an acceptable alternative. Okonjo-Iweala told Reuters on May 18 that ‘the IMF makes sure it is as stringent as an upper credit tranche programme and then monitors it like a regular program, but the difference is that you develop it and you own it.’”

But actually, you don’t own it, they own you. What the Nigerian case illustrates is that the IMF pulls strings on behalf of the G8 ‘donor’ countries, and the G8 will continue to support the IMF if such functions benefit northern countries.

According to the leader of Nigeria’s Jubilee network, Rev David Ugolor, “The Paris Club cannot expect Nigeria, freed from over 30 years of military rule, to muster $12.4 billion to pay off interest and penalties incurred by the military. Since the debt, by President Obasanjo’s own admission, is of dubious origin, the issues of the responsibilities of the creditors must be put on the table at the Paris Club. As desirable as an exit from debt peonage is, it is scandalous for a poor debt distressed country, which cannot afford to pay $2 billion in annual debt service payments, to part with $6 billion up front or $12 billion in three months or even one year.”

So as a result of this deal and others like it, what Okonjo-Iweala accomplished can be summarized in a graph from an IMF report on the financial meltdown, which shows quite clearly that if you sell your family silver – all your reserves – in exchange for the write-off of vast ‘total public debt’ that could never have been repaid in any case, your Paris Club reward is to actually increase your rate of debt repayments to overall revenues. If you are a low-income African country, Okonjo-Iweala's gambit means that although technically you owe half what you used to, in relation to GDP, you are now are milked even harder (50 percent more from 2008 to 2009, during the worst economic crisis in memory).
If we take this logic to its extreme, then from the standpoint of promoting social justice, Okonjo-Iweala would be a better choice for WB president than Kim, because having repeatedly done deals of this sort against her constituents’ interests, it is fair to say that no one in Nigerian history united the country’s poor and working-class majority so effectively.

To illustrate, a few weeks ago Okonjo-Iweala doubled the fuel price overnight, on the instruction of IMF Managing Director Christine Lagarde, and thereby introduced an ‘Occupy Nigeria’ spirit that helped connect the dots between Wall Street and African austerity. Usually without such dot-connecting the result is an ‘IMF Riot’ by furious citizenries, but the protest normally pops up briefly and dies down, leads to intense violence and achieves very little.

However, thanks to Okonjo-Iweala’s arrogant subsidy-cut advocacy, that social fury was transformed into mass non-violent strikes (although her police killed several unarmed demonstrators) and after a week, prior to desperate state concessions and trade union capitulation, it very nearly toppled the Goodluck Jonathan regime.

Such unique experience surely qualifies Okonjo-Iweala to play a role in humanity’s greatest task in coming months and years: uniting a coherent global people’s movement against the One Percent that would make the 1999 Seattle World Trade Organisation protest look like kindergarten training for Occupiers. What more could the 99 Percent ask of old WB in his fading days?

A similar case for Okonjo-Iweala is made by her compatriot, Ikhide Ikheloa, who first confirms the credentials required for a promotion: “There is no one else better primed to execute the obnoxious policies of the World Bank against African and brown nations than Okonjo-Iweala. Her current tour of duty, although disastrous to Nigeria and her poor, has given her an impeccable resume to spread the World Bank’s gospel of uncritical capitalism
and indifference to the world’s poor and dispossessed.”

After all, says Ikheala, WB “is an ancient bureaucratic relic whose time has come and gone” and, suffering within their own apparent stage of economic dementia, “The fawning over Okonjo-Iweala by Westerners has been comic... Under normal circumstances, were Okonjo-Iweala a Westerner or white, she and her bumbling team would have been fired for gross incompetence. The show of double standards is galling and maddening.”

Still, Ikheala pleads, the ordinary Nigerian would love to see her backside, even if it means being kicked upstairs: “When Okonjo-Iweala departs for the World Bank, she will be leaving Nigeria much worse than she found it. That is the most compelling reason why she deserves the World Bank presidency. Nigerians need a break.

Such passion and impeccable logic is quite hard to argue against, if we want to express solidarity with Okonjo-Iweala’s 150 million+ victims.

Still, the case of the other contender, Jose Antonio Ocampo, needs more investigation before we might conclude which candidate deserves WB leadership – or preferably, who can best manage WB decommissioning. An important qualification so far unmentioned: who can throw the best retirement party?

