

ARE NORWAY'S GLOBAL FINANCIAL REFORMS POST-IMPERIALIST?

Patrick Bond

Introduction Given the prevailing global balance of forces, what can the North's most progressive government do, particularly if it's in financially excellent shape? Global reforms have been few and far between since neoliberalism took hold at the world scale during the 1980s, especially in financial markets: from the 1982 Third World debt crisis outbreak in Mexico, via hundreds of major riots across the South against structural adjustment policies, to the mid-late 1990s emerging markets crashes (whose epicentre was also Mexico in 1994) and Joe Stiglitz's late 1990s "Post-Washington Consensus" gambit at the World Bank, to the status quo UN Financing for Development summit in 2002 (also held in Mexico) and subsequent failures to democratize the Bretton Woods Institutions during the 2000s, notwithstanding the election of mainly Centre-Left and Left governments in Latin American.

Is there a new day dawning from one of the northernmost capitals, Oslo? Might a "Post-Imperialist" North-South agenda emerge thanks to its leadership, particularly in aid and finance? Do trends in the petroleum markets permit a self-interest review of Norwegian foreign financial policy?

The October 2005 Soria Moria Declaration¹ of the governing coalition set some high standards for shifts in North-South financial relations:

Norway must adopt an even more offensive position in the international work to reduce the debt burden of poor countries. The UN must establish criteria for what can be characterised as illegitimate debt, and such debt must be cancelled.

The Government will:

- Work to ensure that the multilateral aid is increasingly switched from the World Bank to development programmes and emergency aid measures

under the auspices of UN agencies. Norwegian aid should not go to programmes that contain requirements for liberalisation and privatisation, act as a spearhead for international agreements on new global financing sources that can contribute to a redistribution of global wealth and the strengthening of the UN institutions, such as aircraft tax, carbon dioxide tax, tax on arms trade or duty on currency transactions;

- Work for greater openness about Norway's role in the World Bank and the IMF and evaluate changes in the political management and mandate for Norway's role;
- Support a democratisation of the World Bank and the IMF. Developing countries must be given much greater influence, among other things by ensuring that the voting right is not solely linked to capital contributions, and
- Lead the way in the work to ensure the debt cancellation of the poorest countries' outstanding debt in line with the international debt relief initiative. The costs of debt cancellation must not result in a reduction of Norwegian aid, cf. the adopted debt repayment plan. No requirements must be made for privatisation as a condition for the cancellation of debt. The Government will support the work to set up an international debt settlement court that will hear matters concerning illegitimate debt.²

These are excellent promises, reflecting strong lobbying by progressive Norwegian civil society organizations like the debt movement Slug and the country's Attac branch, and a high level of social consciousness about the ills of corporate globalization.

Subsequent events indicated the potential for at least partial implementation of Soria Moria. In October 2006, after many years of discussion, the Norwegian government cancelled debt dating to the late 1970s Shipping Export Credit Campaign. The following month, Oslo hosted — and made a successful bid for the secretariat position of — the Extractive Industries Transparency Initiative, allowing critics of petromineral corruption a platform that was shared, ironically, with World Bank president Paul Wolfowitz. A few weeks later, the government's conference on the World Bank and International Monetary Fund (IMF) considered whether neoliberal conditions were still being imposed on Third World debtors. When, a few days later, the Nobel Peace Prize was given to an antipoverty financier, Muhammad Yunus of Grameen Bank, the Oslo Nobel committee appeared

consistent with the government's agenda of putting a human face on globalization and capitalism. In February 2007, the government cut funding for the World Bank's water privatization facility in the wake of a critical report by two NGOs. In August 2007, the Norwegian finance ministry mandated the Government Pension Fund, Global, to sell \$14 million worth of shares in Vedanta Resources after its Council on Ethics found the firm's subsidiaries were guilty of large-scale ecosocial damage in India. This decision assisted Indian activists attempting to prevent alumina mining in Orisa. Several other major firms — Wal-Mart Stores, Freeport McMoRan Copper & Gold Inc., DRD Gold Limited, BAE Systems, Lockheed Martin Corporation — also suffered disinvestment by the Fund. Together, at first blush, these initiatives appear to potentially shake post-Cold War, North-South power relationships and suggest new prospects for a social-democratic reform agenda for global governance. However, much deeper dilemmas remain because some of the Norwegian reforms legitimate the existing system rather than confronting and weakening it.

In making an assessment especially of debt and financial institutions, the first factor to take into account is the adverse balance of forces at the global scale, given the fusion of neoliberal and neoconservative institutions and personnel.

