Reforming International Financial Institutions:

Should the IMF and World Bank Be Substantially Reformed?

A Controversy Paper Submitted to the CEDA Topic Committee

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Rationales for Debating World Bank Reforms

Previous efforts to debate development in other countries have limited the community in three ways. First, the emphasis on the United States federal government as the agent of action has caused the community to focus on the tiny amount of foreign aid that the United States gives to other countries through various budgetary lines.\(^1\) While it is true that teams occasionally debate cases dealing with the International Monetary Fund (teams on Southeast Asia debated IMF bailouts to the Middle East, teams on the college Africa topic debated the question of HIPC funding, and teams on the China topic debated pressuring China through the IMF), such cases are the exception to the rule. The community frequently debates bilateral aid by the United States to other countries to the exclusion of the international institutions that provide the bulk of such aid. This paper presents a central challenge to the orthodoxy that the United States federal government must always be the agent of action in a debate resolution, positing instead that the international financial institutions themselves (i.e. the IMF and the World Bank), might be the best choice for the agent of action in the resolution.

Second, the community limits topics by geography, instead of using an international mechanism to limit topics. In other words, we pick an area like South Asia, Southeast Asia, Africa, or the Middle

\(^1\) While the “budgetary lines” no longer exist, the community debated “development assistance” to South Asia in the 1992-1993 season, “security assistance” to the Middle East in the 1995-1996 season, “security assistance” to Southeast Asia in the 1998-1999 season, and “development assistance” to Africa in the 2000-2001 season. It seems clear that the community’s emphasis on the United States limits debate to the question of foreign aid provided by the United States to other countries, with limited emphasis on the international institutions that provide such aid.
East, instead of taking a global view at how organizations fund assistance in all of such nations. While the committee may ultimately decide to limit the topic by focusing on a particular geographic area, an alternative approach would be to limit the topic by focusing on an international mechanism like the World Bank, so the community can debate all the countries affected by the IMF and the Bank, but have the research questions guided by the various reforms suggested to modify the practices of the IMF and the World Bank itself.

Third, the community occasionally debates development issues via indirect mechanisms. Last year’s agricultural support topic certainly created some debates surrounding the question of how nations in the so-called “Third World” develop, but only by focusing on the indirect way in which US agricultural subsidies stifle the ability of underdeveloped nations to build their agricultural sectors. While certainly a pertinent issue, it may beg the question of how international lending agencies have more direct control over the opportunities for such nations to economically develop.

This topic would allow debaters to access the question of development related issues more directly, by engaging the question of the conditions and circumstances under which major world financial institutions lend money to impoverished nations around the world. In addition, the community could debate the interaction between the United States and world institutions. It is clear that the United States enjoys tremendous power within the organization of the World Bank itself. Indeed, the Wolfowitz scandal and the replacement of Paul Wolfowitz with Robert Zoellick as the president of the World Bank were unilateral decisions by the United States itself. While teams will occasionally access such literature through the handful of cases described above or through an alternate agent counterplan, rarely does an international institution like the World Bank become the centerpiece of every debate on the topic.
I begin the paper with a brief history of the World Bank and the IMF, noting the important international roles the organizations play, right up through the London Communiqué and increase in funding pledged for the organizations in the April 2009 G-20 conference. I will then discuss potential affirmative ground for cases which reformed one of these two international financial institutions. The essay will then discuss potential negative ground, discuss potential resolution options to be considered by the committee, and finally, give the author’s recommendation regarding inclusion of an international financial institutions topic on the 2009-2010 ballot.

Background of the IMF and the World Bank

The Early Days

The World Bank and the IMF were created in 1944 as part of an effort to assist reconstruction post-World War II (Davies, 2007). The IMF describes itself as follows:

The International Monetary Fund was created in 1945 to help promote the health of the world economy through international monetary cooperation. Headquartered in Washington DC, it is governed by and accountable to the governments of the 185 countries that make up its global membership. (IMF External Relations Department, September 2008).

The goal of the IMF was to create a “framework for economic cooperation that would avoid a repetition of the vicious circle of competitive devaluations that had contributed to the Great Depression of the 1930s” (IMF External Relations Department, 2008).

The World Bank is a related organization, also created in 1944 to bolster economic development post World War II. The Bank describes its two financial institutions as follows:

The World Bank is a vital source of financial and technical assistance to developing countries around the world. We are not a bank in the common sense. We are made up of two unique development institutions owned by 185 member countries—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).
Each institution plays a different but collaborative role to advance the vision of an inclusive and sustainable globalization. The IBRD focuses on middle income and creditworthy poor countries, while IDA focuses on the poorest countries in the world. Together we provide low-interest loans, interest-free credits and grants to developing countries for a wide array of purposes that include investments in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. (World Bank Group, 2008).

The mandate of the Bank has expanded to “assist with worldwide poverty alleviation, and has given grants, credits, and loans, totaling $400 billion” (Davies, 2007). An important purpose of the Bank was, “to fill a gap caused by a market imperfection. Developing countries often had little access to capital, so they couldn’t borrow the money they needed to pursue key economic projects. It was a worthy endeavor for developed countries to pool their resources and lend money to them” (Hassett, 2007).

Other facts about the organizations lead to some of the controversies relevant to this paper. The voting distribution of the IMF and World Bank is one of these controversies. To begin, the World Bank is run by a board of 24 representatives from various member nations, but five of the representatives are automatically from its biggest donors (the US, Japan, Germany, France, and Britain) (Davies, 2007). In addition, the US automatically nominates the president of the World Bank, while the Europeans choose the head of the IMF. This leads to outcries from developing nations who claim that the very organizations designed to bolster their economic situation are merely tools of Western economic imperialism, with decision-making stacked in favor of helping the wealthiest countries succeed.

**The Wolfowitz Scandal**

The role of the choice of president of the World Bank came to the forefront in 2007 when Paul Wolfowitz was forced to resign as the president of the World Bank on the grounds of an attempt to
advance the career of his girlfriend, Shaha Riza. This did more than merely cause onlookers to question
the nepotism that occurred in World Bank promotion practices. Indeed, the Wolfowitz scandal caused
the media to increase its attention and focus on the question of the day-to-day practices of the
organization itself. As one newspaper put it “[Wolfowitz’s resignation]…brought sharper focus to the
way the organization is run and the reforms it must still carry out to deal with corruption in countries
that receive billions of dollars in loans from the institution.”\(^2\) Bob Davis of the Wall Street Journal
argued that the Wolfowitz scandal has caused “some developing nations” to dismiss anti-corruption
efforts by the Bank as “hypocritical” (Davis, 2009).

**The G-20 and the London Communiqué**

The role of the World Bank and the IMF have again reached center stage as the effort to
mitigate the effects of the global economic downturn have begun to focus on developing nations.
The recent G-20 summit in London has promised to massively increase aid to the IMF and the
World Bank in an effort to stop the tide of economic collapse in the developing world.

Muchkund Dubey writes:

> Looked at from this angle, the results of the G-20 Summit, held in London on April 2, 2009, can
> be regarded as a positive step forward. The Summit took a number of decisions to augment the
> resources of the international financial institutions to enable them to assist the developing
countries in mitigating the impact of the worldwide recession and, in general, to play a pro-
> active role in the current economic and financial crisis. It was decided to bring about a three-fold
> increase in the liquidity at the disposal of the IMF, that is, to increase it from the current level of
> $ 250 billion to $ 750 billion. The G-20 decided to support a general allocation of Supplementary
> Drawing Rights (SDRs) which will inject $ 250 billion into the world economy. Since the SDR
> allocation is in proportion to the country quota, it is expected that developing countries will be
> allotted $ 80 billion dollars. The G-20 also agreed to support increased lending by the

\(^2\) Newsday.com, May 22, 2007 (http://www.newsday.com/news/opinion/ny-
vpwo1225224216may22,0,1342866.story?coll=ny-editorials-headlines).
multilateral development banks (the World Bank and the regional development banks) to the tune of at least $100 billion. And finally they promised to ensure availability of at least $250 billion over the next two years to support financing of trade. These figures add up to $1.1 trillion. This is a substantial amount, though not adequate. Its impact will depend very much on the speed with which it is mobilised and disbursed. (Dubey, 2009).

