

## INTRODUCTION

Many churches have been approached by the World Bank and IMF to dialogue on issues related to poverty and the economy in general. How, then, should the churches respond? Or to put it in the words of the 1998 WCC Assembly held at Harare Zimbabwe : “How do we live our faith in the context of globalisation?”

This document is an effort to tease out and clarify some of the answers to this question. Its purpose is to equip the ecumenical family of churches with this background document that will enable them to respond appropriately to the challenge of globalisation and in particular to undertake a fresh critical review of economic and social questions that confront us today. Clearly some churches are well prepared to do this. Others need much support in order to avoid being swept along by the current of global forces.

For those grappling with the impact of globalisation and how international financial institutions (IFIs) affect the world’s poor Luke’s brief account of the meeting between Jesus and Zacchaeus is a powerful story (Lk. 19.1–10). Upon reflection what seems like a simple invitation becomes more complex. Why would Jesus make it a point to willingly and publicly enter into dialogue with someone whose sole purpose is to profit on the backs of others? What could the two possibly talk about? What if anything could be gained by such an encounter?

Because the process of globalisation is understood and interpreted in a variety of ways between the ecumenical and secular family it is clear that this document is essential if we are to continue in the ecumenical struggle for the attainment of a just and sustainable earth. There is also today a great deal of ambiguity in how the churches respond to the process of globalisation in gen-

eral and to international financial institutions in particular. The document is meant to assist in resolving this ambiguity, inspiring churches to use it in their varied contexts with creativity and new insights to stimulate discussion and clarity which is necessary.

Issues in this document are derived from the experiences of the WCC as it has grappled with economic issues since the life and work movement in 1925. The 1970s and 1980s proved to be years of profound involvement and clarity for the WCC in the areas of economic justice. At this time the ecumenical family was loud and clear in demanding a just “New World Order”. The WCC is still confronted today with a challenge of providing clarity, critique and alternatives to economic globalisation.

The institutions of economic globalisation have turned out to be most complex in form and character. In response to mounting criticism they have devised new strategies for incorporating churches, social movements and other actors to help them implement their agenda of enhancing the process of globalisation. Clearly this is a process which remains at odds with the churches as globalisation continues to place unprecedented power into the hands of a few individuals, states and corporations while the majority of people in the South, and a growing number in the North, fall into greater poverty. These guidelines are therefore, aimed at raising fundamental questions which have to be considered by churches when preparing for dialogue with these institutions. Any dialogue with them requires skills in detecting the traps and temptations inherent in the policies implemented by the World Bank and the IMF.

This document, *“Lead Us Not into Temptation...”* is divided into five chapters. The first chapter uncovers the basic facts of IFIs. This chapter provides a primer for those who need basic information and analysis concerning the history of IFIs and how they work.

The second chapter is on “Traps and Temptations” showing churches who have been approached or those who wish to engage the World Bank or IMF should be familiar with as they prepare themselves for an encounter. The third section is on the ground on which churches can encounter IFIs. The fourth chapter is on steps for organising encounters. The suggestions here focus on how church representatives can organise themselves so that they can effectively meet with IFIs. The fifth chapter is on ecumenical networking.

While not excluding other actors in the globalisation process, these guidelines are focused on the policies of the World Bank and the IMF because they have begun to approach churches for partnership in the field of development. The major concern with this partnership is the disparity in expertise about global economic and financial policies between the churches and these financial institutions. Each have their own experts in their own fields. Among the churches’ experts are the people who are experiencing first-hand the actual effects of the World Bank’s and IMF’s policies.

Another concern is the attempt on the part of IFIs to integrate a kind of unspecified spirituality into their language and structures. This poses a new challenge central to the actions of the churches. It is one thing to oppose structures and policies of economic and political injustice, it is even more important to resist attempts to disguise this injustice with spiritual and theological legitimations.

Faced with this new form and character of the main actors of globalisation, churches and the ecumenical movement require a new approach of reflection and action. There is a need to unmask and demystify the approaches, policies and language, both professional and spiritual, used by the financial institutions in the process of implementing their economic agendas.

The churches and the ecumenical movement uphold the affirmation of God’s grace to all human beings and all creation as im-

perative to life-centered ethics. Ensuring the implementation of policies that support life with dignity in just and sustainable communities must be central in the evaluation of new social and institutional arrangements at all levels of decision-making. The Harare Assembly was emphatic on the need for churches to reflect on the challenge of globalisation from a faith perspective. This background document is a step towards translating the Harare recommendations into practice.

## **I. BASIC FACTS AND ANALYSIS OF THE SHIFTS IN WORLD BANK AND IMF POLICIES**

**T**he purpose of this chapter is to give background information about the origins and functions of the World Bank and the International Monetary Fund. This information will be presented in relation to the power wielded by private financial institutions. Without this context it is not possible to appreciate the full importance of the roles of the Bank and the Fund.

Lenders exercise power over borrowers by deciding who will receive credit and who will not. They also exercise power by attaching conditions to their loans. If borrowers want to obtain credit, they first must comply with lenders' demands.

Power in global financial markets lies primarily with private banks and other private lenders, such as bondholders. They invest where it is most profitable, not where there is the greatest need. Every day private financiers exchange over US\$ 1.5 trillion worth of currencies on world markets. Less than 5% of this is payment for actual goods or services. Most is pure speculation. Private financiers can destabilise national economies by withdrawing their investments quickly as happened during the 1997–98 Asian crisis.

International financial institutions may either regulate money flows to serve the common good or deregulate them in the interests of private investors. Intergovernmental financial regulation is needed to channel funds in accordance with the goals of just, participatory and sustainable development. History shows that unregulated global finance leads to manias, panics and crashes. (see Kindleberger 1996)

## **Origins of the IMF and World Bank**

During the Second World War leading politicians gathered at a place called Bretton Woods to talk about how to regulate international finance after the war. Their hope was to set up a new system that would avoid a repeat of the 1929 financial crisis that led to the Great Depression. Only 44 countries attended the 1944 conference at the invitation of the United States. Few developing countries were represented as most were still colonies. Upon attaining independence most countries joined the institutions created at Bretton Woods but were given little opportunity to influence their direction.

Before the Bretton Woods conference took place the British government asked the famous economist, John Maynard Keynes, to draft a plan. Keynes proposed a system that would allow governments to control private financial flows. He proposed a world currency that would ensure stable and fair economic exchanges. He also wanted an independent fund, not a bank, to assist developing countries. Keynes called one of his drafts “a plan for financial disarmament”. The UNDP presents proposals for the reform of the IFIs in 1992 that were very close to J.M. Keynes original ideas.

But the USA, which emerged from the war as an economic powerhouse and holder of Britain’s debts, rejected Keynes’ ideas. New York bankers wanted freedom of capital movement. US industrialists wanted the US dollar to be the dominant international currency. At Bretton Woods the US succeeded in establishing the dollar as a world currency deemed to be “as good as gold”.

Two new institutions emerged from Bretton Woods – the International Monetary Fund (IMF) and the World Bank, formally called the International Bank for Reconstruction and Development. The term “reconstruction” referred to its role lending to European nations for rebuilding after the war. Only later did the World Bank take on a prominent role as a lender to developing countries. Keynes’ dream of an independent fund that would make available low-cost

financing for Southern countries was dashed when the World Bank took over the International Development Association which was originally supposed to be administered by the United Nations.

The term “development” refers to the idea that prosperity can only be achieved through economic growth. To this day the World Bank and the IMF continue to promote a paradigm of growth without limit. Too little attention is given to issues of equity, redistribution and the ecological impact of unlimited growth. This view of “development” assumes that the free market will resolve issues of equity, ethics and environmental sustainability.

Decision making in both the Bank and the IMF has always been dominated by the industrial countries. The distribution of voting power within the World Bank gives the USA 16.5% of the votes, Japan 7.9%, Germany 4.5%, the U.K. 4.3% and France 4.3%. India with 16% of the world’s population has under 3% of the votes.

