French Assembly Leader Attacks IMF, World Bank

by Christine Bierre

On the night of Aug. 4, 1789, the first French National Assembly celebrated measures taken that day to abolish feudal aristocratic privileges. The republican head of that Assembly, Jean-Sylvain Bailly, described those measures as "the destruction of feudalism, and the creation of the people's happiness."

Thus it was provocative of the current French national Deputy, Yves Tavernier, to hold a press conference on Dec. 14 and announce his committee's official critique of the International Monetary Fund (IMF) as follows: "World Bank, IMF—Toward the Night of August 4?" The IMF's international *ancien régime* is finished, and it is useful that some in the French National Assembly are waking up to that reality.

Deputy Tavernier is in charge of the foreign affairs budget for the National Assembly Finance Committee. He underlined that this was the first time that a Deputy had crossed swords with the government by issuing a report against one of its reports on international finance. In 1999, at the demand of both the Reporter General and Tavernier, the government had issued a preliminary report on the subject. But, this one being, to quote the Deputy, "without scent, taste, and color," Tavernier was entrusted to prepare a Finance Committee report, to make proposals permitting Parliament to better control these supranational financial institutions.

The undertaking was considerable, the report underlined. France makes major contributions to the Bretton Woods institutions. For just the IMF, its quota is 103 billion French francs ($15 billion), and it recently agreed to open a new, FF 25 billion ($3.5 billion) emergency credit line. Furthermore, France makes available an additional FF 28 billion ($4 billion) for the fight against poverty within the framework of trust funds for the Highly Indebted Poor Countries (HIPC), a contribution which alone is greater than its foreign affairs budget.

For the World Bank, Paris contributes FF 63 billion ($9 billion). With respect to these two institutions, France is the fourth-largest contributor, after the United States, Japan, and Germany. The latest rise in countries' quotas was justified in the name of IMF interventions in Russia, Asia, and Ibero-America, without any discussion whatsoever concerning the content of these institutions' policies.

In the rarest of acts in French official circles, Tavernier blasted IMF/World Bank policies. For 55 years, the IMF and the World Bank have played a major role in the problems of development. Yet, what are the results of their policies, asked the Deputy? The gap between the rich and poor continues to grow. Three billion human beings live on less than $2 a day. The poor are crushed beneath the weight of the debt. Tavernier was astonished that, under these conditions and while international aid for cooperation was in free-fall, the UN Millennium Summit should have claimed the commitment to reduce by half the number of the world's poor.

Tavernier also opposed the fact that France puts its imprimatur on IMF policies that it refuses to adopt at home. In 1999, the IMF recommended that France reduce its public expenditures, spending in the health sector, that it do away with the civil service, and even reduce the minimum wage for the least-skilled workers! Fortunately, France does not need to borrow from these institutions, and hence, is not obligated to apply their bitter potions. But, such is not the case with developing countries, which are forced to adopt these policies in exchange for a bit of capital. The Deputy did not have words harsh enough to describe the "catastrophic" consequences of applying the IMF's structural adjustment programs in these countries, policies which favor corruption and weaken the state in order to benefit the multinationals.

Tavernier pointed out that the UN Development Program has confirmed that 20 years of these policies has led to a plunge in growth, a drop in the standard of living, to where debt repayment is soaking up 25-30% of public expenditures.

The Case of Argentina

Tavernier dilated at length on the case of Argentina, which has been, over the last few years, the IMF's star pupil, and which, anew, is plunged into a crisis. Argentina followed all the IMF's recipes: It privatized its public sector, laid off "redundant" civil servants, reduced its budget deficit. But, the moment it is, again, in crisis, the IMF comes back with the same remedies, and, moreover, demands that the social security system disappear, that the retirement age for women rise to 65 years from 60—a whole series of measures designed to save the banks and private investors!

Given this situation, Tavernier made a score of proposals, all aimed at permitting Parliament to have better control and establish transparency over France's role with respect to these institutions. Among his proposals, the Deputy insists on breaking the "Washington Consensus," which makes the ideology of neo-liberalism, with its three war-horses—globalization, deregulation, and privatization—the only possible economic model. The Bretton Woods organizations, he also insists, must be made to respect the labor legislation defined by the International Labor Organization, which is absolutely not the case currently.

Tavernier demands greater transparency from these institutions and hopes thereby to increase political control over them. He has subscribed to the reforms proposed by former Finance Minister Dominique Strauss-Kahn, who wished to turned the Monetary Committee of the IMF into a political instrument under the control of the Finance Ministers.

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