The Balance of Forces and the Neocon Hijacking of the United Nations Should Norway support the United Nations (UN) instead of the World Bank, as Soria Moria insists? During the 1990s, Western donors (including Scandinavians) had effectively united with the Bretton Woods Institutions via the Paris Club, drawing in UN agencies and large corporations, with nearly uniform cooperation by Third World elites. The result was a coherent neoliberal bloc, which in the mid-2000s was taken over by notable neoconservative officials, leading to multilateral reform gridlock:

- The European Union chose the outgoing Spanish Francoist finance minister Rodrigo Rato as IMF managing director in mid-2004, and his replacement in September 2007, Dominique Strauss-Kahn (from the neoliberal wing of the Socialist Party), was nominated by Nicolas Sarkozy and bulldozed through the selection process without even the charade of

- consultation (the United States and Europe collectively hold 53 percent of voting shares and Washington immediately supported the Euro prerogative), at a time the Bretton Woods ‘democracy deficit’ had caused a recognized legitimacy crisis;
- Paul Wolfowitz, the architect of the illegal US/UK/Coalition of the Willing war against Iraq, was appointed by Bush to head the World Bank in March 2005, and when in June 2007 he was forced out due to petty nepotism, Wolfowitz was replaced by fellow neocon Robert Zoellick, formerly Bush administration US Trade Representative and member of the Project for a New American Century (hence signatory to a 1998 letter to Bill Clinton advocating an invasion of Iraq on grounds that ‘American policy cannot continue to be crippled by a misguided insistence on unanimity in the UN Security Council’);
 - The European Union’s hardline trade negotiator Pascal Lamy won the directorship of the World Trade Organisation in early 2005, confirming the lack of room for trade reform;
 - The US-influenced choice for UN secretary general to replace Kofi Annan in 2007 was Ban Ki-moon, who proved himself loyal the first week on the job when he endorsed Washington’s unprovoked bombing of Somalia;
 - The head of UNICEF, chosen in January 2005, was Bush’s agriculture minister Ann Veneman, although the United States and Somalia are the only two out of 191 countries that refused to ratify the United Nations Convention on the Rights of the Child;
 - For another key UN post in February 2005, the outgoing neoliberal head of the World Trade Organisation, Supachai Panitchpakdi from Thailand (who served US and EU interests from 2003-2005), was chosen to lead the United Nations Conference on Trade and Development;
 - The Bush administration’s undersecretary of state Christopher Burnham was made UN undersecretary general for management, notwithstanding Washington’s persistent UN dues-chiseling;
 - Bush’s choice to direct the UN’s World Food Programme was Josette Sheeran, former managing editor of the neocon newspaper *Washington Times*, owned by the South Korean Moonies (an appointment Ban allegedly promoted), and

- To ensure that Washington’s UN directives retained powerful — bullying and often sinister — force, Bush appointed the notorious John Bolton as US Ambassador in mid-2005, and in December 2006, after the Democrat-controlled Congress refused to endorse Bolton, replaced him with former US Ambassador to occupied Iraq, Zalmay Khalilzad.³

In sum, it appears that multilateral institutions — not just the Bretton Woods and WTO but also the UN System — are incapable of moving to a reform agenda, given the power of hard-Right forces. This would suggest that a rewording of Soria Moria is needed, so that if Bretton Woods funds are “switched from the World Bank to development programmes and emergency aid measures under the auspices of UN agencies,” then those agencies should move away from mimicking Bretton Woods policies (as most now do, with the exception of the UN Research Institute for Social Development) and supporting reactionary US social policies.

Norway lines up in this context as the most progressive of Northern states, even though its Centre-Left policies are rather tame by historical standards. But with the Washington Consensus ideology being contested at an unprecedented rate by both Latin American governments and civil society activists, can Norway do more? Has Norwegian International Development Minister Erik Solheim played a genuinely oppositional role, shifting aid funds out of the World Bank, or has he slipped too quickly into alignment with the neoliberal/neocon institutions? Finance is a good case study because it is here — especially in the rhetorical gestures towards “transparency,” “anticorruption,” and “good governance” associated with Wolfowitz’s World Bank — that power relations are obvious, even if this requires looking deeper than surface-level rhetoric. For context, consider the recent debate over World Bank reform.

World Bank Corruption and Anticorruption Funding Wolfowitz’s sorry demise in mid-2007 was a result of a minor corruption case involving a pay raise and redeployment of his partner, Shaha Riza, to the US State Department. Like those he came to criticize, Wolfowitz’s reign was characterized by patronage, lobbying, rewards, and favoritism, further eroding the Bank’s integrity systems. Wolfowitz aides Robin Cleveland, Kevin Kellums,

and Suzanne Rich Folsom were high-profile Republicans from the military-industrial complex. As a White House official in the Office of Management and Budget, Cleveland had been entangled in a Boeing/Pentagon scandal resulting in Air Force Secretary Jim Roche losing his job. At the Bank under Wolfowitz, Cleveland and Kellems were accused of receiving “excessive pay and open-ended contracts” by colleagues who filed a complaint to the Department of Institutional Integrity’s whistleblower hotline, and the Bank Staff Association complained that standard hiring procedures were ignored for the Kellems and Folsom appointments.⁴

In a last-ditch defense, Wolfowitz used his proclaimed commitment to Africa as bait in the high-stakes game of international diplomacy. But what really transpired under his watch? A few examples are telling. The highest profile corruption case in Africa, the Lesotho Highlands Water project, has experienced bribery, massive mismanagement, ecological devastation, the murder of construction workers, and displacement of indigenous peoples. The Bank was tardy in following up on Lesotho’s own prosecution of a “dirty dozen” construction firms that bribed a dam official who was subsequently jailed. Only through US Senate pressure did the Bank finally debar a couple of the companies, and under Wolfowitz there was little further progress in investigating corporations fingered by the Maseru government.⁵

