

Same Shit, Different Century:  
the World Bank, Imperialism, and Health

A Thesis in Anthropology

by

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## **Abstract**

This thesis examines the World Bank's role as an enforcer of Western imperialism and its subsequent direct and indirect effects on health. As shown through world systems theory and critical medical anthropological theory, the World Bank reiterates colonial power dynamics and pre-existing inequalities. By uncritically promoting neoliberal globalization and restricting the agency of developing countries, the World Bank perpetuates imperialism and is frequently detrimental to health.

Despite claiming to have moved beyond its structural adjustment framework and into a more holistic and participatory understanding of development, the World Bank has actually changed very little and continues to ignore the structural and historical forces that undermine health in the developing world. In ignoring this, the World Bank itself undermines health in a variety of ways which stem from its myopic enforcement of neoliberal dogma and an ultimate lack of understanding as to the role of Western imperialism in creating the current, unequal world system.

Importantly, the World Bank and uncritical neoliberal globalization increase inequality within and between countries, thereby perpetuating structural violence, or the systematic oppression of the poor and powerless. Structural violence is the ultimate cause of many diseases and can be understood as the embodiment of inequality. When the World Bank coercively forces countries to comply with its neoliberal agenda, as it has and continues to do, it is ultimately increasing inequalities that originate with exploitative European colonialism and manifest themselves in the health and bodies of the poor.

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## **Introduction: Critical Medical Anthropology and World Systems Theory**

In this thesis I will investigate how the World Bank and its neoliberal dogma are harmful to health. My thesis is that the World Bank is a manifestation of Western imperialism in that it is largely dominated by Western countries and interests, and it is a reiteration of colonial relationships and power dynamics. This inequality of power negatively affects health and propagates structural violence.

The World Bank's policies have had direct and indirect consequences for health. Overall the Bank's rigid focus on neoliberalism promotes inequalities that themselves undermine health. Critical medical anthropology is useful for critiquing the World Bank from this perspective. There is little to no literature that uses a CMA approach to evaluate and critique the World Bank.

CMA critically examines the political and economic determinants of disease and looks at how society and the global hierarchy shape the health of the individual, in terms of historical, economic, political, and cultural forces (Singer 2004). On the global level CMA studies how international politics and the global capitalist economy affect disease (Morgan 1987) It also examines power and resource allocation in the context of imperialism and the legacy of colonialism (Morgan 1987). CMA takes a historical perspective to understand how various institutions and inequalities came to be. Within a CMA framework the ultimate causes of most diseases, the explanation for why that particular person was susceptible, are poverty and inequality (Farmer 1999). Inequality affects the distribution and outcome of many diseases (Farmer 1999).

CMA relates these macro structural forces to the lives of communities and individuals (Singer 1990). These two levels of analysis are interwoven and one cannot be meaningfully studied without the other. This union of the micro and the macro makes CMA uniquely suited to understand the international work of the World Bank and the impact that it has on the health of people and communities in developing countries. It addresses the structural issues and inequalities that the Bank and its neoliberal doctrine of globalization have left unexamined.

CMA defines health as “access to and control over the basic material and non-material resources that sustain and promote life at a high level of satisfaction” (Singer 2004). Also relevant is the World Health Organization definition of health as “a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity” (Farmer 2004). Health is a function of power differentials and the distribution of resources just as much as it is a function of biology and culture; disease varies among individuals and societies for reasons such as climate or genetics, but also because of differences in access to resources and power (Baer et al. 1997). This includes access to health care and the freedom to pursue good health. Barriers to health include social and income inequalities, which need to be understood within the larger cultural context. Disease comes from the interaction of biology with cultural, political, economic, and environmental factors, all of which interface with one another in different ways. But social inequality is the ultimate determinant of health in a CMA analysis (Singer 2004). Critical medical anthropology is not asking how or why a person became ill in the

biological sense, but is rather what societal forces allowed for the biological cause to manifest themselves (Singer 2004).

CMA uses the concept of structural violence to understand how political and economic structures affect health. Structural violence is violence that is exerted indirectly by everyone in a society, or world order, on those who lack power; it represents societal structures that prevent people from fulfilling their basic needs (Farmer 2004). It can also be defined as “the increased rates of death and disability suffered by those who occupy the bottom rungs of society [or world system]” or “violence committed by configurations of social inequalities that, in the end, has injurious effects on bodies similar to the violence of stabbing or shooting” (Gilligan 1996 p. 192, Holmes 2013 p.43). Unlike direct interpersonal violence, structural violence is constant (Gilligan 1996). It further decreases the agency of those whose status already grants them very little, helping to enforce and reinforce oppression.

Structural violence is a form of relative deprivation; the impoverished of developed nations are arguably materially better off than the poor in many developing nations, but their experience of structural violence within their societies is no less. Absolute poverty is the inability to meet basic human needs and is usually judged by a monetary amount, but relative poverty measures poverty by the standard set in that society (Kawachi et al 2002). With this measure, the wider the disparities in a society are, the more people can be said to live in relative poverty. In the same sense, the wider the wealth inequalities are globally, the more people throughout the world live in relative

poverty. The poor are obviously materially impoverished and lack access to resources that those with greater socioeconomic status have. But the poor also suffer the psychosocial stress of deprivation and being at the bottom of the social hierarchy (Kawachi et al. 2002). That is, the experience of having less and having little or no power can lead to poor health; long-term stress affects the immune system and impairs health (McEwen and Seeman 1999). The poor not only lack economic and political power, but they also lack symbolic power and access to prestige.

On a global scale, the large gaps in wealth and power between nations feed the structural violence that the poor in the world's poorest countries experience. Paul Farmer relates the macro treatment of Haiti by the West to the micro suffering of its citizens. He contends that political and economic forces have structured the risk Haitians face of living in poverty and contracting diseases like HIV or tuberculosis: "large scale social forces crystallize into the sharp, hard surfaces of individual suffering" (Farmer 1996 p. 263). Poverty, as a manifestation of structural oppression, is therefore the world's greatest killer, because it so deeply affects who experiences poor health; inequality and deprivation are embodied in health and the bodies of the poor (Farmer 2004).

The long standing inequalities that the World Bank both embodies and perpetuates can be further elaborated upon and understood by world systems theory. World systems theory provides an explanation as to how inequalities of wealth and power reinforce themselves in the global economy. It takes into account that deeply entrenched global inequalities exist and countries are not equal players in the global economy. The

World Bank's actions do not reveal an understanding of this: neoliberal globalization itself seems to assume that it can benefit everyone, without taking into account the history of international economic relationships and that countries do not enter the world economy on anywhere near equal footing. The World Bank ignores these structural inequalities and instead puts 'band-aids' on the problems of inequality and poverty.

World systems theory holds that networks of interactions within the world system reproduce the structure of the system (Moore et al. 2006). States can be divided into core, semi-periphery, and periphery, although this thesis will mainly look at core and peripheral states. Core countries are wealthy, with diverse, independent economies (Wallerstein 1974). Peripheral countries are often easily controlled or exploited by core countries, because they are less wealthy, often overspecialized, and more dependent on foreign capital. Here the production of lower ranking goods, or goods for which the labor is not valued or rewarded highly, tends to take place (Wallerstein 1974, Moore et al. 2006). They are essentially structurally dependent on the core states and their exchange relationships with the core are asymmetric and reinforce their subordination (Moore et al. 2006). The semi-periphery is an in-between state that blends many of these characteristics, and countries that were once peripheral can become semi-peripheral (Moore et al. 2006). When the core and periphery interact and trade their dominant and subordinate roles are reiterated.

World systems theory is relevant to a CMA approach to the World Bank because it considers how inequalities are reinforced. Like CMA it examines the structural factors



that privilege certain countries over others and ultimately permit and abet structural violence. A CMA approach to the World Bank, supplemented by an understanding of world systems theory, reveals how the World Bank's actions directly and indirectly affect health. The power structure that the World Bank reinforces also affects health. Poor health ultimately derives from inequality. Global inequality results from the enabling and continuation of a world order that allows the West to remain politically and economically dominant, particularly over the developing world (Fort et al. 2004). This order derives from the imperialist expansion into, and subsequent exploitation of, the rest of the world by Europeans and, later, America. Colonial interests have continued, but in the guise of capitalism and globalism. Core economies and their economic interests have been set in a privileged position and economic globalization- the increased interaction and integration of economies- is therefore predicted to further replicate the power dynamic between core and peripheral nations (Tisdale and Sen 2004). Globalization and neoliberal policies that do not critically examine these pre-existing inequalities will not benefit the poor, as the World Bank demonstrates.



Figure 1 Countries by World Bank aid eligibility. Source: World Bank

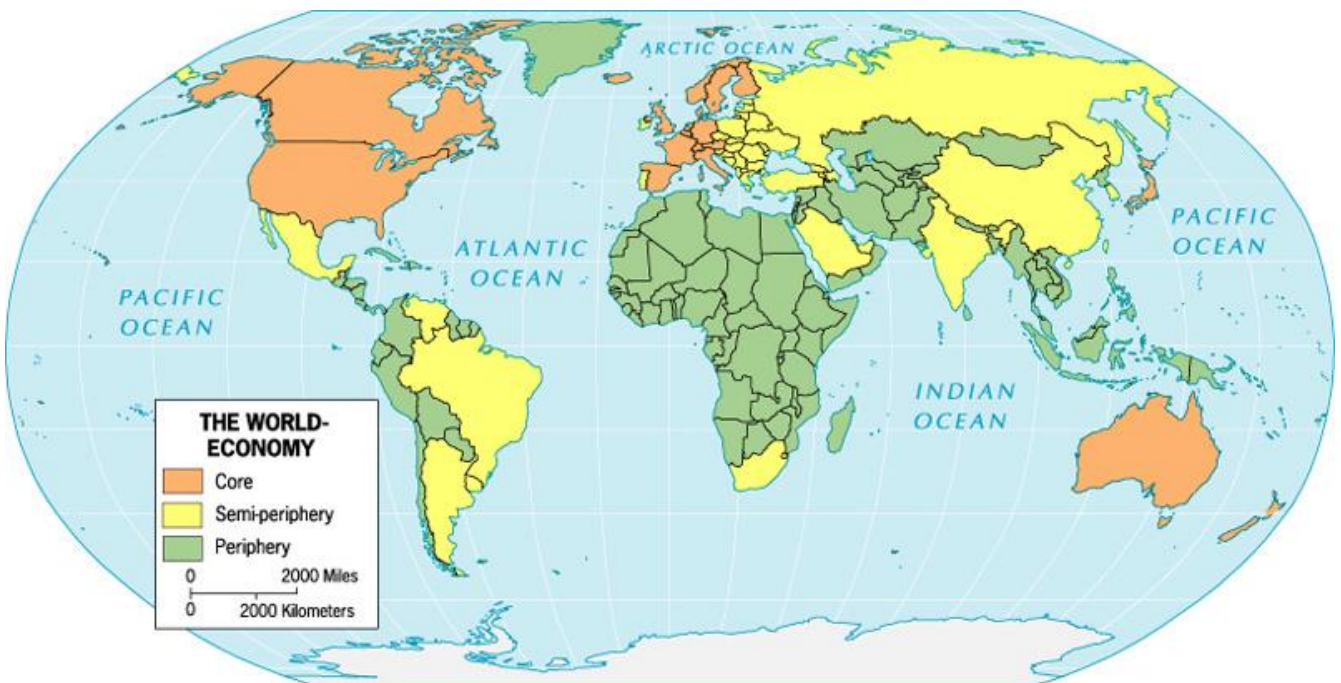


Figure 2 Core, Periphery, and Semi-Periphery, according to Immanuel Wallerstein. Source: faculty.rsu.edu