While most cheered the notion that large sums of money would be made available to developing nations, controversy still remains. Given that the G-20 promised to increase funds to the IMF and the World Bank, this still begs the question of whether or not money through those organizations will be effective. Dubey continues:

The IMF cannot be viewed as the solution when it is a part of the problem. The problem arises from its link to the financial market from where the current global recession has emanated and its adherence to the market theology, which has been mainly responsible for bringing about the global economic crisis. (Dubey, 2009).

Other activists also express skepticism that the IMF and the World Bank are recipients of the money distributed by the G-20. Haider Rizvi argues, in an article appropriately entitled, “IMF, Reform Thyself:"

"There is an urgent need for an inclusive, effective and legitimate body to address the issue of systemic reform in the interests of justice and equality," said John Foster of the North-South Institute of Ottawa, Canada. At a news conference held here Monday, Foster other civil society leaders urged the U.N. to take charge of financing for development because the global financial institutions, primarily the World Bank and International Monetary Fund (IMF), have lost their credibility. "Crucial reforms at the IMF are required before it can be effective agent in the global [economic] recovery," said Jo Marie Griesgraber, executive director of the New Rules for Global Finance Coalition, based in Washington. (Rizvi, 2009).

A great deal of doubt remains that suggested changes in these international financial institutions in response to the London Communiqué and the G-20 summit will go beyond “mere rhetoric” (see Toynbee, 2009). Peter Chowla continues:

World leaders agreed at the G20 to treble the size of the IMF’s resources, but critics worry about strengthening the Fund without fundamental reform of its governance and conditionality. In April the G20 agreed to treble the size of available resources at the IMF, from $250 billion to potentially $750 billion (see page 1). This was done in a way that pleased the Europeans and the US: through temporary agreements from G20 countries to extend loans to the IMF under what
is called the New Arrangements to Borrow (NAB). Altering the NABs would both be temporary in nature and not alter quotas, leaving rich country voting dominance unchanged. It also demonstrates that the US administration still gets what it wants. IMF management and UK prime minister Gordon Brown, host of the G20 summit, had both called for merely doubling the size of the IMF earlier in the year (see Update 64).

The central problems of control of the international financial institutions and the policy of aid conditionality remain in place after the G-20’s London Communiqué (see Muchhala, 2009).

The lack of control by the developing world over these institutions leads to a severe lack of trust in the actions of the organizations, as well as accusations of colonialism and imperialism.

Additionally, the aid conditionality policy of “structural adjustment,” or the requirement that nations which receive grants and loans from the IMF and the Bank reform their economies, is a central controversy surrounding the operation of the organizations. The strict economic reforms (which frequently require a balanced budget, opening of markets, and the ending of subsidies), are frequently derided as making the economic situation of these nations worse. If the world is committing itself to resolve the economic crisis in developing nations with “economics as usual,” it may beg the question as to whether or not reforms are necessary before the world goes down potentially the same misguided path that led to the global economic slowdown in the first place.

**Potential Affirmatives: Suggested Reforms to World Financial Institutions**

**Aid Conditionality**

A commonly suggested reform is that the IMF and the World Bank simply stop making aid conditional on changes in domestic policies of nations receiving aid. Kevin Hassett explains:

> Adding to the problem is that borrowers are required to adjust their domestic policies according to the advice of World Bank “experts” when they accept loans. The economic damage caused by World Bank advice may exceed the benefit of the bank's loan subsidies. (Hassett, 2007).
Many developing nations claim that the net result of such aid conditionality is to devastate economic development in the nations that receive the loans. Dubey continues:

The instrumentality used by the IMF for this purpose has been conditionality which acquired its quintessential form in the structural adjustment programmes prescribed for the developing countries since the early 1980s. Empirical evidence has shown that the imposition of this conditionality has converted a large number of developing countries, particularly in Africa, into a wasteland of development. The situation has come to a pass where several developing countries have decided not to avail themselves of the facilities of these two multilateral financial institutions instead of accepting their conditionality. That is the reason why some of the facilities under the IMF, like the compensatory financing facilities, Contingency Credit Line and Poverty Reduction and Growth Facility have been only scarcely utilised in recent years. (Dubey, 2009)

The IMF “solutions” are often argued to devastate social services of nations, as well as requiring unreasonable demands that make the IMF hated and its solutions actually rejected by nations receiving aid (Toynbee, 2009).

The recent proposals by the G-20 manifested in the London Communiqué fail to improve this situation. No promises to reform or eliminate the controversial aid conditionality policies have been proposed:

The London Communiqué makes no recommendation on bringing about reforms in, let alone jettisoning, the conditionality imposed by the multilateral financial institutions. The Communiqué simply refers to the new Flexibility Credit Line and reforms in lending and conditionalities. However, the fact is that these reforms fall far short of what is warranted in the current economic circumstances. In any case they do not, by any means, usher in a new regime for conditionality. (Dubey, 2009).

Development activists were quick to indict the control of such funding by the IMF and the World Bank, due to the conditionalities imposed by such organizations:

At a major summit held in London early this month, the G20 leaders agreed to spend over one trillion dollars to rehabilitate the world’s ailing banking system and reaffirmed past pledges to reduce poverty worldwide and protect the environment. They also agreed that achieving the Millennium Development Goals (MDGs) by 2015 was a must. Set by the
world community in 2001, the MDGs include substantive cuts in poverty, disease, illiteracy and environmental degradation. Though pleased with the G20’s resolve to provide funds for the MDGs, development activists say they have no hopes for positive results as long as the World Bank and IMF continue to function in the old-fashioned way. “While the large sums made available to developing nations by the G20 are clearly urgently needed, the IMF should not be given a blank cheque,” said Neil Watkins of the Jubilee USA Network, adding that the IMF "needs meaningful and deeper reforms." The IMF has been criticised by many independent aid and development organisations for years for imposing strict conditions on poor countries to receive loans. As a result, many countries fail to spend money on social development in order to show "fiscal prudence" (Rizvi, 2009).

A basic affirmative case on this topic would be to simply eliminate the requirements for “structural adjustment” on nations receiving loans or grants from the IMF and the World Bank. Such a case could claim to bolster development in such nations, solve poverty, restore trust in the IMF and World Bank, and could also claim a kritik advantage of challenging Western economic imperialism/neo-liberalism. The literature for these advantages is not only in-depth, but evolving day by day as writers explore the implications of the G-20 summit on the IMF and the World Bank lending practices.

**Anti-Corruption**

A central criticism of the lending practices of the IMF and the World Bank is the willingness of the organization to provide funding for corrupt governments, causing much of the money to be lost at best, and used as a tool to prop up oppressive authoritarian regimes at worst. An article from *Newsday* explains this occurrence:

> For the past 50-plus years, the World Bank has been the lender of last resort to poor nations. And it’s been an open secret that the organization has lent **hundreds of billions of dollars to corrupt governments**, knowing that much of the money **would end up in the private accounts of shady characters** or be funneled into grandiose schemes that would benefit a few favored companies. This waste was accepted as the price of helping underdeveloped societies emerge from poverty. (Newsday.com, 2007).
The failure to crack down on corruption has cost the bank $100 billion:

A U.S. News & World Report investigation reported that Glenn Ware, a former senior bank investigator, said his unit had uncovered "a recurring pattern of bribery, kickbacks, front companies (and) shell companies." How bad is it? U.S. News quotes Northwestern University professor Jeffrey Winters, who estimated the bank has likely lost $100 billion to corruption over the years. (Hassett, 2007).

An April 2009 article also contended that, “doubts have been raised over the efficacy of World Bank anti-corruption efforts” (Bretton Woods Project, April 17, 2009).

Corruption isn’t merely a problem because it causes the World Bank to lose money. Another significant impact is that corruption causes money to be diverted into arms sales, expanding conflict in parts of the world like Africa:

In 2000, the IBRD and IFC provided $3.7 billion to finance the Chad-Cameroon Oil Pipeline, jumpstarting the country’s entry into the oil industry. Civil society in Chad fought the project, warning that expanding the oil industry in an unstable country without democratic institutions that would enable the people of Chad to hold their government accountable, would funnel cash to a government with a history of human rights abuses. Their warnings have come true. An Exxon-Mobil-led consortium of oil companies paid the government a $25 million “signing bonus” to seal the deal. Those funds went directly to purchase arms and office refurbishment for government ministers. President Deby has continued to use profits from the oil industry to build the military, prioritizing spending on security over education, health, or other programs that might lift the people of Chad, where average income is barely over $1,000 per year, out of poverty. Last year, the Chadian parliament circumvented rules written to ensure civil-society participation in how oil revenues are spent to prioritize security spending to fund an expanding conflict with Sudan. Of the $3.7 billion invested in the pipeline, only a one-time cash payment of $6.3 million has gone to the people and villages in Chad affected by the pipeline. (“World Bank finances corporate corruption,” 2006).