The pattern is similar within the IMF. While the US controls 17.4% of the votes, the African block of states has only 4.5% of the voting power. Since an 85% majority vote is needed to make significant changes within the Fund, such as amending its Articles of Agreement, the USA can veto any amendment proposed by the South.

### **Early IMF conditionality**

At Bretton Woods the IMF was given the task of making short-term loans to countries with balance of payments problems. Keynes had wanted these loans to be made without conditions while countries with balance of payments surpluses would have to adjust by importing more from countries with deficits. But the US rejected this idea favouring conditions that put all the responsibility for adjustment on debtors.

Over time the IMF began to attach more and more austerity and stabilisation conditions to its loans. Stabilisation conditions involve devaluation of currencies, retrenchment of public employees and public spending cuts. Until recently these cuts almost invariably involved less spending on education and health services. The stabilisation measures are designed to address what the IMF calls “excessive demand”. Even if people are hungry or lacking in other necessities, the IMF deems it important to curb demand in order to slow down inflation.

A primary aim of these stabilisation measures is to make exports more attractive on world markets while curbing imports. The IMF encourages more exports in order to earn foreign exchange to pay debts. However, when several countries that export the same commodities, such as coffee or cocoa, are simultaneously urged to export more the result can be oversupply on world markets which drives down prices, leaving the exporters no better off.

### **Demise of the Bretton Woods system**

The Bretton Woods system based on the US dollar linked to gold lasted for almost a quarter century. It began to break down once there were more dollars held abroad than could be redeemed with all the gold stored at Fort Knox. On August 15, 1971 President Nixon unilaterally decreed that dollars could no longer be exchanged for gold. This effectively ended the Bretton Woods era.

There followed a period of rapid expansion of unregulated international finance. This coincided with the two petroleum price increases of 1973 and 1979. Southern countries were encouraged to borrow from private banks to pay for oil and other imports. These loans involved “floating” interest rates, that is rates that went up or down depending on what happened on world money markets outside the control of the borrowing country.



## **The debt crisis**

This lending spree ended abruptly in the debt crisis of the 1980s. The debt crisis was set off by an abrupt increase in interest rates on international loans. For example, the average rate of interest that Brazil had to pay on its external debts soared from 6.25% in 1979 to 24% in 1981.

This abrupt rise in interest rates was a result of changes in monetary policy among Northern countries. One after another Northern countries adopted “monetarism” as their official policy. Monetarists believe that inflation is always the result of “too much money chasing too few goods”. Monetarism involves a type of de-regulation whereby central banks aim to combat inflation by reducing the money supply, allowing private market forces to set most interest rates. This policy went against Keynes’ advice that central banks should keep interest rates low enough to stimulate full employment. Keynes saw that in order to achieve this goal each country had to be able to control inflows and outflows of money in order to stop capital flight.

In contrast to Keynes concern for full employment monetarists view the high unemployment that results from their attempts to curb money supply and from high interest rates as necessary for controlling inflation. Over the years the IMF has become monetarist in its orientation. Even when inflation is relatively low, the IMF still prescribes the contraction of money supply to fight inflationary pressures. Over the years the IMF has also become more determined to advise countries to do away with all kinds of capital controls that might deter capital flight and give nations more control over their own finances.

The debt crisis led to a new and more powerful role for the IMF. Private bankers were reluctant to reschedule developing countries’ debts unless governments first accepted the austerity conditions demanded by the IMF. The amount of new financing actually provided by the IMF was relatively small compared to the huge debts

owed to private banks. But the power of the IMF grew immensely since indebted less developed countries found it difficult to borrow from anyone else without first receiving its seal of approval.

### **Structural Adjustment Programmes**

By 1985, it had become apparent that traditional IMF austerity and stabilisation conditions were not sufficient to contain the debt crisis. That year, the US Treasury Secretary, James Baker, asked the World Bank to play a bigger role in making “structural adjustment” loans to developing countries. By 1989 the World Bank had extended structural adjustment lending to three quarters of the countries that already had IMF stabilisation programmes. The IMF soon expanded its own lending programmes to include new structural adjustment facilities.

Structural Adjustment Programmes (SAPs) as administered by both the Bank and the Fund impose an unprecedented degree of conditionality on borrowers. SAPs incorporate the usual austerity measures of traditional stabilisation loans and extend conditionality deeper and deeper into other areas of national policy. SAPs typically include demands for a strict anti-inflationary monetary policy, privatisation of public enterprises, dismantling of foreign exchange controls and “more flexible” labour markets. SAPs reduce the scope of the public sector through the elimination of subsidies. They involve the withdrawal of government involvement from price setting so that prices will be determined by market forces alone. They aim to reduce tariffs and quotas on foreign trade. They ensure that governments are actively involved in creating an enabling environment for foreign investment.

SAPs impose a strict neo-liberal economic and social agenda designed to reduce the role of government and increase the power of private corporations. From the beginning transnational corporations applauded SAPs. One of the largest US banks, Morgan Guarantee Trust, welcomed the Baker Plan because SAPs promised

the “liberation of the private sector from distorting price, wage, trade, exchange and credit controls.”

Recently SAPs have involved the privatisation of such basic services as potable water. For example, Mozambique’s SAP required the privatisation of some rural water and sanitation services in order to qualify for loans from the IMF. SAPs have also begun to intrude into the design of social programmes, often by requiring governments to institute user fees for health care or education. In Tanzania, three public hospitals saw attendance drop by 53% when user fees were introduced. In Nicaragua about a quarter of primary school children did not enrol in school after charges for registration and a monthly stipend were introduced.

The extent of SAPs intrusion into the sovereign affairs of nation states is summed up by Jonathan Cahn writing in the *Harvard Human Rights Journal*:

“The World Bank must be regarded as a governance institution, exercising power through its financial leverage to legislate entire legal regimens and even to alter the constitutional structure of borrowing nations. Bank-approved consultants often rewrite a country’s trade policy, fiscal policies, civil service requirements, labour laws, health care arrangements, environmental regulations, energy policy, resettlement requirements, procurement rules, and budgetary policy. The Bank plays this legislative role primarily by imposing conditions on its loans.”

## **Tactical shifts**

By the late 1980's it had become obvious even to the private banks that Southern countries could never pay off their huge debts no matter how much they squeezed domestic demand and liberalised their economies. In 1989, US Treasury Secretary Nicholas Brady announced a plan that allowed about 25 larger, middle-income countries to reduce their debts by approximately one fifth as long as they promised continued structural adjustment. The Brady Plan allowed private banks to write off their books debts that could never be collected in any case. But the Brady Plan did nothing for the poorest, heavily indebted countries whose debts are primarily owed to governments and international financial institutions like the Bank and the Fund.

Finally, in 1996 the World Bank and the IMF launched the Heavily Indebted Poor Country (HIPC) Initiative which promised debt relief for 41 low-income countries as long as they continued to apply SAPs. Like the Brady Plan, the HIPC initiative only proposed to write off debt that was for the most part uncollectable in any case. The time frame was very long – involving at least six years of structural adjustment, or longer if a country failed to meet its SAP targets on time.

As Archbishop Njongonkulu Ndungane told the 1998 Lambeth Conference of Anglican Bishops: “HIPC is a remedy for the lenders’ problems, for problems faced by the IMF, the World Bank and by OECD governments in getting ... debts paid. It’s not a remedy for the debtor nations. ... HIPC’s present purpose is to make just enough adjustment in the debt burden for debtor nations to repay their foreign creditors. ... But that should not surprise us, for it was designed by creditors, not by an independent body.”

### **Poverty reduction grafted on to SAPs**

In response to the 17 million signatures collected world-wide by the Jubilee debt remission campaign, the leaders of the Group of Seven (G7) industrial nations arrived in Köln for their annual summit in 1999 determined to show their sympathy for poverty reduction through debt cancellation. They promised faster and deeper debt relief through a revisions of the HIPC Initiative which became known as "HIPC II". The official G7 Köln Debt Initiative also calls for "a framework for poverty reduction" to be "integrated with structural adjustment programmes". This ambiguous language implies that poverty reduction can somehow be added into SAPs.