## **Chapter I: The History and Structure of the World Bank**

The World Bank and the International Monetary Fund were created at the United Nations Monetary and Financial Conference in Bretton Wood, New Hampshire in 1944 (Kuiper and Barker 2006). The World Bank was initially named the International Bank for Reconstruction and Development (Ruger 2007 p.60). It was intended to help finance the post-WWII reconstruction of Europe, particularly those countries who could not afford to borrow from credit markets, while the IMF's primary purpose is to keep the global monetary system stable. The World Bank and the International Monetary Fund share a unique relationship and share many of the same economic philosophies. Once a year, the Board of Governors of both organizations meet in a joint session called the "Annual Meetings" (World Bank 2013). They are both headquartered in Washington DC.

Following post-war reconstruction, the Bank focused on development in low income countries (Kuiper and Barker 2006). Its mission has evolved over time and it is now the largest international financier of health-related projects. In 1960 the International Development Agency (IDA) was founded and, with the International Bank for Reconstruction and Development (IBRD), forms what is known as the World Bank. "The World Bank" is a part of The World Bank Group, which also includes the International Finance Corporation, the International Centre for Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency (Kuiper and Barker 2006). All these

agencies are associated with each other and all play at least some role in development and aim to reduce extreme poverty in developing nations.

The governance of the World Bank is indirectly overseen by its member countries, which include donors and borrowers. The members are referred to as shareholders. The Bank is legally bound by its Articles of Agreement, which delineate its structure, mission, and membership requirements.

Today the main function of the World Bank-the IBRD and the IDA- is helping lower and middle income countries finance development projects. The Bank provides loans to developing countries as well as policy advice and technical assistance. These loans traditionally come with specific conditions that the Bank thinks will maximize long-term economic growth.

The IBRD focuses on middle income and credit worthy poor countries, while the IDA focuses on the poorest countries (World Bank 2003). These two organizations use their “financial resources, skilled staff, and extensive knowledge base to help each developing country achieve stable, equitable growth” (World Bank 2003:11). Both agencies use the same standards and share their headquarters and staff, and countries often receive loans from both.

The bank receives its funding in donations from wealthy countries and from investments in financial markets, as well as from the private sector (Ruger 2007). The IBRD makes most of its money from financial markets and is an AAA-rated financial institution. It has made a profit since 1948, though its main goal is not profit

maximization, but rather reducing poverty. Yet these profits can be substantial and even though the Bank puts them back into loans, it really only increases the debt burden on the developing world, by piggybacking off previous loans to make more (Toussaint 2007).

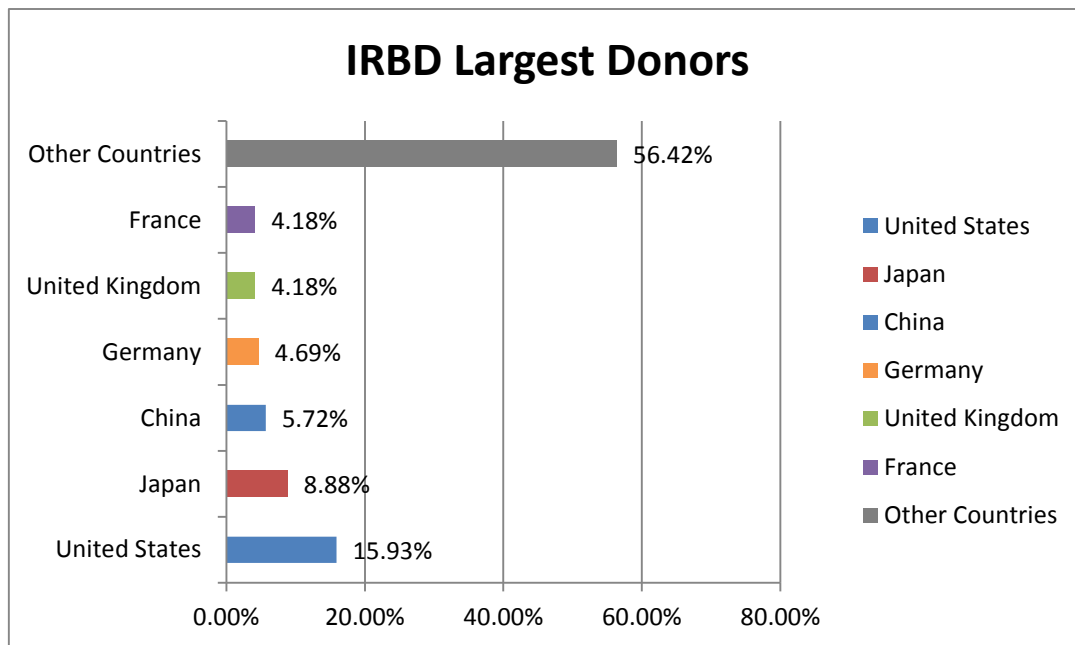


Figure 3 IRBD's Largest Donors 2014 Source: IDA Statement of Voting Power, Subscriptions, and Contributions

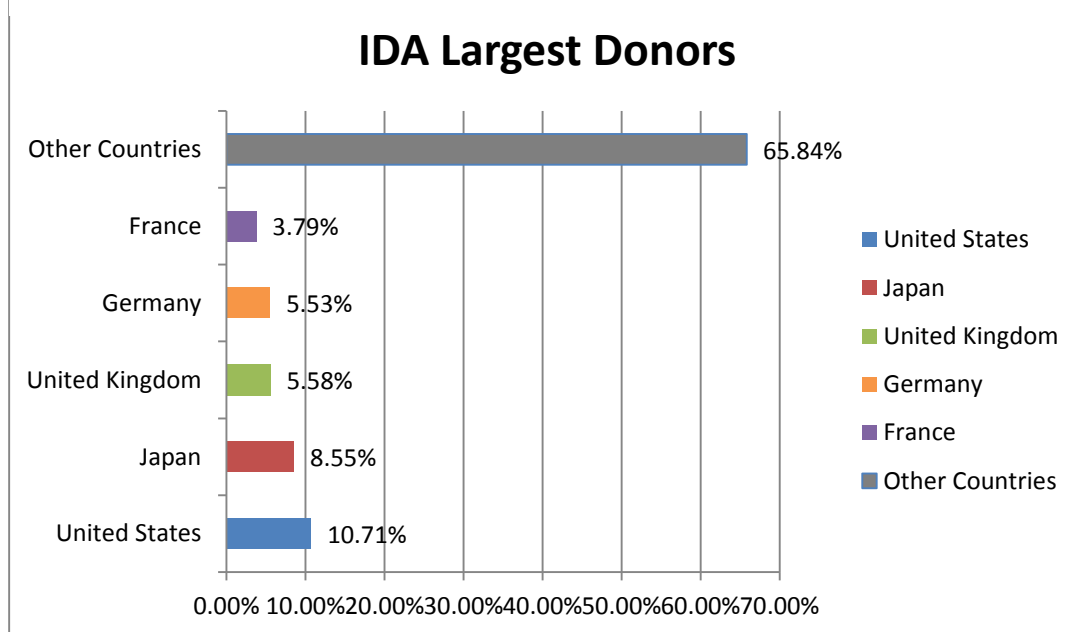


Figure 4 IDA's Largest Donors 2014 Source: IDA Statement of Voting Power, Subscriptions, and Contributions

In contrast, the IDA receives most of its money from the Bank's member countries. From 1960-2007, the IDA lent \$170 billion to 108 countries (World Bank 2003). The IDA exists to provide loans to extremely poor countries that cannot afford to borrow capital from the IBRD; IDA loans come with easier terms (World Bank 2003 17). In 2014, 77 countries were eligible for IDA loans (World Bank 2014). These countries are home to 2.3 billion people, or half of the developing world (World Bank 2014). Around 1.8 billion of these people live on less than \$2 a day (World Bank 2014). For some countries, bank loans are their only source of long-term credit, because they are impoverished or have a poor repayment record (Hooke 2007). Bank loans are critical for these countries, but this also grants the Bank a large amount of power over them. Some countries are eligible for loans from both the IBRD and the IDA, because they have low per capita incomes but are still creditworthy.

In 2014 the IBRD and the IDA lent a combined total of \$40.8 billion (World Bank Annual Report 2014). The largest donor to both organizations was the United States. Funding from each member state amounts to the number of shares it holds in the Bank. The percentage of the total shares a country holds roughly corresponds to the percentage of total votes that each of these countries has.

Policy decisions of the World Bank come from the Board of Directors and Board of Governors. The Board of Governors has one governor from each of the Bank's member countries and meets once per year (World Bank 2003). The daily operations of

the Bank are the responsibility of the Board of Directors. The Board of Directors must approve all loans made by the Bank and make policy decisions for the Bank's daily operations. Rather than meeting once a year, the Board of Directors is in continuous session and has regular meetings twice a week. The Bank has 24 executive directors. The five largest shareholders, the United States, the United Kingdom, Japan, Germany, and France, all appoint an executive director (World Bank 2003). The remaining countries are organized into self-determined constituencies, each of which elects an executive director. Some constituencies are composed of only one country; China, Saudi Arabia, and Russia are each their own constituency. Other constituencies are geographically based, with reference to cultural and political interests. The voting powers of each director are determined by the shares of the country or countries that they represent (World Bank 9).

The President of the World Bank, currently Jim Yong Kim, sits on the Board of Directors of all five of the World Bank Group organizations but has no voting power. The President is the chairman of the Board of Directors (Kuiper and Barker 2006). He or she is elected by the Board of Directors and by tradition is an American national. (The director of the IMF is traditionally a European). Most of the organization reports to the President, who then reports to the Board of Directors (World Bank 2003).