At the other end of the continent, the Bank’s African anticorruption flagship, the Chad-Cameroon oil pipeline, received initial fanfare thanks to a social development commitment. But it was soon mired in controversies over revenue sharing, royalty agreements and President Edriss Déby’s rerouting of oil revenues from the society to the military. While multinational corporations drawing oil from Chad receive record windfalls in the current petroleum price boom, thanks in part to preferential access to World Bank capital and guarantees, communities in which they conduct business are perpetually mired in poverty, local conflict, corruption, and environmental degradation. Wolfowitz’s own close links to big oil and the arms industry should have been a red flag for Africa. According to Transparency International, Chad is tied with Bangladesh as the most corrupt country in the world. Hence, Bank cofinancing of the \$4.8 billion pipeline was targeted by community, human rights, and environmental

groups in a long-running international campaign on grounds it would simply empower the Chad regime without supporting health, education, and rural development, or providing for future generations. Proving his critics correct, Déby amended a 1999 petroleum revenue management law in December 2005. This triggered Wolfowitz to withhold new funds and halt disbursement already underway of \$124 million in International Development Association monies.

A local group, the Chadian Association for the Promotion and Defense of Human Rights, endorsed the sanctions because “new money would mainly be used for military purposes and increasing repression of the Chadian people. But we regret that the Bank did not listen to the warnings of civil society organisations earlier.” A London-based watchdog group, the Bretton Woods Project, reported that “poverty, public health, human rights abuses and environmental problems continue to increase as the Exxon-Mobil led consortium running the project expands drilling activities in both existing and new oilfields.” While the security situation deteriorated in Chad throughout 2006, Exxon recorded record profits for the second year in a row. The Bank’s International Advisory Group monitoring the project’s implementation expressed concern “that the oil consortium is taking land from poor subsistence farmers without ensuring ... compensation payments” adequate to replace lost livelihoods. Local and military authorities “extort money from villagers when they receive cash compensation from the oil companies” and the local human rights organizations defending peoples’ rights are often threatened with death. Soon, however, Wolfowitz reversed his anticorruption stance and backed down.⁶

Similar problems arose in Ethiopia and Kenya in late 2005. In the former, Africa’s second most populous country and the world’s seventh poorest, donors suspended \$375 million in budget support following severe state repression, including a massacre of opposition political protesters and mass arrests. Although this threatened to wipe out a third of the country’s budget, and although president Meles Zenawi — an ex-Marxist, ex-guerrilla — was a favourite of Washington, the Bank temporarily complied. In May 2006, the Bank’s Interim Country Assistance Strategy (‘the plan’) made the following threat:

The plan comes at a critical time for Ethiopia: contested elections in 2005 were followed by public protests, mass arrests, and an increasingly polarized climate that created continuing risks for the country's development agenda. The World Bank and other donors suspended direct budget support once the political impasse set in, but agreed to press for improved governance, including greater civic participation, while protecting critical services in health, education, agriculture and access to safe water. The interim strategy, which covers the next fourteen months, carries clear expectations for performance at the country level. The Bank would assess Ethiopia's progress on strengthening governance, and, if there are measurable improvements, would prepare a full three-year strategy envisioning scaled-up levels of assistance. However, if governance conditions deteriorate, the Bank would reduce aid over time.⁷

There were no improvements, and hundreds of critical journalists, academics and other citizens were still jailed in July 2006 when Wolfowitz declared Ethiopia ready for borrowing again at an Addis Ababa press conference:

I think political harmony is something that you can sense when it's there, and you can clearly tell when it's not there. It depends on compromise by both sides. My impression is that at least in the last few months, there have been compromise made by the both the Government and the opposition, and I would encourage people to continue to do that. It's perhaps easy as an outsider to say, but it feels to me as though the differences that separate the various political factions in this country really are quite small compared to the stakes involved in providing for economic development for the people of Ethiopia.⁸

In early 2007, Zenawi played proxy to the US Pentagon by invading and overthrowing fundamentalist Islamic rulers in Mogadishu (already been pounded by January 2007 US bombing runs), and coincidentally the trickle of Bank credits that had flowed to Addis in 2006 turned into vast floods.

Likewise in Kenya, a corruption scandal debilitated Mwai Kibaki's government. By January 2006, Wolfowitz again suspended financing, in this case \$265 million, over half of which had been approved by the Bank's board a few days earlier. The World Bank motive here was the need to save face, given that the main Kenyan corruption investigator, John Githongo, had fled to Oxford. Githongo's report accused key ministers, including finance, of establishing fraudulent contracts misappropriating hundreds of millions of dollars in public funds. Worse, even though Githongo had informed Kibaki,

no action was taken. As a result, former British ambassador Edward Clay accused Wolfowitz of "blind and offensive blundering" for initially providing the loan to Nairobi, which was a solid ally of the United Kingdom and United States against Islam. The retraction of Bank funds earmarked for Kenya was temporary, as loans resumed in April 2006, resulting in \$400 million in financing through June 2007. But it reflected the embarrassment of the Bank's collaboration in corruption, just as Wolfowitz was shaking out the Bank staff of officials implicated in various other scandals.⁹