But attempting to graft poverty reduction foliage onto the tree of structural adjustment does not solve the problems that extend down to the roots of SAP conditionality. Nevertheless, the World Bank and the IMF were given the task of implementing HIPC II, including this new approach to conditionality.

### **New wine into old wineskins?**

In an attempt to make SAPs' bitter medicine more palatable, the Bank and the Fund had already begun to pay more attention to the levels of social spending within the fiscal policies they prescribed. The Bank and the Fund freely admit that cutbacks to spending on health and education used to be a regular feature of SAPs. Now the IMF maintains that its programmes for low-income countries have "progressively strengthened the integration of social spending into programme design." The IMF points to a review of 44 low-income countries that had SAPs during 1994-98 which "indicates that about 80 percent of the programmes sought increases in public spending on education and health care."

However, an analysis of the actual increases in health and education spending in African countries reveals that these expenditures are rising by only 2% per year after having been cut continuously for 15 years. At this rate it will take until the year 2010 to restore spending to the level reached in 1985.

In a highly symbolic gesture after Köln, the IMF renamed its Enhanced Structural Adjustment Facility (ESAF) the "Poverty Reduction and Growth Facility" (PRGF). Under this new approach the governments of indebted countries are given the responsibility of drafting, in close collaboration with Bank and IMF staff, a Poverty Reduction Strategy Paper (PRSP) which sets goals for poverty reduction. PRSPs must still be approved by the executive boards of the IMF and World Bank. The operational guidelines for PRSPs indicate that all of the other traditional SAP conditions are to continue while there might be some more leeway for increased social spending. The documents say that both the Bank and the Fund are still to promote "freer and more open markets" and "an environment conducive to private sector growth".

In assessing whether SAPs have substantially changed one must look at all adjustment policies and not just social spending.

Cuts to social spending are not the only way that SAPs cause poverty. Monetary policy that aims at combating inflation through high interest rates leads to increased unemployment. Inappropriate privatisations, like that of water supply in rural Mozambique, threatens the poor's access to clean water. Deregulation of agricultural marketing continues to contribute to poverty in many countries.

Experience with structural adjustment programmes in Africa suggests that the following policy areas should be monitored closely:

**a) Liberalisation of consumer and producer prices**

Whereas the economic objective of SAPs includes export-led growth, the targeted beneficiaries of liberalised prices are producers and traders. These producers and traders are mostly rural-based intermediaries. Rural women who produce a bulk of the export goods do not enjoy the cash benefits of this cash-related, export-led growth policy. This policy measure does not consider women's contribution in food production, storage and processing, nor does it consider their involvement in food vending.

**b) Diversification of export crops**

SAPs promote the diversification of export crops, including food crops. Farmers are also told to produce high value crops like vanilla, flowers or okra. The result is that men move into cash crop production and take over both the land used and the cash obtained from export of food crops. The result is often an acute food shortage and insecurity at the household level.

**c) Liberalising trade**

The liberalisation of trade is intended to create opportunities for bigger markets. Interest rates are also liberalised in order to promote the mobilisation of savings and improve efficiency in credit allocation.

The result is that foreign traders and farmers begin to compete in the local market and often push out the local farmers and traders. This undermines local consumption. In one case only 5% of the fish catch was left for domestic consumption while 95% was taken by a large fish processor.

The result is a loss of jobs for local fishers and farmers and a loss of income.

## **Bailing out the private sector**

In the wake of the Mexican peso crisis of 1994–95 and the Asian financial crisis of 1997–98, the IMF has justifiably come under renewed criticism. Critics assail the US\$48 billion bailout the IMF helped to organise for Mexico and the US\$120 billion bailout it arranged for Thailand, Korea and Indonesia. The prime beneficiaries of these huge bailouts were private investors who had caused the crises in the first place by abruptly withdrawing their funds. The IMF itself contributed only a portion of the funds which also came from the US Treasury and other Northern governments. Nominally these loans went to the governments of Mexico, Thailand, Korea and Indonesia. In fact these governments used this money to pay off private investors, leaving their peoples saddled with new debts. Private debts were replaced with public debts financed by the taxpayers of Northern countries. Through this mechanism the gains from speculative investments are privatised, while the losses are socialised.

Aside from providing a relatively small portion of the bailout funds, the IMF's role was to draw up the policy conditions that were attached to these loans. These conditions included standard IMF austerity and structural adjustment measures that were not at all appropriate to the problems in Asia. The IMF policies raised interest rates so high that viable domestic companies could not afford to borrow. The IMF applied measures designed for countries with high foreign debt and high inflation even to Korea which had relatively little foreign debt and low inflation. By applying the wrong medicine the IMF made the problems worse by pushing countries into recession, throwing hundreds of thousands of people out of work and millions into poverty. As usual women bore the brunt of the adjustment measures. With few options for other work the sexual exploitation of women and children increased.



One prominent critic of IMF policies in Asia was Joseph Stiglitz, the former chief economist at the World Bank. Over the period 1998–99, while he was still at the Bank, Stiglitz became increasingly critical of IMF and World Bank policies. Stiglitz opened up a debate by questioning some of the basic tenets of structural adjustment policies. Although his criticisms did not go as far as many of the critiques made by the ecumenical movement, in a remarkable speech delivered in Helsinki, Finland, Stiglitz gave voice to the following challenges:

- trade liberalisation and privatisation are not ends in themselves;
- moderate inflation (below 40% a year) is not harmful. Single-minded preoccupation with inflation results in macro-economic policies that stifle growth;
- private financial markets do not do a good job of selecting the most productive recipients of funds;
- budget deficits can be acceptable given the high returns to government investment in such areas as primary education and physical infrastructure;
- macro-economic stability is the wrong target when it downplays the stabilising of output and employment;
- large-scale unemployment is clearly inefficient – representing idle resources;
- markets are not automatically better than government involvement.

Soon Stiglitz' criticisms annoyed the US Treasury so much that it engineered his removal from the World Bank. Since leaving the Bank, Stiglitz has become even more outspoken in his criticisms, questioning how conditionality undermines democracy. In 1999 Stiglitz wrote: "There are real risks associated with delegating excessive power to international economic agencies. The institution can actually become an interest group itself, concerned with maintaining its position and enhancing its power."

## **IMF remedies often make things worse**

At the time of the April 2000 protests in the streets of Washington against the Bank and the Fund, Stiglitz published an article in *The New Republic* expressing sympathy for demonstrators' claims that the IMF "is arrogant; does not really listen to the developing countries it is supposed to help; is secretive and insulated from democratic accountability ... [Its] 'remedies' often make things worse – turning slowdowns into recessions and recessions into depressions."

Stiglitz goes on to describe how the IMF dispatches teams of economists on "missions" to spend a few days or, at most, weeks in a country to develop an economic programme:

"Needless to say, a little number-crunching rarely provides adequate insights into the development strategy for an entire nation. Even worse, the number-crunching isn't always that good. The mathematical models the IMF uses are frequently flawed or out-of-date. Critics accuse the institution of taking a cookie-cutter approach to economics, and they're right. ... [In] one unfortunate incident team members copied large parts of the text for one country's report and transferred them wholesale to another. They might have gotten away with it, except the 'search and replace' function on the word processor didn't work properly, leaving the original country's name in a few places."

Today, it is claimed that countries own and produce their own poverty Reduction Strategy Papers (PRSPs) but in reality the final word still lies with the governing boards of the IFIs.

## II. TRAPS AND TEMPTATIONS

The International Financial Institutions (IFIs) are concerned about their public image and their legitimisation. There are numerous publications advertising and defending their goals and practices not only by the IFIs themselves. Most captivating surely is the attraction by the flow of money they control and the power invested in them. The following paragraphs point to some of the traps and temptations that are to be faced in so many discussions and debates about the role and character of the IFIs in global economy and politics.