## Chapter II: US Hegemony

The distribution of voting power at the World Bank is an issue that has drawn widespread attention. As mentioned, the United States is the largest donor to the World Bank and therefore has the most voting power. The power and influence that the United States and others have at the World Bank is a compelling example of the fact that the Bank is dominated by Western interests. It is difficult for the Bank to aid the developing world when control of its funding and governance so plainly rests in the hands of the world's most developed economies.

This combined with the tradition of the World Bank President being an American national has created controversy, especially with the 2012 election of the Bank's most recent President, Jim Yon Kim. This election was different in that there were serious non-American candidates. This represented a challenge to the dominance the United States and its ideology has at the Bank. Supporters of the two other contenders for the position, Ngozi Okonjo-Iweala, Nigeria's finance minister, and José Antonio Ocampo, an economist from Columbia, raised questions about why the president of the bank is consistently an American national. Even though the American-backed candidate, Dr Kim, won the election, Okonjo-Iweala told reporters that she wasn't disappointed, saying "the first victory is that we have made this process competitive" (BBC World News 2012). The election of the President by the Board of Directors is a process that takes place behind closed doors, and the candidate selected by the United States, up until 2012, was a

shoo-in. That candidates not from the West received so much attention shows that this trend might be slowly changing.

Despite efforts by the Bank to be transparent and make information available to the public, it has yet to reform the process of its election. A businessman from Sudan was quoted as saying “no one can lecture developing countries on how to manage their processes if [global public institutions] so brazenly do not conform to the same standards” (The Economist 2012). Only where there is electoral competition can there be a sincere competition between ideas. If the World Bank’s presidency is not a competitive process by which ideas and theoretical perspectives are compared, the World Bank cannot be as innovative or responsive as it hopes to be.

Electoral competition is difficult given the distribution of voting power at the World Bank. Efforts to change the distribution of voting power at the Bank, however, have not been especially effective. Developed countries in the West want to maintain their status and power, even with the rise of Eastern economies, notably India and China. In 2010 the World Bank ostensibly began a “voice reform”, or recognizing this economic trend and giving ascendant economies more of a voice at the Bank (Vestergaard and Wade 2013). But this reform was far smaller than the Bank seemed to advertise, or perhaps they actually believed that it was a meaningful reform. The reform took roughly 5% of voting power from developed countries and gave it to developing and transitioning countries. The main issue was that many countries that have become developed and no longer use Bank loans were still included in the developing category (Vestergaard and

Wade 2013). This meant that developing economies did not receive as much voting powers as was presented, and so still do not have a significant say in the Bank's policies, which affect them the most. This method of classifying economies allowed developed countries to have more than 60% of the vote. Whether the Bank architects of this reform were unable to see past this older ordering of wealth and economic clout, or whether they were actively trying to be misleading about the distribution of votes, the developing world is apparently still not to be trusted with a voice in their own development. The World Bank as it currently operates is not at all democratic.

Max Weber posited that bureaucracies that are not democratic or reined in by the market will eventually come to promote policies that harm those they are supposed to help (Verweij and Josling 2003). Over time, when left to their own devices, bureaucracies become entrenched with set ideas and views as to which policies work best. "Even bureaucracies that are staffed with highly trained, deeply motivated, and well-intentioned civil servants can create a lot of havoc by single-mindedly pursuing a narrow set of aims without considering the validity of other social goals or less technocratic means" (Verweij and Josling 2003 p. 2). A select few stake holders have most of the power at the Bank. As mentioned, the United States has more power than any other country in the World Bank, as well as the world at large, and it doesn't seem to hold back on making use of it. That the World Bank's voting is dominated by creditor countries rather than borrower countries speaks to Western paternalism and imperialist values; America and Western European powers hold most of the power at the World Bank, even though the Bank's policies and loans do not affect the lives and health of their citizens.

The United States abuses its role at the World Bank and other international organizations to promote its policies and ideologies. In the United Nations Security Council, where the US is a permanent member, foreign aid from the United States increases by more than 50% on average when a country has one of the rotating seats on the UNSC, and drops off when the country's term is over. At the World Bank, projects in a country increase also when a country occupies a temporary seat on the Security Council, and decrease when it leaves the Council. A study of World Bank data from 1970-2004 found a strong positive correlation between being on the UNSC and the number of World Bank loans a country received, even when other economic and political circumstances were accounted for (Dreher et al. 2009). Aid also increases in years when important diplomatic decisions are made, further suggesting that the United States might be trading aid for votes (Kuziemko and Werber 2006). Conversely, aid money can decrease if a country hinders the United States, as Yemen found out when it opposed resolutions on the US's Desert Storm operations in 1991 (Kuziemko and Werber 2006). Countries that vote with the US on key votes, as defined by the State Department, in the UN General Assembly also receive more loans from the IDA (Andersen et al. 2005). The time between the identification and approval of a Bank project also decreases when the receiving country votes with the US on an important issue, has a seat on the UNSC, or has their own citizen representing them on the Executive Board of the World Bank (Kilby 2013). Channeling these 'bribes' through the World Bank or the UN allows powerful countries to operate behind the scenes and to do so cheaply (Dreher et al. 2009.). This trading of loans for support is nothing new: during the Cold War, the Bank freely admits

that many of its loans were politically motivated. Outside of the UN, countries that support the United States generally receive preferential treatment at the Bank. Pakistan's developmental assistance from the World Bank tripled post 9/11 when it was an important ally in the US's 'War on Terror' (Andersen et al. 2005). World Bank loans can increase if a country supports US interests, such as entering peace accords with Israel (Fleck 2005). It is one thing for the Bank to loan to countries it believes will use the loans properly, but there is a bias towards countries the US is on good terms with.

Foreign aid obviously functions, at least in part, to serve the purposes of the donor. It would be naive to think that aid can be completely divorced from geopolitical interests, but international bodies like the World Bank purport to be outside of politics. It is also difficult to strive to reduce poverty and improve quality of life when loans are politically motivated and sometimes subject to whether a country falls in line with the United States' agenda. The US has an enormous amount of soft power at the World Bank as well. Many of its employees are educated in the United States, and its policies are influenced by US based nonprofits, think tanks, and academics (Andersen et al. 2005). The same can be said for elites in the developing world, who are often amenable to the Bank's programs because of a Western influenced education or the cultural imperialism and cache of Western, and particularly American, ideas.<sup>1</sup> The World Bank, as well as the

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<sup>1</sup> Additionally, while the elite of the developing world may be complicit or directly involved with World Bank policies the focus here is on the World Bank as an imperial, Western structure and not on the individual. The fact that such elites occupy a higher hierarchical position than the poor in the same countries, and how this dynamic operates in a neocolonial framework, is a subject worthy of a separate paper.

United Nations, acts as a microcosm of the global hierarchy, with the United States using its power and money to its advantage.

### **Chapter III: The Burden of Debt and the Legacy of Colonialism in the Developing World**

The relationship between core and non-core countries has its roots in European colonialism, a global endeavor that spanned centuries, and continuing imperialism. The underdevelopment of the developing world is intimately linked with the ascendancy of core Western economies (Frank 1966). Exploitative imperial relations with the West have resulted in many export oriented, peripheral economies. The issue of debt resulting from underdevelopment and poverty also presents a serious issue for the developing world. The World Bank perpetuates this system and, along with other international bodies, has been an important part of perpetuating it.

The World Bank helps enforce the global status quo as much as it is a manifestation of it. The Bank's ultimate purpose seems to be enforcing a neocolonial reverse Marshall Plan, where it lends developing countries funds for projects so that they can have more money to pay the interest on the debt they owe to core countries. The large debt burden of the developing world keeps it disempowered and subjugated to wealthy, creditor countries. The unequal relationship between the global economy's core countries-the Anglophone world and other European powers-and the periphery-former colonies and spheres of influence- goes all the way back to the 1400s. Colonialism from this period into the 20<sup>th</sup> century provided Western powers with natural and human resources for export and exploitation and where overt colonialism did not take place states were still coerced into trading in the global economy (Osterhammel 2005).

For many centuries, and through various means, the West has extracted wealth from peripheral nations. According to one estimate, between 1500 and 1750, 1 billion British pounds were taken from colonies to Western Europe, the estimated equivalent of the total value of the capital invested in Western European industrial companies by 1800 (Toussaint 1998). European expansion began perhaps as early as 1415, when Portugal captured a Muslim port on the African shore on the Strait of Gibraltar. As the 15<sup>th</sup> century continued the Portuguese primarily furthered European exploration in their search for a water route to Asia (Wolf 1982). After this, European power struggles would play out on a global stage as European powers became increasingly interested in choking off each other's influence in the Americas and in overseas trade and were no longer simply confined to Europe (Wolf 1982).

Two years after Spain rediscovered the Americas it signed the Treaty of Tordesillas with Portugal. The treaty essentially divided the world in half along a dividing line in the Atlantic, halfway between Cape Verde Islands and modern day Cuba, giving Spain most of the Americas and supposedly direct route to East Asia, while Portugal received control of everything to the east of the line, including part of what is now Brazil (Wolf 1982). The European arrival in the Americas preceded an enormous loss of life from Old World infectious diseases, and then from slavery and abuse. There is genetic evidence, as well as primary historical evidence, to suggest a population decrease of about 50% around 500 years ago (O'Fallon and Fehren-Schmitz 2011). Native populations of the New World were also enslaved, both for mining and agricultural purposes. In the first half of the 1500s, for example, 200,000 people were taken from the



area of Nicaragua and sold as slaves in the Caribbean (Wolf 1982). Portuguese Brazil was also a source of major demand for native slave labor.

Native slave labor helped to decimate and further destroy societies and communities already ravaged by European diseases, which in many cases aided and hastened the original Iberian colonial endeavors in the Americas (Kunitz 1994). Once diseases like smallpox had run their course in one generation they would often resurface in the next generation, which lacked any kind of immunity. This produced situations where entire societies were undermined by the fact that there were not enough marriage partners for surviving young people to reproduce at at least replacement rate (Kunitz 1994). Nutritional status was also undermined the European invaders confiscating or destroying crops (Kunitz 1994)The forced labor in mines and on plantations by Europeans only compounded the disintegration of indigenous cultures and civilizations.

The search for bullion in particular was a source of early demand for slave labor as the Spanish intensively mined gold and silver to be sent to Spain. From 1503 to 1660 over 400,000 lbs of gold was sent to Spain, increasing the gold supplies in Europe by 20% (Wolf 1982). But silver deposits proved to be even more fruitful. During the period of 1503 to 1660 more than 70 million pounds of silver was extracted from the New World, where its mining was a source of considerable social and economic disruption to the native populations, and sent to Spain (Wolf 1982). This tripled the amount of silver in Europe (Wolf 1982). The main objective of Spain and Portugal was to extract as much gold and silver from their New World colonies as possible, and they were quite

successful (Acemoglu 2001). They set up a series of monopolies in these colonies that, per their mercantilist philosophy, were designed to bring as much wealth back to Spain and Portugal as was possible (Acemoglu 2001).

