Managing Sustainability World Bank-Style

An Evaluation of the World Development Report 2003

With contributions from

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Papers No. 19

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FOREWORD

The World Bank's annual World Development Report (WDR) is the Bank's flagship publication. This year's WDR 2003 entitled *Dynamic Development in a Sustainable World* – scheduled to be launched at the World Summit on Sustainable Development (WSSD) on August 21, 2002 – represents the major World Bank contribution to the discussion about sustainable development in Johannesburg. Given the importance of the World Bank as both major global development agency *and* major development financier, the Bank's most "up-to-date" thinking about an ecologically, socially and economically-balanced development deserves scrutiny, attention and critical vigilance by an engaged civil society.

This publication, a cooperation between the Heinrich Böll Foundation Washington and the London-based Bretton Woods Project, offers a timely first collection of "intermediate" discussion pieces on the WDR 2003. My special thanks go to Marieke Huysentruyt from the Bretton Woods Project for her support in putting this text collection together.

The term "intermediate" highlights the fact that the commentaries collected in this brochure are based upon a draft of the WDR, not the final version to be launched in Johannesburg (the draft version referred to in this brochure is available at http://econ.worldbank.org/wdr/2433/text-13545/). It also emphasizes our hope that this publication can act as a stepping-stone towards further, broader, and stimulating debate on the WDR 2003. The Heinrich Boell Foundation and the Bretton Woods Project will jointly follow up on the actual release of the WDR 2003 with activities during the IMF/World Bank Annual Meeting in Washington at the end of September.

The draft version of the WDR 2003 regrettably was only made available by the World Bank for a few weeks on their website until the end of May – and only after repeated prodding from non-governmental organizations. Some earlier, very limited consultations with civil society about a first draft of the Report did take place, but only selected few NGOs were even invited to attend a couple of videoconferences and actual meetings with WDR authors. Bank staff justified its very lackluster participatory process for the WDR 2003 with a shortened production time-table for the Report. The unique opportunity for a broad geographic and stakeholder involvement that one would have expected for a major international organization's discussion and strategy paper for the WSSD was not taken up – the first in a long series of missed opportunities that characterize this year's WDR, as some of our commentators will argue. One cannot help but see the WDR 2003 genesis as another illustration of the wide gap that remains to this day between the participatory and inclusive processes the World Bank – and the WDR 2003 for that matter! – advocates and most of the Bank's actions.

This publication is a useful first evaluation of the 200-plus-pages of the WDR 2003, but by no means an exhaustive or definitive one. We are looking forward to hearing your feedback as well as your own assessment of the WDR 2003. Apropos, by the time you read this, the team of authors for the WDR 2004 (which will focus on basic service provision) has already started its work…

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THE WDR 2003: A STRENUOUS TALE OF MISSED OPPORTUNITIES…

Introduction: Let's Talk About Sustainability, Shall We?

It's very strenuous and technical reading, this year's World Bank World Development Report (WDR). Quite abstract and thus obviously written more for a small "insider community" of academic experts rather than the larger interested audience for which it claims to be intended, the WDR 2003, aptly titled *Dynamic Development in a Sustainable World*, is the timely contribution of the Washington "Knowledge Bank" for the World Summit on Sustainable Development (WSSD) in Johannesburg, incorporating the World Bank's newest take on the topic of sustainable development.

Since it was first popularized at the Earth Summit in Rio de Janeiro in 1992 as the guiding principle of ecologically mindful development, the concept of sustainable development has become more and more imprecise, allowing for an astonishing spectrum of often competing and contradictory definitions, ultimately culminating in conceptual laissez-faire and political insignificance. The WDR 2003, however, does not acknowledge the decade-long protracted career of an often misused concept. Likewise, the Report neglects to acknowledge the World Bank's own contribution in blurring the definition of sustainability as used in the Brundlandt Report of 1987 by reinterpreting it clandestinely and insufficiently as *sustainable growth*. Instead, the Report is satisfied with merely pointing out challenges to sustainability and with listing possible solutions in an abstract and disconnected way.

No New Way of Doing World Bank Business…

The WDR 2003 aims to break away from old ways of thinking and formalistic modes of doing business — including those utilized by the World Bank itself in its day-to-day operations. But readers expecting the unconventional, even visionary will be sorely disappointed. True, in comparison to its Rio-counterpart, the WDR 1992 *Development and the Environment*[1], the WDR 2003 is undoubtedly more differentiated and comprehensive. The WDR 1992 focused almost exclusively on certain "win-win" scenarios (eg. the reduction of ecologically damaging subsidies) while issuing at the same time repeated stern warnings about ultimately unavoidable "either-or" choices between income growth and environmental quality.

In contrast, the WDR 2003 attempts to distance itself from the neoclassical economic theory allowing for the full substitution of natural, human, intellectual and social assets with capital assets. Rather, the report stipulates the complementarity of these assets and the necessity of their equitable and just distribution and acknowledges that markets cannot provide environmental and social assets, which have been traditionally undervalued or underprovided and viewed as if they were infinitely renewable. The Report promises a new economic concept combining ecology, social equity and long-term development prospects on a par with economic efficiency. Yet, at the same time the WDR presents a long-term development framework, which invariably relies on productivity growth as the motor for development, primarily in developing countries but also in the industrialized OECD world.

This unchanging mantra repeatedly collides not surprisingly with the texts' sections discussing the limits on the use of natural resources. "The WDR 2003 should at least question whether global economic integration is an adequate institutional context for policies enhancing net wealth creation and poverty alleviation," criticizes the renowned American environmental economist Herman Daly (see his contribution in this *World Summit Paper*, pp. 19-23).

New Institutions: Where Are the Blueprints?

Central to the argumentation of the WDR 2003 is the existence of adequate institutions (which in the WDR's wide definition encompass organizations, rules and norms, regimes, and formal and informal networks alike). Institutions of every kind are indispensable to pick up the right signals, ensure the ability to act collectively and to balance common against individual and vested interests. The Report explains the rather disappointing and sobering post-Rio sustainability record with missing or weak institutions. This, in the analysis of the WDR 2003, is particularly striking with respect to poverty alleviation. The eradication of poverty worldwide is postulated correctly as the cornerstone of a global sustainable development strategy and the Report convincingly makes the causal link between the existence of strong institutions and guaranteed rights and participation for the world's poor and underprivileged. In the Report's own words: "Empowering poor and disenfranchised people, the most excluded members of society, makes for stronger institutions that support longer term sustainable development."

Alas, it must disappoint and dishearten any reader of the WDR 2003 to discover that the Report fails to go into any detail about the reform of existing organizations and regimes and the creation and mandate of new competent institutions it so strongly advocates. "The Report thus makes no recommendation on specific policies or organizational designs," the WDR 2003 draft is in a haste to point out in an introductory chapter. Well, shouldn't this be the main purpose of a 200-plus-page exercise supposedly reflecting the World Bank's most progressive thinking? At the very least, a prominent World Bank publication timed specifically for the WSSD should elaborate on the Bank's own understanding of its role in an optimal global governance framework adequately endowed to promote and enforce sustainable development. But the WDR 2003 doesn't even do this. And it also shies away from addressing a fundamental dilemma of intergovernmental cooperation in international institutions, namely how to deal with states (read specifically the United States with its dislike of multilateral organizations) too powerful to allow themselves to be bound by any international rules.

The OECD-World's Responsibility: What Does Global Equity Have to Do With It?

The Bank's most important annual publication has several other glaring shortcomings. The politically highly explosive question about the industrial nations' responsibility for and their role in global sustainability efforts is only asked with respect to economic consequences and focuses mainly on the developed countries' relationship with their lesser developed neighbors. Accordingly, the Report's recommendations to increase official development assistance (ODA), to reduce or forgive Southern countries' unsustainable and non-repayable debts, to improve market access for developing country products, and to facilitate and widen technology transfers are said to be in the best economic interest of the OECD world.

At no time does the Report acknowledge these suggestions for asset transfers and development opportunities for what they really are: a moral obligation in the name of global equity and but a first installment of payments for the North's mounting ecological debt vis-à-vis the global South. And at no time does the Report even come close to suggesting that in a world of finite natural resources, industrial nations might have to curtail their future consumption and economic growth in order to create development space for poor countries.

This is just one more example of the WDR's failure to consequently think through its own lines of argumentation. Otherwise the Report – in truly touting a new economic concept taking into consideration social equity, ecological awareness and long-term sustainable development prospects – would have to challenge industrialized countries to set an example for the rest of the world in drastically reorienting their own economies, foremost their unsustainable production and consumption patterns, and their societies in a more ecologically viable fashion. Mentioning the North's persistent system of perverse subsidies (in agriculture, fisheries, forestry, and fossil and nuclear energy) as something to be abolished as the WDR does in this context is, although correct, certainly not enough. And even this mention lacks political bite.

Why Even Consider Critical Self-Reflection?

Regrettably, the WDR 2003 also misses a unique chance for a self-critical reflection and an honest evaluation of the sustainability record of the World Bank's own projects and programs. This and a realistic institutional look ahead would have given moral authority, precedent- and trend-setting strength and courageous vision to an institution which prides itself quite often (and in some areas even correctly) in being a "bench-marking" development agency.

To be quite frank, the World Bank's record provides more than enough opportunities for such self-critical soul-searching. One is tempted to mention structural adjustment programs (SAPs): To this day, they are exempted from the Bank's own environment and social safeguard policies — no peanuts, considering that they make up an average of more than 30 percent of all World Bank loans. One could further point to big infrastructure, energy and extractive industry projects like dams, pipelines or mines with frequently disastrous social and ecological impacts. After a drop in the number of these projects in the early nineties, big infrastructure projects are now back in the name of a reorientation of Bank operations towards greater customer satisfaction and increased efficiency (and many recipient countries despise social and environmental strings attached to World Bank loans[2]) — at the expense of social and environmental standards.

As a result of this "customer-is-king" attitude, the fairly advanced social and environmental safeguard and operational policies (OPs), the Bank boosted in the 1980s, got significantly "watered down" in the last decade or so in the course of several OP revisions. For example, the recently revised OP on resettlement did away with the stipulation that those villagers forcefully resettled due to a dam or other major infrastructure project would be compensated land-for-land.

The Bank's own Operations Evaluation Department (OED) chastised the institution just last year[3] for a decline in its environmental performance. Budgets for environment projects have been cut; environmental impact assessments (EIAs) are frequently scrimped on or they are executed too late in the project cycle to have any measurable influence; internal capacity-building measures, particularly for staff in the Bank's country and regional offices, have been reduced; lastly, and most importantly, environmental sensibility and accountability is still not mainstreamed within the institution with the Bank's own environment department finding itself frequently marginalized and with practically no influence over the Bank's operations. In a "Memorandum to the Executive Directors and the President" from March 21, 2001, the OED review stated: "Internally, environmental sustainability was not adequately integrated into the Bank's core objectives and country assistance strategies. Intellectually, the linkages between macroeconomic policy, poverty alleviation, and environmental sustainability were not explicitly forged. In sum, the institution's environmental efforts have not been consistent nor have they been held to uniform quality standards."

The WDR 2003 makes no mention of the Bank's environmental score card with the below-passing grades the institution received from the OED. Nor does it give any indication how the internal administrative structures of the World Bank would have to be changed in order to actually bring the Bank's operative business on the one-way-only road to ecological sustainability.

The World Bank's Sore Record on Participatory Processes

Talking about the World Bank's sustainability score-card of the past decade, one can not omit the preliminary record of the poverty reduction strategy papers (PRSPs)[4] — the supposed shining examples of participatory and holistic development strategies that are becoming more and more important as the dominant framework for multilateral as well as bilateral development cooperation, since the PRSP approach is supposed to offer the framework for the integration of all (macro- and micro-)economic reforms and poverty reduction policies. More often than not, they equate mere consultation of multiple stakeholders with real participation and with ownership of the entire process and either neglect sustainability criteria completely or relegate their consideration to the distant future.[5]

In many PRSPs, ecological problems are considered to be direct results of population growth and poverty. Thus, it is especially worrisome that most PRSPs' focus on economic growth as key to poverty alleviation, disregarding both social and environmental impacts of this one-dimensional strategy. The PRSPs' dominant aim is to increase export production, mostly through cash crops in the agricultural sector and a concentration on extractive industries and fossil fuel exploitation. Export diversification or food security as valuable development goals are mostly neglected; the negative trade-offs of such an export-oriented growth strategy for environmental and natural resource protection are scarcely, if at all, discussed. On the contrary, many PRSPs explicitly acknowledge that a stronger export-orientation of commercial agriculture and natural resource exploitation (fossil fuels, metals, forestry etc.) in all likelihood will lead to increased ecological impacts, without devising and integrating strategies on how to reduce or prevent them.[6]

With all of the WDR's focus on having the voices of poor and disenfranchised people heard and on the necessity for institutions to pick up on signals, the World Bank's own sore record on participatory processes involving the Bank weighs even heavier. The World Bank effectively disengaged itself from the World Commission on Dams (WCD) after a five-year-participatory process, when the conclusions about the wide-spread social and environmental impacts of the Bank's financing of large dams came out sharply critical of the World Bank.[7] Similarly, the World Bank tried to ignore findings by the multi-country Structural Adjustment Participatory Review Initiative (SAPRI), set up with World Bank participation in 1997, when it concluded that economic adjustment programs mandated by the Bank largely failed to achieve results in poverty reduction, instead increasing impoverishment by devastating local small and medium-sized industries, damaging the environment, reducing food security and undermining the viability of small farms.[8] The legitimacy of the currently ongoing Extractive Industries Review (EIR), modeled after the WCD, is already questioned by many NGOs worried about attempts to minimize inputs from civil society. They demand an opening up of the process, greater transparency and independence of the process and guidelines for mandatory follow-up implementation of civil-society recommendations.[9]

An Approving Nod to an Expanded Notion of Poverty

On the positive side, the WDR 2003 expands the notion of poverty significantly, going way beyond the politically chosen arbitrary definition of people living on less than a US$1 a day. More realistically, the WDR includes those 2.8 billion people worldwide who have to make an existence on US$2 per day. Its urgent demands for the disenfranchised in rural areas and urban slum dwellings include the call for land rights and secure tenure primarily, but also for access to basic health and education services, natural resources and a political voice and vote. It is in this context that the authors show the most guts, politically speaking.