Affirmative plans to decrease corruption in developing nations would likely focus on comprehensive approaches to debt cancellation and transparency in lending practices. The US Network for Global Economic Justice makes the case that:
If President Wolfowitz is truly concerned about corruption in Indonesia or other impoverished countries, the World Bank must acknowledge its role in fostering corruption by lending to kleptocratic and repressive regimes such as Suharto’s. The Bank’s lending to Suharto enabled the Indonesian military to continue its involvement in businesses, illegal and legal, receive protection payoffs from foreign corporations, and remain largely unaccountable to its civilian leadership. The US Senate has found that $100 billion of World Bank loans have been lost to corruption in the Bank’s sixty-year history. In US Senate testimony, Northwestern University professor Jeffrey Winters found that at least one-third of World Bank loans to Suharto were stolen by his regime. Thus a comprehensive approach to corruption would include not only a framework to cancel odious debts but the development and implementation of clear standards for responsible lending, assuring transparency/accountability, human rights, and environmental sustainability to avoid the creation of new odious debts in the future. (US Network for Global Economic Justice, 2006).

Not only is the literature strong for anti-corruption affirmatives, the past history of teams running anti-corruption affirmatives regarding Afghanistan on the Middle East topic gives reason to believe that such affirmatives would be quite successful on an international financial institutions topic. In addition, some of the corruption arguments could serve as negative arguments against teams that banned aid conditionality, as a means to stem the tide of corruption would be eliminated if funding from the organizations was untied to relevant reforms in the recipient nation.

**Anti-Democratic Nature of the Institutions**

A common complaint from the developing world is that the IMF and World Bank are organizations dominated by Western industrialized powers at the expense of the developing world. One glaring example of this is how the leadership is chosen directly by the United States (for the Bank), and the EU (for the IMF). The so-called “handshake deal” established at the foundation of the organizations is described by Larry Catá Backer:
The announcement seeks to perpetuate the 60 year old cozy handshake deal – not required under any law, national or international -- under which the United States selects the President of the Bank while Europe selects the head of the IMF (Backer, 2007). The control of the two organizations by the major Western industrialized powers literally since their inception creates resentment and hostility among the developing nations, as they feel the organizations are rigged against their interests.

These perceptions are only worsened by the way in which the organizations allocate their voting. Dubey explains:

Finally, decision-making in the IMF and World Bank is proportional to the quotas held by the member countries in these institutions. The quotas are so distributed as to give a single country or a group of a few developed countries, the power to veto. The vast majority of the developing countries have, therefore, taken the view that the IMF should not be strengthened before it is reformed. (Dubey, 2009).

This has caused accusations that the organizations “stack the deck” in favor of relatively rich countries. Hassett argues that only 1% of World Bank loans go to countries without international bond ratings, down from 40% in 1993 (Hassett, 2007). Edwin Truman, a Senior Fellow at the Peterson Institute for International Economics adds:

For too long the IMF has been perceived by leaders and citizens of most of its member countries as the tool of the US and Western Europe. In particular, its governance has been locked into a framework that was devised at the end of World War II with only minor adjustments in the ensuing six decades. It is imperative to change this perception if the IMF is to regain the relevance and role envisioned by its founders.

Fairly or unfairly, the organizations are perceived as being tools of Western industrialized powers, designed only for the benefits of such nations at the least, and at the worst are perceived as agents of imperialism.

Another concern is the lack of transparency and accountability in the World Bank and IMF decision-making structure. Daryl Lindsey argues:
Critics charge that, like the WTO, the World Bank and IMF are "democratically deficient" -- decisions are made behind closed doors and programs lack public accountability. In an essay in the New Republic this week, former World Bank chief economist Joseph Stiglitz describes the IMF as "secretive and insulated from Democratic accountability." (Lindsey, April 15, 2000).

Haider Rizvi says, “Observers from civil society say the new commitments for development aid to poor countries should not be directed through the IMF unless it has introduced reforms that reflect a certain degree of democratic representation and transparency” (Rizvi, 2009).

An interesting follow-up on the perceived favoritism of the Bank is a new study alleging favoritism with regard to which nations become part of the board of the World Bank, and the benefits they gain. Martha Lagace cites Harvard Business professor Eric Werker:

* A majority of the 185 World Bank member countries never or rarely get a seat on the Board of Executive Directors.
* Kaja and Werker's research shows that a developing country sitting on the board may see its normal funding levels doubled during its service on the board.
* Appropriations committees at other large international organizations should be scrutinized for similar conflicts of interest. (Lagace, 2009).

Essentially, the concern is that members of the board at the World Bank vote for their own countries to get development projects, and they log-roll to receive more funding. In the process, non-board members rarely receive funds, and are “shut out of development funding” (Lagace, 2009).

Solutions such as equal voting rights have been proposed to help make the organizations more democratic. Rizvi explains:

In his view, both the G20 and G8 are "not the legitimate forums" in which to resolve the current financial crisis" because they are failing to act in a democratic fashion. To him and other civil society activists, it is time for the IMF to create space for the poor nations to take part in the decision-making process by introducing "equal voting rights."
Currently, the IMF makes decisions based on the strength of the economy of its members (Rizvi, 2009).

Johannes Linn offers additional solutions to the anti-democratic nature of the World Bank:

Longer term, the reform of the World Bank should tackle the merit-based selection of the World Bank president—without regard to nationality; a revamping of shareholdings and voting rights in the executive boards of the institution to give a greater voice to emerging market economies and to borrowers more generally; and an overhaul of the Bank’s operational modalities so it can react with less bureaucratic and time-consuming burdens to the legitimate needs of its borrowers. (Linn, 2009).

Thus, the lack of transparency, accountability, and lack of equal voting rights are fundamental controversies surrounding the current operations of the IMF and World Bank. The discussion of reforms surrounding these areas of the day to day operations of the organizations is robust in the literature, and a strong affirmative case can be made for greater democratic reforms and accountability within the organizations.

When the international financial institutions topic was discussed at the topic committee meeting in 2008, there was some concern about “process only” affirmatives that might be too esoteric and too unconnected to the actual aid projects distributed by the organizations in question. Therefore, the community might ultimately decide to limit the range of affirmative cases to specified areas of IMF and World Bank reform. Nevertheless, there is a great deal of literature on the question of how the organizations formulate leadership decisions, so there is a possible fruitful debate on the issue of the supposed anti-democratic nature of these organizations.

**Debt Relief**

Debt relief has been a facet of debate resolutions in the past, and on the Africa topic, aid to HIPC countries (Heavily Indebted Poor Countries), was a popular affirmative. The World Bank and IMF
provide unique vehicles to provide debt relief, as these are frequently the institutions such nations owe money to in the first place. Mark Hertsgaard, a fellow of The Nation Institute, makes the case for debt relief as a central reform of the World Bank and IMF as follows:

Hertsgaard: Debt relief is perhaps the most important and immediate reform needed. The debts that so many Third World governments owe to northern creditors impose a crushing burden on any efforts to lift their people out of poverty. Oxfam International has pointed out that, "In Africa, where one out of every two children doesn't go to school, governments transfer four times more [money] to northern creditors in debt payments than they spend on the health and education of their citizens." That's why debt relief is so urgently needed. Will we get it right now? Unlikely, it seems to me, if only because the World Bank and IMF will not want to appear to be bending to the will of the protesters. But soon it will come, precisely because the northern governments have begun to coalesce around the idea -- driven, perhaps, by the realization that there is no practical way for these Third World governments to pay off the debts in any near-term future. Providing debt relief also would allow the North to preempt the option that really frightens it: A mass declaration by southern governments that they won't pay their debts, which could destabilize the entire global financial system. (Hertsgaard, quoted by Lindsey, April 18, 2000).