In Brazil the Portuguese went to great efforts to raise cane sugar, a cash crop, for export. Early on in their New World sugar production, the Portuguese relied on West African slaves to replace dwindling sources of native labor (Wolf 1982). A papal prohibition in 1537 on using Native Americans as slaves hastened this trend. In the cases of both early European colonial powers- Spain and Portugal- their policies in the New World came to be dominated by intensive efforts to enhance the wealth of Europe at the expense of native populations and resources. As Spanish and Portuguese power waned, the Atlantic became more accessible to other European powers, which wasted little time in establishing settlements in North America (Wolf 1982).

The trans-Atlantic slave trade emerged in the 1500s and primarily involved Africans being taken to the Americas where they would be owned by Europeans. While slavery was a long standing institution in human history, this form of slavery was unique in that it wasn't "colorblind" as many slave trades in the past had been; it involved the draining of human resources from a specific region for several centuries (Wolf 1982). By the end of the 1500s the slave trade had expanded to 1.3 million slaves being exported to the Americas, mainly for sugar cane cultivation in the Caribbean (Wolf 1982). By the 1700s for example, Haiti was providing two-thirds of Europe's tropical fruit imports and about half the African slaves being transported across the Atlantic were bound for Haiti

(Farmer 2004). In the 1700s more than 6 million Africans were exported, and 2 million between 1810 and 1870, the majority going to plantations in the Caribbean (Wolf 1982). In North America, meanwhile, the native populations were affected by the disease and genocidal campaigns that characterized European encroachment. Slaves began being brought to the British North American colonies to cultivate tobacco (Wolf 1982). European slavers profited handsomely from their sales of slaves (Wolf 1982, Inikori 2002). The introduction of African slaves had health consequences for the native populations not unlike the introduction of European invaders; Africans forcibly brought to the Americas helped spread diseases like malaria and yellow fever (Kunitz 1994). This is ultimately the fault of European imperialists and the economic subjugation of peoples across the globe.

Imperialism and extraction in Africa had begun with Portuguese trade outposts on the continent. These trading posts sent their wealth back to Portugal (Wolf 1982). The Portuguese also profited greatly from the trans-Atlantic African slave trade in its initial years (Wolf 1982). It was later dominated by English merchants. Gold was also a major export for the Portuguese; according to one estimate 200,000 pounds sterling worth of gold was exported by the Portuguese from the Gold Coast of Africa each year from 1500 to 1700 (Wolf 1982). Much later, in 1908 Belgium became a colonial power when it officially absorbed the Congo after international outcry over the infamous actions of private Belgian enterprises there. But the Belgian government and businesses monopolized the trade with the Congo and required it to produce cash crops for export to Belgium, who paid state-controlled prices for them (Acemoglu 2001, Vanthemsche

2012). The Congo also exported raw materials, such as rubber and metals, to Belgium (Vanthemsche 2012). The Congolese were compelled to work on plantations and in mines by the Belgium state in 1922 (Encyclopedia Britannica).

Many colonial endeavors in Africa involved large groups of Africans being forced to work on export oriented plantations in poor conditions (Kunitz 1994). They were often geographically removed from cultural and kin groups and lived in unsanitary conditions. Nutritional status in such situations was undermined because the agriculture-for-export scheme focused on cash crops, rather than the agricultural diversity needed to support the nutritional needs of the native populations (Kunitz 1994). This is a very clear example of the health effects of coercive core-periphery relationships that were constructed and solidified in the colonial era.

European exploration by sea in the East was motivated by looking for a route to East Asia by the sea. This effort was again initially led by the Portuguese. The Europeans had better naval power and organization, and their cannon-bearing ships, especially the galleon, gave them a significant advantage (Wolf 1982). Later the Dutch assumed control of the spice trade by destroying the plantings of natives and killing and deporting the residents of various islands in the Indian Ocean and replacing them with Dutch colonists (Wolf 1982).

England's involvement in Asia began in India in the early 1600s, but it did not officially acquire a colony until Bombay in 1665. The East India Company went on to establish itself in Bombay in the 18<sup>th</sup> century. After helping provoke a war in the region

between merchant bankers, it robbed the Bengal state treasury of more than 5 million pounds sterling and then set up a monopoly over imports and exports in Bengal (Wolf 1982). By 1765 the Company was the official civil administration of Bengal and from there its influence and control in India spread, and it eventually became an extension of the British government. The British went on to formalize land ownership in India which allowed them to receive 90% of the tribute that peasants paid to the land owners (Wolf 1982). The British reoriented India's agricultural production towards commodities that would benefit the British, like unrefined cotton and opium (which it used to exert influence over China) (Wolf 1982, Walter 2012). The British destroyed the domestic textile industry in India by flooding the market with machine produced cotton (Wolf 1982). They then outlawed refined cotton products being made in India, instead having India produce the raw material, which was then imported by Great Britain and the refined products exported to its colonies. When Britain took over Egypt in 1882 they repeated this system there, reinforcing large scale cotton production in Egypt, but strictly for export. Through the 18<sup>th</sup> and 19<sup>th</sup> centuries agriculture in the Indian subcontinent shifted away from food crops and emphasized crops for export, including tobacco and sugar cane (Wolf 1982).

Historical measures of the Gini coefficient also show the exploitation of European colonies. The Gini coefficient is a measure of inequality where 0 indicates total equal distribution of total income and 100 indicates that one person has all of the income for that country. One study of historical inequality used the concept of the "extraction ratio", a measure of the difference between an economy's total possible income inequality (its

inequality possibility frontier) and its realized income inequality or Gini coefficient (Milanovic 2011). The wealthier a society is the more inequality it can have; a poor country can have a Gini coefficient that indicates low inequality, but this is because the few elites also have very little income. Measuring a country's actual Gini coefficient against its inequality possibility frontier-the extraction ratio- can show how much of a country's wealth is being extracted (Milanovic 2011). In the study the average historical extraction rate for European colonies was 75%. For six economies that extraction rate was 100%, including Moghul, India in 1750, Nueva España (Spanish colony in Mexico) in 1790, Kenya in 1914 and 1927, and India in 1947 (Milanovic 2011). All the economies studied with extraction ratios above 70% were colonies of European powers.

In the late 1800s America and European states were focused on establishing spheres of influence and forcing East Asian states, such as Japan, to open their economies to global trade (Cameron 1997). While this was not overt colonialism, it was imperialism and these countries were informal parts of Western empires (Osterhammel 2005). Africa was also almost completely divided up during this time between different European powers (Osterhammel 2005). South Africa had been exploited for its gold and diamond industries since the early 1800s, but before 1880 there was very little European colonial involvement in Africa (Osterhammel 2005, Cameron 1997). Economic arguments for this expansion focused on using colonies as sources for raw materials and new markets for European goods (Cameron 1997). There are of course other cultural reasons for European imperialism, including religious motives and cultural constructions of non-European peoples, but what is being discussed here is how the

economic motives and effects of imperialism have shaped the distribution of power in the global economy, and how the World Bank acts within this structure.

Colonization of the non-Western world continued into the first half of the 20<sup>th</sup> century and was almost always based in some way on economic exploitation that reinforced colonial powers as the core, dominant players while the colonies themselves became peripheral actors supplying cheap commodities and raw materials to the core (Milanovic 2011, Acemoglu et al. 2001, Osterhammel 2005). By World War I more than 600 million people lived under colonial rule (Osterhammel 2005). The period between 1900 and 1930 represented a particularly intensive period of colonialism, and included the expansion of British and French activities into Southwest Asia (Osterhammel 2005). This is not an example of free trade or comparative advantage per se, because the colonies were compelled to become export economies that served the interests of their colonizers. The economics of exploitation colonialism reflect the interests of the West rather than the colonized states pursuing their comparative advantage. Peripheral nations did not benefit from such trading arrangements, and their economic development was held back by a forced concentration on a few commodities (Walter 2012). Core nations, on the other hand, benefited enormously from this relationship, as evidenced in the amount of wealth and resources they drained from various areas of the globe.

Extraction colonialism is very inexpensive for the colonizing power but comes at a large cost to the colony or otherwise subjugated country (Milanovic 2011). Extraction colonialism comes at a great price in terms of health because the lives of native peoples

often became expendable in the search for metals or in the production of cash crops and raw materials, all of which were for export back to the colonial powers. This led to nutritional deficiencies, societal disruption, and mortality, among other consequences (Kunitz 1994). This in particular is important to the World Bank as an active agent of the colonial legacy, because the World Bank's focus on colonial core-periphery trade relationships and export-oriented neoliberal economics have similar effects on health and are arguably born out of the same imperialist ethos. These modern policies, like the colonial policies of the past, are to the benefit of Western powers.

Wealth and industrial development in Europe and in America was to varying extents made possible by robbing other regions of people and resources (Inikori 2002). Karl Marx attributed the rise of capitalist production in the West to imperialism and colonialism, writing, "capital comes dripping from head to toe, from every pore, with blood and dirt" (Toussaint 1997 p. 71). England, for example, relied on an import substitution model to develop its economy, for which its colonies were essential. They provided exports of raw goods and captive markets for finished goods from England. Import substitution means manufacturing goods domestically rather than importing them, which encourages domestic industrial production (Inikori 2002). The Industrial Revolution was greatly aided by these policies in England and generally by the cheap raw materials made available to industrializing economies by colonies; it was in many ways made possible by extraction colonialism (Inikori 2002, Acemoglu et al 2001, Milanovic 2011, Walter 2012, Toussaint 1997). The Industrial Revolution placed industrializing



countries, initially European countries and America, far ahead of other economies in terms of wealth (Milanovic 2011).

This was a massive drain of wealth and resources that was never returned in any way. The mercantilist policies of early Western colonial powers required peripheral nations (colonies) to provide raw goods to its colonial master and a captive market for the finished goods. Even if the colonies were allowed to pursue intensive manufacturing, they were not allowed access to the technological innovations that would make it possible. Several centuries later, intellectual property rights are used against developing countries that do not have the resources that the developed world has to invest in research and development (Toussaint 1998). Some of this R&D comes directly from the developing world's biodiversity, when businesses from the developed world patent the genetics of developing world crops (Mittall and Rossett 2001).

Many former colonies today are impoverished, and haven't been able to reorient their economies away from the colonial model (Fort 2004). World systems theory predicts that when the periphery and the core interact the subordinate position of the periphery will always be reinforced, because the core benefits much more from economic relations and international trade than the periphery does. This unequal exchange results in unequal development, or the development of underdevelopment which continues to reinforce itself (Frank 1996).