By early 2006, another scandal appeared to overwhelm Wolfowitz. The Bank's Multilateral Investment Guarantee Agency had made a \$13.3 million political risk insurance investment in an Australian mining house operating in the Democratic Republic of the Congo's Katanga province, just before an October 2004 massacre. The Dikulushi Copper-Silver Mining Project, run by Anvil Mining, maintained support in spite of the DRC armed forces' murder of 100 people during a rebellion by the Mayi-Mayi militia in Kilwa. The Australian Broadcasting Corporation reported that Dikulushi trucks moved troops to the massacre's site and then moved corpses out. Although company headquarters denied knowledge of an Anvil role in the massacre, critics in the DRC and watchdog agencies assumed that a subsequent Bank investigation would reveal corporate connivance.¹⁰

From Debt Relief to Repudiation to Reparations One objective of the neoliberal/neoconservative bloc remains the extraction of Third World debt payments to the maximum amount possible, while still maintaining the global financial system's overall legitimacy. The Third World debt crisis broke in 1982 and required a massive new role for the World Bank and IMF, which lent new monies so that interest on old loans could be repaid to the New York, Frankfurt, London, Zurich, Paris, and Tokyo banks most exposed. Northern interests were to prevent financial crashes in Southern countries from affecting their banks, and by 1987 most Northern banks had indeed covered their debts. The period was spent by wretched countries exporting more raw materials at ever-lower prices so as to repay vast sums to the World Bank and IMF. Structural Adjustment Programmes (SAPs) were imposed, financial markets liberalized, and capital flight made matters far worse during the early 1990s.

From 1996, in order to restore legitimacy to this inequitable system, the Bank and Fund began their Highly Indebted Poor Countries (HIPC) initiative, which was subsequently criticized on several grounds: it was too little too late; there were too many neoliberal conditions associated with SAPs; the origins of the debt were not considered; and many highly indebted countries with severe debt problems — e.g., Nigeria, Indonesia, and Argentina — did not qualify.

In part because debt relief was meant to maintain the system intact at a time of growing resistance (several hundred “IMF Riots” had forced several dozen governments out of power between the mid-1980s and mid-1990s), practically no significant debtors — aside from “failed states” or those suffering civil wars — self-consciously defaulted. Exceptions included Zimbabwe in 1999 and then Argentina in 2002, but those two counterexamples gained the courage to renege on repaying \$5 billion and \$140 billion, respectively, only because they had run out of hard currency. Other occasional defaults, such as by Nigeria during the early 2000s, were quickly reversed.

Following the failure of HIPC to make a dent in the debt, the June 2005 finance ministers’ meeting made debt relief concessions for 18 countries that were near or at the HIPC “completion point.” HIPC debt relief applied largely to loans that weren’t being paid in any case. Most of the 18 countries (14 of which are African) have vast debts that can never be repaid; the countries are, in accounting terms, bankrupt. The notional reduction of these debts is effectively meaningless.¹¹ According to *GreenLeft Weekly*:

While the \$1.5 billion a year made available will certainly be of use for the 18 poverty-stricken countries, it will only boost their collective budget by about 6.5% per annum. The modest sum illustrates that the Western media’s backslapping over their governments’ ‘generosity’ is more than a little exaggerated and somewhat premature. Those 18 countries account for only 5% of the population of the Third World, and if all 38 countries become eligible in the future, it will still only affect around 11%.¹²

African and global justice advocates offered harsh condemnations, including the African Network and Forum on Debt and Development based in Harare: “Nothing short of the continuation of the chains of slavery and bondage for the citizens in those countries... The agreement does not address

the real global power imbalances but rather reinforces global apartheid.”¹³

Another factor is the increase in debt offered by China, especially to Angola (\$2 billion in 2005) and Zimbabwe (\$200 million in 2006). These loans and many others still to come suggest that as debt loads marginally lighten, the Chinese will use financial resources to expand their geopolitical agenda. The key problem is that the US establishment, backed by much of Europe, is against any Chinese expansion, sensing long-term inter-imperial rivalries. Keeping China at bay using human rights rhetoric appears to be coming into fashion, and Norway’s government and NGOs should avoid becoming useful idiots to Washington as a result of this pressure, and instead help develop Africa-China people-people links in order to develop appropriate policy positions.

Norwegian Debt Cancellation and World Bank Defunding How, then, does Norway’s own debt cancellation in late 2006 compare? There are NOK 4,4 billion (around 800 million \$US) in outstanding loans from Norway to the Third World. Of that amount, more than two thirds came from the Norwegian Ship Export Campaign during the late 1970s, when 156 ships were sold for NOK 3.7 billion to 21 countries via the Norwegian Guarantee Institute for Export Credits. Within ten years, Gro Harlem Brundtland had determined that the campaign was economically unsustainable, benefitting Norway more than the other countries, by maintaining its dying ship-building industry a bit longer. A further 18 years later, after vast repayments on the illegitimate loans, the following countries still owe for the ships plus interest in arrears:

| | |
|---------------|------------------|
| Myanmar: | NOK 1579 MILLION |
| SIERRA LEONE: | NOK 60 MILLION |
| SUDAN: | NOK 772 MILLION |
| PERU: | NOK 48 MILLION |
| ECUADOR: | NOK 225 MILLION |
| JAMAICA: | NOK 19 MILLION |
| EGYPT: | NOK 168 MILLION |

The write-off affects only Myanmar (Burma) and Sudan once they are readmitted to international financial markets, while Sierra Leone must still

go through its HIPC completion. The cost to the Norwegian government of the debt cancellation, it estimates, will be only NOK 577 million between 2007 and 2021.

