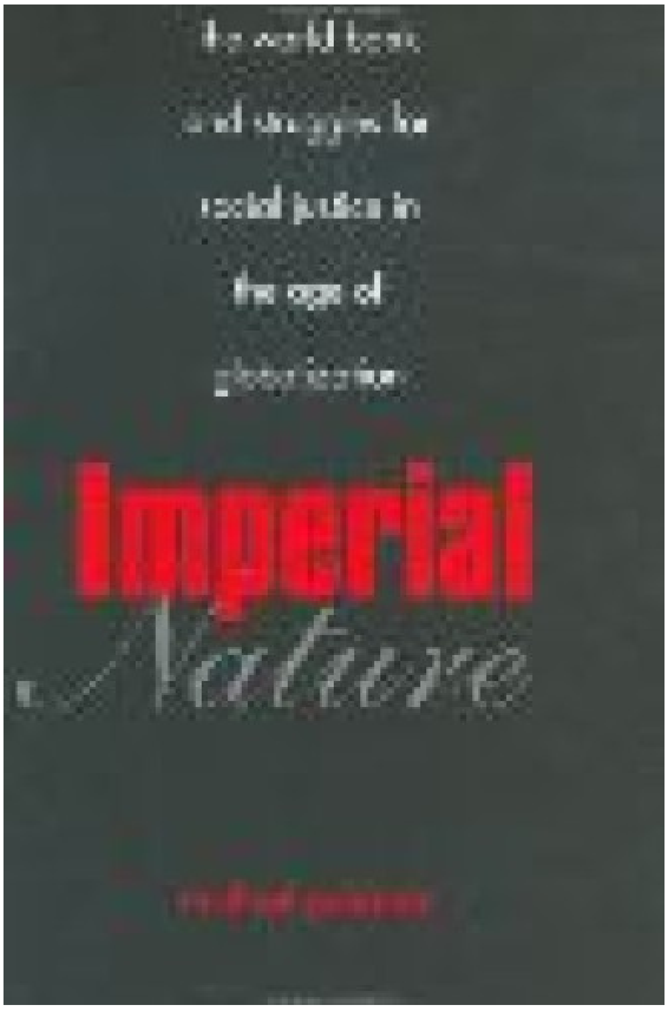
Imperial Nature

reviewed by Henry Rempel in the January 24, 2006 issue

In Review



Imperial Nature: The World Bank and Struggles for Social Justice in the Age of Globalization

Michael Goldman
Yale University Press

In *Imperial Nature*, Michael Goldman, who teaches sociology at the University of Minnesota, opens a window into the inner workings of the World Bank by using specific case studies to show how the bank employs specialists, trains decision makers, generates knowledge, deals with dissenting input, makes decisions and implements large-scale projects. This study also provides a brief history of the World Bank. Especially helpful is the detailed—though somewhat repetitive—discussion of Robert McNamara's term as the bank's president from 1968 to 1981. Goldman also gives some attention to the bank's role in structural adjustment and the international debt crisis and in the implementation of environment-related projects during the 1990s.

Goldman contends that the World Bank is one part of a conspiracy to impose on the world a "green neoliberalism" that enriches the global North at the expense of the poor in the "Third World." He postulates that this process has its roots in colonialism and that its goal is the establishment of power relationships similar to those of the colonial past.

Goldman's definition of development—helping the world's poor to improve their livelihoods—is appropriate and useful. The changes brought about by World Bank projects do benefit some more than others; in some cases people are forced to move, their primary livelihood is destroyed or new goods and services threaten existing social and cultural norms. Wherever poor people are thus disadvantaged it is fair to conclude that the World Bank has failed. Documentation of this failure, though, is incomplete if it ignores the poor people who have received schooling, gained access to potable water and electricity, experienced improved agricultural productivity, and gained better access to markets along newly constructed roads.

All of this and more has happened because of World Bank funding of projects that Goldman either fails to document in this study or mentions only in passing. A balanced assessment of the World Bank would likely show that more poor people have benefited from bank projects than have not.

Several relevant aspects of history are not developed adequately in the book. The International Bank for Reconstruction and Development was created for the explicit purpose of funding the reconstruction of post–World War II Europe. It did this with some success and then was allowed to transform itself into the World Bank at a time when development theory postulated that lack of capital was the key constraint to development. This theory was inadequate, so the World Bank had to evolve in order to effect development. Goldman understates the strategic role of the International Monetary Fund in shaping structural adjustment, and contrary to his argument, World Bank and IMF loans did not constitute a major portion of outstanding international debt during the debt crisis of the 1980s.

The focus on environmental projects is also strategic to the development of Goldman's hegemonic-control thesis. Dam construction and other large irrigation projects invariably displace people and hence are more likely than other kinds of projects to have detrimental results for a significant number of poor people. Also, the geographic spread of dam and irrigation projects is so wide that it is bound to encompass NGOs that are operating in the region, so study of these projects lends itself to documentation of the bank's co-optation of NGOs.

An alternative approach to interpreting the information Goldman presents would be to recognize that the World Bank operates primarily with loans that it channels to development projects, with a small markup, and that the bank therefore must limit itself to financing projects that generate cash flow and, either directly or indirectly, the foreign exchange needed to service its loans. Awareness of this necessity allows an explanation for the bank behavior Goldman documents that does not require invoking a hegemony of wealthy government leaders and corporate executives who are conspiring to use the bank as a strategic tool to control the world's economy for their greedy ends.

For example, Goldman faults the bank for a bias in favor of privatizing the delivery of water. But inefficient delivery of low-quality water at highly subsidized rates simply will not generate a means of loan repayment. Therefore, the bank can't fund such a project. The underlying thesis of a neoliberal hegemony designed to subject the world's poor people to privatization overlooks other realities as well. In the case of water, a great deal of it is being wasted. Subjecting both the consumption of water and the use of water for waste disposal to the discipline of the market affects significantly how water is used or misused.

Furthermore, all people, rich and poor alike, want a reliable supply of water of reasonably good quality delivered at the lowest cost possible. Achieving this has less to do with private or public ownership than with the existence of competition or effective community control. Goldman cites communities that have mobilized against private firms that are exploiting their monopoly position in the delivery of water, but this mobilization is a sign of hope for a better future, not a disaster inviting condemnation of private ownership.

Central to the thesis of a hegemonic proliferation of green neoliberalism is the fact that the World Bank generates knowledge, trains policy makers and practitioners, co-opts specialists with high salaries, and shapes policies and institutions by using the possibility of loans as carrots. This part of Goldman's story provides a valuable contribution to our understanding of how the World Bank operates. But large lending organizations tend to operate this way whether or not they possess hegemonic power.

It is true that some poor people are disadvantaged by World Bank development practices. As Goldman indicates, it is cruel to suggest that their disadvantage is a necessary price for progress. But if the only alternative is a world without a World Bank, that also would be a loss for all of us. Though Goldman does not attempt to outline alternatives, his study provides an understanding of issues and problems that can guide analysis in the definition of better alternatives. For example, dismantling the World Bank and parceling its resources out to the existing regional development banks would bring development financing closer to the people who are directly affected. Whether that would significantly affect the amount of money that could be mobilized for development lending is a question that would need to be addressed.