The larger the proportion of European settlers in a colony, provided that the Europeans still remained the minority, the greater the inequality that existed in the colony

and persists today (Angeles 2007). The four cases where white, European colonists were the majority are the United States, Australia, New Zealand, and Canada (Angeles 2007). These countries clearly do not fit the mold of other colonies for this reason, and can be considered core economies today. The more Europeans in colonies where they were the minority, however, the more land and resources were appropriated from the natives. Colonialism can explain much of the inequalities found in former colonies today (Angeles 2007). The position of former colonies in the world order can also be linked to colonialism (Bruhn and Gallego 2010). Regions with the worst colonial exploitation, including areas where intensive agricultural cultivation or mining called for the widespread exploitation of native workers, have some of the lowest per capita output today.

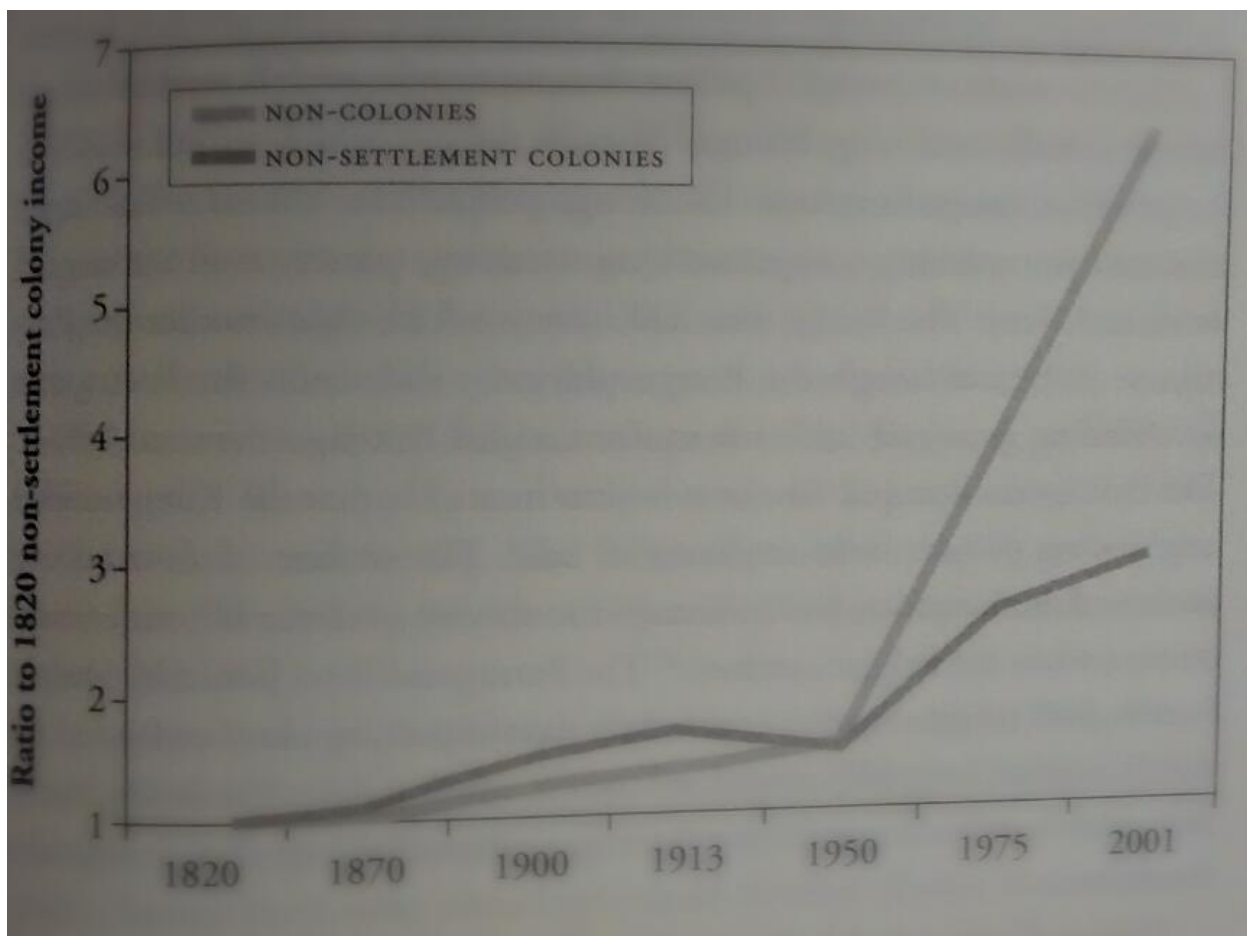


Figure 5 Difference in Per Capia Income in Non-Colonies vs Colonies. Source: Easterly 2006

## Debt

Long before international financial institutions like the World Bank, debt became a means for European colonial powers to exercise and maintain power. In what can perhaps be viewed as a foreshadowing of the World Bank and its current activities, China and the Russian and Ottoman Empires indebted themselves to the West in the late nineteenth century, hoping to develop themselves as capitalist powers. When these debts

proved too much, these countries came to be dominated by European countries who took control of government revenues to facilitate debt repayments (Toussaint 1998). China, Russia, and the Ottoman Empires lost a large part of their sovereign control over their finances because of the debts they owed to Western European powers. This is later echoed in loss of control over economic policy that the developed world has experienced at the hands of the World Bank.

The debt that many impoverished countries owe is of course related to other international events. Developing nations enjoyed the robustness of the post-WWII economy through the 1960s, but when this growth slowed these countries looked to borrow money rather than sacrifice development (Joseph 2000). The debt crisis of the 1980s has its roots in the 1960s. From 1960 to 1980, the debt of the developing world multiplied by a factor of 20 (Toussaint 1998). During this time financial markets became deregulated, as banks around the World, but especially in Europe, began making loans in dollars. The dealings of foreign banks in dollars were not under the regulation of any state or the IMF, which adopted a hands-off approach despite being responsible for controlling the flow of capital internationally (Toussaint 1998). For its part the World Bank encouraged developing countries to take on loans and remove controls on capital movement and currency exchange (Toussaint 2007). Dollars from foreign banks were loaned fast and loose with very low interest because, with no real oversight, the banks were not required to hold reserves for the loans. This made these loans very attractive to developing countries, and very easy to acquire from aggressive lenders.

The profits OPEC made from the 1970s oil crisis only made the debt situation worse, because it invested its profits with Western banks, which then proceeded to even more aggressively loan this money out. Western governments also gave out loans and export credits to the developing world (Toussaint 1998). This kept these economies export oriented, essentially encouraging these peripheral states to continue to provide capital and cheap commodities to the core states, while being markets for the core's goods (Toussaint 2007). When poor countries export raw materials and import manufactured ones, it can increase the gap between them and wealthy countries because raw materials earn lower prices relative to manufactured goods, making this kind of trade relationship inherently unequal (Shandra et al. 2011a). Unequal exchange is a reiteration of colonial trade relationships.

Interest rates were initially low but were eventually raised at the beginning of the 1980s by the US and Great Britain to reduce inflation in their own countries. Many Western countries also raised the subsidies on their own goods, which hurt the value of goods from poorer countries (Fort et al. 2004). While the debt crisis had been building over many years, it became a crisis for the global north when Mexico announced it could no longer make regular payments on its debt, because of the large amount it owed and high interest rates.

These factors, along with fluctuating and unpredictable aid, left much of the developing world greatly indebted. US Cold War policy also supported many corrupt

dictatorships, such as Mobuto in the Congo, that failed to properly develop their nation and only added to their debt burden (Fort et al. 2004).

The debt crisis of the developing world gave the World Bank more power. The Bank was able to loan to debtor countries so that they could pay the debts they owed the West without going bankrupt. The Bank, along with the rest of the developed world, leveraged a debt crisis for which the developing world was not entirely responsible, into control of developing, and indebted countries' budgets and economic ideologies by blaming the debt crisis on the supposed failures of developing countries. Rather than reflecting on the origins of the developing world's debt, which extends back through hundreds of years of exploitative imperialism, the developed world believed that the economic crises of many poor countries during this time was attributable to state involvement. At the World Bank, the Berg Report, officially "Accelerated Development in Sub-Saharan Africa: an Agenda for Action", blamed the governments of the region for sabotaging their own economic growth by obstructing the free market (Pfeiffer and Chapman 2010).

The debt crisis and the global economic downturn in the 1970s that threatened lending (developed) nations and the global monetary system brought about policy changes in the Bank, which then increased its power. The Bank adopted a neoliberal perspective and began using a tool of neoliberal reform known as structural adjustment programs, or SAPs, as a way to allegedly help countries develop and secure long-term economic growth. Structural adjustment is the policy of giving loans in exchange for the

recipient country implementing specific reforms, aimed at the Macroeconomy and public spending. Examples of the application of SAPs include reducing the number of employees in the public sector, selling state-owned businesses, charging user fees for once free government services, changing environmental and labor regulations, reducing taxes on foreign investment, reducing trade barriers and tariffs, and deregulating the movement of capital (Goldman 2005, Pfeiffer and Chapman 2010).

These reforms reflected the resurgence of economic liberalism (neoliberalism) and were therefore focused on decreased public spending including subsidies, privatization, and deregulation, allowing foreign (and private) investment into the country, and abolishing protectionist policies (Babb 2005). The basic goal was for a country to make more money but spend less of it within the country, and instead use the difference to pay off its debt.

The Bank and its creditor countries saw the debt crisis not as the result of long-term trends for which they bore responsibility, but rather the result of macroeconomic inefficiencies that the developing world needed the West's help in addressing. SAPs function to free up a country's funds to make debt payments and help to further exploit developing countries (Fort et al. 2004, Bradshaw et al.1993).

## Chapter IV: Neoliberalism at the Bank

The Bank's initial focus, prior to its interest in neoliberalism and adjustment based development, was on funding infrastructure projects as a means of development (Kuiper and Barker 2006). In 1968, former US Defense Secretary Robert McNamara became World Bank President and made poverty reduction a key issue for the Bank (Bowory 2013). He was concerned that if absolute poverty in developing nations was not reduced these nations would turn to communism as a means to remedy the inequality (Toussaint 1998). He was most interested in the rural poor and directing the bank's funds toward "direct investment" in large scale projects in basic rural infrastructure and agriculture in order to stimulate economic growth (Kuiper and Barker 2006). During McNamara's first five years the Bank loaned \$13.4 billion for 760 projects, spending more money on more projects than it had in its first 22 years (Toussaint 1998).

Structural adjustment was certainly on the Bank's radar in the 1970s, but in the 1980s it became its main policy for development when the debt crisis became an issue for the developed world (Kuiper and Barker 2006). Neoliberalism represents a complete faith in the free market (which implies minimal state interference) to promote the common good, the principle manifestation of the common good being a strong economy (Pender 2001). The SAPs of the World Bank, also used by the IMF, are clearly in line with this ideology and were designed to resolve the macroeconomic issues that borrower countries had, according to neoliberal dogma. With regards to poverty, the World Bank bought into the idea that wealth generated by the free market could 'trickle down' to



benefit the poor. It isn't a coincidence that it was following the lead of two of the world's economic leaders, then led by the Reagan and Thatcher governments.