### ***“Swim with the mainstream” – renouncing a new “religion”***

The previous chapter shows changes in emphasis and style by the IFIs. Some of them are motivated by developments in economic theory. Some shifts in language obviously react to the critique by social movements and other voices. The focus on the central role of the market mechanisms and economic growth, however, remains throughout and was even strengthened under the strong influence of the neo-liberal economic model.<sup>1</sup>

The prescriptions based on the neo-liberal ideology became rules and norms not just in the world of economics, but also in politics and even the life of societies in disregard of the diversity of cultures and different conditions of local economies. The rules and norms of the neo-liberal ideology perfectly serve the needs and interest of corporate business and finance and demand the transfer of power from the state to the private sector in general and

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<sup>1</sup> An ideology that legitimises the transfer of power to the so called “market forces” and the major actors in the economy. Privatisation, liberalisation and de-regulation are keywords of neo-liberalism.

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transnational corporations and financial institutions in particular. Taken as the iron law of economics, they assume religious status, justifying massive exclusion and sacrifice of human lives and nature in the name of economic growth through privatisation and the liberalised and de-regulated market.

Analysing this situation, a number of theologians called the core of the neo-liberal worldview the “religion of the market”. They were met with strong resistance. Anybody criticising the “new religion of the market” is heavily attacked for an “unrealistic” and utterly “outdated” approach. An environment hostile to critique developed, tempting everybody to follow the flow and swim with the mainstream.

### ***“There is no alternative” – confronting the ideology of the market***

In defence of the ideology of the market, the phrase, “There is no alternative!” became the credo of the believers in the neo-liberal ideology. It is a pervasive slogan that further disempowers those already in despair because of increasing poverty and exclusion. Once the presupposition as such is accepted, ethical considerations and the lives of the poor are no more taken seriously when it comes to the core-business of the IFIs and the details of decisions concerning national budgets and the international financial system. The situation of those excluded from the formal economy is not really reflected in the figures of the formal economy, which determine the decisions taken within the macro-economic framework that the neo-liberal model provides.

Experience shows that many NGOs and also churches are tempted not to look for alternatives any more, but to accept the framework as such, reducing their challenge to the technical aspects of the design and implementation of IFI recipes. Being insensitive to the consequences it has for the poor who are marginalised and ex-

cluded in the process, the neo-liberal model must be profoundly challenged from the biblical perspective of justice and of economic, social and cultural human rights (ESC rights) enshrined in the 1966 UN Covenant.

***“Are you against progress?” – overcoming the tunnel vision***

Those who benefit from economic globalisation do admit that there are problems. But they firmly believe these are necessary sacrifices and there is no other way into the bright and beautiful future they promise than to obey the commandments of liberalised trade and free financial flows as promoted by the World Trade Organisation (WTO) and the IFIs respectively. It is as if they are caught in a tunnel-vision: You will only reach the light at the end of the tunnel if you move faster and faster on the rails, pulled and pushed by an ever accelerating engine in the darkness of the tunnel.

The myth of progress was at the heart of the idea of development promoted by US President Harry Truman after World War II and later embraced by the United Nations in the various development decades. It not only attracted the governments, but also captivated the intelligentsia of Southern countries who were fascinated by the power of economic growth and scientific progress in the North, while underestimating the social costs and severe obstacles faced by strategies to catch up with Northern societies at the expense of the existing social fabric of the societies. Buying into the growth syndrome, the specific cultural and economic context and the limits set by nature were simply neglected with the consequence of social fragmentation and environmental destruction. Focusing on export led growth, top-down approaches and an unsubstantiated believe in the so called “trickle down effect”, the role of just and sustainable communities as the basis and necessary context for life in dignity of the majority of the people was misjudged.

***“Be more competitive”*– making the case for the relational aspects of life**

The lowest labour costs per production unit are decisive for success in the competitive arena of international trade. In the attempt to explain and justify what is essential for the functioning of the market economy, competition was elevated to a kind of natural law and basic human condition in the concept of the “homo economicus”, the human being as essentially determined by the economic activities and relations. This anthropological model clearly excludes solidarity and love as determining values for economic life. It views humans as individuals rather than as persons in community, human beings as essentially competitive rather than cooperative, and as materialist rather than spiritual.

The precedence that labour is given over against capital in the social teaching of the Roman Catholic Church and other Christian communions, reflects the primacy of the relationship with nature and community for Christian social ethics informed by Scripture. A strong focus on competition overshadows the understanding of the primacy of the dignity of the human person as made in the image of God and finding meaning in community.

***“It’s all about money”*– poverty reduction, an insufficient goal**

The multilateral lending institutions, powerful nation-states, and big transnational corporations are incorporating solidarity language into their propaganda. At the centre, however, remains the goal of economic growth that is advertised as “pro-poor growth” when it is not. Poverty is approached primarily as lack of money, reducing it to a monetary affair. The World Bank and IMF support the OECD goal of poverty reduction, but they refuse to accept poverty eradication as an issue of justice and human rights.

Whenever a powerful multilateral lending institution begins a solidarity discourse, churches must put some critical distance so as to be able to read between the lines. It is not gratuitous that the ones who hold the money bag suddenly express their concern for the poor, especially when the poor are struggling to enjoy life regardless of oppression and injustice. The struggle for justice and peace that is so close to the heart of the gospel of God's reign demands that life cannot be reduced to an economic growth that, as experience demonstrates, only benefits the powerful.

### **"We are all concerned about ethics and equity" – critique of operational values**

IFIs pretend to have changed, admitting their mistakes and inviting dialogue on ethical values. All this looks attractive. But the facts indicate clearly that their policies have not only failed to bridge the gap between rich and poor and achieve greater equality, but rather have contributed to the widening gap between the two groups, the exclusion of an increasing number of the poor, widespread social disintegration and environmental destruction.

Confronted with the obvious failure of the prevailing economic model and development paradigm, the public discourse concentrates on goals that incorporate ethical values shared by many. Everybody seems to be concerned about ethics, equity, poverty reduction, and sustainability. All this sounds good. The values incorporated by the IFIs in the goals of social and sustainable development, however, are not the operational values, guiding the actual decision making and implementation of their programmes, which remain trapped by the dominant macro-economic framework.

This contradiction between goals and operational values will be overcome only by a renewed and massive political will. Changes that are needed are not only administrative, legal, technical or

technological, but also changes in the direction of life-oriented values, underlining and expressing the sacredness of all life. The alternative approach would require, from the outset, the active participation in decision making processes of those who are affected by such decisions. It would be a “building up” rather than a “trickle down” approach, starting with the needs of local communities and using these as the basis for national, regional, and global policies.

The Comprehensive Development Framework (CDF) introduced a couple of years ago by the World Bank and the framework of the Poverty Reduction Strategy Papers (PRSPs), which builds on the CDF, pretend to provide a platform for genuine participation by the people concerned and affected. Evaluation by independent organisations, such as PRSP-watch and Oxfam, have cast doubt about the participatory character of the process. Still the rules of the game are set by staff and policy guidelines of the IFIs.

***“We too want the best for everybody” – confronting people with the ethical challenge***

Among staff of the IFIs there are, of course, many Christians and members of other faith communities who claim to be faithful to their belief. It would be a grave mistake to simply disqualify the moral standards of individual staff members of these organisations. They probably have their own doubts, questions and expectations concerning the work they are responsible for. The critique has to focus first of all on the logic and political framework of the institutions they are working for, on the critique of the reductionism of the prevailing economic paradigm and the need for structural changes in international finance and trade.

But also the individual counts and has to be held accountable for his/her actions. The question has to be raised: What is their responsible action in a situation, in which entire countries are forced



to justify their existence as suppliers of raw materials and cheap labour destined to increase the wealth and power of a handful of rich nations? Any responsible person has to relate to this situation, not accepting it as a given that cannot be overcome.

