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# Lead us not into temptation

**Churches' response to the policies of international financial institutions**

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**Chapter 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.'

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

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.

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 woridview 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 excluded 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 cooperation? 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 interfaith 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:

Essentially all these dimensions are interlinked so that one cannot develop in accordance with ones 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.

* 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.