The primacy of SAPs, and the market fundamentalism which they represented, were generally favored by what has been termed "the Washington Consensus". The Washington Consensus was a general conception of how development should take place according to Washington DC based institutions and policy makers (Pender 2001). It was very much a 'one size fits all' approach to development that promoted neoliberal economic policies as a way to grow the economy and therefore achieve development. Development was measured in terms of per capita GDP, which is correlated with other markers of development such as life expectancy, but is not the most nuanced means of understanding development within a society (Pender 2001). Many of these policies were not helpful, both to economies and to the health of the citizens of borrower countries.

According to critics of the World Bank, the way SAPs are designed indicates that the primary goal of foreign aid is the subordinate integration of southern economies within the world market economy, not to form the economic basis for a more self-reliant and equitable development. SAPs encourage developing states to produce commodities to be sold on the world market. These commodities are bought by core countries which use them in the production of manufactured, capital intensive goods that are then sold back to the periphery. In effect, SAPs serve to adjust the indebted economies to the priorities of the North, as well as help them pay their debts (Cavanaugh et al. 1994). And there is

evidence to suggest that countries that were the subject of many structural reforms and World Bank loans are no better off (Easterly 2005).

Trade liberalization and other neoliberal policies also do not function when major developed economies do not comply with the rules. The United States from its founding has pursued protectionist policies with varying degrees of intensity. It is hypocritical to force farmers in poorer nations to participate in the global market with no protections, for example, when the American agricultural industry is based on subsidies (Oxfam 2006). In recent years the United States has abused its position at the WTO to pursue protectionist policies against China (Watson 2014). The United States is also incessantly involved in WTO disputes, more than any other country, because it frequently violates trade laws (Ikenson 2014). But the United States is the world's largest economy, and it isn't forced to rely on foreign aid and loans for development projects and can therefore disregard the neoliberal proscriptions forced on developing countries. At the World Bank, countries that receive loans have far less power, economically and politically, than the Bank's biggest donor and they cannot flout rules or demands with anywhere near as much impunity. Structural adjustments make sure that the markets of the periphery are wide open to the core countries, which have the prerogative to limit the access that the rest of the world has to theirs.

Structural adjustment eventually faced strong criticism from several fronts. Most of these stemmed from the fact that SAPs were overly focused on macroeconomic issues. The Bank believed that adjusting the economies of the developing world to fit the

neoliberal ideology of the United States and other Western powers would lead to development in the long-run. In the late 1980s a UNICEF and UNDP joint report, “Development with a Human Face”, called for a more comprehensive approach to development from the Bank, rather than relying on structural adjustment to indirectly eradicate poverty (Kuiper and Barker 2006). In the report, the authors wrote, “policies which lead to malnutrition, declining health services, and falling school enrollment rates are inhumane, unnecessary, and ultimately inefficient”. They were referring to structural adjustment and its effect on children. Structural adjustments had serious ramifications for health in developing countries, as will be discussed.

In addition to the United Nations, the Bank was critiqued by activist groups, NGOs, and academics, who were all concerned about the performance of the Bank’s projects. There were many concerns that its reforms and projects were not performing as expected, leaving borrowing countries to bear the cost of failed projects (Hooke 2007). Environmental degradation, the rights of indigenous peoples, and public health were all areas in which the Bank was involved in controversies (Bowory 2013). In many of these cases, the Bank had largely failed to provide proper oversight or accountability and Bank loan conditions had worsened or initiated poor economic performance in many countries, but especially in Africa, where the World Bank and the IMF likely hurt real wages, raised unemployment, and generally undermined social wellbeing (Abasi 1999, Birn and Dmitrenk 2005, Fort et al.2004, Pender 2011, Breman and Shelton 2006).

Within the Bank itself, there were questions about whether the role of the state needed to be so limited. Some economists, too, were also beginning to wonder if the free market always led to an efficient outcome and if government oversight is actually needed to prevent and correct market failures (Pender 2001). This led to the acknowledgement that there is a role for the state in economic development and that the unfettered market will not indirectly solve all of a society's problems or be able to be the sole force of development.

The Wapenhans Report, officially known as "Effective Implementation: Key to Developmental Impact", was the result of a commission headed by Willi Wapenhans, the Bank's Vice President at the time. The report, examining the quality of Bank funded projects, was released in 1992 (Kuiper and Barker 2006). The report showed that by the Bank's own internal measures 37.5% of 1,300 projects in 113 countries fell into the "unsatisfactory" category upon completion (Toussaint 1998). The report also found that Bank staff felt a tremendous amount of pressure to issue loans and ensure satisfactory project implementations (Sridhar 2008). This created a focus on carrying out projects in the prescribed manner, rather than a goals-oriented approach. The report of the Meltzer Commission, an investigation into the Bank by the United States Congress, used more broad criteria than the Bank and determined that as many as 59% of the Bank's projects from 1990 and 1999 were failures (Verweij and Josling 2003). The Bank was underperforming by multiple measures and its impact on health left much to be desired.

The World Bank was willing to listen to the many criticisms of it, which would have been hard to ignore, and has phased out structural adjustment since the 1990s, at least in name. Since the mid-1990s, the Bank has prioritized tackling poverty over structural adjustments and attempted to widen its understanding of development. Prior to this, the bank's understanding of development was less holistic and informed much more by macroeconomic theory. In the 1980s the Bank's social sector spending on areas such as education and health was less than 6% of its lending. In the 1990s it became 18% (Kuiper and Barker 2006). In 2014, however, 8% of lending went to health and other social sectors (World Bank Annual Report 2014).

In its 1999/2000 World Development Report, the Bank admitted that even where countries had implemented the prescribed reforms, the reforms had not had the effect that the Bank had hoped for (Pender 2001). Indeed four of the five fastest developing countries in the second half of the 1990s were those that rejected World Bank and IMF aid (Doan 2011). Within the report, it is explicitly stated that the Bank hopes to look beyond economic factors and address social factors. In 1997, President Wolfensohn said, "Macro-economic policy by itself isn't enough, we must also make sure that we give adequate weight to the human dimension, that we reach down to all corners of society." (Beattie 2012). He was essentially talking about development with a human face, and not simply relying on neoliberal macroeconomic theory with little regard for the people these policies would directly affect.

Yet the President of the World Bank Group is not the sum of the World Bank and the Bank's actions in a post-SAP era, while well intentioned on the surface, are not as progressive as they would seem. The Bank is still by no means a democratic institution, and no matter how much Bank reports discuss participation and country ownership of projects, the balance of power is unchanged and has in fact remained roughly the same for centuries.

Structural adjustment was followed by several different frameworks for development. One such SAP replacement was the Comprehensive Development Framework (CDF). CDFs were introduced in early 1999 by President Wolfensohn to bring together four concepts in the Bank's work: a holistic approach to development, a focus on results (as opposed to being overly focused on the process), country ownership of Bank funded projects, and country-led partnership. As evidenced by the last two, the Bank was trying to listen to criticisms of their top-down prescriptions for development, and it wanted to try to give countries more ownership over the Bank's work (Gulrajani 2006). The fact that the Bank only implemented this less than 20 years ago says a lot about the paternalistic relationship it, and the donors it chiefly represents, has with the developing world.

Through CDFs, the World Bank hoped to reposition itself as a resource for governments to partner with for development, with less of an importance placed on conditionality. CDFs were to be a more holistic approach to development, with a focus on noneconomic as well as economic, goals (Pender 2001). CDFs are indeed broader in their

aim than SAPs ever were and involve explicit education and health promotions and environmental protections. In this way CDFs are seemingly less coercive than structural adjustment, but they are still a continuation of the primary concerns of the SAP era. At the same time he was promoting CDFs, Wolfensohn was also arguing that market friendly reforms would benefit the poor and that the Bank would continue to promote them (Peet 2003). Yet neoliberalism does not seem to help the poor and may actually be increasing inequality (Quiggin 1997, Scholte 2000 Wade 2004, Milanovic 2007). This supposed evolution of the Bank's understanding of development was in actuality the same reiterating of the colonial core/periphery status quo. The Bank in the 21<sup>st</sup> century wants countries to create "good policy environments" as a precondition for Bank loans, meaning Bank loans can officially come with fewer stipulations, but that the Bank can withhold loans from countries that don't follow its definition of good policy (Pender 2001).

Economic policy is still too frequently a condition of receiving Bank funds. According to the Bank, about 25% of its policy conditions were about economic reforms (Oxfam 2006). Policy benchmarks are used as a way for the Bank to look as though it has limited its conditions. Policy benchmarks precede the disbursement of a loan and are not considered loan conditions because failure to meet them does not stop the disbursement of a loan. Policy benchmarks are essentially loan conditions that the borrower country must address before it even receives a loan (Oxfam 2006). From 2001 to 2006 the use of policy benchmarks at the Bank increased by more than 300% (Oxfam 2006). If policy benchmarks are counted as conditions then from 2000 to 2006 the number of conditions

on World Bank loans actually increased from 20 per loan to 38 per loan (Oxfam 2006). It is one thing for the World Bank to expect that its loans are used for their intended goals and not misused, but the World Bank and wealthy nations should not make overarching policy decisions for poor countries that need loans. How are countries to develop when such decisions are made for them? Imperialism does not lead to development; it leads to dependency and continued hegemony and subordination. Rather, an outcome-based conditionality approach would be better because it would allow states to make their own policy decisions, rather than having them decided for them (Oxfam 2006).

### **Heavily Indebted Poor Countries Initiative and Poverty Reduction Strategy Papers**

The Heavily Indebted Poor Countries (HIPC) Initiative was started in 1996 to provide debt forgiveness to poor countries who complied with World Bank and IMF loans. If countries that were eligible for IDA loans could complete a three year period of assessment and comply with Bank policies, they would be rewarded with debt relief (Abassi 1999). The loans that were forgiven were World Bank and IMF loans. 17 of the 18 countries that received an above average number of loans from the World Bank and the IMF were recognized as HIPCs; the World Bank and the IMF had to forgive their own loans because they had definitively not had the desired effect and had added greatly to the debt burden of developing countries (Easterly 2006). The HIPC initiative became another way to force countries to undertake macroeconomic structural adjustments under the guise of debt relief (Easterly 2006). Countries hoping to be involved in the HIPC initiative to gain debt relief used Poverty Reduction Strategy Papers to map how they



would undertake structural adjustments. Poverty Reduction Strategy Papers, or PRSPs, can be seen as the successor to SAPs (Stewart and Wang 2003, Easterly 2006).

