

Monbiot Gets it Right This Time

Kevin Carson

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I gave Monbiot a hard time a couple of weeks ago, so I guess I ought to balance it out when he gets something right.

Who, apart from the leader writers of the *Daily Telegraph*, could deny that debt relief is a good thing? Never mind that much of this debt — money lent by the World Bank and IMF to corrupt dictators — should never have been pursued in the first place. Never mind that, in terms of looted resources, stolen labour and now the damage caused by climate change, the rich owe the poor far more than the poor owe the rich. Some of the poorest countries have been paying more for debt than for health or education. Whatever the origins of the problem, that is obscene.

You are waiting for me to say but, and I will not disappoint you. The but comes in paragraph 2 of the finance ministers' statement. To qualify for debt relief, developing countries must "tackle corruption, boost private-sector development" and eliminate "impediments to private investment, both domestic and foreign".

These are called conditionalities. Conditionalities are the policies governments must follow before they receive aid and loans and debt relief. At first sight they look like a good idea. Corruption cripples poor nations, especially in Africa. The money which could have given everyone a reasonable standard of living has instead made a handful unbelievably rich. The powerful nations are justified in seeking to discourage it.

That's the theory. In truth, corruption has seldom been a barrier to foreign aid and loans: look at the money we have given, directly and through the World Bank and IMF, to Mobutu, Suharto, Marcos, Moi and every other premier-league crook.

Ah, but you see, there's corruption, and then there's *corruption!* Corruption is good when it furthers the cause of looting by Western corporations, and bad when it impedes it. Kind of like Jeanne Kirkpatrick's distinction between "authoritarianism" and "totalitarianism," sort of. When the testicles the electrodes are attached to belong to a guy who's trying to unionize a private-sector corporation, it's not quite as bad.

“Corrupt” is often used by our governments and newspapers to mean regimes that won’t do what they’re told.

Genuine corruption, on the other hand, is tolerated and even encouraged. Twenty-five countries have so far ratified the UN convention against corruption, but none is a member of the G8. Why? Because our own corporations do very nicely out of it.

I know that’s right. If the U.S. were giving military aid to the devil, and he stopped following orders, the next day Scotty McClellan would be at the podium describing, in shocked tones, all the horrible things they’d “just discovered” were going on in Hell. And then, of course, somebody would find a 20-year-old photo of Rumsfeld shaking hands with Satan.

Gavin Capps, in a forthcoming article for International Socialism, highlights the shamelessness of such “anti-corruption” drives (via Dead Men Left):

First it was, of course, the great powers who propped up African dictators like Mobutu because they guaranteed Western strategic interests during the cold war. Mobutu was installed in mineral rich Zaire following the CIA-backed assignation of the popular, radical nationalist leader, Patrice Lumumba, and feted by Western governments, corporations and banks for much of his thirty two year reign . Mobutu and others like him were, then, the creatures of exactly the same people who now cry foul about the endemic corruption of Africa’s ‘political class’.

Stripped of its humanitarian rhetoric, what the deal really involves is a bailout of the IMF and World Bank by the taxpayers of member states, who will pay off the debt of the highest-risk debtors. And, much as the debt itself was used to impose neoliberal policies on debtor nations, the “conditionalities” attached to debt relief will impose even more of the same. What “boosting private-sector development” means, in practice, is more corporate looting (back to Monbiot):

The idea, swallowed by most commentators, that the conditions our governments impose help to prevent corruption is laughable. To qualify for World Bank funding, our model client Uganda was forced to privatise most of its state-owned companies before it had any means of regulating their sale. A sell-off that should have raised \$500m for the Ugandan exchequer instead raised \$2m. The rest was nicked by government officials. Unchastened, the World Bank insisted that – to qualify for the debt-relief programme the G8 has now extended – the Ugandan government sell off its water supplies, agricultural services and commercial bank, again with minimal regulation.

Oh, yeah—the “debt relief” will free up a considerable portion of debtor nation budgets heretofore used for servicing the debt. Any guesses as to what they’ll have to spend the saved money on, as a “conditionality”? Among other things, what I see featured prominently in all the glowing wire service stories is *infrastructure*: infrastructure, infrastructure, and more infrastructure! And education (in other words, subsidies to the reproduction cost of human capital).

And so the cycle is complete. Much of the debt incurred in the first place was to build the transportation and utilities necessary to render Western capital investment profitable—essentially a taxpayer subsidy to the operating costs of TNCs, artificially raising their rate of return. And

once the debt was incurred, it could be used in much the same way that debt to the company store was used in the old mining towns: to ensure good behavior on the part of the debtor. Hence the “structural adjustment plan,” that usually involved selling off the very same taxpayer-funded infrastructure, at fire sale prices, to the very same international capital that was profiting from it in the first place! (Actually, in the interest of “saleability,” governments have to put even more money in improvements into the infrastructure than they sell it for). And of course, having bought the taxpayer-funded infrastructure at a tiny fraction of the sweat equity that went into it, the politically connected rentiers immediately proceed to the real fun: the systematic stripping of assets, which are sold for many times what they paid to their lackey governments. In other words, endless looting.

I’ve already written on the subject of neoliberal “privatization” several times, to the point that some might say I’m beating a long-since dead horse. But what the hell—one more whack won’t hurt.

I just stumbled across this comment on the fake neoliberal version of “privatization,” as implemented in Latin America, from Alvaro Vargas Llosa’s *Liberty for Latin America*.

Privatization installed a new class of elites, made up of local and foreign interests, in the place of the old ruling class under economic nationalism. In every country, through the granting of monopolies, the passing of discriminatory regulations, or the use of subsidies, the government facilitated the creation of new groups that came to dominate the economy.

That’s what “small government conservatism” of the ASI variety translates to, in practice: a great deal of spending is shifted from the nominal public sector to the nominal private sector, while the framework of state capitalist rules that protects those “private” corporations (really part of the statist ruling class) is augmented.

(The Vargas Llosa book is quoted, by the way, in a post by Walter Grinder and John Hagel at the Liberty & Power blog, where I was just now pleased to discover they’re contributing. Grinder and Hagel are the authors of a brilliant Rothbardian analysis of the state capitalist ruling class, “Toward a Theory of State Capitalism: Ultimate Decision-Making and Class Structure,” which Chris Sciabarra had earlier led me to.)

Instead of this self-congratulatory Lady Bountiful act, how about some real debt relief? That means unconditional, mass repudiation of debt, the sacking of the World Bank and IMF headquarters, and Paul Wolfowitz’s bleeding head on a pike.

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