The Poverty Facade on H Street

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The Bank's latest media show—its PR campaign on poverty—was launched with the release of its *World Development Report 1990* last July, and given a further boost by outgoing Bank president, Barber Conable, at the Bank/IMF Annual Meeting in September.

In short, both Mr. Conable and the poverty report tell us that with a little investment in social services here and some support for labor-intensive production there—and maybe a few mini-safety nets down below—the countries of the South could be on the road to ensuring economic well-being for all. But what credence can we give a strategy that comes from an institution that has been in the lead in promoting and financing Structural Adjustment Programs (SAPs)?

Hard evidence is mounting around the world that SAPs have devastated local populations and their environments while increasing their countries economic vulnerability. In forums with Bank staff, what had only been hinted at in Mr. Conable's speech was made clear: adjustment policies themselves are the basis of the Bank's strategy of poverty alleviation.

Over the past few months, the Bank has continued the embarrassing charade of investigating all options to poverty alleviation. Bank staff wrote a policy paper on "operationalizing" the poverty report. Gutted of even the few interesting suggestions made in that report, the paper is barely recognizable as a serious, comprehensive treatment of the issue of poverty.

Presented to the Bank's Executive Directors at their board meeting in January 1991, it belies the institution's own rhetoric on popular participation, while giving the Bank the right to determine the appropriate policy context for anti-poverty investments.

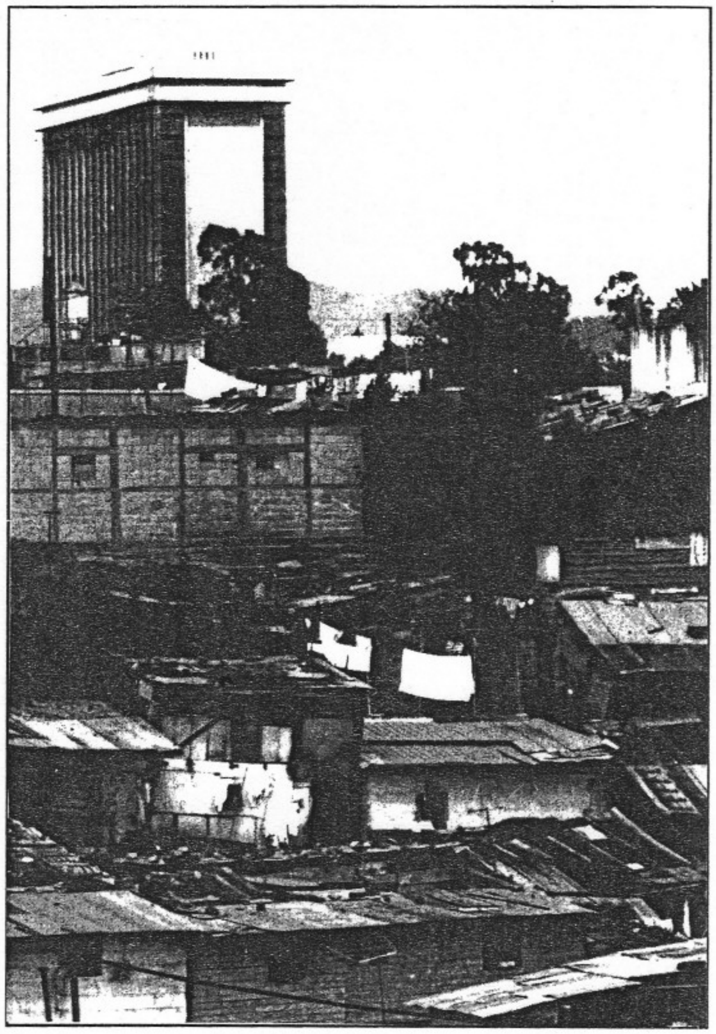
The paper also plays even faster and looser with the facts than did the *World Development Report*. At the board meeting, Bank staff, for example, advanced the claim that poverty afflicts only seven percent of the population of Latin America. Although this statistic was hard for even the board members to swallow, the conclusion drawn in the paper based on such figures went unchallenged. In the end the Board agreed with the staff analysis: due to the marginal nature of world poverty, there appears to be no need for "radical changes in lending strategies."

The Board's charge to management was predictable: develop a staff Operational Directive and poverty handbook as quickly as possible so that staff can hit the road with the necessary bucks to fight those politically explosive pockets of poverty.

When the poverty handbook is completed later this year, it won't be a best-seller in the slums of Mexico City or the villages of Burkina Faso. Dry and technical, the book outline and early draft of the first chapter suggest no role for the poor in determining ways out of their poverty. It's as if 30 years of learning about the development process had never occurred.

Of course, there is good reason for absence of popular involvement—the policies on how to deal with the problem have already been determined.

While the handbook outline calls upon staff to present a



"methodology for analyzing the poverty impact of various macro-economic, micro-economic, and sectoral policies," management has already concluded that the broad policy framework be one of adjustment. Within that framework, it will be the distribution of public expenditures that will be, according to the Bank, "decisive in determining how substantially the poor share in growth."

All this would be rather depressing were it not for the arrival of former J.P. Morgan boss, Lewis Preston, as the Bank's new President. Even before he takes office in September, he has obliged us with clarity. Not even the most naive among us can believe any longer that the bankers' bank on H Street, is joining the ranks in the war on poverty •.