A close examination is needed, especially in relation to whether reparations should be paid by Norway to countries that already repaid loans for the ships. Leading debt campaigner John Jones of Networkers South North explains:

1. Norway has accepted co-responsibility for the debt tragedy. That is new. They have, however, *not* accepted the concept of ‘illegitimacy’. So the victory for the NGOs is only partial, albeit a significant partial one. It seems as if it has been important for the government of Norway to accommodate the debt cancellation demand without upsetting the World Bank and the other major finance powers. And that is no good sign. To break this institutional loyalty will be the toughest challenge in the time to come. The new Norwegian government will have to prove it will change its former pro-World Bank attitude and follow up its basic policy paper on this issue. It will mean a change of mind or manpower in the bureaucracy at the Ministry of Foreign Affairs, and is no small task.
2. If the loans were granted on wrong premises, Norway should follow their logic to go into the question of repayment of money gone to serve these loans. In the case of Ecuador more than \$100 million has been repaid over the years to downpay \$24 million. Originally the loan was only \$59 million. The remaining \$35 million has been ‘forgiven’ today. Hugo Arias’ alleged claim that Norway should return the \$100 million is well taken and correct. The original loan was misplaced and should be considered as part of internal Norwegian subsidy of shipyards and be financed as such. Ecuador is a good example to show the story of debt and debt-payments.
3. The ‘forgiveness’ of Sierra Leone’s debt is pending on that country’s reaching the World Bank HIPC completion points. It so happens that Norway does not accept privatization conditionalities any longer, but has not detected what it means for Sierra Leone to ‘reach completion points’ - yes - it implies *privatization*. Someone at the ministry has not done their job. NGOs still will have to do it for them when it comes to keeping financial actors accountable.¹⁴

Similarly, Jones suggests that the way Oslo relates to the World Bank also requires more critical consideration. In February 2007, a Norwegian NGO — the Association of International Water Studies (FIVAS) — and the

British World Development Movement campaigning group issued a report, “Down the Drain: How Aid for Water Sector Reform Could be Better Spent.” This apparently persuaded Norwegian International Development Minister Solheim to withdraw from the Bank’s Public Private Infrastructure Advisory Facility, which Oslo had funded with \$2.85 million since 1999. According to Jones:

To be consistent in its policies, the ministry will be expected to look into funds used for private sector investment which is ten times bigger, and even its national NORFUND that channels billions into ‘risk taking private investments’ and unashamed privatisation projects. However, it is no secret that Solheim has signalled little personal interest in these cuts and has done little of substance to alter the government’s institutional set up or other policies to reduce neoliberal practices in general. He will have to come up with much more substantive measures to convince critics that his admissions to the NGOs are more than cheap bones to distract the dogs.¹⁵

In addition to the points above, consistent with Jubilee Africa activists’ viewpoints, there is the matter of the debt that Norway owes to the Third World due to its excessive use of the earth’s nonrenewable resources.

Norway’s Ecological Debt to the South As the world’s third-largest oil exporter, Norway is one of the countries most implicated in CO2 emissions. At roughly 10 tonnes of CO2 per person, the Norwegian people are responsible for more than 100 times as much greenhouse gas activity as people in Niger, and 10 times the global per capita average.¹⁶ Africa’s role as a sink for such emissions is just one of the ways that environmentalists calculate the debt the North owes the South.

During the early 1990s, the idea of the North’s ecological debt to the South began gaining currency in Latin America thanks to NGOs, environmentalists, and politicians (including Fidel Castro of Cuba and Virgilio Barco of Colombia). According to Joan Martinez-Alier, “Ecologically unequal exchange is one of the reasons for the claim of the Ecological Debt. The second reason for this claim is the disproportionate use of Environmental Space by the rich countries.”¹⁷ In the first category, Martinez-Alier lists:

- Unpaid costs of reproduction or maintenance or sustainable management of the renewable resources that have been exported;
- Actualized costs of the future lack of availability of destroyed natural resources;
- Compensation for, or the costs of reparation (unpaid) of the local damages produced by exports (for example, the sulphur dioxide of copper smelters, the mine tailings, the harms to health from flower exports, the pollution of water by mining), or the actualized value of irreversible damage, and
- (Unpaid) amount corresponding to the commercial use of information and knowledge on genetic resources, when they have been appropriated gratis ('biopiracy'). For agricultural genetic resources, the basis for such a claim already exists under the FAO's Farmers' Rights.

In the second, he cites "lack of payment for environmental services or for the disproportionate use of Environmental Space":

- (Unpaid) reparation costs or compensation for the impacts caused by imports of solid or liquid toxic waste, and
- (Unpaid) costs of free disposal of gas residues (carbon dioxide, CFCs, etc), assuming equal rights to sinks and reservoirs.

