

## **Reject WB's dictates. Build a People Centered Development**

WB's Annual Meeting of 2006 is due to begin on September 12th in Singapore. It is common understanding among people of the world today, that the WB is the key agency that pushes forward the plans that have resulted in the biggest destruction of the poor people in poor countries.

Therefore, on September 14, 2006 people in almost all countries will raise their voices to say "the destructive policies of the WB should be defeated". It has today become an on going struggle by the poor people of the world to launch such protests and resistance when and wherever the WB, IMF, WTO and the G-8 countries meet to plan and carry out their agenda of Globalisation. This has become an essential aspect of the struggle for freedom and sovereignty

Sri Lanka has been intensely subject to these destructive dictates of the WB for nearly three decades. Even when people elect Governments that promise policies that are relatively people friendly, these Governments, these governments begin to obey policies that are imposed upon them or dictated by the WB, IMF, ADB and other financial institutions after being elected. Thus, the promised policies are not carried out. The experiences of the last decade have amply proved this phenomenon. It has become the reality even today.

### **What does the World Bank say?**

The WB claims that its goal is to eradicate poverty. It says that it provides aid to countries and policy advice to reduce poverty and claims that it has experience and expertise to provide such advice.

All these claims have proved to be false in its 60 year old history. These 60 years of history provides ample experience and proof that all these claims are false. The only strategy and approach that the WB has recommended to all countries have been to "accelerate economic growth rate" by making the rich businesses richer, with the hope that this "growth would trickle down to reduce poverty". This is some thing that had not happened any where and it is very unlikely to happen in the future too. Assuming that making the rich richer would reduce poverty of the poor is obviously a foolish assumption.

### **What is the truth about the World Bank?**

At the end of the Second World War, United States of America became the richest country in the world, with the largest capital accumulation.

This was achieved through sale of weapons and military equipment and through other war related earnings, while most other world powers were destroyed by the war. The US Government proposed the setting up of the World Bank in 1944 as a strategy of using this accumulated capital as loans for rebuilding the war destroyed countries and for

investment in development of the poor ( less developed ) countries. Thus, the World Bank's name was International Bank for Reconstruction and Development (IBRD). Several other countries were invited to become members of this 'International Bank' when the WB was set up at the Bretton Woods Conference in 1944.

*(Give details about the member countries and their shares in the WB, to illustrate that the richest countries of the world control the WB)*

### **WB does not give aid, but only loans to be paid back with interest**

From then onwards, until now, what is given by the US and by other rich countries, through the WB, IMF and other financial institutions are not aid but only loans to be repaid with interest.

*(Include data of debt of countries and how they have increased over the last 60 years)*

### **Conditionalities attached to loans**

These loans always carry conditionalities attached to them. Such conditionalities often are given in the form of advice or recommendations. What is done is to enslave countries and people under these conditionalities. It leads to a debt bondage or slavery.

Often these loans have to be used to build infrastructure and facilities in the borrowing countries that are needed by the lenders for expansion of their investment of capital. If we look at their recommendations to build express highways, expansion of air ports and building of new international and domestic airports, expansion of harbours and building new harbours for large scale industrial fishing, building of tourist zones, tourist hotels and tourism related infrastructure, such as modernized townships in the coastal regions, providing more electricity and power plants, it becomes clear that these recommendations are not for reduction of poverty. But it is a process of getting the poor people to subsidize the rich businesses of the lending countries. These loans have to be repaid with interest. Most of the foreign investments that come to utilize such infrastructure do not contribute to the repayment of loans since they are invited with long periods of tax holiday.

The WB has now moved beyond these recommendations and has acquired even greater control over the borrowing countries. They have acquired a monopoly over economic advice to these governments.

## **Privatization of all Government enterprises and essential public services**

WB's recommendations and conditionalities include the privatization of state enterprises. Most of the State enterprises including some of the most profit making enterprises such as the Insurance Corporation and the State Distilleries Corporation have been already privatized. In fact they have been sold very cheap. Essential services such as health and education have also been largely privatized and further privatization is proposed, in the name of public – private partnership. This in Sri Lanka is a drastic reversal of the previous policy of the Governments to take responsibility for ensuring such services to all through “free education” and “free health”. Further privatization is compelled upon the Government creating a situation where quality health and education becomes beyond the reach of the poor. WB has begun to have a heavy influence on adjusting even the curricula of the universities and of schools to suit their interests of promoting private businesses. .

## **Suppression of Trade Unions and labour rights**

It is seen as necessary to have cheaper and more subservient labour to make Sri Lanka competitive in attracting investment. Suppression of labour protection and rights and breaking up labour organizations was seen as necessary at the beginning of introduction of the WB advocated policies. Major instance of such suppression was when the General Strike of July 1980 was suppressed. This process of labour suppression is being intensified at present too.

