

BOOK REVIEW: UNHOLY TRINITY: THE IMF, WORLD BANK AND WTO

Richard Peet

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In this timely book Richard Peet and his team lay the foundation with an excellent analysis of the process of globalisation and the resultant emergence of the global economy. The authors are especially critical of the increasing influence of institutions like the International Monetary Fund (IMF), World Bank and World Trade Organisation (WTO) on the economy and the consequences experienced by peoples, cultures and the environment. The single ideology of neo-liberalism is blamed for the undesirable outcomes. This book considers concepts of power, political interest, hegemony, discourse, responsibility and the power of practicality in critically examining the IMF, World Bank and WTO. The conclusion is reached that "all three institutions play roles greatly different from those originally agreed to under the charters that set them up".

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Chapter 1 carefully depicts the scene of how economic thought helped shape the landscape in which the IMF, World Bank and WTO came into being. The authors cleverly take many examples from well-known economists of our time to illustrate that hegemony is present in every economic system. As cited from Gramsci, this hegemony is mainly established through civil rather than state institutions. According to this formulation, hegemony is a conception of reality, spread by civic institutions, that broadcasts values, customs and spiritual ideas, inducing all strata of society to "spontaneously" consent to the status quo.

Chapter 2 looks at the political and economic conditions that formed the background to the Bretton Woods conference, which was the forum setting up the IMF and World Bank. The conditions of political economic reality dominated by the decline of British geopolitical domination, the exigencies of the great depression and the United States' rise to world power are also blamed on the geopolitical transformation of that time. On the theoretical front, the conditions for the breaking of the sanctity of the classic-neoclassical paradigm and

rise of the Keynesian amendment are eluded to. These two great changes intersected in the formation of a kind of global Keynesian club, the Bretton Woods institutions, designed to regulate international economic relations in such a way that the world would never again suffer the threat of total disruption. The institutional framework of the new global hegemony may appear to have come from consultations and interaction of the member states. In reality however, the USA came to dominate the post-war international economic agenda. The chapter argues that the IMF and the World Bank, were set up as US-dominated institutions, as collectivist fronts for US international economic policy to aid a new world order characterised by a more subtle, effective imperialism.

Chapter 3 reconstructs the history of the IMF, which was originally concerned with exchange rates and balance of payment loans. In the beginning the IMF short-term loans were used mainly by the same circle of industrial economies that had dominated the institution's founding. By the mid 1970s the IMF took a more interventionist stance by which loans to third world countries were granted subject

to increasingly austere conditions. According to the authors this was not done because of mismanagement and non-repayment but due to a particular, ideological conception of how countries achieve economic growth. In a series of republican administrations in the 1970s and 1980s, right-wing politicians and bureaucrats operating mainly through the US treasury, formulated this conception. The results of neo-liberal conditionality, together with other related policy moves, such as capital account liberalisation, have been disastrous for working people. Discontent demonstrated through food riots has escalated into massive popular protests whenever the Fund tries to convene. As counter response, the IMF has superimposed a veneer of concern on its base of austerity, in the forums of debt relief, anti-poverty programmes and public participation. Critical analyses suggest that these are more façade than substance.

Chapter 4 recounts the tragic loss of the inherent potential of the function a global development bank should have performed. The limited early role of the World Bank was as minor actor in the reconstruction of a war-torn Europe –the International Bank of Reconstruction and Development. In the 1950s the focus shifted towards project lending in the richer Third World countries. In the 1960s and 1970s, with the formation of the Development Association under Bank auspices, and at a time of social upheaval and transformative political possibilities, poverty alleviation and rural development under a basic needs strategy, became the Bank's main focus area. In the late 1970s faced with a distinct rightward shift in political conditions, the Bank increasingly in concert with the IMF, became involved in structural adjustment employing neo-liberal policies. The Bank also came under increasing criticism for the carelessness of its project lending and the damage done by its broader structural lending.