These concerns exist not only with past IMF and World Bank loans, but also with the new tranche of funds promised by the G-20:

Like many other anti-poverty activists, Watkins is concerned that the financial assistance committed by the G20 in London came only in the form of loans, not grants, and world leaders at the summit did not make any commitment on debt relief for poor countries. Jubilee, an umbrella group representing more than 70 organisations that promote debt cancellation for poor countries and a fairer global financial system, is currently lobbying U.S. lawmakers to demand IMF reforms. (Rizvi, 2009).

Indeed, the current plans of the G-20 will only make nations more debt-ridden. Peter Chowla writes:

At the same time as these drastic changes in the IMF's financing, the legislation to authorise gold sales to fund the IMF's core activities and solve its income crisis (see Update 61) is being drafted in US Congressional committees, but may come with an added twist. The Jubilee Act, passed by the US Congress in 2008 urges that IMF gold sales be used to pay for additional debt relief in addition to administrative expenses. The G20 seems headed in a different direction, calling for $6 billion from gold sales to be part of the doubling of the concessional lending pot of the IMF. That means the money
**will not fund debt relief** but actually **create more debt** in developing countries as it is lent to the poorest nations.

Given the past history of debt relief affirmatives, teams would likely claim advantages stemming from economic development, environmental harms created by unsustainable practices in an effort to pay off crushing debt loads, imperialism advantages, as well as poverty related harms. This area of the topic illustrates how accessing the World Bank and IMF more directly accesses the development needs of nations around the globe than merely debating the question of whether the United States should increase funding through its foreign aid budget.

**Environmental Affirmatives**

Another common criticism of the IMF and World Bank is the willingness of the organizations to put profit ahead of the environment. A 2006 article describes the overall problem:

The result is a long history of the World Bank using its significant financing to support and promote the corporate activities of wealthy countries, many of which have had harmful social and environmental impacts, while providing lucrative contract opportunities related to Bank financed projects. (“World Bank finances corporate corruption,” 2006).

The history of projects funded by the World Bank gives little hope for environmental optimism. Mark Hertsgaard, explains the history of World Bank projects and their effects on the environment:

Mark Hertsgaard is the author of "Earth Odyssey," a book about the human toll of environmental devastation: Why is it that environmentalists are so riled up about the [World] Bank? After all, the bank's mission is to alleviate poverty and promote sustainable development: Surely that's the kind of work the activists and social justice types should applaud. The problem is, the bank often has not lived up to its lofty rhetoric.
Time and again, it has financed gargantuan, ill-conceived projects whose anti-poverty effects are indirect at best and whose environmental consequences are downright disastrous. Bank-funded projects often do more to subsidize Northern corporations than to fight Southern poverty. (Lindsey, April 15, 2000). Even the Bank’s efforts to conduct environmental impact assessments are suspect. The deadlines are short, and a “culture of approval” exists that gives presumption to the project over the environment. Daphne Wysham, the network director for the Sustainable Energy and Economy Network, argues:

Wysham: There are those of us who have been slaving away in Washington for years trying to reform these institutions. It’s not just the non-government organizations who are working on reform. There are also a few lone government officials who take up the thankless jobs of trying to review, for example, environmental impact assessments on World Bank projects that pile up on their desks by the dozens each month, with only 60 days (if that) for review before they proceed to the World Bank’s board for approval. No World Bank project has ever been rejected by the board once it gets this far. It’s a Sisyphean task, one we take on knowing full well that the most we will get out of the board, if we are lucky, is a slight modification in the project. There have been times when Wolfensohn has intervened, withdrawing a project from the board before it can decide on it -- as in the Arun II Dam in Nepal. But these are rare exceptions to the "culture of approval" that is the dominant one within the bank. (Wysham, quoted in Lindsey, April 15, 2000).

This approach to controversial projects provides plenty of fertile environmental based arguments for affirmative teams:

One of the World Bank’s central roles is to ensure developing countries have the physical infrastructure necessary to facilitate their integration into the global economy so as to enable the exploitation of their resources, cheap labour, and consumers by Northern corporations. To that end, it provides loans for the construction of roads, ports, mines, hydroelectric dams, oil wells and pipelines, and coal-fired power stations, mostly built, once again, by Northern corporations -- who received nearly $5 billion in direct loans and guarantees for this purpose from the Bank’s private sector arms last year alone. Revenues generated rarely reach the poor. Instead, the poor are often displaced from their homes, suffer loss or damage to their natural resource base, and are placed in the front line of climatic destabilisation that the Bank’s support for fossil fuels is helping to cause. (The Ecologist, 2000).
Stricter mandates on the types of policies supported by the organizations may be beneficial in alleviating the environmental damage done by such proposals. Moreover, some have advocated stricter requirements on environmental impact statements, designed to check environmental harms before they start (see Sarbib, 1997; Hertsgaard in Lindsey, 2000).

“Project specific” affirmatives might find strength by banning funding for oil projects or dams, which both cause massive environmental damage (“World Bank finances corporate corruption,” 2006). In addition, the structural adjustment policies of the organizations frequently mandate the de-regulation of industries in such a way to provide support for environmentally devastating initiatives:

At the international level, the most powerful Board members over the years have directed the Bank to impose structural adjustment policies that demand of borrowing countries the privatization and/or deregulation of public utilities and other public infrastructure and support for lucrative oil, gas, mining and dam projects that create a highly skewed investment climate favoring TNCs. (“World Bank finances corporate corruption,” 2006).

In the status quo, the Bank simply overlooks the social and environmental impacts of its loans. Daphne Wysham continues:

Wysham: As the Meltzer Report submitted to Congress recently pointed out, the World Bank cherry-picks the countries it provides loans to, targeting those countries that are already awash in private capital. Furthermore, the bank is fixated on adjusting national economies -- some 63 percent of World Bank loans last year went to structural adjustment -- while failing to look at the social or environmental impacts of these loans. (Wysham, 2000).

The upside for the affirmative is how the Bank could foster clean development worldwide. Pete Leyden, illustrates how changes at the global institutional level could get clean development implemented around the globe:
The way to truly solve the environment problems of this planet is to accelerate the migration to new generations of technologies. This needs to happen not just in the developed countries, but especially in the developing ones. We need Western autos to increasingly be super-efficient hybrids and ultimately be based on hydrogen fuel cells. But what we really need to do is ensure that China starts off with these most-efficient technologies rather than older, dirtier ones. If they're building a modern auto industry, then start clean. These global institutions, particularly the World Bank, can play a big part in getting this kind of thinking incorporated into all development plans. (Leyden, quoted by Lindsey, April 18, 2000)

Leyden continues by noting how the World Bank is uniquely situation to jump-start an environmental revolution in the developing world:

Instead of financing rain forest destruction and climate change, the bank should support a Global Green Deal: A program to renovate human civilization environmentally from top to bottom while truly fighting poverty. And make no mistake: Poverty is central to humanity's environmental predicament. To accommodate this mass ascent from poverty without ruining the natural systems that make life on Earth possible in the first place will be an enormous challenge. But the World Bank is uniquely situated to jump-start the environmental revolution needed to meet it. (Leyden, April 18, 2000).

Environmental affirmatives could claim a litany of environmental harms such as: global warming, species extinction, sustainable development, etc. This topic would also expose students to literature advocating environmental solutions beyond domestic actions such as increasing funding for renewable energy and cap and trade style solutions, sharpening debaters’ understanding of the truly international nature of environmental threats.

**Global Financial Crisis Affirmatives**

A great deal of the recent literature regarding the IMF and the World Bank focuses on how the organizations should respond to the global financial crisis. In many ways, this aspect of the topic provides a current controversy, and a unique economic angle to an international financial institutions topic.
A critical controversy surrounding the global financial crisis is one of equity. While most economists agree that stimulus packages, like the recent United States package, should be implemented in most countries around the globe, many developing nations simply lack the resources to invest billions of dollars to prop up their own economies. Thus, the equity question is whether or not the developed world, through the IMF and the World Bank, should come up with the money to institute stimulus packages for poorer nations around the planet.