## **Women treated as a source of cheap labour**

Women are seen as the easiest source of cheap and subservient labour in garment industry and in migrant labour in the Middle East, where women work as house maids under degrading and unsafe conditions. In the efforts to expand service sector women are to be used as tourist workers in dehumanizing types of employment such as sex trade. Labour regulations are being changed under WB's pressures.

## **Natural Resources of the country, to be given cheap to foreign companies, for destructive exploitation.**

Very valuable natural resources such as Eppawela Phosphate deposits and all other mineral resources were made open for cheap exploitation, much against people's protest. Tropical forests with very valuable bio diversity and regions with very rich diversity of medicinal plants were to be identified and transferred to be controlled by foreign powers. WB's project for Conservation and Sustainable Use of medicinal Plants was a means of facilitating big foreign businesses to identify and patent such medicinal plants. Introduction of Intellectual Property Rights Laws was designed for this purpose. Sinharaja, Namunukula, Sri Pada forests were to be given under the control of the US for such exploitation of resources, under the pretext of protecting our forests under the Tropical Forests Conservation Act of the US.

## **Beaches to be acquired for Tourism and large scale fishing harbours, depriving the traditional rights of small scale beach based fisher people**

WB's growth strategy proposes expansion of tourism as a sector with strong growth potential. Over 500,000 small scale fisher people affected by Tsunami were to be pushed out of the beaches and their fishing livelihoods in the name of declaring a buffer zone for protection. However, plans for repairing beach based tourism, building 15 expensive tourism development Zones such as the Arugam Bay Zone (at an estimated cost of US \$ 80 million) has been initiated with approval by the WB and other financial institutions.

## **Land Ownership Law Reforms**

One of the most dangerous and most socially and ecologically destructive policy recommendations is regarding reforms in land ownership. The WB recommended free hold titling of all rural land to create a "free land market". This recommendation made in the "Non Plantation Sector Policy Alternatives" report of March 1996 was to immediately grant tradable land titles to 1.2 million small holder families, who had received government land grants, with restrictions against sale. These restrictions had been applied to all land grants since the Land Development Ordinance in 1938 as a precaution against creation of a large population of landless destitute. In fact rural to urban migration through poverty and destitution has been slow in Sri Lanka, compared to many other countries, due to these policies and due to the Governments policies of supporting small scale domestic food producing agriculture.

WB has been pushing this land ownership reform recommendations consistently since 1996 until now with a clear agenda of getting the rural small scale farmers to sell their land, leave agriculture and migrate in to cities as landless poor to be available as a source of cheap labour. Shifting of such small scale farming population to urban areas is clearly stated in the above WB report of March 2006. The Land titling project of the WB is still on and the Government is likely to introduce laws for this purpose at any moment as dictated by WB's deadlines.

This is done with the full understanding that the poor and indebted farmers would be compelled to sell their land, though unwilling, if they have legal titles that allows such selling of land. The "Regaining Sri Lanka" economic policy document formulated with WB's advice estimates that the rural population would reduce from 70 % to 50% and urban population would increase from 30% to 50% by year 2015, when this reform is done.

This expulsion of rural poor from villages to cities where there are no opportunities or space to absorb them, could be the worst social disaster in history, looking at the massive loss of life that resulted from the several uprisings (about 10,000 in the 1971 rebellion and 60,000 in 19878 to 1990 rebellion and another 65,000 in the Northern war). All these social disasters are linked in some way to the lack of opportunities for employment and education to rural youth who have wanted to move out of a weakening rural agriculture economy.

WB's proposal to encourage massive rural to urban migration does not accompany an assurance that such space and opportunity would be created in the urban areas.

### **Plans to weaken and destroy domestic agriculture**

WB Report "Non Plantation Sector Policy Alternatives" also says clearly that domestic rice farming has no comparative advantage and therefore it has to be given up. On the whole what the WB says is that the whole of agriculture and land in Sri Lanka should be shifted away from low value low value crops such as rice, vegetables, and other domestic food crops such as pulses, onions, chilli, yams etc. to high value crops that can fetch higher prices in the export market. The small scale farmers are thus expected to become landless destitute migrating into urban areas to be available as cheap labour. The obvious hidden agenda is to create an abundance of cheap labour in the cities. Since the efforts made to attract foreign investment have not succeeded the WB thinks that the way forward should be to make labour cheaper and make land and natural resources available in plenty. They also feel that rural land should be allowed to accumulate into bigger units in the hands of more capable, rich operators for production of high value export crops.

