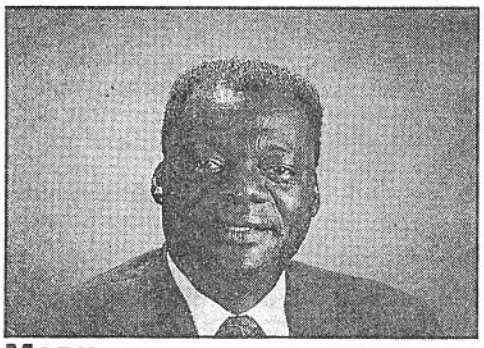
The Tampa Tribune, Wednesday, July 6, 1994



MARK AUGUST

How Clinton now caters to the elite

First of 3 Parts

With much of his domestic and foreign policy agenda taking on water and his leadership under question, President Clinton will be doing his darndest to plug holes in his policies in hopes of winning the political brownie points he yearns.

At the summit of the Group of Seven industrialized nations in Italy during his current European tour, Clinton is likely to attempt to achieve that aim by stressing that the world is a more prosperous place.

But the reality is that for most people, the world is not. There are many U.S. interest groups — working in conjunction with international organizations — that hold the Clinton administration responsible for pursuing economic policies that have made many parts of the world less prosperous.

The opposition of these Clinton critics has been directed particularly at the World Bank and the International Monetary Fund (IMF) and at the administration's continued support of the policies those institutions have advocated.

The structural adjustment programs pursued during the past 15 years by the IMF and the bank have failed to promote equitable and sustainable development in the world.

To the consternation of the fund and bank's critics, the pursuit of structural adjustment programs has been carried out with the backing of the U.S. Treasury. Many of them have found it odd that a Democratic administration is still pushing the policies of the Reagan era.

"It's time someone had the courage to pull the plug on these policies," said Doug Hellinger, managing director of The Development Gap, a Washington-based international policy group. "The bank and the fund's policies have become hindrances to the economic development of many developing countries."

Cut down to size

That criticism has spawned "50 Years Is Enough" — a U.S. coalition campaign of labor, environmental, economic development and religious groups.

The campaign aims to cut the IMF and bank down to their appropriate size and strength. It also plans to make room for the voices of others, with a stake in the results, to become actively involved in the future debate on economic development.

The campaign has charged that the bank and fund's policies have undercut small producers and small businesses and driven wages down.

That flies in the face of Clinton's claim to be committed to putting people first. His policies, in this regard, are shortsighted and potentially very dangerous.

Partly because of the pressure of the campaign against the fund and bank, Clinton is expected to call for a review of the two institutions during the G-7 Summit. Uniquely, though, the administration is believed to be asking that the bank and the IMF review themselves.

That's not even like the fox guarding the chicken coop. Rather, it's the equivalent of asking the fox, after it has spent a week in the coop, whether there are any chickens left.

The National Security Council, by attempting to become a coordinator but not a definer of foreign policy, has marginalized the State Department. The administration has subordinated its foreign policy-making to financial interests. The lead in running foreign policy has since shifted to the U.S. Treasury, the National Economic Council and, to a certain extent, the U.S. Commerce Department, as well.

'Terribly arrogant'

In Hellinger's view, while Clinton pretends he is a populist his administration caters to the elite by carrying out the wishes of international big business. The trouble with such Clinton support for international business is that small businesses — the engines of the economic growth at home and aboard — are getting wiped out by structural adjustment policies.

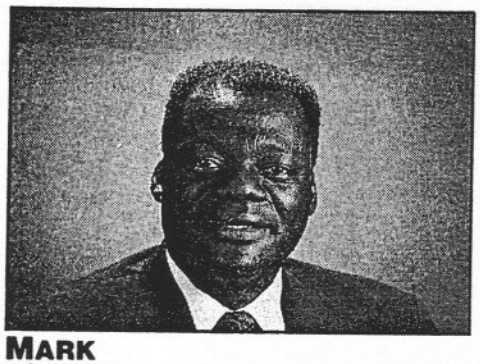
Moreover, the bank and fund "have been terribly arrogant and on the defensive" about the programs they have pursued. The bank and IMF were never meant to be as powerful as they have become.