Joseph Stiglitz, a Nobel Prize winning economist from Columbia University, provides the impact and the solvency for a "global stimulus package" as follows:

This year is likely to be the worst for the global economy since World War II, with the World Bank estimating a decline of up to 2 percent. Even developing countries that did everything right - and had far better macroeconomic and regulatory policies than the United States did - are feeling the impact. Largely as a result of a precipitous fall in exports, China is likely to continue to grow, but at a much slower pace than the 11-12 percent annual growth of recent years. Unless something is done, the crisis will throw as many as 200 million additional people into poverty. This global crisis requires a global response, but, unfortunately, responsibility for responding remains at the national level. Each country will try to design its stimulus package to maximize the impact on its own citizens - not the global impact. In assessing the size of the stimulus, countries will balance the cost to their own budgets with the benefits in terms of increased growth and employment for their own economies. Since some of the benefit (much of it in the case of small, open economies) will accrue to others, stimulus packages are likely to be smaller and more poorly designed than they otherwise would be, which is why a globally coordinated stimulus package is needed. (Stiglitz, 2009).

A critical element of such a solution is the elimination of the aid conditionality that the IMF historically engages in. Stiglitz continues:

The report supports many of the G-20 initiatives, but it urges stronger measures focused on developing countries. For instance, while it is recognized that almost all countries need to undertake stimulus measures (we're all Keynesians now), many developing countries do not have the resources to do so. Nor do existing international lending institutions. But if we are to avoid winding up in another debt crisis, some, perhaps much, of the money will have to be given in grants. And, in the past, assistance has been accompanied by extensive "conditions," some of which enforced contractionary monetary and fiscal policies - just the opposite of what is needed.
now - and imposed financial deregulation, which was among the root causes of the crisis. (Stiglitz, 2009).

Thus, the aid conditionality mechanism described earlier in this essay may be a means by which to access an advantage regarding the global financial crisis. Bhumika Muchhala writes:

The G20’s decision to channel funds predominantly through the IMF, rather than a more diverse allocation of funds, is a narrow mechanism through which the developing countries may be imposed with the same type of procyclical and contractionary policies that contributed to creating the crisis. (Muchhala, 2009).

And, working through existing multilateral institutions may be better than an ad hoc bilateral approach in solving the current financial crisis. This helps illustrate a robust debate that can occur as to whether the existing institutions of the IMF and World Bank are the best mechanism to distribute funds, or whether other agencies might be superior (this will be discussed more in-depth in the counter-plan section of negative ground). Edwin Truman of the Peterson Institute for International Economics states:

The scope of the current crisis reflects the harsh reality of today’s globalised economy and financial system. Every country has been affected; those with the weakest policies have and most precarious financial circumstances have been affected most and first. We have learned that countries can run but they cannot hide from the effects of such crises. In the future, the incidence and virulence of crises may be reduced but will not be eliminated. Over the past several decades, the leaders of the advanced countries have failed to recognise this trend. One consequence has been that they have starved the IMF of resources to lend. In London, the G20 leaders should take immediate and longer-term corrective actions. When the simmering financial crisis boiled over in September 2007, the Fund’s estimated forward lending capacity was $200 billion from regular quota resources and an additional $50 billion from established borrowing arrangements. Since September, the IMF has made more than $50 billion in lending commitments and set aside $100 billion for a new short-term lending facility. At the same time and outside the framework of IMF lending, the Federal Reserve has advanced more than $600 billion in short-term credit to 14 other central banks, and the European Central Bank and Swiss National Bank have advanced smaller amounts within Europe. These facts illustrate the need to augment immediately the IMF’s lending capacity and to provide it with the resources and instruments so that in the future permanent, multilateral arrangements replace ad hoc bilateral operations. (Truman, 2009).
In addition to the criticisms of current methods by which to distribute existing funds, there is increasing concern that Sub-Saharan Africa has not been prioritized in the recent discussions with the London Communiqué and increased funding to the IMF and World Bank. Chinua Akukwe argues that Sub-Saharan Africa was “mentioned only once” in the G-20 agreement to come out of London (Akukwe, 2009). Thus, another affirmative approach might be to expand eligibility for such stimulus packages, ensuring that those truly in need gain access to international funds.

What is clear is the need for international action to solve the global financial crisis. A key figure in developing proposed solutions to the international financial crisis is Joseph Stiglitz, the previously quoted Nobel prize-winning economics professor from Columbia University. He headed the Stiglitz Commission, which reported the recommendations of its Commission of Experts on the global economic crisis to the UN General Assembly on March 26, 2009 (see “Stiglitz Commission presents proposals to General Assembly,” 2009). The recommendations of the commission include: creating a new international reserve currency, the creation of regional monetary systems, the establishment of a global regulatory framework for minimum standards for financial institutions, and increased coordination of global macro-economic policies. While not directly related to the IMF and the World Bank, the debate over international financial institutions could include a resolution along the lines of—“Resolved: the United Nations should adopt one or more of the recommendations of the Stiglitz Commission of Experts on the global economic crisis.”
Kritik Affirmatives

At this point in the essay, the potential for kritik style advantages should be relatively obvious. The World Bank and IMF impose an attitude of superiority over developing nations through the imposition of fundamental neo-liberal style economic policies on developing nations. Aid conditionality affirmatives, environmental affirmatives, and debt relief affirmatives (to name a few) could all claim excellent critical advantages on a topic centering on international financial institutions.

Evidence also suggests the possibility of claiming a surveillance style critical advantage:

Since then both the IMF and World Bank have been used by the major developed countries principally for exercising surveillance on their behalf over the economies of the developing countries, and imposing on them development strategy and economic policies mainly designed to serve the interests of the developed countries and their multinational corporations. (Dubey, 2009).

The Ecologist further explains how structural adjustment policies are used to essentially take control of the governments of developing nations:

The World Bank and the IMF also provide loans (totalling $18 billion from the Bank alone last year) to debt-ridden or near-bankrupt developing countries in exchange for the introduction of structural adjustment reforms that remove all constraints on Northern corporations seeking to export/import raw materials, and invest or locate there. The predicament of these countries is exploited to exert enormous control over their governments which is used to ensure the bulk of public expenditure and economic activity is channelled into debt repayments to Northern banks and investors. In the process, once again, the poor are hit the hardest, as jobs are cut, health and education budgets slashed, price supports removed, and food and natural resources exported abroad. (The Ecologist, 2000).
The anti-democratic nature of the institutions also serve to dominate the developing world:

As Jose Louis Jamarillo, the former Columbian Ambassador to GATT and President of the Group of 77, declared after the birth of the WTO, what we have created is "an institutional trinity which will dominate all economic relations across the world in the interests of the strongest". The decision-making structures of all three institutions continue to ensure that the major industrialised countries, led by the United States, and influenced by their corporations, set the agenda. In the process, the poor are often actively undermined. (The Ecologist, 2000).

Affirmative teams will not have to jump through any hoops to claim critical advantages about colonialism and imperialism. Evidence will be plentiful indicting the current policies of the Bank and IMF as being vestiges of the colonial past, if not outright imperial agents by the Western industrialized nations to plunder the developing world.

**Poverty Affirmatives**

It is not difficult to make the case that the current prescriptions of the IMF and the World Bank have caused nations to plunge into poverty. The Ecologist made the case in an editorial discussing criticisms of the World Bank and the IMF:

Moreover, the plight of the citizens of many poor countries has become worse under the policies of economic globalisation prescribed by the World Bank, IMF and WTO. More than 80 countries now have per capita incomes lower than they were a decade or more ago, and as the United Nations Development Programme (UNDP) points out, it is often the countries that are becoming even more marginal which are highly 'integrated' into the global economy. While exports from Sub-Saharan Africa, for example, have reached nearly 30 per cent of GDP (compared to just 19 per cent for the leading industrialised countries of the OECD), the number of people living in poverty there has continued to grow. (The Ecologist, September 2000).

Internal World Bank reports also confirm the suspicion that IMF and World Bank programs increase poverty. The Bretton Woods Project notes:

An internal Bank report has concluded that **the poor are better off without structural adjustment**. The report, The Effect of IMF and World Bank Programmes on Poverty, by
William Easterly, finds that World Bank and IMF adjustment lending "means that economic expansions benefit the poor less under structural adjustment. This could be dangerous because it gives the poor less of a stake in overall good economic performance. This might increase the support of the poor for populist experiments at redistributing income", warns Easterly. The paper does not fully resolve why the poor benefit less from adjustment but speculates that they may be ill-placed to take advantage of new opportunities created by structural adjustment reforms because they have neither the skills or financial resources to benefit from high-technology jobs and cheaper imports. (Bretton Woods Project, 2001).