Although it is said that these strategies have to be worked out with consultation with civil society, the poor there has been no attempt has been made by the Governments or by WB to have any consultation with the poor. In fact many of these plans are being carried out much against people's resistance.

### **PRSP rejected by the people is being imposed again**

The Sri Lanka Strategy for Poverty Reduction (PRSP) was formulated by the Government since 1999 as required by the WB. In 2003 the same was presented under a new name "Regaining Sri Lanka" by Ranil Wickramasinghe Government. It was approved by the Tokyo Donors' (lenders) meeting in 2004 with a pledged loan of Rs. 4.5 billion. Ranil Wickramasinghe's UNP was defeated and Mahinda Rajapakse was elected President since this strategy and the Tokyo agreements were rejected by the people. However, under influence and pressure by the IFIs and the lending countries the same plan is being systematically carried out by the present government. An examination of "Mahinda Chinthana" the policy statement of present government will show that these WB /IMF dictated policies grossly violate the main thrust of Mahinda Chinthana

### **WB's strategy for destroying paddy farming.**

Sri Lankan governments, since Independence in 1948, have consistently adopted a policy approach to provide rice at affordable prices to the poor people in the country. A policy that enabled over a million paddy farmers to continue paddy production as their main livelihood was also adopted by keeping the cost of production at affordable limits. These policies included purchasing paddy at a guaranteed price from the farmers.

### **Initially subsidized green revolution**

This approach of sustainable paddy production began to change with the introduction of “Green Revolution”, It was the WB that played a major role in introducing Green Revolution in Sri Lanka and in all other countries. The use of high yielding hybrid seeds in the main food crops such as rice in Asia, wheat, maize and sorghum in other regions of the world, necessitated high inputs of external chemical fertilizer, chemical pesticides and weedicides and also increased water requirements. Green revolution was then seen as an advanced technology for increased food availability. However, it has made the cost of production, beyond the reach of small sale farmers. It destroys the natural fertility of the soil, poisons soil, water and food. At the beginning of the Green revolution the WB agreed to provide loans for cheap fertilizer, seeds at affordable cost, agriculture extension services and research at governments expenses. It also provided large loans for development of irrigation facilities which were given to farmers free.

Agricultural loans at low interest loans, seed farms by the government to provide quality seeds, extension services at governments expense were all approved and financed with WB loans during the period of promotion of the green revolution among the small scale and resource poor farmers.

### **All small farmers to disappear**

This policy of subsidizing and supporting small scale paddy farmers has now been completely reversed by the WB. In promoting Globalisation the WB today adopts a policy that envisages transferring food production agriculture and marketing throughout the world into the hands of large scale TNC agribusinesses. The WB says that within the next 25 years small scale farmers throughout the world would disappear. This refers to about 3 billion equivalent to half the world’s population.

This process stated in Sri Lanka began in 1977 with the cutting down of the rice subsidy. In early 1980s the World president of UNICEF visited Sri Lanka and he predicted that child malnutrition would become a serious problem in the future. One of the reasons given was the removal of the rice subsidy, since rice which was then available to all at affordable cost was the main source of food and an important share of the nutrition The Government has stopped the purchasing of paddy at a guaranteed price, the Paddy marketing Board was closed down on instructions of the WB in 1997. Purchasing of paddy and selling of rice was given over to the private traders. The dropping of paddy prices well below the cost of production and the rise in rice prices beyond the reach of the poor were results of this policy change.

Today paddy has to be sold by the farmers at between Rs. 9 and Rs. 11. A farmer spends between Rs. 19,000 to Rs. 23,000 on one acre of paddy. A kg of paddy is thus produced at about Rs. 13. A farmer thus can lose about Rs. 3 / kg, which is a loss of about Rs. 5,000 per acre. We have about a million paddy farmers who suffer such losses every season.

### **Promise of purchasing paddy at Rs. 16.50 and Rs. 17.50 per kg is not implemented**

Among many reasons for non implementation of this policy, a major reason is that the Government allocation for purchasing of paddy at the promised prices is very low. In fact the amount allocated during the last two seasons was sufficient to buy only 5% of the total production. This is because, based on the agreement with the WB for non intervention in paddy purchasing the treasury allocates only a very small amount for purchasing paddy. This is proved by the fact that the Government allocates a much bigger amount of money to be given to private sector paddy purchasers at very low interest rates.

Some of the big monopoly traders who control the paddy purchasing in major paddy producing areas such as Polonnaruwa are given loans to the extent of Rs. 500 million at no interest for the first six months and at very low interest ranging from 1 % to 4% for the rest of the year. Another policy that obstructs the farmers from selling their paddy at a reasonable price is the policy of allowing imports. Sri Lanka allows large quantities of rice imports from countries like Pakistan, under the recently signed bi lateral free trade agreement.