**“The problem is bad governance, corruption and backward traditions” – refusing to blame the victims**

The IFIs continue to defend the basic assumptions of the prevailing economic paradigm. Negative consequences highlighted by people and critical NGOs are often attributed to problems in the implementation of the programmes and projects. The favourite strategy of IFIs in response to this critique is to point to the need for good governance, fight against corruption and the conflict between community-focused traditions and the competitiveness required in the market economy. They claim it is just a matter of time and proper implementation of “sound macro-economic” measures for more positive results. This critique of their implementing partners resonates well with widely-held prejudices in Northern societies.

From the perspective of the South, however, this is nothing else than an attempt to blame the victims and distract from the analysis of the relationship between root-causes and consequences. Archived documents in the capitals of former colonial powers, that were made accessible in recent years, prove how any attempt of building governments accountable to the people and implementing strategies for self reliance and people-oriented development were systematically targeted and destroyed. The vital social bonds of the communities were exploited for strengthening the position of foreign business through strategically placed efforts to corrupt influential politicians and community leaders. Instead of talking about distorted markets, it is much more appropriate to speak of distorted societies under the unfettered influence of market forces.

***“We want to work with the churches” – refusing to become power brokers***

The recent initiatives by the World Bank and IMF show their interest in engaging with the churches as legitimate spokespersons of civil society. This seems to be a direct response to the loss of credibility the IFIs and the WTO had to face because of the growing critique of economic globalisation and the massive protests on the streets against the policies they implement. It is also a recognition of the fact that economic globalisation has no legitimate base in the long-term memory of humankind that is represented by the different religions of the world.

Religious leaders invited by the IFIs will be aware of this context and ask themselves questions like: What is the interest of the IFIs? Why do they want our co-operation? How do we respond? To whom are we accountable? What is required on the basis of our ecumenical relationships? Whose voice do we strengthen and support? Are churches, NGOs and other organisations just sounding boards for powerful lending institutions or do they support the legitimate spokespersons of people affected to speak out? What would be the appropriate platform and framework for this kind of encounter?

IFIs are powerful institutions and their decisions have a considerable impact on the situation in many countries. It is tempting for church leaders and representatives of church related agencies to assume they have some influence on the decisions made by these institutions. It is not only the very human attraction of power that would motivate this choice, but an attempt to shape policies that are so important for the lives of many people. But how realistic is the assumption that discussions on the staff level of the IFIs really impacts on the actual decisions made? A former Minister of Finance has shared his impression that what finally determines decisions by World Bank and IMF is the position of the US Treasury.

The real power in the IFIs lies with representatives of the G7, which hold the majority of votes in these institutions.

**“We are concerned about the spiritual dimension in development” – clarifying the understanding of spirituality**

The IFIs have taken an increasing interest in religion and spirituality. The World Bank, for example, has appointed a director for inter-faith dialogue. Against this background, it is important that the church representatives clarify their own understanding of spirituality before meeting with members of IFIs.

The World Bank especially affirms the importance of the spiritual dimension of life for development and seems to be interested in contacts with spiritual leaders and an approach to the role of faith communities and spirituality in development, which supports the various activities by the Bank.

It is, of course, flattering for spiritual leaders to be recognised on their own grounds by the IFIs. There is, however, a long tradition of Christian spirituality which has been critical of the powers that be, even ecclesiastic. This tradition is based on loyalty to God above loyalty to institutions, ideologies and structures. This spirituality has given the powerless the strength and courage to oppose those that abuse power. Freedom and strength have been developed both individually and in fellowship with others.

Christian spirituality integrates all dimensions of the person's life and is linked to social, cultural, environmental and historical conditions of societies and their value systems. Underlining the relational aspects of spirituality, four dimensions of it have to be emphasised:

- God is about the relationship to the transcendental.
- Spirituality is about inner personal development.

- Fellowship is about the relationship to other human beings and humankind.
- Nature is about the relationship to the rest of creation.

Essentially all these dimensions are inter-linked so that one cannot develop in accordance with one's own nature without the others. This means that a spirituality that speaks only about the individual, or which believes the individual is the only basis for spirituality, must be questioned. All dimensions must be equally valued as it is the case in so many social, cultural and religious traditions that value life in community higher than the dominant western culture.

Christians in various church traditions embrace a spirituality of life in community and of combating evil in confronting the powers of death. They stand against powers, be they economic, political, cultural or social, which deny to human beings, and the rest of creation, the possibilities of living a spiritual life. By extension, structures which break down the basic nature of fellowship of humankind and nature must also be named and opposed.

### III. ON WHAT GROUND CAN THE CHURCHES ENCOUNTER THE IFIS

**M**oses and the prophets in the Hebrew Bible had the courage to face the powerful in their own context, claiming justice, peace and freedom for their people and the land. Jesus also challenged the corrupt rulers of his people and the representatives of the Roman empire. He confronted the evil powers of death that are deeply engrained in human history. Christians again and again were inspired by these biblical examples and stood up when a clear witness was required of them even at the cost of their lives.

Every generation has to respond to its own situation and stand the test of faith. Churches will greatly benefit in their encounter with powerful institutions today if they recall this history of obedient discipleship and root their engagement in the witness of the Bible. Until today, the Bible is a common source and basis for ethical engagement of Christians. This does not mean that the Bible provides a blueprint how to handle economic matters today. The Bible rather sharpens the perspective and inspiration of justice.

When judging an economic initiative the decisive question is always: is it creating poverty and oppression or is it serving the lives of all people, and earth, in just and sustainable communities? God's compassion as found in Exodus ("I have seen the misery of my people who are in Egypt. I have heard their cry..."; Exod 3.7) calls on Christians and churches to stand on the side of the poor, the oppressed and the marginalised and work with them, not just for them.

Solidarity with the poor, justice and love are signposts towards a just economy that serves life in dignity. This is very clear in the teaching and practice of Jesus Christ.

### **Do we live from money alone or from just relationships?**

Jesus himself encountered this problem (Mt 4) that also troubled his disciples (Judas in John 12). When Jesus was led by the Spirit into the wilderness to be tempted, the devil presented him with quotes from the First Testament. The economic temptation was the challenge to make bread out of stones. Jesus responded: "One does not live from bread alone, but by every word that comes from the mouth of God". He took this quote from the Book of Deuteronomy, chapter 8. This chapter is reminding the Israelites not to take the good gifts of God for life and say "My power and the might of my own hand have gained me this wealth" (v.17). Saying so would mean for Israel to fall back into the political system of Egypt with breaking human relations, slavery and oppression. And it would mean to worship the idols of power and wealth. According to the Deuteronomy God's good gifts flourish with good and just relationships – with God and with one another, as the story of the manna from heaven had shown.

This story to which Jesus and the Deuteronomy are referring is told in Exodus 16. It is the magna charta of Biblical economics. The bread and meat God gives every day is enough for everybody. "Those who gathered much had nothing over, and those who gathered little had no shortage; they gathered as much as each of them needed." So economy in the Bible starts from God's care and abundant gifts, i.e. from the relationship with God. Therefore, it is seen at the same time in terms of relationship and solidarity between all God's creatures. The same conviction is expressed in the stories when thousands of people are fed, sharing just a few loaves of bread and fish instead of buying food in the market (Mt 14 and parallels).

According to the manna story those who secretly wanted to keep more than needed for themselves, found it foul and filled with worms the next morning. It is an illusion and a basic flaw when we are told that first of all there has to be economic growth (in the

hands of a few) in order that there may be also more for the poor. “Strive first for the kingdom of God and his justice, and all these things will be given to you as well” (Mt 6:33). The first concern is that all people are involved in the economic activities and can satisfy their needs, including women and others who are usually marginalised in economic activities. This is what African Christians call “people-centred” and “people-driven” economy.