Chapter 5 presents a brief history of the political, economic and ideological conditions behind the initial formation of the General Agreement on Tariffs and Trade (GATT). It summarises the various rounds of meetings culminating in the Uruguay Round and the

formation of the WTO to govern international trade. The chapter critically examines its trade policy review mechanism, its dispute settlement record and its attitudes towards labour and trade-related intellectual property rights (TRIPs) agreement.

Chapter 6 revisits the concepts of hegemony power and practicality elaborated on in Chapter 1. It critically re-examines the phrase “Washington consensus” as a description of the policies and power behind recent tendencies in global governance and the influence of New York investment banks. It concludes that the notion of globalisation as humanitarian progress should be re-evaluated, in terms of theories and policies that extend its benefits, and the practices that demonstrate its worth. The IMF, the World Bank and the WTO, have been captured by a neo-liberal ideology that places them on the side of those who already have so much money they do not know what to do with it. The solution offered is that globalisation has to be directed into becoming something more honourable, through a democratic alliance of social movements that opposes the alliance of the rich, the famous and gratuitously philanthropic. According to the authors the way forward should be increasing popular participation and improved democratic decision-making.

This book has probably contributed to recent movements to reform these institutions. As Larry Elliot (2006) states: “...the IMF is planning urgent talks between the world's leading economic powers over the coming months after the organisation's biggest shake-up in decades. The fund was given a mandate to conduct multilateral surveillance of the global economy and to suggest steps that the leading nations should take in concert to ensure better-balanced growth. It will do its work with guaranteed independence from political interference and an annual remit on the linkages and spillovers between monetary, fiscal and exchange rate policies in key IMF countries”.

Among the vociferous critics of the current IMF structure is South African Reserve Bank Governor Tito Mboweni: “Its heavy-handedness, its we-know-it-all approach, its patronising attitude to developing countries have to change” (N Harrison, 2006).

The main aim of this book is to make every decision-maker, politician or economist, reconsider the value of these institutions and their policies against the motives of the hegemonic powers that guide them. The book is a must read for all those that need to gain radical insight into the political economy of our time.

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**CHRISTO WIESE MEDAL
AND
FRANS DU TOIT MEDAL
2007**

1. Nominations are being awaited for a suitable recipient of the Christo Wiese 9 ct gold medal for a promising and emergent entrepreneur. The medal bears the name of its sponsor, the well known businessman, Dr. Christo Wiese, and is awarded annually.

The medal is awarded to any South African businessman or –woman who will be 40 years or younger in the year in which the prize is awarded, and who had to overcome specific obstacles in order to achieve success. The emphasis will be on persons with a special brand of entrepreneurship, vision and perseverance which enabled them to obtain success in the establishment and/or development of one or more undertakings, the development and/or marketing of one or more products, and the creation of job opportunities and prosperity.

Although the prize is awarded in recognition of past achievements, it is also seen to be of motivational value. A person can be honoured only once in this way in his or her lifetime. Since 1999 the medal was awarded to the following two persons:

- 2000 Mr. Crispin Sonn
2001 Mr. Gerhardt Jooste

2. Nominations are also being awaited for a suitable recipient of the Frans du Toit Medal. The medal is awarded annually for business management. The following is considered in relation to each candidate:
 - his/her creative contribution to South African business life;
 - his/her sustained development over a long period of the fields in which he/she is engaged;
 - his/her leadership in specific fields and the inspiration he/she has exhibited in further developing the area. This 9 ct gold medal is regarded as the ultimate achievement of a person's life's work and can be awarded only once to any particular person.

The past seven years the medal was awarded to the following persons:

2000	Mr. Marinus Daling
2001	Mr. P.V. Cox
2002	Mr. G.T. Ferreira
2003	Dr. Johann Rupert
2004	Mr. D.L. Keys
2005	Dr. M.N. Hermann
2006	Mr. Ton Vosloo

Nominations together with supportive documentation must reach the following address before or on 31 January 2007: The Chief Executive Officer, S.A. Akademie vir Wetenskap en Kuns, Private Bag X11, Arcadia, Pretoria, 0007.

(w.s.) Prof. J. van der Elst
Chief Executive Officer