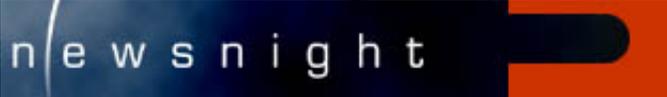


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Coruscating criticism of the free market ideology of the IMF 27/4/01

GREG PALAST:

It's quiet now, but all police leave in the capital has been cancelled. They're taking no chances after last week's anti-globalisation protests in Quebec and the street wars on this spot during the same meeting last year of the IMF and World Bank. So what's their complaint? The protesters say that what we have here is a conspiracy - the World Bank, IMF and World Trade Organisation don't help the poor of the world, they crush them. Well, the bosses are here today, let's ask them. Mr Wolfensohn, the protesters say you are the chief of a secretive, undemocratic world government which has made poverty worse worldwide. How do you respond?

JAMES WOLFENSOHN:
PRESIDENT, WORLD BANK

Well, I think it's nonsense. I've been accused of many things but I didn't know that was one of the accusations. I'm not sure where this government exists, but if I can answer the question more seriously, what I think is behind it, is that I'm very proud of the record of the bank.

PALAST:
But that's not what the insider says.

JOSEPH STIGLITZ:
FORMER CHIEF ECONOMIST, WORLD BANK
You shouldn't take advantage of someone who is down and out and squeeze the last blood out of them.

PALAST:
Joseph Stiglitz was chief economist of the World Bank - he should know. He was in the meetings when the World Bank and IMF met to decide the fate of nations.

JOSEPH STIGLITZ:

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They were making the countries worse off.



PALAST:

And he charges the IMF actually encouraged corruption.

STIGLITZ:

They'll take a strong position on petty larceny and petty theft, but on grand larceny, they'll look the other way.

PALAST:

The insider says there's a "one-size-fits-all" plan. Every nation gets the same exact four-step programme to the free market paradise. Step one - freedom for hot money. Step two - freedom to increase prices. Step three - free trade for all. Step four, where it all begins, freedom to privatise everything. Insiders saw how it worked in Russia.

JOSEPH STIGLITZ:

That was the extreme case. You turned over these assets to these oligarchs at a time when the government didn't have enough money to pay pensions to old people. It turned over billions of dollars to a few oligarchs for a fraction of the value of those assets.

PALAST:

How could the IMF let this happen in their privatisation programme?

STIGLITZ:

When it comes to corruption in Russia, they were willing to turn the other way. The IMF and the US Treasury actually almost encouraged it. There was a real commitment to a particular set of leadership - to Yeltsin. There was a fear that if he didn't get re-elected, who knows what would happen. So, the belief was the means justified the ends.

PALAST:

Stiglitz charges the US government used the IMF to fix the Russian elections. Stiglitz isn't guessing. At the time he was in Clinton's cabinet as the president's chief economist.

STIGLITZ:

The US Treasury's view was that this was great because they wanted Yeltsin re-elected. "We don't care if it is a corrupt election, we want the money to go to Yeltsin to be re-elected because he's our friend."

PALAST:

Step two is what the World Bank calls a

poverty reduction strategy. In Tanzania, the bank's idea of a poverty reduction strategy was to require the government to raise the price of medicine during an AIDS epidemic. In Bolivia, the bank's poverty reduction strategy was to demand increases in the price of water. That strategy produced riots. In Ecuador, the poverty reduction strategy included increasing the price of cooking gas by 60%. The nation exploded. The riots in Ecuador came as no surprise to the World Bank. We've obtained some confidential documents from inside. This one's the master strategy for Ecuador. It says the bank knew that their plans pushed down real wages and shoved 51% of the population below the poverty line. They even scripted in riots. They said their plans would lead to social unrest. The insider heard the same story about Indonesia.

STIGLITZ:

They'd been warned if the policies of austerity were continued, the economy would go down. The probability of social and political turmoil was very high. They've been warned and the unfortunate thing is those predictions came out to be true. Finally, the whole cauldron blew up and did enormous damage, from which the country has still not recovered.

PALAST:

What got Indonesia was step three of the IMF assistance programme - ending all controls on capital. This left Indonesia's fate to the mood of speculators and what Stiglitz calls "hot money". In Asia, it was the nations that refused the IMF medicine that escaped the financial flames.

STIGLITZ:

Both of them weathered the global financial crisis very well. India's been having growth rate over the past decade of over 5%. China's growth rate has been faster. Neither of them followed the dictum of having capital market liberalisation.

PALAST:

Step four - free trade. According to the insider, the World Trade Organisation just makes the rich richer.

STIGLITZ:

So much so, that after the last round of trade negotiations - the Uruguay round in 1994 - calculations of the World Bank showed that sub-Saharan Africa - the poorest region of the

world - was actually worse off by more than 2%. While the USA was bragging about how many billions and billions of dollars better off it was.

STIGLITZ:

Stiglitz says the WTO operates like the British Empire in the Opium Wars, when Britain forced China at gunpoint to "open its markets" to British narcotics. The new drug wars are over the WTO's intellectual property treaty. Until this month, British and American drug companies used WTO rules to prevent AIDS victims in South Africa getting cheap medicine.

STIGLITZ:

South Africa said, "We want to produce that drug and sell it at a cost the people can afford." The drug companies said, "If you do that, you are violating intellectual property rights." We don't care if people die, intellectual property rights are really supreme." People heard about this and they were outraged. And the protesters put such pressure that today, the drug companies have backed down.

PALAST:

One lost skirmish for the drug companies, but the deadly WTO rule still survives. And back at the IMF and World Bank spring meeting today, World Bank chief, Jim Wolfensohn, is still musing about world domination.

JAMES WOLFENSOHN:

We've done a lot of things well. We've made a lot of mistakes, but no more or no less than any other well-meaning group of people in a most difficult area. In some cases, I wish I was president of a world government, because then I could make sure everything worked - knowing, as you all do, of my great skill as an administrator!

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