Even the biblical concept of God’s option for the poor, however, can be easily coopted, when money again determines the quality of relationships. For example, the parable of the three servants (Matthew 25, 14–31) who differently manage the silver given to them by their master, may be interpreted to say: first, you have to invest your money in order to become rich so that you can feed the hungry. On the other hand when one realises that this narrative is really about how exorbitant profits are yielded by speculation it can also be read as a condemnation of the economic structures of the day (see the story in the form of the gospel according to St. Luke, 19:11ff.).

### **Only market failures or failures in love?**

Modern ethics often refer to the so-called Golden Rule: “You shall love your neighbour as yourself”. For mainstream economists this has a major drawback: it inextricably entangles their mathematical model of how the economy works and contradicts their assumptions about human nature. The mathematics are manageable only if the model assumes that each person is motivated exclusively by the satisfaction of his or her individual desires. To take into account what is not only an injunction, but a fact of human life, i.e. that people do love each other and that one person’s wants include the satisfaction of other people’s, brings down the apparatus of mainstream economics the way Samson brought down the house of the Philistine revellers (Judges 16.25–30) in destroying the basis of the social construct of the “homo oeconomicus”..

Jesus underlined the point that there was no greater law when he cured the withered hand on the Sabbath, declaring to the upholders of the law “it is lawful to do well on the Sabbath days”. The law was made for humanity, and not humanity for the law (cf. Mk. 2.27). This argument stands not only against those who want to insist on the rigorous application of the laws, regulations and rules consigned in texts of a legal character, but just as much against those who insist that the laws of economics are iron-bound and claim that there is no alternative to their inexorable functioning.

It is fashionable in mainstream economics to talk of market failures and policy failures. Market failures involve the workings of markets, policy failures the workings of the political, legal and administrative system. “Failure” is conveniently ambiguous. It can be used either to mean that the market or the set of policies has failed to function correctly or that the system, while functioning correctly, fails to meet some objective.

Far worse, however, than policy and market failures are failures of love, which are failures of solidarity. Any rule or law is to be judged in the light of the demands of love and rejected if it falls short; in any circumstances there is some way of realising the demands of love, solidarity with the poor.

### **Different biblical traditions in different contexts**

What is often overlooked by those engaged in biblical reflection is that the texts of the Bible were written in different historical periods. They always relate to very specific political and economic contexts. In certain periods their message is addressed to the kings and feudal lords. Since the 8th century BC biblical texts were addressing a new economy dominated by property owners, credit, money and debt-mechanisms. This new economy devel-



oped in the political environment of empires like Assyria, Babylon, Persia, Greece and Rome. Central to understanding the chain of giving loans, collecting interest, enslaving the debtor families and taking away their land, is the absoluteness of property introduced from Greece in the 8<sup>th</sup> century BC. Added to the payment of tribute and taxes to the imperial powers, these mechanisms lead to poverty and hunger, slavery and even death (cf. Nehemiah 5, 1–5).

When this context is understood this period contains many clues to our own situation and the specifics of the International Financial Institutions. Examining the biblical texts from the perspective of justice, four key biblical traditions how to establish and maintain just economic relations can be identified, which can serve as more specific points of reference and guidelines even today. According to them God is mobilising different counter-strategies against the mechanisms that lead to poverty, hunger and slavery within his people, thus creating alternatives and overcoming what has been called structural or corporate sin. The tradition calls us to:

- Prophetically criticise injustices and create new visions;
- Advocate for legal reform so that political and economic structures serve life;
- Courageously resist totalitarian powers and live out alternatives of God's Kingdom;
- Live out alternatives.

### **1. Prophetically criticise injustices and create new visions**

A number of churches have begun to follow the examples of the prophets, criticise injustices and create new visions. Presbyterian Churches in Africa gathered in 1995 in Kitwe and called for a clear confessional approach as a response to the suffering and exclusion they experienced in the African continent. Churches in the Pacific have developed the alternative vision called “The Island of Hope” as their response to the challenge of economic globalisation. Churches in Canada have joined hands in the jubilee initiative as a call to resistance and for alternatives to the current economic system. They all were inspired by the prophets of the Hebrew Bible and the promise of God’s kingdom.

The prophet Isaiah (5,8) is criticising the accumulation of wealth through the property, credit, interest, pawn, and debt mechanisms by saying: “Ah, you who join house to house, who add field to field, until there is room for no one but you, and you are left to live alone in the midst of the land!”. In the same way Jesus is challenging the rich landowner when he says: “you shall not steal and defraud” (Mark 10. 19) indicating that he knows that wealth in that system is derived from robbing the poor. At the same time the prophets portray the vision of justice: “your people shall all be righteous, they shall possess the land for ever” (Is. 60,21).

Prophecy requires more than just the general critique of injustice. It goes into the analysis of the root-causes showing that poverty arises out of mechanisms of enrichment causing impoverishment and exclusion.

The basic ideological model and assumptions on which the IMF and the World Bank are operating have to be prophetically criticised in the light of biblical teaching. Of course their economists are claiming it is science and not ideology they are following. They state that the market model of growth leads to common wealth despite all empirical evidence that this is not the case. The paradigm of unqualified economic growth, in fact, means that the first

and overriding goal of the economy is capital accumulation in the framework of competition in the deregulated global market for those who own and manage capital. The necessary effect of this approach is the impoverishment and exclusion of those who do not own capital and the destruction of the earth. As long as this basic model is in force, poverty reduction schemes are bound to fail, the split between enrichment and impoverishment will continue.

The rhetoric of the IMF and World Bank simply disguises this fact which becomes clearer every year. The alternative vision is: Humans are not for the economy but the economy is for humans and the entire community of life. This means:

- the satisfaction of real needs of communities becomes the starting point and goal of any economy;
- the natural goods of creation given by God are treated in such a way as to preserve the full freedom of future generations to meet their own needs;
- the people become the primary agents of their economies;
- the economic paradigm must be compatible with God's will. No economy may be regarded successful which is not socially, ecologically and democratically successful at the same time.

In summary:

Deal with the structural and ideological root-causes of poverty, caused by unequal accumulation of wealth and not with symptoms. Consequently reject "Poverty Reduction Programmes" by the IMF and World Bank until they stop imposing SAPs and collecting interests and repayments of debts for the benefit of the wealthy at the expense of the poor.

## **2. Advocate for legal reform**

Legal reforms were one of the results of the prophetic intervention against the mechanisms of impoverishment and enrichment in Israel. We cannot understand the mechanisms of the economy, and their impoverishing, destructive and excluding effects, without understanding the property structures linked to them.

There is a theory that historically money came into being in connection with a new property-economy created in the 8th century BC in Greece (G. Heinsohn/O. Steiger 1996; U. Duchrow and K. Hungar in: R. Kessler/E. Loos, 2000). In the first place the emphasis on (land) property was a fruit of the struggle of peasants against feudal lords leading eventually to the formation of the polis (city-state). But the value of property led to a credit system by which those taking a loan had to pay back not only the capital but also interest. On one hand as the labour force and the land of a family had to serve as the pawn for the credit in event of insolvency the families often had to undergo the loss of land and debt slavery. On the other hand, creditors could accumulate more and more land, slaves and money.

It is well known that the prophets from that time heavily criticised these mechanisms (e.g. Isaiah 5:8). Also the legal reforms of the Book of the Covenant (Exodus 21–23), Deuteronomy and the Priestly Code (in the Book of Leviticus) provided measures in Israel to counteract these mechanisms, e.g. the prohibition of charging interest and the regulation of the taking of pawns (Ex 22:24), the regular cancellation of debts every seventh year (Deuteronomy 15:2) and the redistribution of the land every 50 years (“jubilee”, Leviticus 25).

The key theological argument is: The earth belongs to God (Lev 25:23). Therefore, every family should have their means of production, the land, for the sustenance of its members. The same is true for the Israelite brothers and sisters as human beings. They

shall not be enslaved. They belong to God who has liberated them from slavery in Egypt (Lev 25:29 ff.).

In summary:

The Bible is clear that legal frameworks have to break the absoluteness of property and money and justly distribute the wealth created in society. In consequence states must be the agent of the people for the common good. This means, they have to regulate the economy according to social, ecological and democratic criteria.