Yet, once again, abstract recommendations of World Bank researchers are not squared with the Bank's own policy practice, in this case its Private Sector Development (PSD), Rural Sector Development (RSD) and Water Resources Sector (WRS) strategies. The World Bank's heavy focus on private sector involvement in the provision of these basic services, for which access is deemed so essential in order to improve the lot of the poor, is likely to result in diminished access for the underprivileged as user-fees are frequently implemented in the name of "cost-recovery." In many developing countries (eg. in Cochabamba in Bolivia, in Ghana and the Philippines), hundreds of thousands of people have protested on the streets against privatization measures of essential services as mandated by World Bank programs. The World Bank's continued development focus on private sector involvement in essential services is an open contradiction to the calls for inclusiveness, participation and the "voice-and-vote-for-the-poor"-mantra the WDR 2003 incessantly repeats.

Not Just "Women's Special Role", Women's Political and Economic Reality

The Report makes some passing references, particularly in the chapter dealing with the population living in fragile ecosystems, about both obstacles and opportunities for women in development. Yet, a detailed analysis of the specific situation and role of women and gender roles in the context of sustainable development, be it in efforts to eradicate poverty or to protect global natural resources and biodiversity, is mostly missing — quite alarming for an organization which just recently spent significant research and policy efforts in devising a plan of action for integrating gender into its development assistance work.[10] Such an analysis would have to include the specific role of women as keepers of traditional knowledge, as guardians of biological diversity through the practice of collecting and keeping indigenous plant seeds, the overproportional victimization of women in export-processing zones as a result of trade liberalization policies, the necessity to redress glaring gender-discrimination in land tenure, property and family rights, the effects on food security and subsistence agriculture of the commercialization of agriculture, and the impacts of reduced government responsibility for public services through privatization in the health, education and water sector on women. These implications, however, are at best hinted at in the WDR 2003; redress is sought mostly via micro-credits, education and capacity-building without getting to the core of economic and power realities that discriminate against women.

Similarly, the HIV/Aids epidemic in many parts of the developing world is mentioned almost as a side note, but not given the explicit consideration it warrants as being one of the major impediments to development it constitutes in too many regions of the world.

Focus on Living Spaces, Not Resource Redistribution

The WDR 2003 attempts to sketch out problem solutions to be implemented during the next 30 to 50 years by focusing on three distinct typified living spaces, not nations or geographic regions. This comes in very handy for an apolitical discussion of sustainability by conveniently excluding the bleak reality of political power struggles and conflicts about resource distribution.

Among the three living spaces identified and analyzed are fragile ecosystems, often in remote rural areas, which currently form the livelihood for some 1.3 billion people depending mostly on natural resources for their survival. The WDR laments rightfully the fact that their own governments, the international community, but also empirical science have neglected to focus systematically on these fragile living spaces and the rural poor and asks for long-term investment interest in these regions of the world. Community-based local actions and know-how coupled with capacity-building, training, generous non-repayable grants and ecological early-warning-systems are seen as the key factors to improve the social, ecological and political situation in fragile ecosystems.

For all rural areas in developing countries, including fragile ecosystems, the Report advocates the consideration of genetically modified crops. Touting the benefits of eg. drought-resistant plants, the Report, while acknowledging its legitimacy, effectively proposes the suspension of the internationally accepted precautionary principle (one major achievement of the Rio Earth Summit and since then codified in international environmental law) in the poorer regions of the world. The WDR 2003 states with confidence that "[i]n Africa, in many marginally viable agricultural areas the alternatives have been largely exhausted. For farmers in these areas modified crops which can better survive prolonged drought, or improve diets through micronutrient enrichment may be among the few realistic options." In doing so, it cites an international consensus about the utility of GM crops that, frankly, just does not exist, conveniently toning out the chorus of concerned scientists, development experts and community activists from all over the world. They just don't agree with the scientifically unproven contention of big agro-businesses like Monsanto – and the World Bank's statement in the WDR – "that risks from transgenics can be managed."

Commercial Agriculture over Food Security

In rural areas with the potential for commercial agriculture, the WDR 2003 propagates staunchly the intensification of agriculture. Quite interesting is the reasoning the WDR uses to advocate the shift from food security-based, predominantly subsistence agriculture to export crop-focused commercial agriculture in these areas. Thankfully, the authors didn't stoop so low as to use alleged global food and nutritional shortages as their justification, as many proponents of genetically engineered organisms (GMOs) do. The WDR team indeed acknowledges that distribution failures (in World Bank lingo: "insufficient purchasing power in the hands of the poor"), not food production shortages are at the heart of persistent hunger for some 800 million people worldwide. Instead, the WDR argues that the commercialization of more existing agricultural areas will prevent the uncontrolled extension of extensive "slash-and-burn" farming on pristine "frontier" lands, and thus stem the continued loss of biodiversity. The above-mentioned PRSPs, the majority of which are currently in preparation, do not have to rely on such spectacular argumentation acrobatics: They unabashedly count on export-oriented agriculture to generate the foreign exchange needed to service developing countries' foreign debt burden.

One wonders whether it's a mere oversight, or, more worrisome, a sign of a complete lack of problem awareness, but a detailed analysis and debate about the ecological and social implications of the proposed intensified agriculture strategy is simply nowhere included in this section of the WDR. Apparently, the WDR's focus on perceived, but not yet realized commercial opportunities leaves no discussion room for the harsh realities of industrialized agricultural production. These include the invariable domination of farming by agro-businesses with the displacement of tens of thousands of small family farmers without alternative ways of making a living, a push for genetically-modified food crops with health and environmental implications and the intensive use of fertilizers, herbicides and pesticides. The latter not only increases small farmers' dependence and debt burden, but also harms the environment (eg. by polluting increasingly scarce freshwater resources), which the WDR claims to protect by intensifying commercial agriculture in many rural areas in the first place.

Freshwater scarcity is given special consideration in this chapter of the WDR — although the Report neglects, once again, to think through the implications for sustainability of its own recommendations. With commercial agriculture being the world's biggest user of freshwater through irrigation and export-crops usually more in need of excessive irrigation than traditional and subsistence farming methods, water scarcity will likely be worsened, not lessened. To deal with water scarcity, the WDR recommends a property rights regime, which would "price" water and establish private water user associations, effectively limiting the public's participation in private sector water delivery schemes and endangering the access of the poor to water.

Land rights for small and medium-size farmers under such a scenario are supposed to be guaranteed through land reform, albeit not one based primarily on equity and economic justice (eg. by reform policies that take into account traditional land use rights of indigenous groups) but on the vagaries of the market. Given current negative experiences (an example would be the ongoing market-based land reform in Brazil, which has met with widespread resistance amid claims of disadvantaging the poor, indigenous and landless) such an assumption seems overly optimistic, if not outright naïve.

All these WDR "visions" for the development of rural areas not very surprisingly echo the core points of the World Bank's draft Rural Sector Development Strategy, which has come under heavy criticism from civil society for its misguided approach neglecting basic sustainability considerations.[11]

Urban Centers: Incubators for Innovation and Change?

In cities and towns, the Report euphorically discovers the "incubators" of innovation and change with opportunities to provide jobs and improved quality of life. As the most important prerequisite for the realization of the potential of urban centers, however – as the Report points out, – security of tenure and availability of land for new low income settlement are needed that would give urban slum dwellers and rural migrants the chance to stay and make a living in urban centers. With an expected doubling of the urban population worldwide within the next 30 years, this demand takes on a pressing significance.

While the WDR discusses the necessity to generate jobs in urban centers, no mention is made of core labor standards and rights as defined by the International Labor Organization (ILO), which should form the standard of job creation, particularly through foreign direct investment. The existing problems in the so-called export-processing zone (wage discrimination against women or indigenous workers, unhealthy and unsafe working conditions, obstacles to union organizing and collective bargaining to name but a few) and the resulting race-to-the-bottom for workers' wages because of increased competition among developing countries for the same kind of labor-intensive manufacturing jobs are likewise not considered.

Global Issues: Who's Enforcing Equal Adherence to Standards and Intl. Rules?

On an equal par with poverty alleviation, the WDR 2003 lists halting climate change, desertification and biodiversity protection as the most pressing issues, the latter primarily through local resource management sponsored by national and international institutions. Agreeing on the nature and causes of transboundary problems is seen as the first important step, with institutions tasked to provide the forum for fostering consensus on diagnosis and action. Socially responsible behavior of public and private entities is supposed to be achieved through standards, certification and performance reporting.

Not addressed in the WDR is the critical issue of how to guarantee enforceability of and mandatory adherence to these currently mostly voluntary programs and what global institutions, new or existing ones, could and should have authority to hold all public and private entities equally accountable. This is particularly important with respect to global economic governance, where the rules are undoubtedly rigged in favor of the industrialized countries. Likewise, the WDR wages no proposal on how the tensions between many existing institutions and regimes, particularly between economic and environmental agreements, eg. the World Trade Organization (WTO) and the Convention on Biological Diversity (CBD), should be reconciled and addressed.

Climate Change: Reverse Current Energy Usage Now!

On the positive side, with respect to climate protection, the Report emphasizes the urgent need for a quick reversal of current energy usage trends with convincing seriousness. It even explicitly suggests the special responsibility of industrial nations for both a reduction of their own emissions and for co-financing global adjustment measures for poor countries most affected by ongoing climate change, eg. the rise of sea water levels. Yet, an open criticism of the OECD world, especially the United States as the world's most profligate emitter of greenhouse gases, is missing as is an outspoken support of the WDR team for the Kyoto Protocol — even though the Protocol with its institutionalized international cooperation and explicit reduction targets as well as innovative trading mechanisms is an excellent example for the kind of institutions the WDR stresses we need to strengthen in order to address sustainable development on a global level.

Regarding climate change as well as other areas of environmental protection, one is struck by the WDR's unwavering trust in the regulative power of economic instruments as remedy *after* ecological damages have occurred, while prevention and precaution are getting short shrift. Obviously not quite freed yet from the interpretation in the WDR 1992, its Rio+10-sibling, the WDR 2003 still seems to subscribe to the notion that a certain amount of environmental destruction is an unavoidable corollary of economic development, something to be fixed eventually. Markets are also seen as both inevitable and best suited to deal with environmental problems stemming from scarce resources (eg. freshwater). The solution: attribute property rights speedily before informal markets could make a mess out of orderly private sector involvement!

Democratic Institutions: The Still Elusive Quest

Realizing the vision of sustainable development and poverty eradication worldwide by 2050 necessitates in the view of the WDR authors a global partnership, which has to be based on massive ODA, a global division of burden and of negative impacts, a regulatory framework for global public goods and enduring and democratic institutions. It is noteworthy that the WDR 2003 hammers repeatedly on the need for continued and increased ODA, although the "gold standard" of ODA, the 0.7 percent of gross national product (GNP) target, is not explicitly mentioned. However, in a nod to the United States, the WDR's authors cannot help themselves but echo some of the recent-most calls for more aid effectiveness and lastly aid selectivity. With this, a WDR 2003 focused on poverty eradication and inclusiveness risks harming people and nations needing help the most by dangerously giving legitimacy to those forces that aim to divide developing countries and societies into aid-deserving good performing ones and bad performing undeserving ones, which can only expect limited support from the global financial community.

The WDR's repeated sales pitch for more democratic institutions is indeed a most fundamental one. Although not likely intended by the authors, it nevertheless points a shaming spotlight on the current untenable praxis of undemocratic decision-making in many international institutions, including the Bretton Woods Twins, the International Monetary Fund (IMF) and the World Bank.