The sums involved are potentially vast. Vandana Shiva and Yash Tandon estimate that biopiracy of "wild seed varieties have contributed some \$66 billion annually to the US economy."¹⁸ Recent biopiracy cases include a diabetes drug produced by a Kenyan microbe; a Libyan/Ethiopian treatment for diabetes; antibiotics from a Gambian termite hill; an antifungal from a Namibian giraffe; an infection-fighting amoeba from Mauritius; a Congo (Brazzaville) treatment for impotence; vaccines from Egyptian microbes; multipurpose medicinal plants from the Horn of Africa; the South African and Namibian indigenous appetite suppressant Hoodia; and many others.¹⁹

In the case of CO₂ emissions, according to Martinez-Alier:

Jyoti Parikh (a member of the UN International Panel on Climate Change) [argues that] if we take the present human-made emissions of carbon, the average is about one tonne per person per year... Let us take an average of \$25: then a total annual subsidy of \$75 billion is forthcoming from South to North.²⁰

Depletion of minerals and other nonrenewable resources, dumping of toxics, biopiracy, and excess use of the planet's CO₂ absorption capacity are merely some of the many ways that the South is being exploited by the North — including Norway — on the ecological front. Africans are most exploited in this regard because nonindustrialized economics have not begun to utilize more than a small fraction of what should be due under any fair framework of global resource allocation. The amounts involved would easily cover debt repayments. Norway should move much more decisively to raise this issue, consistent with Soria Moria.

Conditionalities on Loans and Debt Relief According to Solheim, addressing the November 2006 conference on conditionalities: "We are not saying that liberal economic policies and privatisation are wrong. But it should be a choice of that country — through a democratic debate — not one made by international lenders or institutions."²¹ Solheim has not only missed an excellent opportunity to indeed say neoliberalism is "wrong," he also neglects to consider the political content behind conditionality. This was also something that two major internal World Bank reviews in 2005-2006 failed to do, in arguing the case that conditions on loans and debt relief have diminished, or that they simply assist towards broader objectives including borrower ownership, harmonization, customization, criticality, transparency, and predictability.²²

At least three critical NGO studies during 2005-2006 found increases in neoliberal conditionality, in part by showing how definitional tricks by the Bank erased the problem without even identifying it.²³ According to these and other civil society critiques put forward to the Norwegian Conference on Conditionality:

- Aggregate World Bank and IMF economic policy conditions rose on average from 48 to 67 per loan between 2002 and 2005;
- World Bank and IMF continue to put conditions on privatisation and liberalization despite the acknowledged frequent failures of these policies in the past;
- The Bank does not give enough space for governments to define their own policies

- The continuing secrecy of World Bank and IMF negotiations with borrowing country governments inhibits the development of genuine broad based 'ownership' and leaves reform programmes open to the accusation that they have been illegitimately forced on governments by the Bank, and
- IMF macroeconomic conditions, especially high interest rates aimed at combating moderate levels of inflation and stringent fiscal policies, impair much needed spending on social and economic development.²⁴

Three Norwegian researchers contracted by the foreign ministry — Benedicte Bull, Alf Morten Jerve, and Erlend Sigvaldsen — found that in 40 Poverty Reduction Growth Facility loans, "privatization is a condition in over half... In addition, 10 of the programs described in detail the privatization plans of the government, but these were not included in the policy conditionalities. That means that in only 7 of the 40 cases did privatization not figure as an important element of the PRGF."²⁵

The Bull report is critical, to be sure. However, those in power might make the case that allegedly pragmatic changes warrant ongoing Norwegian support, particularly in relation to discontinued user fees for health and education, as well as water/energy utility practices. As the consultants claim, "All indications are that the IFIs have changed thinking and even practice with regard to privatization and liberalization conditionalities in the utility sector, allowing a wider specter of alternatives and increasing the emphasis on government as an important player."

Yet it is also widely known that because of lower profits, economic problems in expanding supply grids to poor people, problems with currency conversions for profit repatriation and rising social resistance, the once inexorable march of European and US water firms into the Third World reversed in 1998. This was the main basis for recommendations by the 2002-2003 Camdessus Commission for dramatic increases in publicly subsidised risk insurance for water privatizers like the French firm Suez, which lost large amounts due to the political and financial meltdown in Argentina.

In short, it appears that in some crucial ways, the Norwegian consultants missed "the devil in the details," and thus offer a less critical analysis

than is warranted. This is reminiscent of the kind of thinking in Norad during the early 2000s, in which — as the agency's website still claims in February 2008 (in a document not updated since May 2004) — "The increased focus in Norad on private sector development has in turn led to greater focus on developing countries" financing of their own development. Efforts to increase tax revenues, provide savings opportunities for the population and provide possibilities for creating local investment capital have become more central components of development cooperation."²⁶

Finally, while the withdrawal of \$2.8 million of Norwegian grants to the World Bank's Private Public Investment Advisory Fund in early 2007 was noted and appreciated especially by water justice campaigners, the subsequent state budget a few weeks later provided \$200 million to the Bank for its International Development Association.

