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LETTERS TO THE EDITOR

World Bank's Lauding of Asia Economies Raises Questions

Dear Sir:

World Bank President James Wolfensohn's "Personal View" on the East Asian financial crisis (Financial Times, 29 January) is interesting for what he sees as right and wrong about such economies as South Korea's, Malaysia's, Thailand's and Indonesia's. Among the fundamentals that he says they got right is the development of an "outward orientation" -- an emphasis that has been promoted and supported by the Bank, not only in the region, but worldwide.

What has been wrong, he stresses, are financial and corporate structures that are "not well suited to cope with the demands of an increasingly globalised economy" and that led to the misallocation of resources, ultimately leaving these economies vulnerable to a sudden collapse of confidence.

The obvious question then is: Why has the Bank lauded, and in some cases supported, these countries' entry into the global economy when they were not ready? If the Bank did not see these internal weaknesses, what does this say about putting the future of these economies in the hands of the Bank and its even more misguided sister institution, the IMF? Even more to the point, why is the Bank continuing to push countries with far more poorly developed internal structures to open their economies willy nilly to the free flow of capital, goods and services? Why is it continuing to insist on their implementation of structural adjustment programs that destroy the local economy by directing productive resources "outward" while exposing it to competition that it is not yet prepared to match?

After almost 20 years of such policies and near meltdowns in Mexico and East Asia, we are entitled to a good deal of skepticism and to some serious answers and accountability.

Sincerely,
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