For example, under the World Bank's new disclosure policy, which took effect in January of this year, the minutes of Executive Board Meetings are still not released to the public; project documents are only released after decisions have been made, effectively forestalling any efforts of local or national civil society groups to have their concerns heard and considered in World Bank actions; and the World Bank's Country Assistance Strategies (CAS), the Bank's strategic plan for a country, still is inaccessible to concerned citizens.[12]

Representation on the decision-making World Bank Executive Board of 24 is far from "one-country-one-vote," but instead more a "one-dollar-one-vote" with all of sub-Sahara Africa just being represented by 2 executive directors (EDs), while five of the G7 countries have their own ED and the United States as largest shareholder effectively retains veto power via a blocking minority of votes. Add to it that the heads of international financial institutions are to this day nominated in a kind of gentlemen's agreement of wheeling and dealing among the most powerful nations. Indeed, truly democratic international financial institutions are still an elusive quest…

The Call for Good Governance: Is the Business Sector Exempt?

While calling on a global partnership and international collaborative efforts, the WDR authors just don't want to admit that the notion of international cooperation as the panacea in dealing with environmental problems is but possibly the biggest mirage of the post-Rio process and the sustainability concept. If you want to achieve ecological and social sustainability, you have to finally acknowledge the accompanying social and economic, local, regional and international conflicts and have to offer concrete, if politically controversial ways of dealing with them.

If the WDR 2003 had taken this premise to heart, if would have had to reflect more explicitly throughout the entire Report on the role of the private sector, especially the role of transnational corporations (TNCs) and their position of power and capital might within the existing global economic framework. This is the more blatant a shortcoming of the WDR 2003 as private sector and foreign direct investments and market mechanisms continue to be heralded by World Bank economists, including the WDR authors, as the most fundamental factors for achieving development, poverty alleviation and sustainability in the global South. The WDR's unabashed endorsement of the private sector as the "savior" for global development (read: economic growth) — and the call to national governments to generate a strong investment climate "as core component of sustainable development" — has to be also seen in the context of the World Bank's new Private Sector Development and Rural Sector Development strategies, which are currently in the process of being finalized. Both aim to reduce the role of the state in national economies in favor of private sector participation in the provision of essential services like water, health care, electricity and education as well as agricultural development using the World Bank's aid and lending projects as means to promote privatization of these sectors. Public sector privatization is likely to be picked up at the WSSD with the endorsement of public-private initiatives ("Type II outcomes") in these areas.

In the view of the WDR authors, the business sector's contribution to a global compact on sustainability would consist of creating market incentives for (voluntary) adherence of the private sector to social and environmental objectives and of "lobbying vigorously for the growth that will create new markets" — as if powerful transnational companies need to be asked to! No word here about the need for strong institutions (eg. a regulatory framework for corporate accountability, which civil society groups are demanding as part of the WSSD Plan of Action) to reign in corporate power and which could enforce mandatory adherence to strict sustainability guidelines. A report which declares *good governance* (accountability, transparency, functioning democratic institutions and rule of law) to be the linchpin of global sustainability and obligates countries, especially in the South, to adhere to it should not shy away from demanding the same social, political and ecological responsibility from the global business community.

Conclusion: We Expected More…

The WDR 2003 closes by listing several unanswered questions in the global sustainability debate, which demand an urgent, yet still elusive international consensus: When is consumption overconsumption? What is the future of agriculture and of genetically modified organisms? What are the prospects for global migration?

It is admittedly not easy to find solutions to these and other questions and to give plausible answers. But the WDR 2003 does not even make the honest attempt and is afraid to wage the open participation in a global debate which the Report proclaims it wants to stimulate. This is undoubtedly the biggest weakness of the Report. All too frequently it is content with recognizing and listing problems in technocratic accuracy without daring to suggest concrete proposals on how to implement possible solutions. For Johannesburg — and as the primary contribution of the World Bank for the World Summit on Sustainable Development — we would have expected more from the "Knowledge Bank's" flagship publication.

Endnotes:

[1] The complete text of the WDR 1992 is available on the World Bank website at http://www-wds.worldbank.org/servlet/WDS_Ibank_Servlet?pcont=details&eid=000178830_9810191106175.

[2] The Three-Gorges-Dam project in China would be a case in point. China withdrew its loan request for the project from the World Bank after the Bank, under massive pressure from civil society groups, insisted on strict adherence to its safeguard policies, particularly on resettlements, for this project.

[3] OED Review of the Bank's Performance on the Environment, CODE2001-0029.

[4] PRSPs have been developed and used since 1999 in connection with debt relief efforts under the initiative for highly indebted poor countries (HIPCs). PRSPs are supposed to delineate country-owned plans developed nationally with wide-spread civil society participation that outline a long-term development strategy and specify how money from debt relief would be spent to reduce poverty. By April 2002, 10 full and some 42 interim-PRSPs had been submitted for final IMF/World Bank approval and consideration.

[5] PRSPs are "country-owned," meaning they are written by national governments and then submitted to the IMF or the World Bank. This country-ownership is in fact undermined by the need for national governments to gain ultimate IFI approval for their poverty reduction strategies. In many cases, because of capacity-problems of poorer governments, IMF and World Bank staff played a dominant role in the genesis of the strategy papers. Not surprisingly then, PRSPs in most cases effectively reflect official IMF and World Bank neoliberal policy recommendations. Preliminary records also show that often civil society input and recommendations for alternative development strategies have not been reflected in the finished PRSPs.

[6] This section draws heavily on Miriam Walther, *Armutsstrategiepapiere (PRSP). Neuanfang in der Strukturanpassungspolitik von IWF und Weltbank?*, World Economy, Ecology & Development (WEED), Mai 2002, Bonn.

[7] For information from a civil society point of view on the World Commission on Dams and the World Bank's role in it, see the documentation from the International Rivers Network (www.irn.org/wcd). The WCD website is http://dams.org.

[8] For civil society comments on SAPRI and the World Bank's participation in it, see documentation collected by the Structural Adjustment Participatory Review Initiative Network (SAPRIN) at www.saprin.org. The World Bank's SAPRI website can be found at http://www.worldbank.org/research/sapri/.

[9] For a critical NGO assessment of the ongoing EIR, see http://www.seen.org/pages/ftr/eiranalysis.shtml. The official EIR website is www.eireview.org.

[10] For the World Bank's gender mainstreaming strategy, see The World Bank, *Integrating Gender into the World Bank's Work — A Strategy for Action*, Washington, January 2002; the World Bank report *Engendering Development — Through Gender Equality in Rights, Resources. and Voice* (published in January 2001 by Oxford University Press) provides strong empirical evidence of gender-based inequalities that act as impediments to equitable development.

[11] For a civil society critique of the World Bank's Rural Development Strategy, see for example http://www.panna.org/campaigns/docsWorldBank/docsWorldBank_020614.dvhtml.

[12] For information on the World Bank's information disclosure policy, see the Bank's website at http://www1.worldbank.org/operations/disclosure/. For a summary critique of the shortcomings of the new disclosure policy, see information collected by the Washington-based Bank Information Center at http://www.bicusa.org/policy/InfoDisclosure/moreinfo.htm.

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THE ILLTH OF NATIONS: WHEN GROWTH BECOMES UNECONOMIC

The draft of the WDR 2003, made public in April 2002 and accessible via the World Bank's website for a short time, is a welcome improvement over the WDR 1992 treatment of the same theme, namely "sustainable development."[1] The discussions of complementarity of assets, limits to substitution, and the nonrival, non-excludable nature of many environmental services were especially welcome. The stated intention to include a final chapter on "open questions which could not be resolved" is an excellent idea, and should be a feature of all future WDRs.

There are some important ways in which the draft fails to deal adequately with its important topic. Seven such shortcomings are briefly discussed below.

Shortcoming No. 1: The WDR 2003 Focuses on Utility, Not Throughput

The WDR 2003, insofar as it attempts a definition of sustainable development at all, seems much more committed to the utility-based definition, rather than the throughput-based definition. Exactly what is it that is supposed to be *sustained* in "sustainable" development? Two broad answers have been given: First, *utility* should be sustained; that is, the utility of future generations is to be non-declining. The future should be at least as well off as the present in terms of its utility or happiness as experienced by itself. Utility here refers to average per capita utility of members of a generation. Second, physical *throughput* should be sustained, that is, the entropic physical flow from nature's sources through the economy and back to nature's sinks, is to be non-declining. More exactly, the capacity of the ecosystem to sustain those flows is not to be run down. Natural capital[2] is to be kept intact. The future will be at least well off as the present in terms of its access to biophysical resources and services supplied by the ecosystem. Throughput here refers to total throughput flow for the community over some time period (i.e., the product of per capita throughput and population)

It would be better to adopt the throughput definition and reject the utility definition, for two reasons. First, utility is non-measurable. Second, and more importantly, even if utility were measurable it is still not something that we can bequeath to the future. Utility is an experience, not a thing. We cannot bequeath utility or happiness to future generations. We can leave them things, and to a lesser degree knowledge[3]. Whether future generations make themselves happy or miserable with these gifts is simply not under our control. To define sustainability as a non-declining intergenerational bequest of something that can neither be measured nor bequeathed strikes me as a nonstarter.[4] I hasten to add that I do not think economic theory can get along without the concept of utility. I just think that throughput is a better concept by which to define sustainability.

Shortcoming No. 2: No Recognition of the Entropic Nature of Throughput

The throughput approach defines sustainability in terms of something much more measurable and transferable across generations — the capacity to generate an entropic throughput from and back to nature[5]. Moreover, this throughput is the metabolic flow by which we live and produce. The economy in its physical dimensions is made up of things — populations of human bodies, livestock, machines, buildings, and artifacts. All these things are what physicists call "dissipative structures" that are maintained against the forces of entropy by a throughput from the environment. An animal can only maintain its life and organizational structure by means of a metabolic flow through a digestive tract that connects to the environment at both the source and sink ends. So, too, with all dissipative structures and their aggregate, does the human economy. Although the WDR 2003 draft has adopted the vocabulary of environmental "sources" and "sinks", it does not yet connect them by a throughput, much less recognize the entropic nature of the throughput and its economic consequences. This is a major failure.

Shortcoming No. 3: No Mention of the Phenomenon of Uneconomic Growth

There is still no recognition in WDR 2003 that throughput growth (or even GDP growth as currently measured) might conceivably generate illth faster than wealth, and thus be *uneconomic* growth. There is no concept of the optimal physical scale of the economy as subsystem relative to its containing ecosystem. There is not even the concept of a maximum ecologically sustainable scale of the macroeconomy, which for a Report on "sustainable" development is a major failure.

Shortcoming No. 4: Too Much Emphasis on Efficiency, Rather Than Frugality

At a policy level, there is still too much emphasis on "efficiency-first", as opposed to "frugality-first". Frugality-first induces efficiency; efficiency-first makes frugality less necessary.[6] Efficiency-first sounds good, especially when referred to as "win-win" strategies or more picturesquely as "picking the low-hanging fruit". But the problem of efficiency-first is with what comes second. An improvement in efficiency by itself is equivalent to having a larger supply of the factor whose efficiency increased. The price of that factor will decline. More uses for the now cheaper factor will be found. We will end up consuming more of the resource than before, albeit more efficiently. Scale continues to grow. This is sometimes called the "Jevons effect". A policy of frugality-first, however, induces efficiency as a secondary consequence; efficiency-first does not induce frugality — it makes frugality less necessary.

Shortcoming No. 5: "Imprisoning" of Knowledge and Free Goods in the Market

While the importance of enclosing truly scarce environmental services in the market rather than treating them as a "free goods" is recognized, the opposite problem of imprisoning truly free goods (e.g. knowledge) in the market and treating them as if they were scarce, is not recognized. There is no discussion of the problem of freeing the nonscarce from the artificial scarcity required by the market — for example, intellectual property rights in biotechnology are rather uncritically reaffirmed.

Shortcoming No. 6: Failure to Address the Role of Rich Countries

The WDR 2003 should at least question whether global economic integration is an adequate institutional context for policies of enhancing net wealth creation and poverty alleviation. The role of rich countries in sustainable development should be addressed.

Which action should rich countries take to help poor countries: (a) grow faster to provide bigger markets and more capital investment for poor countries, or (b) restrict their own growth in throughput to free up carrying capacity and ecological space for poor countries to use? Globalization opts for (a), and so apparently does WDR 2003, but without raising the question, much less making the case. But if throughput is the limiting factor should not the answer be (b)?

Shortcoming No. 7: Focus on Globalization Neglects National Dis-Integration

Globalization, when not offered as the solution to problems of development, is at least assumed as the inevitable context. Yet, the World Bank and the IMF were founded as international federations of independent nations, not as pushers of global economic integration. The distinction is worth emphasizing:

Internationalization refers to the increasing importance of relations between nations: international trade, international treaties, alliances, protocols, etc. The basic unit of community and policy remains the nation, even as relations among nations, and among individuals in different nations, become increasingly necessary and important.

Globalization refers to global economic integration of many formerly national economies into one global economy, by free trade, especially by free capital mobility, and also, as a distant but increasingly important third, by easy or uncontrolled migration. *Globalization is the effective erasure of national boundaries for economic purposes.* National boundaries become totally porous with respect to goods and capital, and increasingly porous with respect to people, viewed in this context as cheap labor, or in some cases cheap human capital. In sum, globalization is the economic integration of the globe.