PRSPs have been called ‘window dressing’ to appease the critics of SAPs (Stewart and Wang 2003). In 1999 the Bank and the IMF adopted the Poverty Reduction and Growth Facilitation program, guided by Poverty Reduction Strategy Papers or PRSPs, which was to be the vehicle by which CDFs and the HIPC initiative were implemented (Chapman and Pfeiffer 2010, Stewart and Wang 2003). PRSPs are basically an account of a country’s current policies and needs in order to secure aid (Bartlett 2011, Craig 2003). They are reports that are supposed to detail national planning framework to reduce poverty in developing countries, particularly the lowest income countries that receive loans from the IDA (Hammonds and Ooms 2004). Countries prepare poverty reduction plans that then serve as a framework for the Bank’s involvement with the country (Kuiper and Baker 2006). According to the World Bank, PRSPs are written every three years to report a country’s ‘‘macroeconomic, structural and social policies [economy, governance, and poverty, respectively] and programs over a three year or longer horizon, to promote broad based growth and reduce poverty, as well as associated external financing needs and major sources of financing’’ (Craig 2003 p. 53).

PRSPs are also used to demonstrate to the World Bank that a country can provide a market friendly environment to promote economic growth (Craig 2003). Countries should have a favorable business climate in order to tackle poverty, because within the neoliberal framework growth is required before securing basic human rights (Craig

2003). They proved popular: by 2002 ten countries had completed a full PRSP and 40 more were in the initial stages of compiling one (Craig 2003). PRSPs have become quite entrenched and are important in guiding the Bank's current activities and those of other international institutions, and are generally seen as the successor of SAPs (Chapman and Pfeiffer 2010, Stewart and Wang 2003).

PRSPs were intended to increase country ownership of projects, rather than the former heavily top-down development model reflected in SAPs (Hammonds and Ooms 2004, Stewart and Wang 2003). Countries are encouraged to develop their own PRSPs to be reviewed by the World Bank for approval. But to meet World Bank standards is essentially to pre-agree to its neoliberal policy recommendations, essentially self-censorship for aid, and there are concerns that governments write PRSPs with the intention of maximizing foreign aid and therefore catering to the wishes of the Bank without really maximizing country ownership (Bartlett 2011, Hammonds and Ooms 2004). The homogeneity of the economic policies in PRSPs, from heterogeneous countries throughout the world, supports the validity of this concern (Bartlett 2011).

The ideas coming out of PRSPs are widely the same as the World Bank has been espousing for decades (Stewart and Wang 2003). PRSPs contain the same standard development philosophy that international aid organizations have always been preoccupied with; one would think that if multiple, diverse countries were drafting their PRSPs with true country ownership, there would be more variety. PRSPs share many of the same specific concerns of SAPs, including deregulating the financial sector,

privatizing state owned businesses, and liberalizing trade, to name a few (Stewart and Wang 2003). Such alterations have not been linked with economic growth that reduces poverty, but they do benefit Western corporations and economies (Cheru 2006, Casse and Jensen 2009). PRSPs, SAPs, and indeed most of the World Bank's activities fit into the neoliberal paradigm and assume that economic growth automatically benefits the poor.

The World Bank has also, as mentioned, continued its habit of attaching conditions to aid. In 2004, the World Bank announced that it would use economic policy only as a loan condition when such policy changes were needed for a project's success, and if they were drawn from the policy framework of the country (Oxfam 2006). But many government employees, and the citizens themselves in loan-receiving countries, do not feel that loan conditions came from the countries themselves (Oxfam 2006, Stewart and Wang 2003). In one survey, 50% of governments who had compiled PRSPs felt that the World Bank had inserted elements into their PRSP that weren't part of their original outline (Oxfam 2006).

In the years leading up to PRSPs, the World Bank cut the number of conditions attached to each loan by half. Instead, the Bank's use of policy benchmarks increased by more than 300%. While policy benchmarks are not loan conditions and the failure to meet policy benchmarks does not officially stop project loans from going through, the Bank's Executive Board wants progress towards policy benchmarks to be met before a loan is approved (Oxfam 2006). Policy benchmarks are very much like SAPs in that they require countries to create favorable business environments in line with the Bank's

neoliberal ethos before official loan conditions are outlined, giving the Bank a backdoor into dictating economic policies. This acceptance of the Bank's doctrine in exchange for money can be detrimental to health.

These policies are generally disempowering, they reduce the agency of sovereign nations, and give the World Bank, a largely Western intuition. The World Bank's attempts to countries ownership are undermined by its questionable preoccupation with neoliberalism and by deep inequalities that undermine the supposed promise of neoliberalism. Many critique participatory development and PRSPs as “‘tokenism’, used to ‘rubber stamp’ and legitimize pre-defined development solutions through the selectivity of participants and narrow terms of consultation” (Meally 2014 p. 1251). The World Bank is very focused on pre-defined approaches that it has fallen back on for decades. For them, the neoliberal approach of economic liberalization and deregulation is still seen as the proper way to set the stage for development (Meally 2014). This is not plurality of ideas, but a repackaging of old ones that foists macroeconomic policies on poor countries that need aid money and are expected to jump through pro-Western hoops to get it.

In sum the World Bank has not moved away from neoliberalism in the way it pretends to. Attaching aid to macroeconomic conditions privileges the power of Western institutions and economies over developing countries. Attaching aid to structural adjustments is harmful because it leads to the World Bank acting as an agent for imperialism and not always putting the needs of developing countries first. Neoliberalism

also has the capacity to increase inequalities, themselves bad for health, and dilute the bank's attempts to promote health.

## Chapter V: The World Bank and Health

The neoliberal philosophy of the Bank has damaged health both directly and indirectly. Even though the Bank purports to have moved beyond the era of structural adjustment, and perhaps actually wants to, the ignored structural issues of the Bank's activities and the lack of meaningful input from borrower countries makes it difficult for the Bank to actually change. The Bank is part of a system of structural violence against developing countries. It operates in the context of an unexamined legacy of colonialism and an ahistoric paternalism that allows economic imperialism to continue to propagate itself.

The neoliberal globalization that the World Bank continues to support has been shown to increase inequality and keep developing countries from realizing their agency. The World Bank ignores the fact that profound global inequalities that have their beginnings in the 15<sup>th</sup> century and early European imperial endeavors still exist, and that any attempt at neoliberal globalization that does not take this into account will only perpetuate these inequalities.

Measurements differ on whether globalization and open markets have reduced absolute poverty (Stiglitz 2003). Most of the reductions in absolute poverty have come from China and, to a lesser extent, India, who boast large populations and economies with much more state involvement than the World Bank advocates (Casse and Jensen 2009, Stiglitz 2003). When China is taken out of the equation, absolute poverty has actually not declined, and global inequalities are very much on the rise.

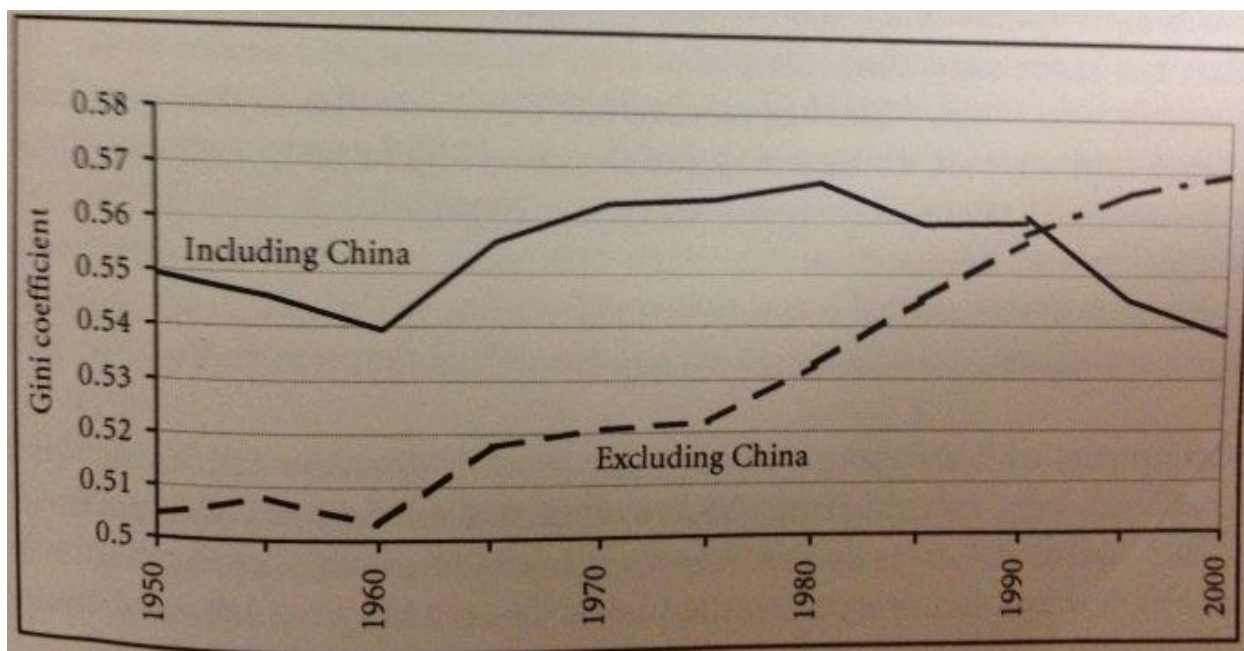


Figure 6 Global Gini Coefficient 1950-2000, with and without China. Source: Sutcliffe 2004.

But what of relative poverty? The typical measures of poverty in the developing world, those who live on \$1 or \$2 per day, do not tell the entire story of poverty and the distribution and wealth in power in the world (Wade 2004). \$2 per day is not even half of the median world income (Wade 2004). Structural adjustment, as previously explained, reinforces the relative suffering of the poor and marginalized. Global inequality has been steadily increasing since 1982, when developing economies largely stalled from the combined effects of debt and the neoliberal prescription for growth (Bello et al. 1994, Stewart and Berry 1999, Rapley 2004, Milanovic 2005, Bezrucha and Mercer 2004). The inter-country GINI coefficient in 2000 was 54.5 (Milanovic 2005). For reference in 2013 the United States had a GINI coefficient of 40.8 and Norway's was 25.8, one of the lowest in the world (UNDP 2013). Only four countries, out of those measured by UNDP

in 2013, had GINI coefficients greater than 60 (UNDP). The global GINI coefficient is more useful for understanding global inequalities; a country can have a lower GINI coefficient and be very poor relative to other countries (Milanovic 2011). Overall the inequalities between rich and poor states has been rising and some have attributed this to neoliberalism and globalization (Milanovic 2005, Milanovic 2011, Tisdell and Sen 2004). The income gap between the world's richest 20% and poorest 20% has been growing: it was 30 to 1 in 1960, 60 to 1 in 1990, and 74 to 1 in 1997 (Bezruha and Mercer 2004). In 1980 the wealthiest 60 million people earned 216 times as much as the 60 million poorest people in the world, by 2003 they had 564 times more (Sutcliffe 2007). The ratio of wealth between the world's richest and poorest countries is currently more than 100 to 1 (Milanovic 2011). Greater inequality has adverse consequences for health (Bezruha and Mercer 2004).

