



NEWS RELEASE

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World Bank Report Mere Diversion, Says Campaign; Bank's Failed Economic Policies Should Be at Center of UN Social Summit's Analysis

The World Bank's report, Advancing Social Development, prepared for the UN Social Summit, is nothing more than an attempt to divert the attention of the Summit's participants from the failure of the economic model, which should be at the heart of analysis in Copenhagen, the U.S. 50 Years Is Enough Campaign charged today. Overreliance by the World Bank and other institutions on unregulated "open, free-market forces" as the basis for organizing national economies is a major cause of, rather than the solution to, the current global social crisis, said a Campaign spokesperson.

The Campaign, composed of more than 300 development, environment, religious, health, education, labor, human rights and women's groups throughout the world, has been a forceful critic of the Bank and its promotion of structural adjustment programs (SAPs) worldwide.

"The World Bank is trying to position itself as a bold leader by promising to increase its social lending and the building of social safety nets into their SAPs. That's a red herring," observed Doug Hellinger, Managing Director of The Development GAP, a member of the U.S. 50 Years Is Enough Campaign's Executive Committee. "The Bank has already tried that, to no avail, over the past five years as a response to public criticism. No matter how much money they pump in, the quality of life continues to worsen in most countries burdened with structural adjustment programs."

"The solution is not throwing good money after bad as the Bank proposes," Hellinger continued. "Trying to deal with social and economic justice without looking at the economic model is absurd. The economic policies of the World Bank, IMF, the U.S. Treasury and other finance ministries are at the center of economic and social decline around the world. Yet even after the latest demonstration of the failure of these policies -- the recent economic and social crisis in Mexico -- these institutions are effectively keeping analysis of their policies off the table."

Structural adjustment programs of trade liberalization, privatization, deregulation, export promotion and austerity have oriented production toward the satisfaction of the wants of a well-off relative few. The result of these policies has been growing unemployment, depressed wages, the undermining of the livelihoods and contributions of millions of small producers, sharp declines in basic food production, further environmental degradation and cutbacks in social services.

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"Mexico has shown how this economic model is falling apart," said Hellinger. "Yet the World Bank and other institutions are unwilling or unable to admit that and to help countries change their course to effectively deal with the fundamental economic and social problems that they face. Our fear is that it will take many more Mexicos -- with combinations of financial, political, economic and social crises involving a lot of unnecessary suffering -- before the public pressure is great enough for the Bank, the Fund and the U.S. Treasury to help countries revamp their economies in ways that are more participatory, equitable, sustainable and self-reliant."

In order for economic adjustment policies to contribute to the eradication of poverty and reduced unemployment, the U.S. 50 Years Is Enough Campaign believes they must be drastically reoriented toward strengthening the productive activities of the poor, particularly small farmers, increasing local self reliance and broad-based demand, enhancing workers' rights and promoting equity. Above all, they must be designed with the full participation of affected people.

"The international financial institutions and the U.S. Treasury have been attempting to obfuscate the role of structural adjustment programs in perpetuating unemployment, poverty and social disintegration, " charged Hellinger. "Rather than promoting the public's interest in the areas of social and economic justice, these institutions have worked behind the scenes in the preparations for the Copenhagen summit to advance the interests of foreign investors and the in-country rich who profit by the free-market, deregulatory atmosphere that SAPs create."