

ADDENDIX:

World Trade Organization, World Bank, and the International Monetary

One of the major concerns raised by justice activists from around the world is who is running international organizations like the World Trade Organization (WTO), the World Bank, and the International Monetary Fund (IMF) and who are they accountable to.

The decision makers in international organizations like the WTO and IMF and the international corporations they represent are remote from ordinary citizens across the planet. There are few channels of communication between local people and managers of international institutions and corporations.

There is also a lack of transparency. People don't understand what decisions are being made, why they are being made, and who is making them.

J. Ostrom Moller writes in an article in the Futurist Magazine entitled "The Growing Challenge to Internationalism" (March 1999 p. 24 - 27)

"People realize that the world has gradually slid into a system where accountability for political decisions seems to disappear in mist, and the transparency of the political process is lost in haze....
The elite in each country prefers to communicate with the elite in other countries instead of communicating with the non-elite elements of their own country. As a result the non-elite part of the population feels rejected or forgotten."

The World Trade Organization (WTO) was founded in 1995. 135 countries are represented. The WTO is responsible for regulating trade issues like tariffs, anti-dumping laws, trade in biotech, the use of copy right, and more recently e-commerce. Here are the concerns raised by activists about WTO policies.

- WTO has the power to override government legislation meant to restrain corporate power in sovereign countries.
- The WTO has declared illegal local laws requiring community investment by corporations or laws preventing purchase of goods and service from companies that employ child labor.

- Environmentalists are concerned about the WTO ability to override environmental protection laws. WTO ruled that a portion of US Endangered Species Act - intended to protect sea turtles -violates free trade.
- WTO law does not allow a country to ban the import of goods produced by cruel processes even if such methods are forbidden in that country. For example, when the US banned the import of Mexican tuna because the drift nets used to catch these fish resulted in the death of dolphins, the WTO declared the US ban illegal.
- Labor leaders want the WTO to set up a working group on labor standards to support workers rights and address issues of child labor.
- Some people would like to put the WTO in charge of enforcing labor standards but others are opposed –fearing that labor standards will lead to protectionism.

For me, the most serious charge against the WTO is that it fails to live up to its own free trade goals. The WTO, whose leadership is dominated by corporate leaders from the United States and Europe, insists that countries around the world support free trade- not put up tariff barriers and not subsidize industries. Yet it does not insist that their own countries – the United States and the European countries - do like wise. Vijay Joshi and Robert Skidelsky write,

“The developed world funnels nearly \$1 billion a day in subsidies to its own farmers, encouraging overproduction, which drives down commodity prices. Poor nation’s farmers find they cannot compete with subsidized products even within their own countries. In recent years American farmers have been able to dump cotton, wheat, rice, corn, and other products on world markets at prices that do not begin to cover their cost of production, all courtesy of the taxpayers. The World Bank estimates that an end to trade distorting farm subsidies and tariffs could expand global wealth by as much as a half trillion dollars and lift 150 million people out of poverty by 2015.”

New York Times editorial quoted in Vijay Joshi and Robert Skidelsky “One World?” NY Review of Books March 25, 2004 p. 20

CRITIQUE OF THE WORLD BANK :

The World Bank and the International Monetary Fund - created in 1944 at Bretton Woods, NH. – were set up to provide capital for economic development.

After World War Two the World Bank mostly loaned to Western countries to help them rebuild their economies. In the sixties the World Bank began to make development loans to Third World countries.

Critics assert that the World Bank favors large expensive projects regardless of how appropriate they are to local conditions. Environmentalists charge World Bank loans finance ecosystem damaging projects like China's massive Three Gorges dam.

Critics also claim the Bank funds dictatorial elites rather than supplying money to the poorer people who really need the money.

CRITIQUE OF THE INTERNATIONAL MONETARY FUND:

The International Monetary Fund (IMF) was set up to be a lender of last resort so as to help poor countries. Loans are given to prevent a country from defaulting on previous loans from private banks.

Countries that take loans are required to carry out what is called a structural adjustment program. This includes eliminating price controls or subsidies, devaluing currency, eliminating labor regulations, and dismantling social programs. As a result countries become saddled with debt. The costs of the austerity plans are born by the working class and poor.

The main criticism people make against the policies of the IMF is that they are imposing a free market ideology on poor countries. The IMF is supposed to provide leadership to end world poverty. But their policies have actually driven peoples in some nations into more desperate poverty. Hence the Jubilee World effort to forgive the debt of poor nations.

Human rights supporters and unionists argue that lending agencies support countries that tolerate sweatshops.