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The Big Show of World Bank and IMF

When this year's plenary session of the World Bank's and International Monetary Fund's (IMF) joint annual meeting in Copenhagen reached its terminal phase, the focus of deliberations shifted from currency to development questions. Denmark's critical youth interrupted their autumnal and wintery slumbers and came out of political hibernation in order to protest to the conference against the sins of omission committed, in their view, by the industrialised nations in the field of development aid. Their demonstrations aimed mainly at blaming McNamara, the World Bank's President, for tending to suborn his bank progressively to "capitalist" interests.

But not only Danish youth, the developing countries, too, were among the "protestants". They used the conference for trying to stage a kind of show trial which was to condemn out of hand the industrialised countries' attitude towards development policy in the past. Ministers of Finance and of Economic Affairs of the countries of the Third World repeated over and over again, in speeches of marathon length, their well-known demands, e.g., for creating special and separate drawing rights on the IMF for purposes of development aid when new quotas will be allotted early in 1973, and as these quotas form the basis for the award of special drawing rights for an exclusive increase, in favour of themselves, of the quotas. Moreover, they complained that none of the industrialised countries had yet started to carry out the recommendation of the Pearson Report to devote 0.7 p.c. of their GNP to financing development aid from their national budgets. Finally, they condemned the current rate of interest of 7.25 p.c., which the World Bank charges on average for its loans, since this contributes to increasing development countries' indebtedness steeply. By the end of 1968, so they stated, their foreign debts had reached the formidable total of almost \$ 55,000 mn, causing annual repayment obligations of \$ 4,700 mn, which were bound to grow every year by 15 p.c.

The string of accusations hurled at the developed countries by the developing nations met with scant response from the representatives of the accused. McNamara and Schweitzer, Acting Director of the IMF, only pointed out that such demands would have to be examined again very carefully. The assembly formed two new committees, which were briefed to work out reports, the one about an overall programme for development aid, the other on the problems of indebtedness. Delegates of the industrialised countries sat mutely through all this, showing little or no reaction whatever. During the whole second phase of the plenary session, they acted as more or less attentive listeners. Their main interest had been exhausted during the meeting's first part, when inflation, which worries and threatens them all, formed the main subject of the discussion. But even during this phase of the meeting, the result of their deliberations was practically nil. Speeches that were delivered only adduced old and new reasons why inflation has such unfavourable effects. What was missing were unambiguous pledges to fight inflation, on the national level, with real determination, as well as the willingness to coordinate the various national economic policies.

Every outside observer must be prompted by the meeting in Copenhagen to ask for the underlying purpose of such public jamborees convened by the World Bank and the IMF. Do they still make sense? Are they only to serve as a platform for any and every country to blame the omissions of the past in the fields of economic and development policy? Or should the discussions not offer a chance to both developing and industrialised nations for coming together as partners in trying to work out practical strategies for the future? If it is to be latter, it has to be emphasised that the form of the meetings used up to now cries out for speedy reform, because the results of this year's conference, in spite of 3,000 delegates and observers having taken part in it at considerable expense, were negligible. Or is it the consensus of the participants that the whole performance ought to be no more than a big show?

Carsten R. Moser