In addition, the types of loans given to other nations are funneled into industries that result in greater poverty for the poor, as Daryl Lindsey argues:

A good percentage of the remaining loans from the World Bank went to industries like telecommunications, oil and mining -- sectors that are hardly in need of government-backed, low-interest loans. Investment in these sectors -- particularly the natural resource extraction -- tends to result in dislocation of the poorest, resettlement under far worse conditions and greater impoverishment. Our own Treasury secretary, Larry Summers, suggests it is time for the World Bank to get out of these sectors. Were these two recommendations to be enacted, and were there to be a drastic curtailment in strategic adjustment loans, coupled with a clear emphasis on education, health care and other basic services desperately needed by the poor, and were we to see a reformed World Trade Organization process that placed environmental, labor and social protections in the same league as economic growth, we might see the income gap shrink rather than widen as it is, rapidly, now. (Lindsey, April 15, 2000).

Kevin Hassett also contends that the bank “has become a generous welfare program for bureaucrats that finances itself by drawing money away from the world’s poorest and neediest people” (Hassett, 2007).

Poverty would be a very common and easily defensible advantage on this topic. If the topic is global in scope, this better accesses much of the evidence that teams use for the poverty terminal impacts commonly found in debate.
Negative Ground

On the surface, ground for the negative looks somewhat bleak on this topic. It is certainly the case that teams will need to be more innovative than merely relying on the standard array of generics that debaters have grown accustomed to on topics with United States federal government agents. However, even the brief survey of literature used to write this paper contains some potentially strong negative arguments, and potentially potent counterplan/disad combinations. These arguments even ignore the potentially lethal kritiks on the topic centered around the idea of “fixing” globalization/neo-liberalism/capitalism, which essentially is mandated by the notion that the affirmative team “reform” the IMF and World Bank.

Disadvantages

One approach on the topic is simply to defend the IMF and World Bank as is. While seemingly difficult, the rationale for many of the policies of the organizations plays right into the strengths of many disadvantages. One potential argument is to merely defend the policies of these institutions as necessary to prop up the United States economy.

US Economy Disadvantage

First, structural adjustment policies bolster the US economy by opening up access for US capital and allowing the United States to bolster its high-tech industries. Merrill Goozner writes:

IMF and World Bank programs are designed to shore up the economies in Third World countries. How do these organizations (and their programs) impact the U.S. economy? Goozner: Open trading regimes and traditional macroeconomic stabilization policies in Third World countries provide open access and better guarantees for U.S. capital, and presumably that results in better profit opportunities, which can benefit U.S. stockholders. (The record on improving living standards in the countries that adopt such policies is mixed at best). When those foreign-made goods flow in, U.S. consumers
benefit from lower prices. U.S. businesses and people who work in the headquarters-
functions economy (Information Age workers) benefit by vastly expanded jobs and
income opportunities. But there are losers, too. Lower-wage manufacturing workers in
the U.S. see some of their jobs go abroad. Those who remain employed are forced into
direct competition with lower-paid workers abroad, which dampens their ability to win
wage gains. [Federal Reserve Bank chairman] Alan Greenspan thinks this is a good
thing. It's this uneven distribution of costs and benefits that leads to the kind of protests
we saw in Seattle and are seeing this week. (Goozner, quoted by Lindsey, 2000)

Furthermore, the bank and the IMF bolster US global corporations:

Hertsgaard: The main way they affect the U.S. economy is by rewarding U.S.-based
global corporations that want to enter into these Third World markets with the political
cover and financial-risk reduction provided by the bank and IMF. (Hertsgaard, quoted by
Daryl Lindsey, April 18, 2000).

When one considers the obvious addition of evidence contending that the United States
economy is key to the global economy, the possibility to turn the case advantages of many
affirmatives on the topic becomes quite possible. Additionally, it may also be possible to argue
that US economic declines cause decreased funding to the Bank and the IMF in an effort to solve
domestic problems at home.

Free Markets Good Disadvantage

Another potential approach is to defend the IMF and World Bank from the perspective of the
developing countries. There is evidence supporting the idea that the “shock therapy” approaches of the
Bank and the IMF have successfully bolstered developing countries economies. Pete Leyden argues:
Leyden: What happened in Asia is more complicated than mismanaged IMF policies. Basically, the Asian economies needed a shock because they needed some severe structural upgrades to their financial and economic infrastructures. The boom of the '80s and early '90s, based on the old 20th century industrial economic model, masked these deep-seated problems. They needed much more financial transparency, much more corporate accountability and more openness and competition within their politics. It sounds harsh, but they needed to take the more painful route to more fundamental structural reform. If the IMF had loosened up and lessened the pain, there may not have been the political will to make the difficult transition. A case in point is that wealthy Japan, which was not subject to IMF policies, has made many major changes, both economically and politically, and seems to be rebounding quite well. (Leyden, quoted in Lindsey, 2000).

Leyden continues the case that restructuring is simply good, and bolsters these nations’ economies:

The United States and Great Britain went through much of their form of restructuring (the developed country's model) in the brutal 1980s, and they are reaping the benefits today. Latin America also had a difficult financial restructuring in the '80s, and so they were more resilient than Asia in the '90s. (Leyden, quoted in Lindsey, 2000).

**IMF Legitimacy Bad Disadvantage**

A possibly more intriguing strategy is to argue that “reforming” the IMF or World Bank gives legitimacy to institutions better left for dead. When coupled with a counterplan that acts through an alternate lending agency, the affirmative may be left in a very difficult position.

To start, developing nations are reluctant to go to the IMF now:

The role of the IMF in exacerbating the economic recession experienced by Asian countries during the Asian financial crisis and by Africa and other developing regions for an even longer period has been widely publicised. Because of this, developing countries have been reluctant to go to the IMF for financial assistance. (Muchhala, 2009).
Another card for uniqueness:

In many parts of the world, **there is a strong stigma** associated with **going to the International Monetary Fund**, for obvious reasons. And there is dissatisfaction not just from borrowers, but also from potential suppliers of funds. The sources of liquid funds today are in Asia and the Middle East, but why should these countries contribute money to organizations in which their voice is limited and which have often pushed policies that are antithetical to their values and beliefs? (Stiglitz, 2009).

And...reform is key to IMF legitimacy: Haider Rizvi (this card is also cited in the introduction to the paper):

"There is an urgent need for an inclusive, effective and legitimate body to address the issue of systemic reform in the interests of justice and equality," said John Foster of the North-South Institute of Ottawa, Canada. At a news conference held here Monday, Foster other civil society leaders urged the U.N. to take charge of financing for development because the global financial institutions, primarily the World Bank and International Monetary Fund (IMF), have lost their credibility. "Crucial reforms at the IMF are required before it can be effective agent in the global [economic] recovery," said Jo Marie Griesgraber, executive director of the New Rules for Global Finance Coalition, based in Washington. (Rizvi, 2009).

More evidence...

The G20 faces a few immediate priorities related to the IMF: First, G20 leaders should agree to triple IMF resources from the current level of $250 billion to $750 billion to help meet the financing needs of developing countries. This is critical because the World Bank has estimated that these countries may face a shortfall of up to $700 billion in 2009 alone. Second, G20 leaders should request that the IMF monitor and report transparently on the commitments and implementation of G20 national stimulus plans and efforts to repair their banking sectors. Third, G20 leaders should commit to a far-reaching reform of the IMF by 2010. While this third step may seem like a lesser priority for leaders as they face a global recession, reform of the IMF must be accomplished in order to restore the legitimacy and effectiveness of the institution. (Linn, 2009).

Most of the earlier portions of this paper illustrates why a strong IMF is disadvantageous, but this piece of evidence contends that legitimizing and empowering the IMF undermines economic growth and worsens the financial crisis:
Instead of demanding genuine reform of the IMF, the G20 has chosen to **legitimise and empower an institution** that is **widely held responsible for worsening developing countries’ prospects** for long-term economic growth and public spending for development needs. This **empowerment of the IMF** does not bode well for **meeting developing countries’ needs in the current financial crisis**, and it also **undermines the potential international support** that could otherwise be given to **alternative or new institutions** and regional arrangements that can do a better job of providing financial resources to developing countries. (Muchhala, 2009).