Conclusion: A New Model or Relegitimization of the Old? In sum, while the present Centre-Left government is far preferable to its predecessor, Norway has not yet done nearly enough to make good on the promises of Soria Moria. This is especially true in terms of illegitimate debt and making the funding "switch from the World Bank to development programmes and emergency aid measures." Oslo's ongoing collaboration with the Bank in many settings sets back the cause of social justice, by continuing to provide legitimacy to one of the world's most undemocratic and economically regressive institutions.

Norway's role in Malawi, Mozambique, Tanzania, and Uganda is mediated through the Bank's Poverty Reduction Support Credit system, which means foreign aid is channelled by the conservative African finance ministries and central banks — whose political leaders and top staff are invariably graduates of the Bank and IMF — back to the Bank and IMF in debt repayments. If Norway were serious about cancelling African debt and ensuring that aid is well used, such payments would be halted and governments would be encouraged — as even Jeffrey Sachs has (unsuccessfully) advised — to move resources instead to the health and education budgets.

To illustrate on a more personal note, the hosting of Wolfowitz at the October 2006 Extractive Industries Transparency Initiative (EITI) by

Minister of Foreign Affairs Jonas Gahr Store gave the Bank president a platform to pretend to fight corruption, with no questions asked about his role — and the Bank's — in the destruction of Iraq. Norwegian civil society organizations such as Slug and Attac held a demonstration, but Store and Solheim were notably gracious to Wolfowitz and others involved in criminal oil/minerals activities. With Norway as the secretariat and host government in coming years, the EITI will continue to invite and even celebrate the roles of corrupt, repressive, and neoliberal governments, such as Nigeria's. A more genuine social democratic government — such as Norway's in prior decades — would offer liberation solidarity to oppressed civil society and liberation forces, such as the Nigerian Delta women who regularly fight the government and oil companies.

If Norway professes to be a force for global social democracy, is it appropriate to continue funding the World Bank, working with the Bank to control poor African countries, demanding loan repayments from wretched Third World debtors, and giving a platform and legitimacy to unreformed institutions whose leaders' ideas are based upon free-market logic? One such guest of Store and Solheim at a December 2006 event argued as follows:

I believe that 'government,' as we know it today, should pull out of most things except for law enforcement and justice, national defense and foreign policy, and let the private sector, a 'Grameenized private sector,' a social consciousness-driven private sector, take over their other functions.²⁷

These lunatic, neoliberal words were written by Muhammed Yunus in his autobiography. Yunus was hosted by the Norwegian government as Nobel Peace Prize winner in December 2006. The fact that the partially Norwegian state-owned Telenor was making vast profits from its majority holding in GrameenPhone, with its 60 percent Bangladeshi cellphone market share, may or may not have had something to do with the prize. But the Nobel committee's sloppiness is reflected in their failure to address the deeper problems in trying to make capitalism work through marginal reforms in the Third World. Apparently unnoticed by the committee, when the *Wall Street Journal* profiled Yunus on its front page five years earlier, it started in

a celebratory manner: "To many, Grameen proves that capitalism can work for the poor as well as the rich," having "helped inspire an estimated 7,000 so-called microlenders with 25 million poor clients worldwide."²⁸ Yet looking more closely, the *Journal's* reporters conceded the prevalence of Enron-style accounting. A fifth of the bank's loans in late 2001 were more than a year past due: "Grameen would be showing steep losses if the bank followed the accounting practices recommended by institutions that help finance microlenders through low-interest loans and private investments." According to the *Journal*, a typical Grameen gimmick was to reschedule short-term loans that were unpaid after as long as two years, instead of writing them off, letting borrowers accumulate interest through new loans simply to keep alive the fiction of repayments on the old loans. Not even extreme pressure techniques — such as removing tin roofs from delinquent women's houses, according to the *Journal* report — improved repayment rates in the most crucial areas, where Grameen had earlier won its global reputation amongst neoliberals who consider credit and entrepreneurship as central prerequisites for development.

Giving the Nobel Peace Prize to someone whose industry — banking, even for poor people — contributes to conflict generation is a metaphor for Norway's current dilemma: how to put a human face on global capitalism, especially in its most brutal and self-destructive phase in recent history. The global balance of forces is adverse for social and environmental improvement, to be sure. But governments like those in Venezuela, Bolivia, Ecuador, and Cuba have been challenging global/local injustice, along with millions of social movement activists in the World Social Forum and many other civil society groups across the world, including Africa. For the Norwegian government, the time has come to decide whether resources and legitimacy will continue to be given to those, like Wolfowitz and now Zoellick, who will set back progress, or instead to those who will advance it.

