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Faith & Credit: The World Bank's Secular Empire

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successful attempts to protect human rights that could be used as future models. For over 100 years Botswana has protected rights to personal security and political participation. This can be attributed to institutional systems protecting the underlying facets of these rights. Many modern structures and practices are rooted in the pre-colonial era. Consequently, it is necessary to understand the historical and modern societies in order to effectively protect human rights. Ending with that article, it emphasizes the important role of political and economic systems in the protection of individual human rights.

Gail Buhler

GEORGE, SUSAN, and FABRIZIO, SABELLI, FAITH & CREDIT: THE WORLD BANK'S SECULAR EMPIRE; Westview Press; Boulder, Colorado (1994); ISBN 0-8133-2607-9; 282 pp. (pbk).

One of the most powerful and influential entities at large in the world today, both economically and politically, is the International Bank for Reconstruction and Development (IBRD), which along with the International Development Association (IDA), composes what is commonly referred to as the World Bank. Yet, this awesomely powerful institution is, as the authors Susan George and Fabrizio Sabelli have observed, simply unknown to many.

Faith & Credit: The World Bank's Secular Empire, sets out to lift the fog and mystery surrounding this institution, and indeed, provides illumination with startling clarity. George and Sabelli address this supranational agency in terms of its impact on the international economic and political order, focusing on its role in the changing relations between the so called Northern Developed Nations and the Lesser Developed Nations of the South, and specifically, upon the Bank's own internal culture which guides both its decisions and its responses.

In examining the Bank's influence and underlying ideology, George and Sabelli draw upon analogies to the medieval Church and fundamentalist religions. Regardless of one's own views on the latter, the analogy assumes striking credibility as the book unfolds. As the authors observe:

Religion cannot, by definition, be validated or invalidated, declared true or false — only believed or rejected. Facts are irrelevant to belief: they belong to another sphere of reality. True believers, the genuinely pure of heart, exist in every faith, but the majority generally just goes along lukewarmly out of cultural habit or material advantage. When, however, the faith achieves political hegemony as well, like the medieval church (or the Bolsheviks, or the Ayatollahs), it is in a position to make people offers they can't refuse, or to make their lives extremely uncomfortable if they do.

Faith & Credit asserts that the World Bank, like the medieval

Church, has achieved political hegemony in the field of development. Borrowing nations are forced, like it or not, to abide by the beliefs and values of the World Bank. Because of the lack of sound criteria for determining the successes or failures of the Bank's projects, "it doesn't matter whether it works or not, nor how many ordinary people's lives are damaged or destroyed, nor how much nature may be abused because of it." To the true believers (read individuals in the World Bank and its supporters), the facts are irrelevant. The truth of the Bank's assumptions is unquestionable.

As the above quoted material indicates, however, *Faith & Credit* is not another harangue of the Bank and its failings and shortcomings. Rather, it focuses upon the underlying foundations of the Bank's own internal cultural views, which give rise to the policies the Bank puts forth and pursues with seemingly little, or no regard for the consequences.

George and Sabelli also address the drastically changed world order in which we now live. Few have as yet taken the time to address the consequences of the fall of the Soviet Union and the end of the Cold War in relation to developing nations. These events have had a tremendous impact on the North-South relationship. The World Bank perhaps by default has stepped in, though it is ill-equipped to do so, to fill the gap left by the absence of a coherent policy on the part of the Northern nations towards the South.

In gripping style, the authors set out to undress the World Bank. *Faith & Credit* also provides a brief history of the World Bank's formation and its rise to a position of power and dominance, and also outline the dramatic impact upon its internal culture and workings wrought by Robert McNamara during his presidency of the institution (1968-81).

George and Sabelli also address the most recent shift in World Bank policy, known as structural adjustment, and the catastrophic social, economic, environmental, and individual costs the pursuit of this policy has led to in borrowing nations. Questions such as, why countries began and still are borrowing, who encouraged them to do so, which interests inside the country have benefitted and which have not, and who actually pays the cost of structural adjustments are discussed. Although the Bank claims it is only an economic institution, the book takes note of the actual impact which structural adjustment has had on governmental organization and domestic decision making in affected nations.

Those not well-versed in the finer points of economics need not fear this book. The authors provide understandable explanations of the underlying neo-classical economic theory upon which the World Bank's culture and policies are based, and point out some of the shortcomings of this particular economic outlook, such as problems associated with

placing the whole of human existence and endeavor under the sign of the marketplace.

Faith & Credit: The World Bank's Secular Empire, provides an excellent overview of the workings, impact, and underlying assumptions of the World Bank. It is carefully thought out and avoids making simplistic assumptions about why the World Bank behaves as it does. Buttressed by excellent sources and information, the book also poses challenging questions regarding what role, if any, the World Bank is to play in the future. The book should prove useful not only to decision-makers and policy-analysts, but also to individuals seeking to become more informed about the role of the World Bank in relation to developing nations. It also provides partial answers to the pressing questions of why lesser developed nations seem perpetually caught in an anti-development tailspin.

Timothy L. Finkenbinder

JIA, WEI, CHINESE FOREIGN INVESTMENT LAWS AND POLICIES: EVOLUTION & TRANSFORMATION; Quorum Books; Westport, CT (1994); ISBN 0-89930-900-3; 216 pp. (hardcover). Index.

"Make foreign investment serve China", is the underlying theme of Wei Jia's account of China's progress toward development of a market-oriented economy. The text describes, with notable detail, the confluence of political and economic drives that produced the world's largest centrally-driven experiment in capitalism. Jia's work is a practical blend of overall analysis of this change, coupled with specific language and citations to the underlying laws and directives.

Chinese Foreign Investment divides the transformational changes into seven "tidal" areas: Joint Ventures; Foreign-Owned Subsidiaries; Regional Policies; Tax Regimes; Foreign Exchange Management; Technology and Intellectual Property Protection; and Foreign Banking. Each category begins with a description of the underlying political forces at the end of the Cultural Revolution in 1976. Jia proceeds from there to demonstrate a "ratcheted" evolution toward a market-driven approach as China alternately balances its realized need for foreign direct investment with the inherently cautious and conservative nature of a managed economy.

Rather than providing the reader with pure analysis, Jia presents strategies available to foreign direct investment firms dealing with this economy. For example, in the context of foreign exchange management, Chinese policy strongly encourages foreign owned firms and joint ventures to replenish foreign exchange reserves mainly through increased exports. However, *Chinese Foreign Investment* suggests more available, if less sanctioned, approaches toward replenishment, including import substitution and exchange "swapping" between related firms.