Plus, empowering the IMF will make it attractive once again—nations will go back to the organization for loans, worsening their economic situation:

On the contrary, **by greatly empowering the IMF and other international financial institutions while allowing them to continue with their pro-cyclical policies**, the G20 Summit may actually worsen the situation facing crisis-hit developing countries as the G20 did not set up alternative sources for them to obtain crisis-related funding, and thus they may have to **return to the IMF** for loans that **tie them to policies that worsen their economic situation**. (Muchhala, 2009).

Combined with counterplans to operate outside the IMF and World Bank, such “legitimacy bad” arguments could be a potent negative strategy on this topic.

**Movements Disadvantage**

While most might run movements based arguments as kritiks, there is certainly a plausible case to be made that national, regional, and international movements are rising up to challenge the IMF and World Bank. As evidence to back up this claim:

Whatever is decided, it is time to reject the World Bank, the IMF and the WTO's tired and recycled platitudes about poverty and reform, together with their absurd and self-serving claims that the poor would be the greatest victims if anything fundamental were to change. Such arguments no longer convince. The public is beginning to understand the sheer iniquity of the common agenda of these institutions and its terrible consequences for the vast majority of people on this beleaguered planet. A **movement for change has begun**, as we have seen in Seattle and Washington DC, and it can only grow. (The Ecologist, 2000).
Furthermore, even quick web searches find uniqueness for the power of anti-globalization movements. Brett Popplewell noted on April 4th, 2009:

> When the first mass anti-globalization protests exploded in Seattle a decade ago, the activists hurling bricks through McDonald's windows were viewed by supporters as utopian-minded anarchists taking on a global commercial juggernaut. But 10 years on, as a worldwide economic meltdown is causing global trade to decline for the first time in 25 years, the views of the anti-globalization camp are up for discussion among the pinstriped few who decide global policy. (Popplewell, 2009).

While many may wish to run movements positions as kritiks, it is also possible to run a disadvantage that movements solve not only the harms of the affirmative, but other relevant environmental and global harms. Cosmetic reforms to these organizations undermine the rally cry for such movements. As a historical anecdote, a particular George Mason team racked up numerous wins on the 1992-1993 South Asia topic against Narmada Dam affirmatives by arguing a “World Bank Credibility Bad” disadvantage that argued that movements solved better than reforming the bank. The primary researcher for said disadvantage: Gordon Wilson Stables III, the current first vice president of the CEDA organization.

**Politics Disadvantage**

While the link is obviously attenuated if the committee chooses to have the IMF and World Bank be the agents of the topic, debates about the IMF do directly affect American political circles. And given that the United States representative has undue influence in both organizations, negative teams should be able to clearly link US action to the plan. For example, the president of the World Bank is Robert B. Zoellick, the former US trade representative, who chairs the meetings of the Board of Directors and overall management of the Bank. Meanwhile, the US has effective veto power over actions taken by the IMF:
Although decisions rarely have to be made by vote at the IMF, when it comes to that, the United States enjoys a veto. Washington has a 17.5 percent quota, which is enough to make or break decisions since they require at least 85 percent of the vote among IMF members. (EU Business.com, 2006).

The United States also has de facto veto power over the World Bank:

The United States’ right of veto at the World Bank From its beginnings till today, the US is the only country to have a de facto right of veto at the World Bank. With the creation of the Bank, the US had 35.07% of the voting rights; since the last modification of voting rights, made in 2002, they enjoy 16.41%. Since its origin in 1947 (the year the Bank went into operation), the majority required to modify the statutes was 80% (held by at least 60% of the member countries), which in fact gave the US a right of veto. The wave of newly independent countries in the South increased the number of member nations of the World Bank Group, gradually diluting the weight of the US vote. However, the US took care to preserve its right of veto: in 1966, it had only 25.50% of voting rights but this percentage was still sufficient for the purpose. When in 1987 the situation was no longer tenable for the US, the definition of the qualified majority was modified in its favour. In fact, that year, Japan negotiated a significant increase in its voting rights with the US, placing it as the second most important country ahead of Germany and Great Britain. In order to concede this increase to their Japanese allies, the US accepted a reduction of its voting rights provided that the required majority was raised to 85%. In this manner it gave full satisfaction to Japan while maintaining its right of veto. (Toussaint, 2006).

Essentially, affirmative plans that operate through the Bank or the IMF must at least have the tacit assent of the United States. This opens up not only politics ground, but potential soft power and international influence disadvantages.

In addition, the debate about the IMF affects debates in Washington—we are perceived as having principal influence over the IMF and it is a controversial organization subject to numerous protests. Sarah Anderson argues:

Because the U.S. government is generally accepted as the principal influence on IMF policies, much of the reinvigorated debate over the institution’s role has been centered in Washington and in recommendations aimed at the Treasury Department and Congress. The introduction of legislation in 1998—authorizing $18 billion to increase the IMF’s financial resources—provided a focal point for critics of the fund from across the political spectrum. Although the bill eventually passed, the debate has continued to grow in intensity. In March 2000, a congressionally appointed bipartisan commission issued a
scathing report on the IMF and World Bank. The following month, tens of thousands of protesters converged on the IMF and World Bank semiannual meetings in Washington, demonstrating that the debate had extended far beyond elite circles. (Anderson, 2000).

The plan would be popular among union and environmental groups. Anderson continues:

A second set of proposals stems from the belief that there remains a need for a strong governmental role in promoting international financial stability and reducing inequalities. This approach attempts to achieve these goals by reshaping or replacing the IMF and the World Bank. Labor unions, a number of environmental groups, and other progressive analysts have called for deep changes in the institutions to curtail their power to impose draconian austerity measures while seeking ways for them to play a positive role in reducing poverty, promoting international labor and environmental standards, and placing controls on global capital flows.

And, Obama is pushing for aid to the bank now, historically it is very popular:

The Obama administration recently asked Congress to approve a three-year, $3.7 billion contribution to the bank's IDA program. A Democratic congressional staffer said it was too early to tell whether the report would make passage more difficult. Overall, the World Bank won commitments in December 2007 for $41.6 billion in funding for IDA over three years. (Davis, 2009).

One can be sure that negative teams will be clever about arguing politics, and depending on how FIAT is spun with regard to the vote of the United States in either the Bank or the IMF, negative teams will likely find some degree of success in arguing a domestic politics disadvantage.

Another potential “spin” on the domestic politics argument is the possibility that the reforms will incite a backlash within the United States against the organization itself. Teams may be able to argue that abandoning free market reforms at the IMF would dry up the remaining support in the United States for the organization, potentially crippling vital programs at the IMF or the Bank. Alternatively, reforming the bank might increase domestic support for the Bank, causing the US to pour in more money into an arguably corrupt or evil organization. Actions from these institutions are not entirely insulated from the reactions of other countries.
around the globe, and exploration of this negative ground is likely to yield a plethora of negative arguments.

**Counterplans**

**Alternate Agent Counterplans**

An array of alternate agent counterplans focused on working through organizations other than the World Bank and the IMF could potentially be a potent one-two punch against affirmatives relying upon the Bank and/or IMF to solve. The Ecologist defends “starting over” because the staff and culture of the World Bank and IMF will inevitably corrupt reforms to the institutions:

> It is doubtful that the staff and culture of the World Bank, IMF or WTO -- used as they are to adopting a veritably Maoist approach in their uniform prescriptions for development around the world -- would be best placed or able to fulfil such new functions. Necessary institutions -- whether global or regional -- might have to be built from scratch and in such a way that they remain immune from the sort of corporate capture that seems to have befallen most global and indeed national institutions to date. Their exact design could be decided by a second Bretton Woods conference made up largely of citizens' organisations from around the world. (The Ecologist, 2000).

New facilities could be created quickly, and would solve the case. Professor Stiglitz contends:

> Many of the governance reforms proposed for the IMF and the World Bank - affecting, most obviously, how their heads are chosen - finally seem to be on the table. But the reform process is slow, and the crisis will not wait. It is thus imperative that assistance be provided through a variety of channels, in addition to, or instead of, the IMF, including regional institutions. New lending facilities could be created, with governance structures more consonant with the 21st century. If this could be done quickly (which I think it could), such facilities could be an important channel for disbursing funds. (Stiglitz, 2009).
Kevin Hassett also supports starting over, “It would be a lot easier, however, to take the money now devoted by the U.S. to the World Bank -- roughly $1.5 billion a year -- and use it to start a new aid organization from the ground up (Hassett, 2007).