Notes

1. This refers to the Soria Moria Hotel in Oslo where the Norwegian government agreed to its political platform.
2. <<http://www.dna.no/index.gan?id=47619&subid=0>> (accessed 28 October 2005).
3. Eric Toussaint and Danueb Miller, "Multilateral Institutions Taken Hostage," *Le Soir* (15 April 2005); T. Deen, "UN Faces New Political Threats From US," Inter Press Service, <<http://www.ipsnews.net/news.asp?idnews=31152>> (accessed 23 November 2005); J. Hooper and E. Pilkington, "UN to appoint former Moonie as Head of World Food Programme," *The Guardian* (6 November 2006).
4. A. Huffington, "When did the World Bank Become the Home for Wayward Architects of War?" *The Huffington Post*, (29 November 2005); W. Harkavy, "Wolfie at the Door: Preaching Against Corruption at World Bank, He Practices It — and Staff Rebels," <<http://www.villagevoice.com/blogs/bushbeat/>> (accessed 24 January, 2006).
5. Patrick Bond, *Unsustainable South Africa* (London: Merlin Press, 2002).
6. Afrol News, "World Bank and Chad Ending Row over Oil Funds," <<http://www.afrol.com/articles/18985>> (accessed 27 April 2006). See also, Bretton Woods Project (2006), "Bank Freezes Pipeline Funds to Chad," <[http://www.brettonwoodsproject.org/article.shtml?cmd\[126\]=x-126-507557](http://www.brettonwoodsproject.org/article.shtml?cmd[126]=x-126-507557)> (accessed 20 January, 2006).
7. <<http://www.worldbank.org>>; see also World Bank, "Press Review: World Bank Ethiopia Aid Confidence Sign, Wolfowitz," (Washington: 13 July 2006).
8. <<http://www.worldbank.org>>.
9. Wrong, M., "Kenyans Want to Know Why We're Feeding Corruption," *The Guardian* (30 January 2006).
10. E. Meckay, "Groups Question World Bank's Role in Troubled Mine," Inter Press Service (1 February 2006).
11. International Monetary Fund, *Regional Economic Outlook: Sub-Saharan Africa*, (Washington, September 2005), p. 27. Note that the figures do not include commercial debt.
12. *GreenLeft Weekly*, "Africa needs Justice not Charity" (29 June 2005).
13. S. Ambrose, "Assessing the G8 Debt Proposal and its Implications," *Focus on Trade* (25 September 2005).
14. J. Jones, Personal Communication (7 October 2006).
15. J. Jones, (2007), Personal Communication, 24 February.
16. <<http://www.iaea.org/inis/aws/eedrb/data/NO-enemgdp.html>>; <<http://www.iaea.org/inis/aws/eedrb/data/CI-enemc.html>>.
17. J. Martinez-Alier, "Marxism, Social Metabolism and Ecologically Unequal Exchange," Paper presented at Lund University Conference on World Systems Theory and the Environment (19-22 September 2003). See also <www.deudaecologica.org>.
18. <<http://www.globalpolicy.org/soccecon/develop/devthry/well-being/2000/tandon.htm>>.
19. J. McGown, "Out of Africa: Mysteries of Access and Benefit Sharing," (Edmonds Washington, the Edmonds Institute and Johannesburg, the African Centre for Biosafety, 2006).
20. Martinez-Alier cites J.K. Parikh, "Joint Implementation and the North and South Cooperation for Climate Change," *International Environmental Affairs* 7/1 (1995).
21. W. Moskwa, "Norway Presses International Lenders on Conditions," Reuters (28 November 2006).
22. Two analyses from within the Bank that do not question the merits of neoliberal conditions, just their effectiveness, are World Bank, "Review of World Bank Conditionality," (Washington: September 2005), <<http://siteresources.worldbank.org/PROJECTS/Resources/40940-1114615847489/ConditionalityFinalDCpaperDC9-9-05.pdf>>; and World Bank, "Development Policy Lending Retrospective," (Washington: July 2006), <http://www.wds.worldbank.org/external/default/WDSCContentServer/IW3P/IB/2006/07/14/000012009_20060714104555/Rendered/PDF/367720rev0pdf.pdf>.
23. Eurodad, "World Bank and IMF Conditionality: A Development Injustice," (Brussels: June 2006), <http://www.eurodad.org/uploadstore/cms/docs/Microsoft_Word_Eurodad_World_Bank_and_IMF_Conditionality_Report_Final_Version.pdf>; ActionAid (2006), "A Shadow Review of World Bank Conditionality," (London: September 2006), <http://www.actionaid.org.uk/doc_lib/what_progress.pdf>; and Christian Aid, "Challenging Conditions: A New Strategy for Reform at the World Bank and IMF," (London: July 2005), <<http://www.christian-aid.org/indepth/607ifis/index.htm>>.
24. "CSO Common Statement on the Norwegian Conference on Conditionality," (Oslo: November 2006).
25. Bull, A. Jerve and E. Sigvaldsen, "The World Bank's and the IMF's Use of Conditionality to Encourage Privatization and Liberalization: Current Issues and Practices," Report prepared for the Norwegian Ministry of Foreign Affairs as a background for the Oslo Conditionality Conference (November 2006).
26. <http://www.norad.no/default.asp?V_ITEM_ID=1588&V_LANG_ID=0>.
27. M. Yunus, *Banker to the Poor: The Autobiography of Muhammad Yunus* (Dhaka, University Press of Bangladesh, 1998), p. 214. For more on the threat Yunus represents to borrowers and state welfare beneficiaries, see P. Bond, "Microcredit Evangelism, Health and Social Policy," *International Journal of Health Services* 37/1 (2007).
28. D. Pearl, and M. Phillips, "Small Change: Bank that Pioneered Loans for the Poor Hits Repayment Snag," *Wall Street Journal* (27 November 2001).