But exactly what is "integration"? The word derives from "integer", meaning one, complete, or whole. Integration means much more than "interdependence" — it is the act of combining separate albeit related units into a single whole. Since there can be only one whole, only one unity with reference to which parts are integrated, it follows that global economic integration logically implies national economic *dis*integration — parts are torn out of their national context (dis-integrated), in order to be re-integrated into the new whole, the globalized economy. As the saying goes, to make an omelette you have to break some eggs. The disintegration of the national egg is necessary to integrate the global omelette. This obvious logic, as well as the enormous cost of national disintegration, is frequently met with denial. It is hard to imagine how nations can be expected to pursue policies for sustainable development, or anything else, when their economic borders have been erased. The WDR cannot even conceive of such issues.

If the WDR 2003 is too ideologically blindfolded to deal with these issues, then at a minimum they should be listed in the proposed chapter on "open questions that were not resolved".

Endnotes:

[1] For comments on the WDR 1992, see pp. 5-10 in H. Daly, *Beyond Growth*, Beacon Press, Boston, 1996.

[2] Natural capital is the capacity of the ecosystem to yield both a flow of natural resources and a flux of natural services. Keeping natural capital constant is often referred to as "strong sustainability" in distinction to "weak sustainability" in which the sum of natural and manmade capital is kept constant.

[3] We leave knowledge to a lesser degree only, because knowledge must be actively learned anew each generation. It cannot simply be passively inherited.

[4] It also puts the future at a disadvantage — the present could bequeath an ever smaller throughput, and claim that this is sufficient for non-declining utility if only the future takes full advantage of foreseeable possibilities of substitution in both production and utility functions. But if these substitution possibilities are so easy to foresee, then let the present take advantage of them now, and thereby reduce its utility cost of a given throughput bequest.

[5] The throughput is not only measurable in principle but has been measured for several industrial countries in the pioneering physical accounting studies published by the World Resources Institute (WRI) in Washington in collaboration with Dutch, German, Japanese, and Austrian research institutes. See the WRI publications *Resource Flows* (1997), and *The Weight of Nations* (2000).

[6] Related to this is a focus on "patterns" of consumption rather than total volume of consumption. But it is the total volume that is limited by sustainability considerations, not the pattern. Let markets determine the pattern of consumption, but not the total volume (scale of throughput). Trying to control pattern (allocation) rather than volume (scale) is perverse from the perspectives both of the market and the environment. While I am being cranky let me also complain about the WDR's frequent use of the word "change" when what they mean is "improvement". Perhaps the same mindset that sees growth as always "economic" must also see change as always "improvement".

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CONTROLLING DEVELOPMENT DISCOURSE THROUGH AN UNSUSTAINABLE INSTITUTION: WDR 2003

Introduction

Stamped with "World Bank global legitimacy and authority", a first shipload of brand-new 2003 World Development Reports awaits unpacking at the ultra-bourgeois, unsustainably luxurious haven of Sandton, Johannesburg. From there, the Bank's latest formulaic spin on "getting institutions right" (as a necessary condition for "getting policies right") is to be widely disseminated, often for free, to journalists, academics, research institutes and policy-makers. Usually, the logic of the Report then rapidly becomes naturalized and institutionalized on the policy level in "developing economies" and in the classrooms across the globe. This article seeks to disrupt the assimilation of this "flow of knowledge" and interrogate the Bank's regime of truth.

Readers should be wary of the "petty crimes and misdemeanors" (Goldman, 2001) of the WDR's production process – its suppression of power, gender, class and race inequalities and omission of great swathes of radical development thinking as a result of its narrow neoliberal framing. Two separate, yet closely linked, routes make this point. On the one hand are the inconsistencies and contradictions between the Report's rhetoric of institutional reform and its own production process. For instance, the Report's advocacy of "inclusiveness" and "voice" looses credibility in the context of the WDR team's hurried, selective, and extremely limited external consultations. On the other hand, there is a need for a better-integrated, properly sensitive and serious treatment of equity issues, given the widely held opinion that it is "High Noon" (Rischard, 2002). The Report's managerial, technocratic, and often oversimplified analysis of today's barriers to achieving "sustainable development in a dynamic economy" overshadows the crucial issues of severe inequalities of power, profligate wealth and North/South differences in consumption and production patterns.

"Competent Institutions" for Whom?

To many critics, the Bank's vision of "global governance and competent institutions towards sustainable development" needs to be taken with a pinch of salt, at the very least. With an internal organization that is "overstretched and underloved" (Wilks, 2001), and external "demands for greater representation and accountability" (Nayyar, 2001) mobilizing mass protests, the Bank's prescriptions for "competent institutions" – apoliticized and lacking appropriate self-reflection and self-assessment – ring hollow.

Similar objections and concerns can be raised about the WDRs. Firstly, they are "an institution" themselves in the international development debate. A close study of the legacy of twenty-five annual WDRs (1978-2003) reveals recurrent norms, conventions and working rules. It is precisely this continuity of discursive strategies (Mawdsley and

Riggs, 2002) and production politics (Wade, 2001), which makes the WDR an institution. For instance, each WDR team is headed by a director who is chosen by the Bank's Chief Economist with the approval of its President, and is composed of five to ten full-time staff, most of them Bank economists. Tapping into a huge research and production budget, each team spends eighteen months from start to finish, after which it disbands. By this time, a new Director is well under way with the WDR of the following year[1], showing the continuous flow of WDR-activity. Before going to press, each Report needs to be endorsed by all Bank members. This highly politicized process, dominated and steered by the US Government, especially the US Treasury, and US NGOs, has been exposed by Robert Wade (2001), following Ravi Kanbur's resignation as Director of the WDR 2000.

Drawing on the perspective of the WDR as an "institution," a comparison can be made between "competent institutions" as preached in the latest World Bank dispatch and the WDR itself. In the draft's own words: "Competent institutions must pick up signals about problems, balance interests fairly and efficiently in formulating policies, and execute those policies in an accountable way." In addition, the catch-all notion of "inclusiveness" is advocated to assure the emergence of the "right institutional environment."

Comparing this vision to the actual production process and rhetoric of the 2003 WDR highlights important inconsistencies. Only a carefully selected set of "signals" was picked up, and the interests of all sectors, groups, movements and individuals were not balanced fairly and equally. For instance, the 2003 WDR team is clearly uncomfortable with tackling the contentious issues of power, gender, equity and fairness head-on, and instead finds refuge in a technocratic and managerial approach to sustainable development. The authors seem to appeal to their status as economists to justify such incompetence and to acquit themselves from related criticism. It is impossible to accept the last-minute, hastily drawn up consultations with civil society organizations "around the world" as a serious attempt to discuss with outsiders. As a result, great swathes of radical development thinking, such as radical political ecology, eco-feminism, and post-development theory, and social protests and critics are ignored. Finally, by presenting the World Bank's projects in glowing terms, the Report's complacency risks being seen as out of step with a massive number of development practitioners as well as with its own Operations Evaluation Department, whose most recent findings document a marked deterioration in the World Bank's environmental performance (Lawrence, 2002).

These illustrations reinforce the need for scepticism towards both the Report's contents and true intentions. How will the Bank operationalize the strategy it outlines? The failure of the WDR to engage with alternative approaches to development, or with critics of neoliberalism more generally, undermines the "institution's" validity and reinforces the need for critical "institutional reform." Rather than just ask outsiders for comments when a near complete draft of the Report is ready, the making of the WDR needs to be transformed into a truly participatory, open-minded and dynamic process.

Equity, Not to be Ducked or Downplayed

Today's debate on "sustainable development" raises themes that are not, in principle, compatible with the expansion of the market – for instance, financial transfers as international aid; debt burden precipitated by declining terms of trade, volatile global capital flows, and iniquitous multilateral trading rules (Tan, 2002); and ecological degeneration faced by the world's populace. By translating these issues into market terms and the logic of profitability and productivity, the authors ignore concepts of social justice that would allow them to tackle effectively the relations that cause and nourish international social and environmental inequalities (Acselrad, 2002). Treatment of these specific themes is timid or lacking and the Report as a whole fails to convincingly integrate equity issues with either its theoretical institutional perspective or its numerous empirical analyses.

The 2003 WDR's discourse supports the strategic program of so-called "ecological modernization" – by which existing, new or reformed institutions internalize environmental concerns by focusing on technological adaptation, the celebration of growth in a market economy and the belief in collaboration and consensus. As a result, the Report's toolbox is ill-equipped for a consistent diagnosis of global equity and "environmental justice" concerns.

Two particular issues addressed in the Report illustrate the problems with superficial treatment of equity issues. The fist issue is the global challenge of climate change. The second issue concerns the definition of human well-being, which is a very subtle, yet influential, element of the Report.

Other themes in need of critical scrutiny include:

- the draft mentions "vested interests" in various places, yet there is no serious treatment of the ways that transnational corporations and powerful governments obstruct debate and block official action;
- the section on biotechnology reads as a wake-up call for Africa to "secure" the benefits that GMO technology promises, and not be carried away by Europe's precautionary attitude. Stereotypically, the Americans are all in favor of GMO, the Europeans against, while the developing economies are portrayed as having no proper view of their own.

The Very Global: Climate Change

The Report is to be commended for its recognition that climate change poses major threats to developing countries including serious risks of catastrophic and irreversible climate and ecosystem disruption. While the WDR authors propose switching to zero-emissions energy sources, a more energy-efficient long-lived capital stock, and increasing incentives for agricultural intensification and forest conservation, etc., they duck the vital debates on equitable global institutional arrangements and approaches to achieve them.

In light of a widely acknowledged impossibility of solving the global warming problem with uncoordinated market-based activity, what is a proper constitutional basis for solving the problem on the basis of precaution, prevention and equity, as required by the UN Climate Change Treaty? Aubrey Meyer of the Global Commons Institute argues that "Contraction and Convergence" (2000) is logically the only way of resolving this set of problems. Why does the WDR fail to pick up on today's vigorous debate about "eco-debt"[2]? Surely, the answer to this question lies in the power politics and industrial lobbying, of which the Report is a "victim". What are the consequences of operationalizing notions such as eco-debt vis-à-vis the North/South divide in production and consumption patterns? Why has the Report's (potentially powerful) plea for "improved equal access to assets" been compromised by its buying into the Kyoto Protocol's inegalitarian theory of property rights? Is it not the case that industrialized societies were allowed such extensive property rights in the world's carbon dioxide dump, while other countries, which had made sparing historical use of the dump, were given no rights whatsoever (Lohmann, 2002)? Further, why warrant no mention of the Protocol's spurious scientific basis and the new carbon-industrial complex it gives rise to (Lohmann, 2001)?

The Very Local: Individual Assets and Individual Behavior

In Chapter 2, the reader will be surprised to find the Report's outlook on what shapes human well-being. Indeed, a title like "Managing a Broader Portfolio of Assets" feels more suitable for a discussion of the latest risks and uncertainties of the stock market. Yet, the Report skillfully uses, or better abuses, the technocracy of assets – properly balanced and managed – to define human well-being. This is convenient as it allows the authors to draw on the widely accepted economic construct of a production function. But at the same time, this definition of human well-being lacks sensitivity to the complexities that underlie an individual's preferences, valuation and choice of assets, entitlements and capabilities. The Report's focus on the "instrumental" value of "assets" – as the authors admit they do in a footnote (Chapter 2) – is out of step with innovative research and development practice concerned with securing commitment to a list of "basic human capabilities" (Sen, 1999; Nussbaum, 2000). This definition of human well-being warrants special scrutiny since it permeates the Report's empirical analyses, underlies the Report's vision of "sustainable development" and contradicts a critical concern with equity.

The Report's definition of human well-being also lies at the heart of discontent with its lopsided empirical analysis. For instance, in Chapter 4, the text asserts that one of the major challenges facing the "rural transformation" is to prepare outmigrants to become *productive* urban citizens. But what exactly do the authors have in mind when they speak of the need for productive citizens? Productive for whom? According to which standards? Which opportunities/capabilities are to be guaranteed? Productive for a decent and/or efficient job? In sum, without some ideological commitment to "intrinsic" equity at an individual level, the Report's vision of today's development practices is fundamentally impaired.

Conclusion

The 2003 WDR is indisputably a powerful vehicle to disseminate the Bank's views on "sustainable development in a dynamic economy." However, the authors develop an intellectual straightjacket for institutional reform, selectively drawing on an endless string of empirical case studies in their quest for policy recommendations. At every stage of the process there are tensions and inconsistencies that fundamentally challenge the veracity of the Bank's claims as "Knowledge Bank" and the legitimacy of the WDR as an intellectual, comprehensive and innovative enterprise. To dethrone the deep-seated regime of Bank knowledge, truths and influence, a "mass" critical monitoring and truly inclusive public discourse is needed. We must improve, expand and fight for the space to think about and discuss alternatives, tackling vital equity issues head on.

Endnotes:

[1] The World Bank's 2004 World Development Report will tackle the subject of Basic Service Delivery for Growth, providing an opportunity to discuss the Bank's role in privatization of utilities, etc.