Therefore it is clear that what ever promises the Governments make to protect and support domestic paddy production, the policies advocated by the WB and under WTO agreements continue to be implemented.

### **Compulsion to make “Water a Commodity”**

Water is a free gift of nature given to all human beings and other living beings. It is given in abundance in Sri Lanka. Today there is a world wide effort to take away the right of people and other living beings, animals and plants, to obtain water free. The World Commission on Water that was appointed to make water a commodity is headed by the WB. There are some big international water companies that are pushing for water marketing and privatization. It is their proposal to make water a ‘commodity world wide.

The effort to introduce a new national Water Resources policy in Sri Lanka was begun in the third quarter of 1996. A draft policy was brought up for Cabinet approval in 2000. This had to be withdrawn due to massive public opposition. No Government has openly declared a policy of water privatization and water marketing. Many have declared the contrary. However, under pressure from the WB, IMF and the Asian Development Bank and their loan conditionalities, water privatization and inviting foreign water companies were included in the Regaining Sri Lanka plans.

There are time targets set by the WB and ADB to introduce water privatization legislation. Both Chandrika Government as well as Mahinda Rajapakse’s Government had to give Cabinet approval to water privatization legislation. Although there is heavy pressure from the WB and ADB, the Government is marking time in bringing this up in Parliament since there would be tremendous protest and resistance from the people.

## **There are alternatives in people centered, people-friendly and eco-friendly development**

People of all sectors and people's organizations should oppose these dictates of the World Bank and other financial powers to adopt destructive policies since such people and organizations have already worked out and have presented much better alternatives.

- There are immediate measures that are necessary such as stopping importation of rice and other domestically produced food, presently carried out under bi lateral free trade agreements and under trade liberalization compulsions.
- It is absolutely necessary to purchase at least 50 % of the paddy produced by the farmers, at the promised prices of Rs. 16.50 and Rs. 17.50. It is also necessary to take into account that there has been large increases in cost of production due to increase in fuel prices and also large increases in the cost of living
- Among these alternatives are comprehensive proposals in ecological agriculture that is of much less cost that makes our soil fertile, without the use of poisonous agrochemicals that destroys soil fertility and poisons water and food. Such alternative sustainable development plans have been produced and widely consulted by the people's organizations in the fisheries sector.
- This approach should guide the main stream agriculture policies of the country.
- Policies that aim at compelling the small holder farmers to sell their land and give up agriculture should be rejected. Such rural small scale land should be devoted to ecological agriculture with mixed cropping, recycling of organic matter, prevention of soil erosion which will increase their overall productivity without depletion of soil
- There are women's organizations and networks that are capable of proposals that would not depend on women being used as cheap subservient labour. Such alternative approaches adopted by women's organisations have shown that women are able to play a much better leadership role in a process of sustainable development
- Such approaches have the potential of tremendously increasing food availability, improving nutrition and eliminating child malnutrition, low birth weight and anemia. These can be effectively applied by the type of small scale farmers in all agro ecological zones in Sri Lanka including the arid zones and the hill country, where there is a lot of unfertile and unproductive land. These have other potential benefits such as reducing diseases caused by malnutrition, pollution of water through agrochemicals and diseases caused by such chemical farming.
- The potential for generation of attractive livelihoods to educated unemployed youth in the country, both in rural and plantation areas as "agents of this

transformation” of land, agriculture and ecology, helping rural, urban and plantation communities as instructors or change agents is much higher and much more remunerative than in the presently sought job opportunities.

- Adopting an overall policy framework that strengthens domestic economy, an approach that protects indigenous, natural resources and labour rights should be carried out.
- Building of massive infrastructure at tremendous cost that increases the debt burden on the people, such as the building of express highways, air ports, thermal power stations dependent on imported coal or diesel, building of expensive tourism zones on the coastal belt that leads to massive displacement of people from their homes. Land and livelihoods should be stopped. It is possible to embark on a much less expensive course of action that would enhance the potential of domestic natural resources, land. Water, forests and the sea is available for eradication of poverty.
- The myth of depending on foreign and local big private businesses to reduce unemployment and poverty, granting them tax concessions and infrastructure and also natural resources and labour cheap, hoping that growth and trickle down would reduce poverty should be given up. It is necessary to embark on more viable direct approaches to poverty eradication.

Our unceasing struggle should be to influence this government and all future governments towards such a strategy and to oppose the pressures and compulsions imposed upon by the World Bank and international financial powers.

We invite you to join in all your strength in the protest action planned for September 14<sup>th</sup> in Colombo as an event in this on going struggle. Join in this activity to protect paddy and rice, domestic agriculture and to prevent all the destructive plans of the World Bank