The UN General Assembly is another possibility for a specific organization taking the actions of the affirmative, instead of the World Bank and/or IMF:

For example, the UNGA’s Commission of Experts proposes a range of institutional options, including the creation of a new credit lending facility, and its also supports regional efforts to augment liquidity for developing countries, for instance, through the Chiang Mai Initiative in East Asia and the Bank of the South in Latin America: These alternatives would create much needed competition to the current monopoly that the IMF and World Bank have in crisis lending, as well as provide more policy space to borrowing countries, particularly by not having the IMF’s pro-cyclical fiscal and monetary policy conditionality. (Muchhala, 2009).

**Ban the IMF/World Bank Counterplan**

Evidence exists to suggest that the world would simply be better off without these organizations. Sarah Anderson, of the Institute for Policy Studies contends:

The proposals of IMF critics fall roughly into three general categories. One set advocates the elimination of the IMF. These include conservatives who charge that the IMF is a waste of public funds in an age when private capital flows to the developing world have dramatically increased. This group also criticizes IMF bailouts for eliminating the discipline of risk in private markets. These staunch defenders of free markets are joined by some prominent individuals from the left who argue that the abolition of the IMF would, among other things, create more space for developing countries to pursue alternative economic policies that do not conform with the IMF’s free market prescriptions.

**Other Counterplans**

Some argue in favor of limiting gifts and contributions to members on the World Bank Board of Governors, in an effort to end the pro-business policies of the Bank:

Corporate entities in the member countries of the World Bank Board of Governors make political campaign contributions and various other gifts available to government officials
in their home countries, often for the purpose of accessing investment opportunities overseas. The revolving door among corporate leaders, government officials and lobbyists further ensures pro-business public policies and lucrative contracts to insider business interests. (“World Bank finances corporate corruption,” 2006).

**Kritiks**

As a starting point, the affirmative would be required to reform institutions of dubious legitimacy. Not only were these organizations created with Western powered interests at heart, they are steeped in a tradition of imperialism and colonialism. Negative teams could persuasively argue that the affirmative merely propped up capitalism, imperialism, colonialism, etc. There is a wealth of critical ground on both sides of this resolution.

As potential links to capitalism or neo-liberalism, the Bank props up transnational corporations:

At the same time, the World Bank’s International Finance Corporation (IFC) loans directly to, and otherwise supports transnational corporations that have been known to make payments to government officials in order to win contracts to take over privatized enterprises, to gain support for projects or to diminish tax payments, royalties and government regulation of ongoing operations. In turn, the Multilateral Investment Guarantee Agency (MIGA) of the World Bank protects transnational corporations from national legal actions that might reduce expected profits. Furthermore, a transnational corporation facing a dispute related to its practices may appeal to The World Bank’s International Centre for Settlement of Investor Disputes (ICSID) that operates outside the jurisdiction of domestic legal processes. (“World Bank finances corporate corruption,” 2006).
**Resovalional Wording Possibilities**

**Resolution #1:** Resolved: The International Monetary Fund and/or World Bank should adopt substantial reforms in one or more of the following areas: aid conditionality, anti-corruption initiatives, debt relief, environmental impact assessments, and/or voting power.

Resolution #1 is a potentially broad resolution designed to encompass the majority of the affirmatives discussed in the paper. While the areas could be limited or more carefully defined, the author cautions against limiting the paper to only the IMF or World Bank. The original paper started out as a World Bank paper, until the realization that the London Communiqué provided the vast majority of its funding through the IMF. In that regard, the World Bank component is still also necessary, especially for the implications in the corruption and environmental impact areas. Another potential way to limit the resolution would be to limit which countries the actions applied to, if the committee was concerned that country specific affirmatives would run roughshod over negative ground.

**Resolution #2:** Resolved: The International Monetary Fund and/or World Bank should eliminate one or more of its economic reform conditions placed upon international aid provided to developing nations.

Resolution 2 is substantially more limited than resolution 1, and is focused primarily on the question of structural adjustment reforms. The author cautions that it may be difficult to separate out the various structural adjustment reform mechanisms, and that the affirmative team
would essentially be accessing a narrow sphere of similar literature for its advantages. However, such an approach might be preferable if the committee felt Resolution 1 was too broad in scope.

Resolution #3: Resolved: The United Nations General Assembly should implement one or more of the recommendations of the Stiglitz Commission.

Resolution 3 provides another method to potentially limit the topic, by requiring the affirmative team to focus on the specific recommendations of the UN Commission recently announced regarding the World Bank and IMF. A significant caution is that many of these recommendations may very well occur in the upcoming debate season, and thus the author cautions somewhat against tying the affirmative to these specific recommendations.

Resolution #4: Resolved: The United States federal government should substantially increase foreign aid to the International Monetary Fund and/or World Bank.

Resolution #5: Resolved: The United States should pressure the International Monetary Fund and/or World Bank for reforms in one or more of the following areas: aid conditionality, anti-corruption initiatives, accountability, debt relief, and/or environmental impacts.

These resolutions are designed primarily to deal with the fears many would have of debating a resolution with an alternate agent. It is possible to defend that the United States should increase aid to the World Bank or the IMF to meet the needs of the London Communiqué and the G-20 donors.
A significant caveat to this resolution is found in the idea that such affirmatives likely would not solve. As a continued defense of the idea that debaters should debate global problems through global institutions, Merrill Goozner writes that US action alone is inadequate, and that efforts to “guide” IMF and World Bank actions through Congressional legislation will fail:

Goozner: Voting shares at the IMF and World Bank are based on contributions, where the developed world in general and the U.S. in particular have the largest share. In theory, the U.S. administration (perhaps under legislative guidance from Congress) could use its voice within the councils of both bodies for more openness. It has been encouraged to do that many times in "sense of the Congress" resolutions. And in recent years, the IMF and World Bank have substantially increased the public's access to final decisions and reports, if not internal deliberations (the subject of Stiglitz's most pointed criticisms). But openness and public accountability aren't the crucial issues. After all, we don't expect the loan committee at the local bank to hold public meetings. The real problem is both institutions' operating philosophy. They are still wedded to imposing macroeconomic stabilization policies on developing countries that have failed miserably. Stringent debt service rules, balanced budgets, stable currencies and open trade and capital regimes have destabilized far too many developing nations. And while there have been some minor mea culpas emanating from the IMF, some basic operating philosophies need revisiting in a systematic way. (Goozner, 2000, cited in Lindsey).

While it may be possible to debate individual affirmatives that have the United States pressure and/or provide aid to the organizations, the topic is perhaps better served by focusing on action through one of the international agencies, both for solvency purposes, and for educational purposes.
Author Recommendation

Topic Assessment

This author by no means unequivocally endorses inclusion of the world financial institutions topic on the ballot for 2009-2010. The two primary concerns are somewhat questionable negative ground and a desire for more clarity in the literature regarding the direction of the institutions, especially after the G20 reforms and the London Communiqué. In many ways, the Bank and the IMF are not disappearing anytime soon, so the notion that this topic could not be delayed for a year or two is not to be overlooked.

At the same time, the global financial crisis and the questions of free market ideology are at center stage, not only through the G20 initiatives, but due to the widespread protests against these international organizations. If our community is about teaching our students activist strategies and politics, the organizations that provide the developing world a great deal of funding are worthwhile sources of scrutiny. In addition, this author is unconvinced by the prevailing orthodoxy of the US federal government as the agent of action in the resolution. We live in a global society, and protest, activism, and policy-making need not remain limited to the narrowly defined conception of “the USFG should…”

While it would be a culture shock for many debaters to be stripped of security blankets provided by the US federal government actor, it may be a culture shock worth debating, at least once in a while. The history of NDT topics is replete with examples of non-US federal
government agent of actions, and the assumption that we should only debate US federal government policy is problematic.

My end conclusion is a mild endorsement of a world financial institutions topic to be included on the 2009-2010 topic ballot. The controversy is unique, the time is ripe, and the literature is abundant. Our students could gain a great deal of knowledge about the nature of international development policy beyond the meager foreign assistance that the United States provides to other nations. The global financial crisis adds urgency to this issue, making this an ideal time to tackle a debate over the role of international financial institutions in fashioning the global economy at the dawn of the 21st century.
Works Cited