[2] The principle behind ecological debt is that no one owns the atmosphere – it is a true global commons- yet we all need it. On that basis everyone has an equal right to its services- in one sense, an equal right to pollute it. Assuming an equal "right to pollute," it is possible to calculate a threshold for sustainable consumption for each individual. If a country uses up fossil fuels at a higher rate than this per capita entitlement allows, it runs up an ecological or "carbon" debt. From this perspective, it is obvious that industrialized countries are running up a massive carbon debt, while poor, conventionally indebted, countries are actually in credit. If the compound carbon "interest" of two centuries of northern industrialization could be calculated, the debt would be astronomical (Simms, 2001).

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FAULTY SHADES OF GREEN

An Environmental Looking Glass

The world's environmentalists are bracing themselves for the upcoming World Summit on Sustainable Development (WSSD) in Johannesburg later this year. Among the tree-huggers, guerrilla gardeners, and jaded policy wonks, urgent pictures about resource depletion, inequality and ecosystem damage will be painted. In this spectrum, though, some of the colours are aiming to become primary. There's no novelty in this; with every season in history, capital has changed its stripe.

There have been large international conferences on the state of the environment on two previous occasions now. Each of these summits generated its own spectrum of paperwork, proclamations, declarations and critique. For each summit, the hue of environmental crisis has been slightly different, and the choice of ideologues has been coloured by contemporary politics.

A central feature of these summits, and the Johannesburg summit is no exception, is the casting of the environmental problem as a hybrid of free-rider and externality problems. The link between these two stems from the rivalry, but non-excludability of the environment. For example, everyone wants clean air; but if you can befoul it for free (because it is non-excludable), then even if everyone suffers from your using it (thus clean air is rival), and if someone else is so agitated that they're going to clean it up, why bother paying (why not free-ride)?

When Johannesburg hosts the WSSD, it will, in fact, be hosting three conferences: one for official delegates, one for "civil society", and one for those unable or unwilling to pay the US$165 registration fee to qualify for membership of "civil society". The three-tiered arrangement of the conferences tells an uncomfortable story of bureaucratic power, control and resistance, one that is very much of our time.

At the WSSD, the World Bank will be presenting its vision of "sustainable development" – and it wants an appropriately civilised "civil society" to play along. The Bank and its friends are now getting ready to strut their stuff on the world stage, and they'd very much like to have a docile audience. So before the show begins, let's study the latest script carefully and prepare to heckle loudly. Then we can walk out of the theatre.

The Uses of Mancur Olson

The latest WDR uses the ideas of Mancur Olson. Although largely unknown outside the academy, his work continues to loom large in economics and Anglo-Saxon social science. Since these are the academic disciplines from which the Bank seems to draw its inspiration, it's worth having a look to see what he said. Olson's influence stems from one "Big Idea", which he advanced in his *Logic of Collective Action*. He noticed that, while incentives for free-riding are legion, sometimes, people actually get together and cooperate. Having established that members of big groups will want to free ride, he brings out the "big gun". He notes that for sufficiently small collectives, if the benefits to the small group can be localised, there's every incentive for them to profit from the collective inaction of the majority. As a bonus, because the group is small, free-riding is easier to detect, and prevent. Small numbers of people are able to punch above their weight *because* they're small groups.

There's another way of putting this: size matters. Not relations to the means of production, although this may result in small groups. Not history, although its contingencies may expose one group more than another to the fates of minority existence. Armed with the hammer of his logic, most problems in society and politics became, for Olson, the same nail. His monomania for finding asymmetries of group size, and explaining political phenomena as a result, put him firmly on the road to a Nobel Prize, which many of his peers believed he would have received were it not for his death in 1998. His spirit, however, lives on. The World Bank has wheeled him out to fight for the environment because of a very specific applicability in the politics of public goods.

Consider industrial lobbies: They are able to have their wicked ways because they are small, well organised, and have every incentive to fund their activities in order to avoid having to pay for costly environmentally-friendly change. One need only look to the Bush administration's current repose in the money-lined pockets of the energy industry in the US to find evidence. The Bank itself, in a rare moment of lucidity, is sensitive to this. Here's a quote from their Report:

> "The lag times between basic research and large-scale commercial deployment are sobering. Private industry is not willing to undertake the necessary basic research in areas such as fusion, geological carbon sequestration, high-efficiency coal combustion, or high-efficiency building technologies for tropical climates. Moreover, there is at least anecdotal evidence of high returns to government funding even in relatively applied research. For instance, a $3 million public investment in technologies for efficient windows is projected to yield $15 billion in energy savings through 2015 — in the United States alone. Yet public funding for basic energy research has declined in Europe and the United States."

So What's Wrong With That?

Olson seems, on the surface, an eminently appropriate theorist. The environment is a public good. Money needs to be transferred from those who have it, to those who don't. Industrial interest groups threaten the environment, and they need to be stopped.

Trouble is that because Olson's theory is so monochromatic, it can be bent in a number of ways. Not all of these ways are progressive. An example: Wilfred Beckerman, economist and iconoclast, is able to suggest in his *Small is Stupid* that the solution to the public-good problem of air pollution is to privatise air. By creating a delineated regime of property rights over air, those who own it will be more inclined to look after it properly, and take more active measures against those who despoil their property by belching toxins into it. Given that air has no national affiliation, a single-state-based solution to the problem is unlikely to be successful (although few would regret a unilateral decision by the United States to curb its disproportionate atmospheric pollution). Given the absence of a world government to prosecute free-riding on other states' clean air, and with a central place given to the high transaction costs inevitably occasioned by regulatory mechanisms, the market provides the most efficient answer to the need to internalise the externalities of global atmospheric pollution. The selective privatisation of air is, then, an eminently Olsonian solution.

The World Bank's WDR doesn't quite go this far. Its spin on Olson's analysis is more subtle, though in many ways more dangerous. The Bank's solution to Olson's problem of small interest groups is one that recasts the original debate in a strange light.

The Bank never explicitly talks about power, largely because it's such a difficult idea to define, but also because, one feels, they wouldn't really know it if it beat them about the head. Rather than broach the difficult questions about power, and complicity, that a more nuanced enquiry might demand, the Bank has another solution. The Bank sees the free-rider and small group problems as technical ones. And the way to answer these technical problems is through technocracy, not politics. If we can manage the problems of unrepresentative power of small groups, we'll be better able to manage the under-provision of environmental public goods — or so the argument runs.

Have a look at that again, though, as this is a magnificent piece of "blamestorming". The Bank is able to use Olson to tar both industrial interest groups and small progressive organisations with the same brush, not because of their politics, power or relationship to society or the natural environment but because they are both *small*. Small isn't just stupid, according to the Bank. It's environmentally harmful.

In the new WDR, the interests of protected industries in developing countries are explored at some length. Two interpretations present themselves, one charitable, the other less so, both valid.

Let's start with the charitable version. There is a radically egalitarian streak in neoliberal economics that is worth acknowledging, because its intentions (though they pave the road to hell) are good. The radical idea in neoliberalism is that one takes from those small groups of producers who have power, and gives to the masses, the "consumers". Here's an example of radical, and thoughtfully self-critical, neoliberal thinking at work:

> §8.82 : Currently, the price of gasoline is set at one quarter of the world price; kerosene sells at 8 percent and fuel oil at 6 percent of the world price. The Iranian government spends an astounding 18 percent of GDP on these subsidies. One aim is to help the poor. But if the government discontinued the subsidies, sold the oil on world markets, and simply divided the revenue equally among its citizens, then the income of the poorest decile of rural households would triple, and that of the poorest urban households would double. Indeed, on average, every decile in the income distribution would gain. But, energy-intensive industries would experience severe output contractions, and their workers would presumably suffer unless part of the subsidy savings was devoted to assisting them in shifting to the expanding sectors.

This is potent stuff. Progressive even. At least, that's the sympathetic way of reading it. The less generous, and more useful, way of understanding this is that the Bank is trying to create an international bourgeoisie. It's important to understand why this needs to happen. The interests of the owners of capital in different developing countries are not necessarily harmonious. Their unity in the exploitation of their respective domestic working classes does not, by itself, provide a reason why they should all get along in the international domain. Goods are, after all, in competition in the international market, and profit margins are threatened by differential international rates of exploitation. Olson predicts that, in order to counter the threat of reduced profits through international trade competition, domestic bourgeoisies will form protectionist trade groupings to safeguard high rents. Given the commitment to "an open international trading system to promote the environment", this is precisely the sort of national bourgeois bloc that the Bank wants to get rid of. In its stead, a new bloc.

The Italian Marxist Antonio Gramsci reminds us that there's nothing automatic about harmony within the bourgeoisie – different elements of it can find themselves in positions of hegemony at different times. The same is true internationally. Thus a protectionist comprador bourgeoisie is being challenged by a bloc that is happier with the idea of international trade, with the deindustrialisation and feminisation of the unskilled labour market in the global South. This is a battle between two kinds of bourgeoisie, between a bourgeoisie with a penchant for exploiting its people under the guise of nationalism, and one that does the same under an international flag. The predominance of the international bourgeoisie is not something that happens naturally – it takes ideologies like this, interventions like this, and commitment from groups like the Bank, in order to make it happen.

Back to Olson again, now, because there's a flip side to the Bank's use of his logic. Recall that the couching of environmental problems as a battle between small and big groups isn't explicitly about politics – size is the important factor here. Thus, small groups such as Environmental Defense or Greenpeace, their massive subscriber base notwithstanding, count as special interest groups. And, given their status as small groups, they come in for the same policy prescription, the same levelling discipline. Having diagnosed that only size matters, the Bank presents its cure: *deepen the international policing of domestic politics*. Because Olson is so vague about what size means, his critique of small groups provides a license to fight not only the small but immensely powerful industrial interest groups, but also the small and much less powerful groups that constitute civil society. And this strikes at the heart of democracy.

Before continuing, it's important not be naïve about this. Not all groups from what is called 'civil society' are ones to which radicals, or even progressives, would lend even their qualified support. The Bank and its friends have been making headway into civil society for quite some time. Hence the astroturf activism of the Oil Industry lobby groups, astroturf of course being a dismal substitute for real grassroots. Hence the increasing worry over quite how democratic or representative Southern non-governmental organisations actually are. Hence widespread critique of "snivel society", of that section of co-opted intellectuals and activists whose politics do more to shore up existing regimes than to challenge them.[1] Hence the three tiered structure of the upcoming Johannesburg summit – 1. the multilaterals, 2. (co-opted) civil society at US$165 a throw, 3. everyone else.

The selectivity of the interpretation of Olson gives licence to reinforce existing power arrangements, by failing to draw attention to them. Thus, conspicuously absent from the discussion are issues of eco-racism and patriarchy. It may seem unfair to expect Olson to explain this – he's talking about public goods after all. But this is precisely the point. The exclusion of key areas of social experience, by transforming the problem of sustainable development into a technocratic management of special interest groups, shows that the Bank's concern with the environment is, at best, superficial. Those instances where technocratic solutions have improved women's lot, increased spending on girl-child education for example, have been compromised by the Bank's insistence on cost-recovery.

Bourgeois economics has a poor track record of addressing issues of race and gender.[2] Its biases, its blind spots, and its weaknesses in providing tools for social change suffuse the policy it recommends. Thus, the Bank's Olsonian understanding comes with a particular vision of the way democracy should operate. Along with race, class, gender triumvirate, democracy is not something with which the Bank feels terribly comfortable. In the WDR, they note the lack of accountability of interest groups and governments (but, oddly, not international development banks). They then go on to say

> "Democracy may be an institutional lever that can help [inequity]. Rulers of England committed themselves [sic] by strengthening the hand of the nobility through the creation of a parliament. Indeed, democracy (or a dramatic extension of suffrage to new groups) can be a commitment to redistribution. In many states democracy has been extended in response to social tensions — bringing about successive reductions in inequalities."

This is an odd understanding of the mechanisms of social change, one that puts the cart before the horse. Democracy was the outcome of widespread struggle, in which the weak fought the strong. Accountability, of a stripe, was a corollary of the result, but certainly on the tail end of a long, bitter and bloody process. "Transparency", "good governance" and the other talismans of anti-politics of our time cannot, by themselves, redress power balances.

A box about democracy

The WDR puts some of its more interesting ideas outside the body of the text, presumably because they disrupt the parsimony of the argument. In the WDR, we have Box 6.9, in which the transition to democracy in Brazil is feted. In particular, independent social activism, free state-level elections and the elimination of media censorship come in for celebration — the trappings of democracy at their best. Sadly, it is a woefully ahistorical and decontextualised hymn to democracy. Not all transitions to "democracy" have happy endings. In Eastern Europe, the transition to "democracy" has been nothing of the sort – its feet were wiped away from underneath it before there could be any space for opposition to capitalism. In Brazil, they elected the Worker's Party. The Bank cites Porto Alegre as an exemplary democratic city. Oddly, in Porto Alegre, no one I met had a kind word to say about the Bank.