### **3. Courageously resist**

Resistance may be the only option when prophecy and legal reforms fail and the political and economic powers become totalitarian. This was the case in the time of the Hellenistic–Roman empires. Daniel tells the story of the three Jewish men who refused to bow down in front of the golden statue symbolising absolute political, economic and ideological power (Daniel 3). They risk being thrown into a furnace of blazing fire. In this case, they are miraculously saved from the fire but there is no guarantee. So, resistance and defiance might lead to suffering.

Jesus had to suffer the cross for his “civil disobedience” . He had attacked the central economic power of the temple priests of Jerusalem who, betraying their people, were politically protected by the Roman Empire. Jesus attacked the money dealers, the merchants selling doves (the sacrificial animals of poor people) and the priests themselves, the people responsible for the sacrifice system exploiting the poor (Mark 11:15 ff.)

Resistance and defiance today can take various forms:

Delegitimisation: Rejecting the neo–liberal model because it serves the all pervasive and totalitarian power of transnational capital through the mechanisms of the global economy and instruments like the IMF and the World Bank.

Revealing the clay feet of the system by exposing its vulnerability and breakdown in the future (cf. Daniel 2, 43–45), a strategy which helps to ridicule the system and overcome the fear of its absolute power.

Non-cooperation under the terms dictated by the IMF/World Bank shows that the churches cannot be bought and fooled. They set their own agenda.

Participate and encourage campaigns aimed at fundamental transformation such as defunding the IMF and the World Bank and opposing efforts by the IMF to take control of the poverty alleviation agenda.

These forms of resistance, of course, challenge the very basis of these institutions and will severely test their readiness for a meaningful encounter.

In summary:

When the structures of power and wealth become totalitarian the people of God have to refuse cooperation and resist even by civil disobedience at the cost of losing privileges and even being persecuted. Consequently resist cooperation within the macro-economic paradigm of the IMF/World Bank, imposing impoverishment of the poor and enrichment of the rich globally, and seek wherever possible to challenge the democratic legitimacy of these IFIs .

#### **4. Live out alternatives**

The system says: "There is no alternative". Jesus helped the multitude of people to feed each other by sharing what they had, building on God's economy of grace (cf. Mark 6, 35ff. and 8,1 ff.). Defying private property and sharing what they have makes the early Christian community a witness to God's life (resurrection) giving power so that there are no poor among them (cf. Acts 4, 32 ff.). The Christian community can give an example that alternatives are possible on the basis of self-critically analysing and overcoming its place in being part of the system.

There are a lot of things people can do for themselves even before the dominant system has been changed, moreover, making people and communities a little more independent of the world market structures including IMF/World Bank. (Cf. The handbook of Richard Douthwaite for "Strengthening local economies": see below under Bibliography). These local/regional alternatives can be forcefully implemented and supported by churches and congregations. Some suggestions include:

- Working with local money and/or LETS (Local Exchange and Trading Systems);
- Avoiding commercial banks and micro-credits of the World Bank and creating independent cooperative credit unions;
- Developing alternative energy schemes (wind, sun, water, biomass);
- Supporting local marketing by building and supporting consumer-producer cooperatives.

In summary:

The churches have credibility to criticise the powers and unjust structures if they themselves try to live out alternatives as much as possible. Consequently withdrawing money from commercial banks, not taking money from the World Bank and investing in alternative banks could be first steps. In addition churches should

seek out and support projects which ensure local/regional self-reliance.

Through all these strategic options and others, the churches in cooperation with other social movements can work for hundreds of alternatives to help break fatalism and return the economy to the hands of the people.



#### IV. STEPS FOR ORGANISING ENCOUNTERS

In recent years the World Bank and IMF have approached church organisations in order to discuss poverty related issues and the world economy. While it is important that churches respond to this opportunity to dialogue it is essential that their response should not take the form of cooperation with the World Bank/IMF in any way that implies acceptance of their macro-economic paradigm. This section provides basic hints on how church organisations could prepare for meetings and discussions on globalisation issues with international financial institutions (IFIs).

It should be noted that, while the suggestions given in this section are useful for churches preparing themselves for a formal encounter with representatives of an IFI, there are other forms of engagement that churches may want to consider. Public demonstrations, for example, like the ones that occurred during the World Trade Organisation (WTO) meeting in Seattle in 1999, may also be an effective tool in raising issues and consciousness around poverty and justice related concerns. There is no restriction on which peaceful form a church group may choose to use. There can be a team of negotiators at a meeting with the World Bank/IMF while other groups are peacefully demonstrating outside.

A key element in any effort to prepare themselves is that churches work with other groups and share expertise with members of civil society or those who share an interest on issues of collective concern. The Jubilee 2000 movement is an example of churches working well with other groups of civil society. Through such collaboration and networking, churches can strengthen their capacity with the skills, experiences and information drawn from other groups. The hints that follow are offered to help church groups do this in the most effective way possible.

### Step 1: **MOBILISE AND ORGANISE**

Before reaching out to other groups in civil society the churches must start by mobilising and organising their members first. In order to determine the capacity of the church to effectively or strategically get into dialogue with the World Bank/IMF churches are encouraged to:

- *Document* the number of individuals directly involved in the issue at hand and determine who may be interested or already working on similar issues indirectly.
- *Establish strengths and weaknesses* by examining resources available to the church, skills, level of information and the knowledge base of interested individuals.
- *Identify priorities* and list those that ought to be on the agenda.
- *Determine responsibilities* or roles based on the church's capacity, skills, experiences, exposure and collaboration with other groups who have similar objectives and values.
- *Strategically plan* how to avoid being exploited along the lines of your weakness or knowledge gaps.

### Step 2: **PUT A TEAM TOGETHER**

The following suggestions are to guide, not limit, those that will be putting a team together. This team should be good at listening to the broader constituency they represent and sharpen the issues and ideas they consider central for economic policy formulation or the attainment of economic justice. This team should include representatives of all the vital sectors of the body and voices of the churches, and especially those members who are often left out of decision-making.

It should be noted that the dialogue advanced by the churches is not limited only to the subject of economics. It is not always imperative, therefore, that people with academic qualifications in economics or related areas make up the team. Much of the expertise found in congregations has not yet been fully put to use. Skills in communication, negotiation and analysis are essential for any team that is going to discuss issues that promote the dignity and fullness of life.

Such a team might look like this:

- one member who has working knowledge of (not necessarily technical) of the World Bank/IMF's ideology and how those institutions function;
- one member who has a deep and clear ideological knowledge and position of the church(es) with regard to economic justice and related issues;
- one member who knows about the macro-micro content and impact of at least one World Bank/IMF policy/ project/ programme on the ground;
- one member who has working experience in research, economic analysis, participation and gender methodology;
- one good listener who can note issues that the team needs to rethink/ clarify or sharpen. This could be someone with writing or journalistic skills.

The total number of the team will depend on the nature of the meeting, the issues to be handled and sections of the church that need to be represented. It is not wise to have a number in the team who do not actually participate because they may be seen as cosmetic or incompetent.

### Step 3: **DETERMINE THE AGENDA**

Before any meeting with an IFI it is essential that church groups take time to consider what items they would like to discuss . The process for determining the agenda has two stages:

a) *Incorporate the views of church members* so that popular participation is ensured. This will also affirm the legitimacy and mandate of the negotiating team. In addition, it will strengthen ownership and accountability.

b) *Synthesise and consolidate the agenda* in order of priority with the negotiating team. Once proposed issues and items of the agenda have been determined the agenda needs to be circulated to all the members, groups or organisations consulted. This is useful even when there may be no time for feedback from all members.

### Step 4: **RESEARCH, SURVEY AND CONSOLIDATE INFORMATION**

There is always pressure that comes with attending World Bank/IMF gatherings and meeting deadlines. It is essential not to be pressured into attending any meeting when you have not had the time to read the World Bank/IMF documents under discussion and to consult your members. This has been the case in some Poverty Reduction Country Programmes. The following suggestions will help your team be well prepared.