As Colombia’s Central Bank chairperson and Minister of Finance and Public Credit, of National Planning, and of Agriculture and Rural Development during the years 1989-97, serving one of the world’s most brutal governments, Ocampo surely participated in Cabinet meetings in which not retirement, but instead the murder of ten thousand trade unionists, human rights advocates and ordinary citizens by mushrooming paramilitaries was discussed, condoned, advocated or even celebrated?
I don't know whether or not this is the case, but the best Latin American student I ever had, Jasmin Hristov, wrote the book *Blood and capital: The paramilitarization of Colombia* about this period: “It is not a mere coincidence that during the era of accelerated neoliberal restructuring, the deterioration in the living conditions of the working majority has been accompanied by an increase in the capabilities and activities of military, police, and paramilitary groups, as well as the portrayal of social movements as forces that must be monitored, silenced, and eventually dismantled.”


Given how many illustrious economists endorsed Ocampo, one would hope he has clean hands – but then again one would hope that before signing, those economists might have explored the embarrassing possibility of Ocampo's fingerprints on our comrades' corpses. Then again, they are *economists*, so probably it didn't cross their minds. And at least Ocampo is now a committed Keynesian. In his recent advocacy for exchange controls and in a wide-ranging *Challenge* magazine interview, he comes down clearly on the left side of the discipline, aside from one faux pas: advocating another 'Green Revolution' for Africa.


Regardless of the two contenders’ foibles, it still makes sense to assume that Kim will be elected with a slight majority of votes – don’t forget, WB’s Board enjoys vote-per-dollar ownership ‘democracy’ – held by the US, Canada, Japan, Korea and most probably Europe. Brussels owes Washington for helping hammer up that late-1940s 'Europeans-Only' sign (ubiquitous here in South Africa before 1994) on the IMF Managing Director’s door last year, permitting Lagarde – while facing investigation for massive fraud on behalf of a Conservative Party donor – to be selected over the other candidate, Mexico's neoliberal central banker.

(Her predecessor as both IMF boss and French Finance Minister, Dominique Strauss-Kahn, had apparently overdosed on Viagra in a Times Square hotel – or was it a Lille brothel? – a few weeks earlier. They do scrape the bottom of the barrel for globo-gov management these days, don’t they.)

It is also safe to assume that when it comes to serving power, Kim will be more reliable and effective, simply because he’s imperialism’s choice, as against Brazilian and South African subimperialisms’ vain hopes. The oft-recited yet so far mythical potential of BRICS countries to challenge the system, in search of a few more crumbs from the table (for never would BRICS' economically-obsequious leaders question what's served for dinner or how it's made), was dashed by Brasilia’s and Pretoria’s disunity: they couldn't even decide to promote a single candidate, nor, in early April, has Brazil’s finance minister even decided to vote for the man, Ocampo, he nominated in late March.

So even if he avoids the April 9 *Washington Post* debate between WB presidential candidates, as is anticipated since Kim’s high-minded talk of openness and transparency in the *FT* will be his next broken promise, the winner in the WB Board selection in mid-April will be Kim. Recall that a factor working firmly in his favour, amongst the decidedly
undemocratic electorate favouring the status quo, is Kim’s failure to initiate cultural change where it was so desperately needed, in the little One Percenter community of Dartmouth.

This, in turn, will make it easier to understand the same behaviour in Washington in relation to the 99 Percent’s needs, after a banal honeymoon that, like Obama’s first 30 months, may briefly deflect the cause of justice. After all, others have tried the WB insider-reform route – Stiglitz on economic philosophy, Caroline Moser in gender policy, Herman Daly on environment, John Clarke on NGO relations – and failed miserably. One day in 2012 or 2013, it is safe to predict, Occupy World Bank will need to move in and move Kim out, for his own good.

Before then, he will no doubt recall for WB minions the sickening strategy that served him so well in the noxious Ivy League, and that in coming months will work fine for a few thousand neoliberal economists – though not so well for species survival: “One of the things you learn as an anthropologist, you don’t come in and change the culture.”

The most appropriate attire for the slick status quo moves required – that outfit in which Kim was introduced to so many of us – is a studded leather jacket with spaceman sunglasses. Tempting as it is to admire his talk-left walk-right robot-dance (I certainly do), Kim’s razzle-dazzle really shouldn’t distract the rest of us from persuasively insisting that WB do what should have seriously been considered years ago: gracefully retire and stop causing so much trouble out here.

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