

UNHOLY TRINITY – THE IMF, WORLD BANK AND WTO. By Richard Peet and others. Zed Books London & New York, 2003. Pp. 250. ISBN 1 84277 072 1 cased, 1 84277 073 x limp.

This book is unusual in that it has been researched and authored by eighteen people: Richard Peet, Professor of Geography at Clark University, USA, as the senior author and Seventeen graduate authors. Given the density of the material, the nature of the research and the scope of the analysis it is no mean achievement that this tome has been put together in a little over twenty four months commencing in the summer of 2000, needing the commitment of all eighteen authors to this singular task. Of the six chapters that compose the book, the mostly analytical first and the last were written by the senior author and the drafts for the other four by the rest. Whilst plaudits are shared equally, Peet taking responsibility for the entire work, sets himself up for the potential brickbats that it invites.

This is a critical study of the International Monetary Fund (IMF), the World Bank and its predecessors and the World Trade Organisation (WTO) and its predecessors and also the ideological impetus of neoliberalism that has manipulated these institutions for its own ends for the past quarter of a century or so. This study manifests left of centre criticisms but it would be too simplistic to categorise this as a left wing attack on right wing economic policies. It supports protectionist Keynesian economic doctrine in the sense that it advocates national autonomy and stability but opposes neoliberal policies in the sense that it is hegemonistic, too sweeping in its approach and advocates a form of globalisation that leaves weak nations vulnerable to abuse. It is also interesting that important sections of the right are also critical (p. 214) of the damage that a doctrinaire approach to economic policy is causing globally.

The authors “take the side of those critical of the way the existing global economy has emerged” and “take exception to the way in which it is currently organised, controlled and run” (p. 3). They are particularly critical of what they term ‘global governance institutions’, the triumvirate that forms the title of the book, and they “concentrate on the increasing influence, within these institutions, of a single ideology” that “many critics term neoliberalism”.

This book has much to offer the discerning reader in terms of understanding the geopolitics of globalisation and how post world war two neo imperialism works. The IMF and the fore runners of the World Bank and the WTO were created in 1944 in Bretton Woods, USA, by 44 nations led by the USA (the emerging imperial power) and the UK (the declining imperial power). The authors are unequivocal in their assertion that “Bretton Woods was an occasion for the formalisation of US, UK dominance into an international monetary agreement, complete with enforcing institutions” and that the “USA emerged from Bretton Woods as an unchallenged hegemonic world power” (p. 53).

What of Muslim involvement in the ‘trinity’ given that they compose a fifth of the world’s population and that rampant globalisation has indissolubly linked them to it. It comes as a surprise to learn that Saudi Arabia has a seat on the Executive Board of the IMF, which meets in its Washington head quarters. This invites many questions, given the Qur’anic strictures on interest, about “Islamic” involvement in what is now recognised as the most powerful global bank in the world. Egypt on the other hand is

part of a powerful caucus alongside India and Brazil, representing developing nations, in opposing WTO policies. Muslim countries have also been at the receiving end of the hated IMF conditionality policies: twenty-four people were killed by the Egyptian army in 1977 when riots broke out when the government abolished food subsidies; in Morocco, protests at IMF conditions took the form a general strike in 1981; there were violent riots in Indonesia in 1998 resulting from IMF mandated reductions in government subsidies.

“Conditionality” is the universally imposed neoliberal cure for economies in distress. Conditions for accepting bail out loans by developing countries include reduction of tariff barriers, increasing interest rates, the imposition of austerity programmes such as the cutting back of government services and the removal of state subsidies (p. 57). The overall effect of these policies on countries subjected to conditionality has been to increase unemployment, increase poverty and increase the indebtedness of governments (witness the recent Argentinean debacle). Conditionality also undermines normal democratic processes and brings into focus the whole question of global governance by unrepresentative institutions.

This study, which in its reading manifests the mode of an investigation, establishes a very clear connection between Washington and Wall street, that is to say the US government and the New York investment banks, in controlling economic and trade policy. This alliance is “more interested in getting wealthy creditors repaid than in serving the poor” (p. 218). Peet and his fellow authors recommend the disbanding of the IMF and the WTO if they are not willing to undergo radical change (p. 222). There is a place for the World Bank in their scheme: one of facilitating low cost socially beneficial project lending away from socially destructive mega projects.

One waits for an “Islamic” analysis and a cure from the growing number of economists looking at trade and development with an Islamic face.

Islamic Foundation for Ecology
And Environmental Sciences,
Birmingham, UK.

Fazlun Khalid