#### **a) Do your research**

Where possible, prior to the dialogue with the World Bank/IMF and based on the items of the agenda, vital information needs to be put together to substantiate, strengthen and articulate the views, arguments and analysis of the team. This research needs to be done by the churches drawing on information obtained from other organisations, agencies and sources. There are many studies and publications, for example, by OXFAM, Debt Networks, Ecumenical

Coalitions etc. which can be put together for this purpose. Such papers can be referred to and circulated during the dialogue or engagement with the World Bank/IMF.

**b) Select a spokesperson for key agenda items**

Try, as much as possible, to have one person who is most comfortable and willing to be the one to speak on each key agenda item. Others team members can act as back-up to that person.

**c) Review your agenda**

Depending on the issues to be discussed or negotiated, or the nature of dialogue, the church team needs to meet for at least one day, before meeting with an IFI, to go through your agenda. Care must be taken to make sure team members have a common understanding of basic concepts, ideologies and analysis, so that your presentations are consistent and coherent. Where disagreements with the World Bank/IMF is anticipated, determine a common position. If this is not possible, agree to defer such discussions to enable your team to revisit areas that need further clarification.



## V. ECUMENICAL NETWORKING

**E**cumenical networking is a historical process of relationships among churches and Christian communities involved in justice and intentional solidarity with the poor. Through this networking, churches and communities continued to demonstrate their fellowship and solidarity. The formation of the World Council of Churches and other ecumenical families is a result of this historical endeavour. Due to the challenges of economic globalisation as enforced by the International Financial Institutions (IFIs), the advance of information technology, it is increasingly becoming essential to further strengthen this ecumenical networking.

The information provided in this document on how churches and the ecumenical family can effectively respond to the policies of IFIs would not have a significant impact without strong ecumenical networking. This part of the document aims at highlighting concrete and practical actions, which could be taken as churches encounter the IFIs.

### **Advantages of ecumenical networking on encounters with IFIs**

- Sharing Information and skills is made possible;
- Encourages common strategies to avoid conflicting views on confronting IFIs and enhances ecumenical synergy;
- Common strategies enables the formation of a united front and makes it possible for the ecumenical family to feel confident in the face of substantial power of global economic organisations;
- A broad network will be taken seriously by the main actors of economic globalisation;
- United action increases the possibility of reducing the rapidity of conservative elements (Link Church and Power?);

- Shared leadership within a network increases the number of insights and creating new awareness;
- Shared action counters the fear of going against the unknown by availing the existing alternatives to the notion of economic globalisation promoted by the IFIs;
- Shared action helps establish a culture of solidarity, leading to the demystification of economic notions promoted by global powerful institutions;
- Helps challenge the concept of “expertise” and encourages the ecumenical family to articulate the ecumenical vision of promoting sustainable and just communities on earth;
- Helps create ordinary skills for dealing with issues at grass-roots;
- It is an opportunity for those with macro and micro experiences to meet and share their views on how the macro and micro economic problems are linked;
- Supports the professional staff in economic justice departments of churches, etc., as they develop their programmes within their own organisations.

### **Information on who is responding to IFIs**

For effective networking, it is essential to identify the following three components:

- Collecting and documenting bibliography on other networks involved in this field;
- Knowing the various websites of organisations involved in this area;
- Relating to other organisations and movements confronting IFIs;



## **With whom and how to network**

Networking is always challenged by contradictions on the issue of IFIs. While some members of the network agree with their policies others are against them. In preparing an ecumenical network, it is essential to seriously discuss these contradictions by first organising internal encounters among the ecumenical family.

- Study the background of IFIs to identify their weak areas of knowledge and look for complimentary sources of information to counter their weak areas;
- Allow substantial time for encounters, do not be pressured by the IFIs timetable;
- Contact already established networks to broaden your contacts;
- Develop a pool of names and organisations in the same field following the networking information above;
- Develop a network which is “alive”, not merely a single-issue network.
- Make the encounter a change from the IFIs’ usual pattern of encounters by designing your own way of organising the encounter;
- Set rules for the encounters and create a scenario of engagement to be at the humane level instead of technical and professional level;
- Discover your own strengths, weaknesses, opportunities and threats (SWOT analysis) before you engage together with others in confronting the IFIs;
- Organise together ecumenical consultations on alternatives to economic globalisation.

## **Theological preparations for ecumenical encounters**

Listening to people, documenting their life stories and reflections about their reality, is of utmost importance when the church involves itself in dialogue with World Bank and IMF. The World Bank itself has produced a series of books of interviews with the poor. It is vital for the church to look critically at these texts and relate them to the stories that the church itself has heard.

What the church hears when listening, must also be related to an understanding of the structures of power. It is of utmost importance that the church does not individualise these stories, but relates them to an understanding of the global economic development.

The following points offer practical suggestions to document and incorporate life stories when engaging in dialogue with the World Bank and IMF:

1. Experience-based theological thinking must help shape a new theological language for churches' involvement with the World Bank and IMF.
2. Churches need to organise programmes designed especially to listen to the impoverished, particularly women; to reflect on the relationship between these stories and economic structures; to document them and make them known.
3. Churches should support programmes (both in the North and the South) to link life experiences to economic justice and critical advocacy work in relation to World Bank and IMF.
4. Church leaders should deliberately give time and energy to listen to the impoverished and excluded, especially women.

## **The context of organising ecumenical encounters**

- Encounters should not be limited to IFIs only; include others such as the World Economic Forum, G7, etc.;
- Efforts should be focused on rejecting globalisation of capital finance not globalisation in its holistic form, encompassing the positive aspects of human convergence around common goals.

## **To whom are IFIs accountable, money power or people?**

- Are the IFIs going to ignore our recommendations as they did previously with past dialogues with civil the society?
- It is necessary to show clearly that we reject the neo-liberal globalisation and that we have a different view;
- Any encounter will have to be institutionalised, not staff to staff;
- Reject unlimited growth;
- In order to avoid co-option, draw lessons from previous dialogues;
- Link analysis with social movements;
- Establish your own alternative indicators that highlight economic, social and cultural rights (ESCs), similar to the ones proposed by the United Nations development Programme (UNDP);
- Enquire on who would enforce these ESC rights and where would one seek redress when they are not enforced;
- Be clear on the kind of alternative paradigm we are proposing. There is no solution within the neo-liberal paradigm. It shrinks the civil society to private sector and promotes capital;
- Go deeper in your critique of the current policies in place. For example, the current criticism of HIPC initiative is too soft as statistics still indicate a net outflow of finance capital from the

South to the North. Some of these so-called solutions are actually an illusion;

- Show your capability to engage the IFIs by not only proposing normative criticism but also confronting them on the policy front;
- There is a challenge to deepen the level of scientific analysis e.g. it can be proven that the Asian Crisis was caused by speculation and not domestic economic mismanagement;
- Understand the nature and role of the state. A strong regulatory and truly democratic state is needed;
- Emphasise that human beings should not be reduced to productive subjects called private sector and then be considered the most significant part of the civil society;
- Social controlled economy should be promoted instead of market totalitarianism;
- The IFIs are not ready to eradicate poverty but instead talk of poverty alleviation which does not touch the real factors of impoverishment. Advocate for poverty eradication;
- Empowerment of local initiative is imperative. How do we empower movements in the civil society with a dissenting line? How do we multiply the experience of resistance by the people?

These are proposals for consideration. The real situation and context should determine the nature and content of this ecumenical networking on how to respond appropriately to the policies of the IFIs. In this context, the churches are called to proclaim the Gospel when they are truly in solidarity with the people as God is in solidarity with the whole humanity in Jesus Christ. The people have a special vantage point to view and experience history from the underside, and can reveal the depth of history through their own stories. History viewed from the standpoint of the rich and powerful is partial and distorted. The people and their movements seek to share power and transform their conditions. This is the challenge of ecumenical networking.

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