

# The World Bank during neoliberal and neoconservative fusion

By Patrick Bond

The World Bank and International Monetary Fund (IMF) annual meetings just completed in Singapore were a disaster for the Third World, especially Africans who face a dramatic decline in voting shares on the IMF board, at the same time a few middle-income countries led by China recapitalise the institutions.

For civil society activists, the official welcome in Singapore may not have matched last week's brutality by Robert Mugabe against Harare trade union leaders or Durban police against shackdwellers. But it more than confirmed Singapore's reputation as an intolerant police state:

- the regime simply banned the arrival of dozens of social and environmental activists, including many with official Bank/IMF accreditation;
- others who got to the airport were immediately extradited;
- Singapore even asked neighbouring Indonesia to cancel a citizen's conference critical of the Bank and IMF, held across the bay from the city-state.

Civil society activists replied with a boycott call. According to a petition by Jubilee South, the World Development Movement, Greenpeace, Friends of the Earth International, Oil Watch International and several other groups, 'Knowing full well the authoritarian character of the Singaporean Government, the Bank and IMF appear to have picked Singapore as the site because they wanted to avoid legitimate and peaceful street protests.'

True, but consider the broader context for the assault on institutions of international civil society. Nearly all the major multilateral institutions have been captured by hardliners over the past couple of years:

- the European Union chose Spanish neoconservative Rodrigo Rato as IMF managing director in mid-2004;
- the new head of UNICEF, chosen in January 2005, was George Bush's agriculture minister Ann Veneman, although the US and Somalia are the only two out of 191 countries which refused to ratify the United Nations Convention on the Rights of the Child;
- for another key UN post in February 2005, the outgoing head of the World Trade Organisation, Supachai Panitchpakdi from Thailand (who mainly served US and EU interests from 2003-05), was chosen to lead the United Nations Conference on Trade and Development;
- Paul Wolfowitz was appointed by Bush to head the World Bank in March 2005;
- the European Union's trade negotiator Pascal Lamy won the directorship of the World Trade Organisation a few weeks after that; and
- to ensure that Washington's directives to Kofi Annan continued to be as explicit as possible, Bush appointed John Bolton as US Ambassador to the UN.

Bolton is illustrative, for he was never confirmed by the US Congress since Bush gave him the job during a mid-2005 recess. As the once-powerful, pro-apartheid former US senator Jesse Helms put it, he is 'the kind of man with whom I would want to stand at Armageddon.'

Coming from the State Department, Bolton's main function beginning in 2001 when Bush captured the White House, was to disempower the UN. He also engineered Washington's withdrawal from or weakening of the anti-ballistic missile treaty, a biological weapons

convention protocol, the Organisation for the Prohibition of Chemical Weapons, the nuclear test ban treaty, the UN conference on the illicit trade in small arms and light weapons, and the International Criminal Court.

It is in this context that we can understand not only the recent debacles of global governance: the inability to expand the UN Security Council in September 2005; the breakdown of the Doha Round of World Trade Organisation negotiations in July 2006; and the planned shrinkage of Africa's voting power within the IMF board of governors, from 4% to 2%.

In addition, at a time of fusion between 'neoliberalism' (promoting US/EU corporate and especially financial interests) and 'neoconservatism' (promoting US petromilitary profits and religious-extremist values) as the dominant bloc in global geopolitics, we must concede the utter futility of reform proposals being advanced by some in civil society, along with some governments, like Thabo Mbeki's.

The neolib-neocon fusion is personified by Wolfowitz, close ally of the exceptionally corrupt, brutal Indonesian dictator Suharto during the 1980s and more recently, as deputy Pentagon leader, architect of and apologist for imperial theft and US corporate patronage associated with the illegal Iraq War.

Since January this year, Wolfowitz's Bank has a new self-declared mission: to stem project graft, whose historical costs to the 62-year old institution are conservatively estimated at \$100 billion. Wolfowitz is getting plenty of press ink for his anti-corruption plan by asking its contractors and staff to declare their knowledge of backhanders. If so, an amnesty will be granted and they won't be prosecuted.