"Partnership"

Olson's magic, therefore, lets the Bank increase surveillance not only over elements of a stubbornly nationalist private sector in the Global South, but over its "civil society" as well, because they're both domains of small, influential and troublesome opponents to neoliberalism. If this interpretation is correct, we might expect to see an increase in the number of transnational engagements between non-state bourgeoisies, public and civil. The word for this is "partnership". The International Institute for Sustainable Development (IISD) has already lined up a "partnership for knowledge" with civil society and the Bank. The World Bank's attempt to run a similar project — the Development Gateway — has already come in for heavy criticism for its lack of transparency, partiality and waste of resources. The IISD's effort is unlikely to avoid the same traps given the kinds of stakeholders involved. At the Johannesburg summit itself, the (co-opted) civil society secretariat has sourced corporate funding, leading to speculation over whether there will be a Coca-Cola Land Squatting event. The International Chambers of Commerce and the World Business Council for Sustainable Development for their part have been exceptionally promiscuous, partnering with the UN, the World Bank, some NGOs and a smattering of academic institutions to demonstrate that, if business is left free of the prophylaxis of state regulation, it can consummate its affairs responsibly.

The orgy of partnerships at the WSSD (and almost every other major multilateral event of late) might make us want to think again about Margaret Mead's oft-quoted soundbite in the activist world: "Never doubt that a small group of thoughtful committed citizens can change the world. Indeed, it's the only thing that ever has." Although this slogan has been recited as a hard-times mantra by embattled progressives the world over, it's important to remember that it's a double-edged slogan. The Bank is, after all, a small group of thoughtful committed citizens. It's just that their politics are repugnant.

And this is where, perhaps, it might be time to jettison Mead as progressive sloganeer. The wisdom of her insight is thoroughly Olsonian. Nothing wrong with that, perhaps, but it *is* dangerous. It might provide too much succour to those whose tendencies are more centralist than democratic, whose trust in people's ability to choose action rather than free-riding wavers more than it ought. It is also incorrect – many of the finest moments in history have come not from a group of well organised individuals, but the collective actions of hundreds of thousands. Whether this action has been in the home, in the fields, in the factories, or in the classroom — populism and mass action remain important. Capital is trying to professionalise activism, in the darkest sense. In light of the large-scale mobilisations around the Bank, UN and global capitalism over the past five years, the most appropriate response is also demonstrably feasible: a blaze of mass politics.

Endnotes:

[1] For two fine examples, see Petras, James F. and Henry Veltmeyer. 2001. *Globalization Unmasked: Imperialism in the 21st Century*. London: Zed Books., especially Ch. 8, and Choudry, Aziz. 2002. *Whose Beat Should We Dance To*?, available at http://www.voiceoftheturtle.org/articles/aziz_beat.shtml.

[2] The World Bank's economics hasn't done so well at addressing issues of poverty either. Bank economist William Easterly is puzzled by the economic downturn of those countries, previously in fairly rude health, in which World Bank policy has been applied. See Easterly, William, "The Lost Decades: Developing Countries' Stagnation in Spite of Policy Reform 1980-1998", *Journal of Economic Growth* (forthcoming), for a case of acute analytic aporia.

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FROM WASHINGTON CONSENSUS TO WASHINGTON CONFUSION?

Introduction

The 2003 WDR of the World Bank is an important document. It demonstrates a significant shift in the Bank's thinking about how to deliver sustainable development and emphasises in particular the key role of institutions in managing and anticipating environmental change. It also underscores the widely acknowledged elements of "good" policy: inclusion, transparency, responsiveness and flexibility. While the WDR of 1992 celebrated the "win-win" potential for policies that would achieve growth and deliver environmental improvement, ten years on the Report provides a more sober assessment of the reality of complex policy trade-offs and the political and institutional barriers to negotiating positive change. The role of markets as catalysts and drivers of environmentally-benign change, while remaining prominent in the Report, are given more critical emphasis and there is greater acknowledgement of the key role of government intervention and actions by civil society. These shifts in strategic thinking represent a welcome and important departure.

Beyond a Managerialist Perspective

Our major concern, however, is the way in which the role and operation of institutions is presented. Grounded in a very economistic analysis, the Report has missed an opportunity to advance a more sophisticated understanding of both the role and nature of institutions in environmental governance, particularly under conditions of uncertainty and risk. The Report has largely drawn on an apolitical and ahistorical view of institutions, downplaying their complexity. While it acknowledges the existence and importance of informal institutions, the exact nature of the interaction between formal and informal institutions has not been elaborated. The Report implicitly underscores the need to formalise informal arrangements, for example with respect to land tenure. But, as recent experiences in southern Africa suggest, this is a highly politicized act, given that institutional arrangements are often strongly contested, at best with ambiguities and usually open to diverse interpretations. Formal and informal institutions can either co-exist or they can also be intertwined in messy ways. By taking on a managerialist perspective of institutions, we argue, the Report fails to explicitly acknowledge the complexity of the real world within which sustainable development practices must develop and unfold.

Another important and neglected issue in this regard is the organisation of knowledge that underpins and helps to legitimate policy. The Report generally portrays environmental problems as if they were universally understood in the same way, without critical reflection on the sources of knowledge informing such perspectives, and the highly political processes of knowledge production. In framing environmental issues as technical and universal, the Report obscures both the inevitable partiality surrounding views of sustainability, and the existence of alternative framings, associated with other institutions or social groups, which must be taken into account if claims to inclusion are to stand.

Just as significantly, questions of access, power and interest are raised but downplayed. Where they are mentioned, there is recourse to somewhat simplistic, but now routine, appeals to greater “voice” or “responsiveness,” as opposed to more challenging thinking about how to overcome entrenched interests that benefit from unsustainable development. For example, the section on climate change should surely have acknowledged the determined opposition of important elements of the fossil fuel industry to controls on the emission of greenhouse gases and the effect this has had on the international negotiating positions of large polluters such as the US. Similarly, whilst the Report acknowledges that ecosystems are deliberately degraded for profit and that the poor are not the main agents of this degradation, multinational corporations only enter the equation in the context of a discussion of how profits can be enhanced by good environmental and labour practice.

The Political Economy of Globalization

Given that the Report is entitled *Sustainable Development in a Dynamic Economy* we would have expected a greater degree of attention to the ways in which the political economy of trade, finance and production affect policies aimed at promoting sustainable development. While the Report mentions the importance of fostering a positive investment climate and draws attention to the key role of the private sector, little is said about what forms of regulation might be appropriate to ensure that new patterns of investment do not undermine existing levels of social and environmental protection. For example, the growing involvement of the role of the private sector in the provision of basic services such as water is highly controversial. While there can be some benefits such as enhanced efficiency, emerging research shows that there can also be damaging consequences for both the environment and poor people’s access to these services. Thus “facilitating the private sector by removing barriers to entry” might be just as likely to exacerbate inequality and exclusion. These concerns of the political economy of access and control are not reflected upon and, if the recently formulated World Bank’s Water Resources Sector Strategy paper is anything to go by, the private sector is actively being promoted as an engine of sustainable development without the adequate consultation of the poor or disenfranchised in many countries of Latin America and Africa.

Clearly processes of globalisation both create new opportunities and constraints. Looking only at how the “dynamic economy” helps to open up options and not at the ways in which new economic forces and relations also constrain what policy interventions are possible, presents a one-sided reading of the challenges of achieving sustainable development in a context of globalisation. For example, the compatibility of multilateral environmental agreements with the growing body of international trade law associated with the WTO is a central issue on the global agenda, yet attracts virtually no attention in the Report. In light of the Asian financial crisis and its impacts on the livelihoods of the poor in South East Asia, the lack of focus on the impact of mobile and volatile flows of capital on planning for sustainable development was also surprising.

The World Bank and Sustainable Development

Given the key role played by the Bank in the environmental arena, some greater reflection on the Bank's own role as an actor in the sustainable development debate would also be welcomed. The Report's overview declares: "Development is sustainable if the rules of the game are transparent and the game in inclusive." Such a stance can only be welcomed. But it would be more credible if the Bank would also acknowledge its own past mistakes in promoting development interventions that were both untransparent and unsustainable. The recent scandals around large-scale bribery and the failure to come up any environmental assessments of the World Bank funded Lesotho Highland Project are perhaps a good case in point.

Reflection is also required on the Bank's role in selecting and mediating knowledge about sustainability. As the controversies around the WDR 1999 *Knowledge for Development* showed, the Bank cannot be viewed as a neutral broker of knowledge. Knowledge is neither non-excludable nor non-rival. Instead, all knowledge (even around sustainable development) is linked to issues or power and is rarely independent from control over other economic, social and cultural resources. These aspects of knowledge are still not acknowledged by the Bank. Tellingly, the Report explicitly claims World Bank ownership of its perspective, but without any acknowledgement of or reflection on its own institutional partiality in this respect – or the need to address conflicting perspectives.

The Politics of Knowledge

A major omission in the Report is the lack of analysis of contrasting perspectives on environmental change, and the politics of knowledge involved in constructing policy. Chapter 4 on fragile lands, for example, contains numerous instances where environmental problems are portrayed in universal, taken-for-granted terms, when in reality these views are institutionally-embedded and highly disputed. For example, table 4.3 purports to correlate countries in civil conflict with the proportion of their population living on fragile land and rural population growth. The neo-Malthusian, "greenwar" causalities implied conveniently overlook the political economy of both conflict and resource exploitation, including powerful state and corporate interests in these. These dynamics are highlighted in a substantial body of work critical of the conflict-environment literature, but which the Report fails to acknowledge.

Later in the chapter, the discussion of land management in Africa is framed by a set of oft-repeated narratives concerning the links between population growth, poverty and degradation of soil and vegetation by farmers and pastoralists. Yet many local, time-series studies have now disputed these views, revealing far more variable and complex pathways of landscape change, and institutionally-mediated relationships between people and dynamic ecologies. Such works expose degradation narratives as institutionally-embedded, partial perspectives: longstanding, convenient supports for a range of government and donor interests in land and resource control, but which have frequently proved damaging to local livelihoods.[2]

The effective, inclusive approaches to sustainability to which the Report aspires need, instead, to draw from recent research and the vibrant scientific and popular debate around the issues in question. In this respect, it is striking (and welcome) that later in the same chapter such contrasting perspectives are presented – as in box 4.2 which gives evidence for the efficiency of local pastoral systems under non-equilibrium ecological conditions. Yet the mismatch between statements in different parts of the same section and across different chapters of the Report seems to go unacknowledged.

Treatment of gender in the same chapter (paragraphs 51-2) further exemplifies an uncritical reliance on environmental myths – as well as an apolitical perspective on institutions and social relations. Reciting the view long-associated with women-in-development-work that women play key, yet under-appreciated, roles in agricultural production and natural resource management, the Report recommends "investing" in women (through information, education and micro-credit). Yet this overlooks the gender relations, and micro-political contests and struggles, through which women (and men) access and use land and other resources. Without attention to these, investments in women as if they were autonomous social actors risk either coming to nothing, or entrenching women further in over-burdened and marginalised roles.

It is also curious that market-driven solutions and perspectives are often evoked as the only way to deal with environmental problems such as scarcity. In Chapter 5, we are told that with water scarcity rising, markets (formal, informal, legal or black) are the inevitable answer. This claim seems to contradict perspectives presented elsewhere in the Report of how competing users can co-operate with each other and devise institutional mechanisms to cope with competing interests and thus manage scarce resources.

The section on biotechnology, again in Chapter 5, while in some respects acknowledging the risks and limitations associated with GMOs, ultimately opts to present one set of perspectives as fairly universally endorsed, while in the process marginalising a set of equally legitimate alternative viewpoints. The core assertion made here is that "the development community supports a broad consensus that alternatives [to GM] that can be adapted on a large scale are few, and that the risks from transgenics are few" [para. 50]. This notion of a broad consensus within the development community is hard to take seriously. What would have been more accurate would have been to have observed that there is a consensus within one particular policy/knowledge network embracing particular food policy specialists such as IFPRI, sections of the FAO and the World Bank, with academics such as Paarlberg (cited several times) emerging as key, but far from impartial, authorities for this view. This argument is backed up by the claim that the poor - were they to have a voice- would want GM. Clearly, this is fairly presumptuous, especially when there is plenty of evidence emerging from the developing world to suggest that this is frequently not the case (notably in India, Brazil and the Philippines).

The broader point about reflexivity emerges again here. Despite the rhetoric of the life-science companies about what GMOs can do for resource-poor farmers, GM agriculture is primarily a northern phenomenon, and is geared towards high-potential areas. Given that, to date, there are no crops or traits near to commercialization from the private sector that even nearly fit this pro-poor brief, is it not reasonable to question whether the voices and interests of the poor are being used rather cynically as a legitimising device for agricultural technologies that are only likely to entrench inequalities in agricultural development within and between countries?

The case for public-private partnership is again interesting here. While the argument is made that the public sector is out of the game (though, again, this is also contradicted), the most compelling alternative to life-science corporation led GM development is happening in a developing country, namely China, where technologies have been commercialised that rival those of the major corporations, and where some of the most promising research on pro-poor traits is underway, carried out entirely by the public sector. Does this more "developmental state" rather than market-led model not merit more discussion? Faith in the public-private solutions also misses the ways in which the ever more numerous and complicated ties between public sector science and commercial interests has serious implications for the practice of independent regulatory science, which the Report rightly acknowledges as central to the pursuit of public interests.