It is that power that has had them assuming the position of being the unquestioned gurus of economic development around the world. This is the right time to stop the bank and the fund from pushing ruinous changes down the throats of struggling Third World nations.

They have denied countries access to money from other sources, such as commercial banks and other multilateral and bilateral donors, when those countries refused to adopt polices the fund and bank demanded.

That has got to change. But such change cannot be accomplished by asking the bank and IMF to change its own errant ways.

The Tampa Tribune, Friday, July 8, 1994



MARK AUGUST

World Bank, IMF policies hurt women

Second of three parts

For those of you who wonder whether the structural adjustment programs being forced on struggling developing countries by the World Bank and the International Monetary Fund (IMF) are really inimical to the welfare of poor people, Julia Mulaha wants your attention.

In Mulaha, a leading Kenyan activist now visiting the United States, the structural adjustment programs (SAPs) have an implacable foe. Mulaha, director of the Women's Program of the National Council of Churches of Kenya, faults the SAPs for devaluing local currencies, raising interest rates, slashing social service budgets, freezing wages and shifting production away from local consumption to exports.

Adjustment programs have produced disastrous results for poor women who have fared worse than men in the distribution of SAPs' social and economic costs, said Lisa McGowan of the Washington-based Development Gap, an international policy group.

In Kenya, SAPs have led to decreases in incomes and employment while the cost of food has gone up. SAPs have also increased women's need for health services and education at precisely the same time that the services have been cut.

Mulaha, 39, recalled how her parents barely had to pay for her own elementary and high school education. Things have changed for Mulaha, a single mother with a son in high school, who paid more than $500 for his first year at a boarding school.

While Mulaha's middle-class existence enables her to pay the amount, many Kenyans, who languish below the middle-class waterline where many of them earn between $30 and $60 a month, cannot afford to pay for their children's education.

Cover financial cost

Many children have dropped out as a result. Mulaha fears the SAPs' assault on Kenya's social services, that have obliged families to cover the financial cost of services cut by the government, could decimate the country's middle class.

With many Kenyans unable to afford sending all their children to high school, choices are being made that show a preference for educating boys over girls. "If most poor Kenyan homes are given options within the family, about who to educate from their limited resources, it will mean the girls won't go to school," Mulaha said.

There is a predisposition, part of the African tradition, to go with the boy because he is supposed to keep the family name. Apparently, girls are expected to move on, Mulaha said.

Mulaha rejected the notion that it was tradition, rather than the effect of SAPs, that were to blame for the gender bias Kenyan girls have suffered. She noted that "biases only come in when people have to choose." She also denied that population control was the issue, insisting that the problem confronting Kenyans in this regard was one of access to resources.

The Kenyan government has had no choice but accept IMF and bank conditions to receive the loans it sought.

"Having refused to accept the adjustment programs at first, the Kenyan government realized that it was the beggar," Mulaha said. "The picture is bound to get gloomier until the IMF and the bank do away with the structural adjustment programs and find solutions that include people who are affected."

Alarming assumptions

As a result of structural adjustment programs, poor women have been made poorer and all women have been made poorer than men. The programs take for granted women's traditional responsibility for work in the home and the community. The programs also make alarming assumptions about women's inequality with men.

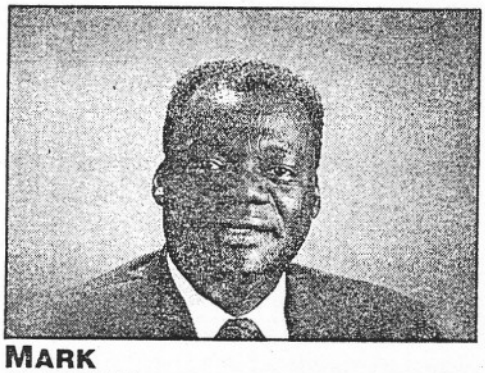
"The ability of women to take on new responsibilities and make up for cuts in social services is seen as infinitely elastic by the planners of adjustment programs, resulting in women working even greater hours inside and outside the home and suffering physically and emotionally," according to the Development Gap's McGowan.