Patricia Adams from the Toronto NGO Probe International condemns Wolfowitz's strategy because it 'immunises bribers from debarment, allows the Bank to cover-up its own negligence or complicity, and undermines the administration of justice in countries where it is a criminal offence to bribe a foreign official.'

Lesotho is a good example, because the Maseru government is standing up to the 'dirty dozen' corrupt firms and consortiums which bribed top Highlands Development Authority officials – including one now in jail, and another in charge of water for the New Partnership for Africa's Development.

After a key US Senator, Richard Lugar, supported Lesotho, the Bank finally began some limited debarment in 2004. Pretoria is yet to follow suit (perhaps because some local giants like LTA and Concor were implicated, which would throw off 2010 infrastructure construction timing.)

Civil society groups are used to the runaround. In the case of the Bank's ill-fated 1998-2001 World Commission on Dams (WCD), chairperson Kader Asmal despaired at the follow-up findings of the (2002-03) World Panel on Financing Infrastructure, led by former IMF Managing Director Michel Camdessus. Asmal wrote: 'For an esteemed panel to effectively write off the WCD, whose core recommendations have been endorsed by many of its member organisations, is quite remarkable and raises concerns about the value of the report. Failing to address this point effectively takes us back many years.'

Remarked activist Patrick McCully of International Rivers Network, 'The World Bank's singularly negative and non-committal response to the WCD Report means that the Bank will no longer be accepted as an honest broker in any further multi-stakeholder dialogues.'

Moreover, ubiquitous Bank/IMF Poverty Reduction Strategy Papers (1999-present) also proved to be a dead end, according to dozens of cases considered carefully by civil society and academic researchers.

Likewise, the (1999-2003) Structural Adjustment Participatory Review Initiative (Sapri) failed when Bank staff walked out of the process near its conclusion. Commented Richard Peet, author of a major book on the Bretton Woods Institutions, 'the President of the World Bank did not listen to Sapri, because he could not. For he would hear, and he even might learn, that his finest, most splendid ideas had produced the worst, most harmful effects.'

The crucial Extractive Industries Review (EIR) was similarly constructed as a multi-stakeholder project (2002-04). But the Bank was not serious about tackling problems caused by the mineral, petroleum and timber industries. According to analysts at Friends of the Earth, Environmental Defence and International Rivers, 'One of the Bank's most important environmental reforms of the 1990s was its more cautious approach to high-risk infrastructure and forestry projects. This policy is now being reversed.'

Specifically, the environmentalists complained, 'The World Bank recently announced that it would re-engage in contentious water projects such as large dams in what it refers to as a "high risk/high reward" strategy. In 2002, the Bank dismissed its "risk-averse" approach to the forest sector when it approved a new forest policy. The World Bank is also considering support for new oil, mining, and gas projects in unstable and poorly governed countries, against the recommendations of its own evaluation unit.'

The EIR recommended a phasing out of all Bank fossil fuel investments in late 2003. In February 2004, SA's then energy minister and now deputy president, Phumzile Mlambo-Ngcuka, explicitly advised the Bank to oppose the 'green lobbyists', and six months later the Bank board rejected the EIR's main proposals.

Ultimately, nearly all civil society initiatives aimed at reforming the Bank and IMF have been disasters. The Civicus World Citizens Assembly withdrew from its controversial 2003-05 initiative to rebuild relations.

The boycott of Bank activities by most forces within civil society launched last week reminds of the calls to stigmatise South Africa before 1994. And why not? After all, Thabo Mbeki has popularized the term 'global apartheid' – and now the question is whether to polish the chains or break them.

(On September 26, Bond – who directs the UKZN Centre for Civil Society – will lead a morning discussion about the Bank and IMF in Durban at Diakonia; two additional presentations will occur on 27 September at the Institute for Policy Studies in Washington from noon-2pm, and on 1 October at the Brecht Forum in New York City, noon-3pm.)