

Voice of Shakthi - Thursday 27 April 2000

The recent massive public demonstration in [Washington](#) against the World Bank and the International Monetary Fund is an indication of the rising public outrage in Western countries against the current policies of these two institutions. The rally, by working people, youth and students was a follow-up to a similar but bloodier demonstration in Seattle late last year.

The reason for this outpouring of public anger is, in large part, due to a perception that both the World [Bank](#) and the IMF has seemingly given up its original aims and objectives to become a mere tool in the hands of mega-rich United States and European multi-nationals. There is a growing suspicion among the public that IMF and World Bank loans to poor, Third World countries is directly influenced by these companies which seek to exploit the capital and natural resource bases of these countries; that the preservation of human rights, including labour laws and environmental protection are of secondary importance to profit-making goals.

Under the guise of a globalized economy, critics of the two institutions maintain, a tremendous collapse of [economic](#) and social structures are taking place in these countries. The burden of ever-increasing debt-servicing costs has seen the poverty levels in these countries increasing by leaps and bounds.

According to World Bank figures itself, for the period 1994 to 2000, poverty levels in African countries have risen by more than fifty per cent. At the same time, U.S. Banks and multinationals have been able to increase their profits by billions of dollars.

A classic example of the debt-servicing burden is provided by the tragedy of Mozambique. The recent floods which virtually destroyed that country forced Western countries to donate aid to the value of 40 million US dollars. But compare this to the 70 million US dollars Western Banks collect from that country every year as interest payments on its debts. As one African leader once said, colonial powers today use the World Bank and the IMF instead of whips and bullets to subjugate these countries.

Despite the seemingly democratic nature of the two institutions, comprising as it does of 182 member countries, it is no secret that their workings are controlled by the US Treasury. It not only dictates their policies but selects their personnel as well. It is in the light of these realities, we believe, that the general public in the US said enough was enough. Indications are that such opposition will continue to increase throughout the world. Witness the demonstrations which have already taken place in Mexico, Thailand, [Indonesia](#) and South Korea.

Sri Lanka has not escaped the World Bank and IMF's attention either. Over the past twenty years, their dictates have seen the privatisation of profit-making public enterprises and the monopolisation of a great deal of its natural resources. The current attempt to take-over phosphate deposits in Eppawela

and the proposed privatisation of the state banks are the most recent examples of these trends.

The President of the World Bank, James Wolfensen, maintains that poverty alleviation is the major aim of his institution. But many of his critics may not be impressed by his arguments. The reality of life in poor countries today, they will say, illustrates clearly that both the World Bank and the IMF have failed to live up to their original aims and objectives.