The resultant "drain on women's time, labor and finances" has meant that women are less able to participate in the political life of their nation, and has diminished young women's educational and economic opportunities, McGowan said.

The solution must include changes in the primary objectives of adjustment policies. Lending by the IMF and the World Bank must be aimed at increasing the economic security, health and well-being of women and the poor.

The fund and the bank should heed the pleas from non-governmental organizations to be given an active role in the formulation of effective and fair programs, since they have direct contact with the pain people experience from SAPs.

The Tampa Tribune, Monday, July 11, 1994



MARK AUGUST

International aid pipeline needs reform

Last of three parts

After the past 15 years during which billions of U.S. taxpayer dollars have been spent on foreign aid to help the poor in Third World countries, an increasing number of American groups are demanding a moratorium on future U.S. funding for the World Bank and the International Monetary Fund (IMF).

The issue is critical because, as the largest donor to both the World Bank and IMF, the United States is in the position to help bring about reforms demanded by people in the countries most affected by the structural adjustment programs pursued by the two institutions. The United States contributes 18 percent to the IMF's fund and 20 percent to that of the World Bank.

Supporters of the adjustment programs claim the U.S. foreign aid contribution comes back in the form of contracts for supplies and American consulting firms. They also claim that because of the programs' supposed openness, better trade results for the United States.

Yet the 1980s were a period of increasing poverty in developing countries, especially in Latin America, thanks in large part to the role the World Bank and the IMF played.

What is needed is the political will to galvanize coalitions that will demand IMF and World Bank policies be opened to greater accountability and participation by the people most harmed by them.

Congress involved

To its credit, Congress has shown dissatisfaction with the way the Clinton administration has dealt with the institutions.

Congress has slashed next year's proposed $100 million contribution to the IMF and is expected to approve no more than $25 million. Congress is likely to approve the requested $1.2 billion for the World Bank's International Development Agency, but disbursement is expected to be delayed until April. That is when the U.S. Treasury Department is expected to certify the World Bank has carried out requisite reforms.

The American people are for the most part caring and way ahead of the policymakers in Washington when it comes to helping the poor. But Americans have come to realize that U.S. foreign aid contributions do not always reach those who need the help.

They are right, therefore, to insist on greater accountability, especially since there are ample examples of abuse by leaders of developing countries. We need only look at the corruption perpetrated on our foreign aid contributions by the likes of Chile's Augusto Pinochet, former Panamanian dictator Manuel Noriega, former Philippines President Ferdinand Marcos, Zaire's President Mobutu Sese Seko and Hastings Kamuzu Banda, until recently Malawi's president-for-life.

Moreover, many of the groups lobbying for more money for the IMF and the World Bank do so for their self-interest. Of concern to groups demanding reforms is the administration proposal that the institutions fix themselves.

It is doubtful the IMF and the World Bank will institute the necessary reforms because of the magnitude of policy and program failures for which they are responsible. During the 1960s, for instance, they encouraged developing countries to pursue state-led economic development, according to Ross Hammond of the Development Gap, a Washington-based international public policy group.

Change of heart

State-led economic development helped create many of the state-owned corporations which the World Bank and the IMF needed to funnel money. Now the institutions want those corporations privatized, realizing they are a drain on the resources of the affected countries.

"The spectacle now is of the Bank and the Fund loaning more money to countries so they can privatize state corporations whose creation they had funded in the first place," Hammond said.

It is really asking too much to expect the American people to trust these institutions, continue to make contributions, and hope they will now do right in light of their glaring economic failures of the past.

"We can't keep making funds available to them so they can clean up their mess. At some point you have to tell the junkie no," Hammond said.

If you, too, have had enough of your taxpayer dollars being diverted to a foreign aid program that fails to adequately help those for whom it is intended, there is something you can do about it. You can join the campaign against the past 50 years of the IMF and World Bank by calling: 202-IMF-BANK.