Conclusion

In our reading of it, the Report appears replete with unacknowledged inconsistencies and contradictions. An intriguing question is: why is this? Perhaps many of these confusions arise because the Report is underscored by a technocentric and managerialist worldview which adheres to the notion that sustainable development within a dynamic economy can be achieved if we "get the institutions right," but without too much attention to power and political economy. The ecological and political worlds within which institutions are embedded are, we would suggest, not as neat as the Report makes them out to be. The Report endorses a commitment to enhancing voice and inclusion, but does not make the necessary steps to endorse structural changes to ensure greater equity in North/South relations and amongst rich and poor people. Until these issues are tackled head on, the World Bank's WDRs will continue to give out mixed messages that will attempt to reach out to many constituencies without really satisfying anybody. It is good that the Report signals a departure from the very narrow and simplistic neo-liberal Washington Consensus. But are we seeing the birth of the era of Washington Confusion, where a cacophony of comfortable concepts and ideas are thrown together in a confusing mix, masking the more challenging issues of knowledge, power and political economy in the sustainable development debate?

Endnotes:

[1] James Keeley, Melissa Leach, Lyla Mehta, Peter Newell, Ian Scoones and Will Wolmer from the IDS Environment Group contributed to this article.

[2] That a book which makes precisely these points (Leach and Mearns (eds) *The Lie of the Land*) is miscited as a reference on degradation narratives serves to emphasize further how uncritical – or biased? – the report's use of sources proves to be.

Recent Published Materials from the IDS Environment Group:

Berkhout, F., Leach, M. and Scoones, I. (eds.) (2002, forthcoming): Introduction, in: *Negotiating Environmental Change*. Edward Elgar.

Keeley, J. and Scoones, I. (1999): Understanding environmental policy processes: a review. IDS Working Paper, 89. IDS: Brighton.

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"DEVELOPMENT SUPERMARKET" WDR 2003: A PRODUCT WITH SHORT SHELF-LIFE

Introduction

The annual publication of the World Bank's World Development Report (WDR) is a formidable effort that only an institution like the Bank with the kind of resources and the clout that it can command is able to produce year after year. Consequently, the task of commenting on it, whether it is by an individual or institution becomes an equally formidable task. One must however also mention that increasingly the publication of the WDR, and the newspaper reviews, commentaries and discussions organized around it are becoming a kind of annual ritual. Though in the past few years, the Bank, given the sustained criticism and constant scrutiny, not by its all powerful directors and shareholders, but by small dedicated bands of academics, researchers, a minority among the media and citizen-activists, has been forced to at least make drafts of the more recent WDRs available for comment and feedback. This has been the case with the WDR 2003 focusing on sustainable development in keeping the upcoming Johannesburg Summit in mind.

The WDR: A "Development Supermarket" with "Goodies" for Everyone

The WDRs have to be dealt with in depth, because usually they have something for everybody which is what makes it a very problematic annual report. For after all, the Bank's WDR is like a mega "development supermarket" where everyone is likely to find some goody. My commentary here, due to a really short deadline for preparation, does not cover all parts of the Report, though other parts of the WDR 2003 are kept in mind. The fact that friends and colleagues in Europe, whose work for global democracy and accountability I respect requested my feedback to share with others at the Rio Plus 10 Summit at Johannesburg is what really motivated me to look at the WDR 2003. My comments focus on the managerial and technocratic perspective that underlies the Bank's development philosophy and which is one of the biggest hurdles to sustainable and equitable development in the world. I do this by restricting myself particularly to Chapters 4 and 5 of the Report, which focus on rural contexts.

To begin with the end, the Bank Report concludes Chapter 5 by correctly saying that "Countries that have distributed rural property equitably, before urbanizing, have developed more egalitarian and democratic societies than those that put assets in the hands of relatively few elites". It goes on to add, "Put the other way, countries that have concentrated lands in the hands of a few have urbanized rapidly, educated poorly and developed extremely inegalitarian societies". This is true of countries within Asia, whether it refers to large South Asian countries like India and Pakistan, or in South East Asia a country like Philippines and in contrast to other South East Asian countries and countries of East Asia. This is also true of regions within countries, for example within India, regions like Uttar Pradesh or Bihar in the North and East, compared to southern Indian states.

How to Address Rural Inequality?

How did the Bank and other leading institutions, including some prominent private foundations, address the problem of rural inequity in the 1960s and 1970s? Not wanting to face the more difficult political task of ensuring equity in asset holdings and also hoping to prevent a social revolution, the "Green Revolution" strategy, a largely technocratic intervention was adopted. This did improve agricultural productivity and food production in the short term but also left behind widespread ecological damage and depleted soils and more critically bypassed the fundamental task of extensive land reforms. This legacy still haunts and will continue to haunt countries such as India, Philippines and Pakistan. These countries in Asia as well as in other developing regions of the world are the ones that will face accentuating problems of social and ecological sustainability and struggle to move away from the downward spiral of internal conflict and instability.

The social and ecological unsustainability that accompanies this continuing situation of rural inequality requires urgent interventions. Like in the 1960s and the 1970s when the Green Revolution was adopted as a technocratic solution, the Bank today displays the same technocratic and managerial mind set that seems so deeply ingrained in the institution's thinking to address current problems that rural areas of the world face. To address the problems of rural hunger and poverty, the Bank advocates the use of genetic modification technology and the widespread adoption of genetically modified organisms (GMOs). It goes even so far to say that poorer regions of the world should give up the precautionary principle, which the Bank says is relevant only for regions such as Europe but should not prevail in destitute parts of the world. I beg to differ sharply. On the contrary, one would think that given the extremely fragile nature of the natural resource base, the pressures of population growth and poverty, there is even more reason to be cautious and to look for long term sustainable solutions in these poor and fragile regions of the world. Instead of seeking solutions that are also socially sustainable the Bank resorts once again to the promises of technology and thus effectively postpones asking the harder social and equity questions. But one also gets the feeling that it is not really genuine concern for the poor or sustainable development that drives such suggestions from the Bank but corporate interests seeking opportunities to find new markets for GM crops, especially in the face of opposition among consumers in Europe and the United States.

Similarly when talking about the threats to forests and biodiversity in the face of increasing economic activities, the Bank advocates a "parks-versus-people" approach, in spite of severe opposition and even legal objections (eg. the courts in India ruled against such eco-development approaches, because they violate equality before the law and the rights of all citizens in democracies). According to the WDR 2003, "Park creation to date has been the focus of most conservation projects and has achieved considerable success." Of course it conveniently forgets to mention, that such praise is self-serving since most in this case means really "most World Bank assisted projects". The WDR 2003 then referring to the work of Bruner and others in relation to parks says, "parks can be effective especially when *guards* are present and local people are involved or *compensated"* (emphasis added). The operative words are "guards" and "compensated"; if money can dump people then that is the "best solution." But what other institution than the World Bank suggests such solutions to address social and ecological problems facing the poorer regions of the world, using money as the driving force. Here again, the Bank's learning ability is at best very selective and partial. There are many successful cases and equally impressive scholarship on how communities living within forest areas have not only shown successful stewardship of the resources and thus been partners in the management of the forest resources and bio-diversity. As has become customary in the Bank's WDRs so far – and the WDR 2003 is no exception – what you suppress and what you chose to reveal is what ultimately becomes the truth. Fortunately for the world, increasingly the "truth" from the Bank has fewer and fewer takers.

A Wrong Focus on Economic Growth Over Ecological and Social Costs

While the Bank suggests such managerial solutions for forest and biodiversity protection and management it also acknowledges in the WDR that "biodiversity is a global public good." But even where it has made the supreme effort to talk of concepts such as "public goods" – concepts that surely must grate against what the Bank's own fundamental beliefs are –, of course it does not proceed on what should follow as the next steps. For that matter, for a major report from a major global institution, there is hardly any significance given to issues of global democracy and global equity all so vital for any discussion on sustainable development in a planetary sense. Talking of equity, in the WDR 2003, there is not only no recognition of intra-generational equity but, even more importantly, hardly any mention of inter-generational equity.

In an introductory part of the Report where its methodology of dealing with the challenges facing "sustainable development" is described the Report states, "It is necessary to think about and apply what constitutes 'good management' in this situation – i.e. to better balance potential social and ecological costs in the course of continuing economic growth". It is very clear that what is still paramount is "economic growth" and against this overarching goal "ecological and social costs" have to be balanced. It is this kind of amnesia about inter-generational equity which makes it possible to put not only "economic growth" first and then talk of balancing it against "ecological and social costs" but which also allows for the Bank's fixation with one type of throughput growth. Instead, the Bank should look at GDP growth in terms of efficiency gains through other approaches to economic activity and qualitative development. Yet, this requires a quantum intellectual leap on the part of the Bank. Hopefully, long before this can ever happen, the world, judging by many current trends (which are apparently not picked up on by the Bank given its blinkers), will have moved to more sustainable paths of development.

Quality of Analysis, But Without Institutional Learning

Given the dire situations that many countries of the developing world face, particularly in ecological and social terms, institutions such as the World Bank may be useful in their ability to correctly analyse the problem at hand and even draw some correct conclusions. Their analytical quality is what one can give the Bank's WDRs credit for. However, not proceeding on the logical next step, in terms of what needs to be done, is what also makes the Bank an institution that leaves most people perplexed about its nature and role in global development politics and therefore, not surprisingly, contributes to the Bank's increasingly serious credibility problem. This is even more so the case, if such assessments are not related to learning from past development and technological interventions and applying the lessons in current interventions and approaches.

Some who have constantly encountered this paradox in the way the Bank functions (including insiders I have known) would say that this has to do with a "built-in mediocrity" (due purely to reasons of institutional survival) in terms of its professional and intellectual assets as an institution. Others would say that this has to do with a necessary dishonesty the Bank and its staff have to live with, stemming from the fact that while on one hand the World Bank is primarily a financial institution answerable to its shareholders, especially its most powerful shareholder, on the other hand, it has to pretend and play "Santa Claus" in relation to the needs of developing countries. The latter view of some analysts appeals to me, especially whenever I see the chubby, always smiling and genial face of the current President of the Bank, James Wolfensohn. His is perhaps the face that the Bank desperately needed, especially after all the criticism his predecessors had to face when they had to enforce harsh (to people and nature) structural adjustment programs, and calls were being made by international agencies, eg. UNICEF for "Adjustment with a Human Face". Maybe in this make-belief, feel-good world of the World Bank – and the WDR 2003 also exudes such a "feel-good world" – there is no possibility for institutional learning and for correcting one's course.

World Bank Critical Self-Assessment Missing

It would have been more useful if the Bank as part of its WDRs had focused more on a critical self-assessment of its own contributions and experiences rather than to seek to sum up "world experience". Thus, developing a methodology of self-assessment and learning and making it an integral part of the WDRs, would have been more critical to the credibility of the Bank than ritually opening up its reports for comments and feedback. Such self-reflection would be very crucial considering that the Bank is no ordinary player in the global policy making environment, but maintains the power to significantly contribute to making or breaking many poor countries or societies. But in a situation where the Bank and its staff never have to bear the consequences and costs of the organization's decisions, it would be foolish to expect any self-learning to happen. For example, what we are not told in a major report that aligns itself with a global summit on sustainable development is that after the economic crises of the 1990s, although the Bank has maintained a lower profile, "the Bank's total lending reached $29 billion in 1999, up from just $19 billion two years earlier. More than half of this was for structural adjustment, compared with only 27% in 1997" (according to Hilary French of the

World Watch Institute in *Vanishing Borders*). This has meant even more vicious pushes for privatization and trade liberalization measures, which are taking their silent toll on ecological systems worldwide. Consider also that in times of general economic crisis spending for environmental protection declined significantly in the countries undergoing structural adjustment programs. This is the reality against which all the nice words and possibly good intentions of the WDR 2003 must be measured. This is the reality that we face in the countries and regions where we live, where we have to fight a rear guard battle to keep off World Bank facilitated privatizers from critical resources like water while we try to shift the resource use of our societies and populations. Often people tell me, if the World Bank and all its staff took a vacation for five years that itself would enormously contribute to sustainable development in the whole world!

Sitting where I am, as an organic horticulturist on my farm outside Mysore in South India, in a semi-arid agricultural zone and reading about sustainable development from the World Bank at a time when the monsoons have failed, a drought is upon us and the accompanying depression that envelopes people living in the rural areas also profoundly affects me, I am not sure whether my depression is from the depression of people around me or from having to read and comment on such refusal to face some fundamental truths as the WDR 2003 exemplifies.

