Commentary

Behind the Curve in Latin America

Who's fooling whom? Over the past 15 years, as structural adjustment and the North's neo liberal trade and investment agenda have been implemented in Latin America, the region's economies and social fabric have been coming apart at the seams. For the longest of times, the World Bank, a leading protagonist in this unfolding tragedy, remained in a near-constant state of denial regarding the havoc that it was wreaking. When, in the mid-199Os, this sorry story of expanding poverty, inequality and social disintegration finally found its way from headlines in the Latin American press to the front page of *The New York Times* and could no longer be ignored by any institution wishing to maintain its credibility the Bank was still finding ways to fool itself, if no one else. The answer, it re-emphasized, was not a change in policy but more of the same medicine.

Today, the Bank still remains dangerously behind the curve. In Latin America, 45 percent of the population now lives below the poverty line. Twenty percent is openly unemployed and a far higher percentage cannot find sufficient work. Privatizations and government/corporate policies have pushed workers' salaries far below the level required to support a family. Declining incomes, rising interest rates and the influx of increasingly unrestrained imports have destroyed tens of thousands of small and medium-sized farms and urban enterprises. Wealth is now more concentrated than it has been in decades. Crime, drugs and social alienation, in general, have proliferated. From Mexico to Argentina, drug cartels have moved into the space created by the privatization craze to take control of a rapidly increasing share of national assets, corrupting societies and political processes as never before.

In Honduras, tens of thousands of government workers, striking for higher wages, seized control of government buildings earlier this year and brought official activity to a halt. In Brazil, a similar number of landless peasants and rural workers marched for 70 days to the capital to rally for land, jobs and higher incomes. Meanwhile, in the cities of Colombia, hundreds of thousands have marched this year to demand higher wages and new economic policies. Four million people took to the streets in Ecuador this February in opposition not only to the corrupt Bucaram government, but just as pointedly to its economic adjustment policies (see story on page 15). During President Bill Clinton's visit to Mexico City, Mexicans protested the U.S.-engineered policies that have thrown the country into economic and social crisis, while increasing numbers of others in the country have taken to armed struggle. In Peru, the Tupac Amaru hostage-takers demanded the end of the "economic miracle" that has impoverished more and more Peruvians (story, page 7), while tens of thousands of Argentineans have blocked roads, bridges and public buildings throughout the country in violent protests against high unemployment and spreading poverty.

And how does the Bank react to this "in your face" reality? Its Latin America department continues to emphasize projected high growth rates for the region's major economies that, as Catherine Caufield points out on page 10, often prove illusory and that, in any event, are of little consequence in the lives of most people. It refuses to use its potent influence to engage the governments of these countries which have borrowed billions from the Bank for adjustment purposes and which the Bank holds up as models - in a ground-based assessment of the impact of those policies (see story on page 3). And, like the rest of the Bank, it is involved in a process of decentralization that is designed, by all indications, to allow it to keep a better eye on "adjusting" governments, to better serve its expanding corporate clientele, and to engage citizens' groups in endless dialogue and activities that are marginal to its core lending - rather than to bring it closer to local realities.

Under James Wolfensohn's leadership, the Bank has opened the door more widely to non-governmental organizations than ever before. This shift in attitude deserves, and has by and large received, a serious response. But to date there have been no changes of significance in Bank policy that would indicate that the Bank has been listening to what citizens around the world are saying and experiencing. To the contrary, Bank lending and studies continue to reflect an unbending commitment to a blatantly failed set of economic-reform measures.

At a time of economic and social unraveling and popular unrest in Latin America and around the globe, and at a moment when the political statement made by the citizenry of France is engendering a new public discourse and a rethinking of economic priorities thousands of miles away, it behooves the Bank and the people of vision and courage within it to get out ahead of the curve and become agents of constructive change.

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