

# Canada keeps quiet on World Bank role

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**A**S LATIN Americans struggle to revive their stalled hopes of progress, it is becoming clear that they will achieve little unless the world's economic powers offer them concerted help. Last week's bloody riots in Venezuela, following the imposition of steep price increases, underscored the pleas of Latin leaders not only for debt relief but also for new credits to finance economic growth.

Increasing attention is being focused on the Washington-based World Bank. This institution, financed largely by industrial countries, lends money to underdeveloped nations on non-commercial terms. Rather than make a profit, it aims to promote development of hydroelectric power systems, potable water networks and the like.

The push for such "infrastructural" development was a cornerstone of the global postwar economic system, seen as a panacea for Third World aspirations. When Latin governments' foreign debt got out of hand in the early 1980s, they were urged to impose austerity programs in exchange for relief from the other major multilateral financial institution, the International Monetary Fund. But these programs have largely failed, and development is once again being halted in North and South alike as the only long-term hope.

This time around, however, many more questions are being asked. It is now recognized that traditional "development" is not a value-free concept. If it is not done properly, it can do more harm than good. And in countries where the excesses of the rich and powerful are as shocking as the squalor of the poor, care must be taken to ensure that the benefits of development are equitably distributed.

The World Bank has been forced to set stricter guidelines for its activities. Loans for specific projects are scrutinized to make sure they do not finance unnecessary environmental destruction or displace indigenous peoples from their traditional homelands. More general credits, which help Third World governments balance their books, are linked to policy reforms in an attempt to encourage appropriate types of development.

The Brazilian government has been hit hard by the new philosophy. Environmental activists

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In BRAZIL

succeeded in delaying, for more than a year, approval of a \$500-million (U.S.) loan tied to reforms in electric power policy. Now the loan is being further delayed because Brazil insists on pushing ahead with a nuclear power program that bank officials say is neither efficient nor appropriate.

Where does Canada, which contributes a quarter of a billion dollars annually to the bank and pledges more in collateral, stand on these issues? Finance Minister Michael Wilson says he supports rigorous environmental safeguards in multilateral lending. It would be nice to report definitively that his representatives at the World Bank implement this policy, but unfortunately this is not possible. For Canada will divulge neither the way it votes during bank deliberations nor the arguments advanced. "The government is willing to discuss its views on World Bank loans," Mr. Wilson said last month in a letter to the environmental lobby group Probe International. "We will not, however, publish a formal voting record."

Mr. Wilson explains that decisions at the bank's executive board are normally taken by consensus, formal votes are rarely held, and a simple yes-or-no record would distort the complex issues at stake. To this Peggy Hallward, director of forestry research at Probe, replies: "Surely the Canadian government knows whether it is for or against a loan. If there are qualifications, fine -- record your qualifications."

Canadians are proud of helping the rest of humanity. Besides direct assistance to the world's poor, their efforts include support for international lending agencies. When it's called foreign aid, the Mulroney government is eager to say where the money is going and why. When it's called backing the World Bank, openness and accountability seem to be less desirable objectives.

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