Making the Move to Quality Development

Way back in 1992, at the time of the Rio Summit, UNESCO brought out a small but extremely useful collection of essays by some of the leading economists and environmental economists titled *Environmentally Sustainable Development: Building on Brundtland* and edited by Robert Goodland, Herman Daly, Salah el Sarafy and Bernd von Droste. In that booklet, Robert Goodland's essay was titled, "The Case that the World Has Reached Limits: More Precisely That Current Throughput Growth in the Global Economy Cannot be Sustained". In that essay Goodland praised Brundtland for being on target on three of the four conditions for achieving sustainability, namely producing more with less, focussing on population growth, and redistribution from sections of society that overconsume to the poor. But he also stated that Brundtland "was probably politically astute in leaving fuzzy the fourth necessary condition to make all four sufficient to reach sustainability. This is the transition from input growth and growth in the scale of the economy to qualitative development, holding the scale of the economy consistent with the regenerative and assimilative capacities of global life support systems". If Goodland considered Brundtland "politically astute and therefore fuzzy", reading the WDR 2003 one can only say that the Bank is "obtuse" given what it thinks its role as a global player is.

The WDR 2003 refers to "scaling up" when the problem of scale itself is never addressed. Ecological problems like agriculture, especially in arid and semi-arid tracts of land, are site-specific, ecosystem-specific and scale-specific. Such basics are hardly understood in the WDR 2003. The WDR 2003 also fails to even remotely incorporate what Goodland refers to as "the transition from input growth and growth in the scale of the economy to qualitative development". It is not merely because of the inability to comprehend such a critical perspective in addressing global sustainable development that such a perspective does not underline the WDR 2003. It is worse. The World Bank politically is like some modern day Rip Van Winkle, who periodically goes to sleep and wakes up to wave the flag of practices from an age gone by and near impossible to continue with. The only difference with this Rip Van Winkle is that whenever the World Bank wakes up to any reality, in this case, "sustainable development", "environment", "biodiversity" and so on, it also immediately reaches for the financial resources provided internationally to deal with these policy areas, as it did by grabbing the administration of the Global Environment Fund (GEF), in which the Bank uses its financial leverage to push its own economic fundamentalism. The paradigm shifts that the world needs will happen in spite of the World Bank, not thanks to it....

Conclusion

The Bank has become an institution that the average person does not trust. In addition, it is also widely perceived to be the source of corruption in governments and academia and a facilitator of corrupt environments. Critical sections of the media know how certain agendas (for example the privatization of water) are promoted even before it is debated within a society. For a democratically accountable and non-corrupt world this growing perception of the World Bank is important, and as long as the Bank wants to scale up it operations, inevitably, it will be a source of corruption, and economic and ecological unsustainability. It is this contradiction that we have to constantly point out. By showing how the Bank can never be open, transparent and accountable, we can show citizens the way to real democracy with accountability both on a global scale and at the level of nation states. Only then can we achieve social, ecological and economic sustainability. Everything else is just theatre and ritual, even though at times entertaining. The same can be said of the WDR 2003.

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THE WDR 2003: "GREENWASHING" GLOBALIZATION

It is interesting to note that the draft roadmap to the World Bank's World Development Report (WDR) 2003, dated April 2002, notes the title of the upcoming report as *Sustainable Development in a Dynamic Economy*. This is remarkable, as by May 2002, the draft WDR is titled *Dynamic Development in a Sustainable World*. Whether this reflects an error or an outcome of marathon debates within the drafting team is unknown. This nuance is however, an appropriate starting point for some initial reflections on the World Development Report. The titles in transition reflect in general the Bank's approach of assuming growth, through privatization and liberalization, leads to all things good. For the Bank, what is assumed to be good for the goose (the economy) is assumed to be good for the gander (poor people and the environment).

The Earth Summit in Rio and the WDR 1992

As it did prior to the Earth Summit in 1992, the Bank is releasing the WDR as "an intellectual framework for analysis on issues of central concern to the Summit".[1] It is useful to reflect on how the 1992 WDR influenced the Rio Summit, to guess the possible impact of this document at the WSSD.

The 1992 Earth Summit in Rio de Janeiro represented one of the more significant global attempts to make the link between environment and development issues in order to deepen understanding of the root causes of environmental degradation. Agenda 21, a key outcome from the Earth Summit, recognized that environmental sustainability cannot be achieved in a world with vast wealth disparities, extreme poverty, and a lack of control over natural resources by local communities. At the same time, powerful governments, influenced by large corporations, refused to define key terms in the outcomes such as over-consumption or "sound macro-economic policies that promote efficient use of resources"[2], let alone development[3]. Similarly, efforts to expose the links between specific economic policies, poverty and environmental degradation were thwarted.

The World Bank's 1992 WDR, *Development and the Environment*, contributed to the Rio Summit's compromises. While emphasizing that environment is a cross-cutting issue, it raised the profile of the concept of an "Environmental Kuznets Curve" which can be translated simply to "grow now and fix the environment later".[4] The 1992 WDR talked likewise about "win-win" solutions, approaches that would lead to both development and environment. For those who wanted to define development largely as growth, these concepts allowed the Rio Summit and its resulting accords to avoid addressing in a substantive way contradictions between particular approaches to growth and poverty, environmental degradation and inequality.[5]

The "Globalization of Greenwash" in the Past Decade

The compromises within Agenda 21 and the other outcomes, together with the influence of corporations at the Summit itself, led some non-governmental organizations predicting that the Rio Summit would lead to the "globalization of greenwash".[6] Woefully, ten years after Rio, the prediction appears to have come true. The last decade has seen worsening environmental conditions and growing inequality:

- In sub-Saharan Africa and many least developed countries, per capita incomes are lower than they were in 1970. [7]
- 20 per cent of the world's population eat 45 percent of all meat and fish, consume 68 percent of all electricity, 84 percent of all paper, and own 87 percent of all cars. [8]
- By 1998, the global pesticide market had grown to $31 billion, and ten top pesticides producers control it.

Without coincidence, the last decade has also seen a global homogenization of economic policies. The World Trade Organization (WTO) was created in 1994. Together with the World Bank and the International Monetary Fund (IMF), the three institutions, guided by the most powerful countries, spent the decade since Rio enforcing the implementation of economic globalization. Economic globalization can be characterized as a four point plan[9] to privatize public and natural assets, liberalize trade and finance, export-orient production, and to cut back on government spending (subsidies, social services), focusing the role of the state on maintaining a stable investment climate, law and order and assuming private risk – commercial and environmental.

In March of 2002, the UN held a conference on Financing for Development in Monterrey, Mexico. For the first time, the World Bank, the IMF and the WTO participated fully in a UN conference. The outcome from FfD, the Monterrey Consensus, called for more official development assistance from developed countries in return for more economic globalization. One NGO observer of the Financing for Development conference called the Monterrey Consensus, the "Washington Consensus wearing a sombrero". For him and many others, the conference failed "because it did not go far enough to redress the free-market, open trade system that has been the hallmark of the era of globalization in the 90's that has increased the global wealth gap".[10]

Globalization, long promoted by its advocates as being good for growth, was declared in Monterrey to be good for the poor. The New Partnership for Africa's Development (NEPAD), a plan developed by a few African heads of state that was fully endorsed by the G-8, also declared globalization as good for the poor. Now, it appears that the upcoming World Summit on Sustainable Development (WSSD) is poised to declare globalization as good for the environment.

The 2003 WDR's Attempt to "Greenwash" Globalization

The WDR 2003 will indeed provide the intellectual fodder (it is too dry to be fuel) for those who want to ensure that no dots are connected at the WSSD between the current poverty and environmental crisis and the current economic framework. Its central thesis is that the failings of the past decade in terms of poverty eradication and environmental sustainability are a result of institutional failures. In other words, the WDR pins the ongoing poverty and environmental crisis on a failure of governance. As it has become virtually impossible to deny the failures of the past decades to ameliorate the twin crises of poverty and the environment, the Bank, through the WDR and other avenues, argues that the failures were due to poor implementation, and not poor vision.

It re-affirms the vision of Monterrey and NEPAD, calling for "partnership" to better pursue the globalization agenda. "Aid will be forthcoming if reform is deepening, reform will be deepening if aid is forthcoming".[11] It reiterates support for the so-called consensus that emphasizes growth and the role of the market. "This year's report is about the growth in output and productivity required in developing countries to eliminate poverty in way that is environmentally and socially sustainable."[12] "Those [poverty and environmental problems] that can be coordinated through markets have typically done well; those that have not fared well, include many for which the market *could be made* to work as a coordinator…" (italics in original).[13] It defines a major challenge for governments and formal institutions to be more welcoming and supportive of private actors, and to achieve, among other things, "a smooth evolution of property rights from communal to private" (WDR 3.22).

World Bank's Institutional Failures Unreflected

Despite the WDR's focus on institutional failures, the Bank's own are unreflected. Another part of the Bank, the Environmentally and Socially Sustainable Development division (ESSD) itself has taken stock of its own progress since Rio.[14] The four-page report focuses on the quantity, and not the quality, of lending in the World Bank's environment portfolio. A recent Operations Evaluation Department (OED) report provides more insight into he Bank's overall environmental performance. It states: "Environmental sustainability was not integrated into the Bank's core objectives and country assistance strategies, and linkages between macroeconomic policy, poverty alleviation, and environmental sustainability were not explicitly forged. […] The Bank has not supported environment efforts as a central theme through staff incentives or resources."[15]

What would have been a helpful contribution is an analysis of how the international economic framework, both co-designed and delivered by the Bank, has resulted in poverty, environmental degradation and increasing inequity. How the concentration of assets in the hands of corporate actors, namely transnational corporations, affects the abilities of governments and communities to protect these assets. How rapid trade and financial liberalization, coupled with privatization, in the context of gross indebtedness to the international creditors who push liberalization and privatization, renders local and national public institutions constrained, rather than incapacitated.

As noted by the Third World Network, an independent non-profit international network of organizations and individuals:

> Johannesburg will thus serve as a test of the political will of northern countries, both to accept the weight of their present and historical contribution to depletion of natural resources, and to assume primary responsibility for the costs of rebalancing the earth's ecosystems for the benefit of the world's peoples. This responsibility will involve not only the contribution of substantial financial resources to aid developing countries in bearing the adjustment costs of sustainable development, but a commitment to reorienting current unsustainable production and consumption patterns and reforming the global economic system which forms the basis of the present ecological devastation and human misery. [16]

The WSSD must be a space to fundamentally address power imbalances and economic, social and environmental injustice. Sustainable development can no longer be vaguely defined as meeting the needs of the present generation without compromising the ability of future generations to meet their needs. It must be about meeting the needs of the present and all future generations by addressing the injustices of the past and present economic system. In this endeavor, the WDR, perhaps like the Bank itself, should be shelved.

The WDR 2003 struggles with how to achieve growth while managing resources in such a way to ensure they never become over-exploited. The trade-offs between rapid growth and wealth creation for some, and the protection of the environment for all, is often described as finding the right balance. The Report is typical of this discourse, calling for the need to balance diverse yet equal interests and to weigh environmental returns against economic costs. If the WSSD is to succeed at creating a plan of action that is more than "globalization greenwashed," then Northern governments and the institutions they control must agree to balance power – by addressing economic, environmental and social injustices.

Endnotes:

[1] http://lnweb18.worldbank.org/ESSD/essdext.nsf/43ByDocName/WorldSummitonSustainableDevelopmentWhatIstheBanksRole

[2] Agenda 21, Chapter 2.

[3] Wolfgang Sachs notes, "Given the fact that development can mean just about everything, from pulling up skyscrapers to putting in latrines, this success came in handy, as it allowed everybody, both in the South and in the North, …to continue on with one's business". Sachs, Wolfgang, *Rio + 10 and the North-South Divide*, Heinrich Böll Foundation, World Summit Paper No. 8, December 2001.

[4] Operations Evaluation Department, "OED Review of the Bank's Performance on the Environment", World Bank, July 2001.

[5] Doyle, T.: "Sustainable Development and Agenda 21: The Secular Bible of Global Free Markets and Pluralist Democracy," *Third World Quarterly*, 19 (4), 1998.

[6] Bruno, Kenny and Josh Karliner: "The Corporate Takeover of Sustainable Development". Food First Books and Corporate Watch, August 2002.

[7] UNDP Human Development Report, 1999

[8] UNDP Human Development Report, 1998

[9] Joseph Stiglitz, former chief economist of the World Bank discusses a four point plan in the article "The Globalizer who came in from the cold," by Greg Palast, *The Observer*, October 10, 2001. Stiglitz' four point plan consists of privatization, capital market liberalization, market based pricing (removal of subsidies) and free trade.

[10] John Foster of the Canadian North-South Institute, as quoted in the European Union – Least Developed Countries Network "EU-LDC News", March 7 2002.

[11] World Bank, *World Development Report 2003: Dynamic Development in a Sustainable World*. Draft, May 2002.

[12] Wolfensohn, James: "Memorandum to the Executive Directors", May 1, 2002.

[13] World Bank: *Sustainble Development in a Dynamic Economy: A Quick Roadmap*, April 2002.

[14] http://lnweb18.worldbank.org/ESSD/essdext.nsf/43ByDocName/WorldSummitonSustainableDevelopmentAnalyticalWork

[15] Liebenthal, Andrés: "Promoting Environmental Sustainability in Development," World Bank Operations Evaluation Department, 2002.

[16] Tan, Celine: "Johannesburg Watch: Why trade and finance groups should get involved in the world summit process", Third World Network: July 2002.

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