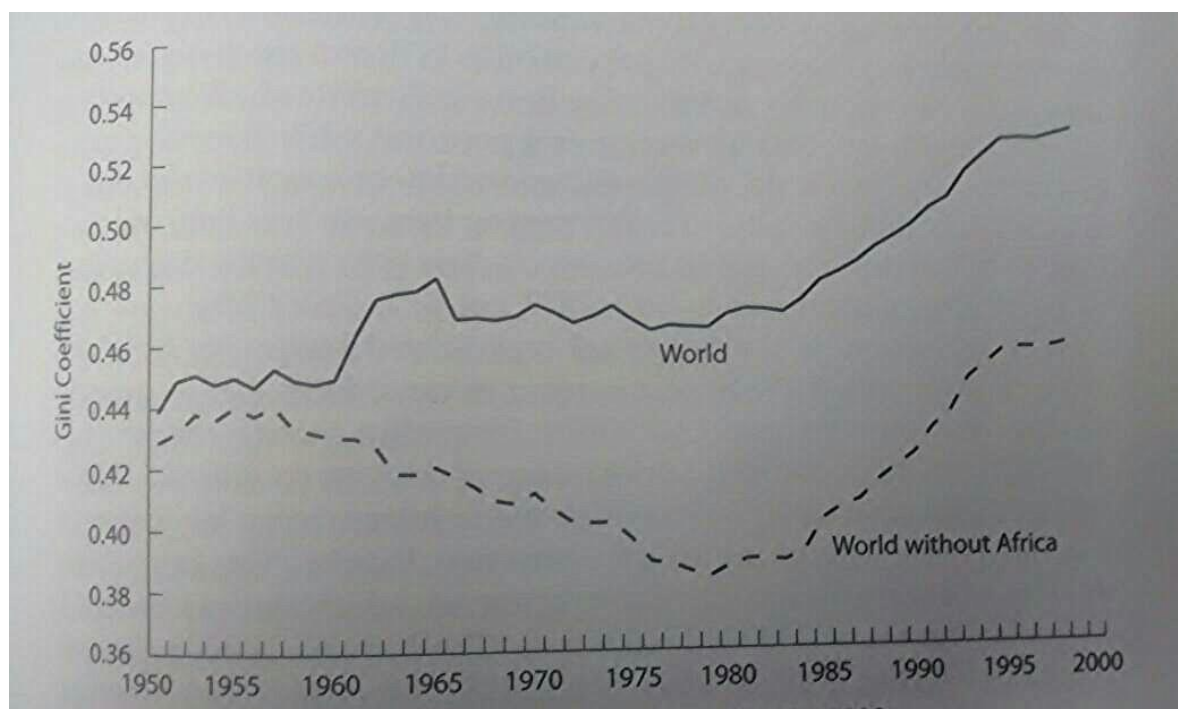


Figure 7 Global Gini Coefficient 1950-2000. Source: Milanovic 2004



By uncritically promoting neoliberalism, the World Bank has helped to increase economic inequality between and within countries, at the expense of developing countries and the poor within those countries. Measures of openness, essentially globalization, in the global economy correlate with increasing income inequality in poor countries (Milanovic 2007). Inequality feeds the structural violence that the poor and disenfranchised have to live with. Being deprived of agency and human rights hinders access to health care and undermines the ability of the poor to pursue good health overall. Their health is also damaged by the stress of living such a life. The World Bank is not entirely responsible for neoliberal globalization and its attendant inequality, but it, along with the IMF, has acted as a proxy for global imperial powers, and it is part of a larger structural problem that is often unacknowledged.

In terms of addressing inequality the World Bank has done a lackluster job in promoting health, because the issues of global inequality and structural violence have gone unexplored. Health is an important proxy for other problems in a society. Health lies at the intersection of cultural, environmental, economic, and political factors. Public health is not maximized, for example, when there is political oppression or widespread pollution. Health is also deeply affected by inequalities. In the absence of health and the ability to freely pursue it without barriers, no other aspect of an economy really matters; health is an indicator of so many aspects of a society that to not pursue it as a primary goal of development would render other aspects of development meaningless.

Health by itself is an important goal, but the health of the poor is especially pressing. The health of the poor is generally worse than that of the general population (Wagstaff 2001). Interventions targeting health do more for the poor than their wealthy counterparts, because the poor have much more to gain (Wagstaff 2001). Helping the poor also reduces inequality within a population which, as will be discussed later in this section, is important for overall health.

It can be difficult to quantify changes in health because of World Bank interventions. Health and well being are affected by many variables and some changes do not appear immediately after structural adjustment. Loans are often made to countries with weak economies, and this self-selection bias complicates studying the deleterious effects on health the World Bank has had (Handa and King 2003). Despite these issues there is still a fair amount of data implicating the World Bank and its economic reforms in a range of negative health outcomes. First the direct health policies will be addressed and then the indirect impact of the Bank's neoliberal economic policies on health.

### **Direct Effects**

In 1987 the World Bank published "Financing Health Services in Developing Countries" which laid out their plan for health care privatization. This was to be done through the introduction of private health insurance, charging fees for government services, and encouraging private entities to provide health services (Pfeiffer and Chapman 2010). But where a government could provide a service at or near the cost of production, a private firm is motivated by profit, which only makes health care that much

more expensive. The central idea behind this is that government sponsored health care is inefficient, and cost and quality stand to be improved by privatization. Privatizing health care, for instance, is supposed to reduce out-of-pockets costs, which are regressive and hurt the poor. But there is evidence to suggest that private health insurance does not improve the health of the poor and increases the cost of health care for them (Waitzkin et al. 2007). The privatization and commercialization of healthcare service generally hurt the poor most (Ahasan and Partanen 2001). These practices had been implemented before the Bank's official report as part of its structural adjustment loan conditions, but the report was the first comprehensive outline of how the Bank thought health care should look.

When health services are privatized, it tends to be those services that are profitable, with a basic package of services that remain government funded, leaving a dearth of resources remaining for the poor but many options for the wealthy (Fort et al. 2004). This robs the poor of choices and restricts their access to health. Cutting funding to healthcare can also cause the wealthy to flee to private plans, reducing the funding available to provide health services to the poor, as was seen in Chile during structural adjustments in the 1980s (Williams and Maruthappu 2013). The Bank is very motivated to cut public sector costs, but charging for health services in developing countries, especially the very poor, is self-defeating. The very poor can either not afford it or the money will come out their already limited incomes.

From 1986 to 2006 Bolivia faithfully followed the conditions of its World Bank loan, and the accessibility and quality of health care declined and the health system became more fragmented (Silva et al. 2011). The Bolivian government privatized health care, decentralized services, and limited the scope of the state, but health status did not see any improvements. In 2005 Bolivia had the lowest scores in health and equity indicators of any other Latin American country (Silva et al. 2011). For instance, the highest income quintile had 99% of births attended by skilled staff, compared to 34% for the lowest quintile. The privatizing of healthcare compounded the existing inequalities within Bolivia.

Charging for public health care- the introduction of user fees- also has a negative impact on health (Fort et al. 2004). It places healthcare outside of the means of the poorest and reduces healthcare utilization. In the 1980s Ghana began taking loans from the World Bank and carrying out SAPs, which included charging user fees for health. This, combined with depressed wages from adjustments, decreased visits to health facilities by a third (Shandra et al. 2011a). These clinics provided a great deal of preventative care, especially for women and children. Charging a fee for these services was associated with increased child malnutrition (Ismi 2004). The introduction of user fees in education in Ghana during this period led to a 40% decline in enrollment in higher education (Shandra et al. 2011a). In this instance, the World Bank's structural adjustment policy undermined Ghana's ability to provide for the health of its citizens and fully invest in their human capital. One would think that an organization focused on development would want to promote health and human capital. The World Bank's

neoliberal dogma, however, consistently clouded their understanding of what development is.

In 1991 Zimbabwe complied with structural adjustments that required them to raise health service fees, which led to a decrease in health service utilization (Basset et al. 1997). Between becoming independent and accepting World Bank loans, Zimbabwe had provided public health services to 90% of the population. While this obviously increased health care spending, it reduced inequalities in access to health care dramatically. In Tanzania user fees prevented women from seeking preventative healthcare, such as cervical cancer screenings (Verhuel and Rowson 2001). In the 1990s user fees caused attendance at HIV/AIDS clinics in Kenya to drop by up to 60% (Verheul and Rowson 2001). Other studies have found that health service utilization decreases around 25-30% when fees are introduced in developing countries, indicating that user fees on health can have an impact on the health of the poor (Basset et al. 1997).

World Bank loan conditions also affect health care spending by seeking to reduce public spending overall. This often leads to the accessibility and quality of health care being diminished (Peabody 1996). In Mozambique SAPs meant that a nurse who earned \$150 per month in 1980 earned less than the equivalent of \$35 per month in 1995, because salaries did not keep up with inflation caused by structural adjustment (Fort et al. 2004). This led to health workers compensating for their loss of real income by selling medicine from health facilities on the side and generally working fewer hours in order to subsidize their income elsewhere. Cutting health budgets as part of an SAP often resulted

in a decrease in trained health staff and facilities being understaffed (Shandra et al. 2011a).

Though the World Bank claimed to have distanced itself from structural adjustment in the 1990s, in practice the neoliberal and didactic nature of the Bank's policies remain largely unchanged. The Bank still chiefly represents core countries and their interests. PRSPs, the successor of SAPs, have been found to be lacking in health data and policy (Bartlett 2011). Many do not disaggregate health data or investigate the health of the poor at all (Laterveer et al. 2003). PRSPs have become a widely used tool for countries to get World Bank loans, and for the Bank to identify what the country supposedly needs, but they often leave out a meaningful analysis of the link between health and inequality. This contradicts the World Bank's PRSP Sourcebook and its recommendations that health data be included in a PRSP (Bartlett 2011). The World Bank officially calls for data on the poor and the disease burden of the poor in PRSPs, but this is not demonstrated in practice in PRSPs that the World Bank accepts and often has a role in crafting. PRSPs are not giving enough health information for the World Bank to successfully fulfill its goal of helping the world's poorest and feedback that the Bank provides on PRSPs does not call for improvements in the health data presented, even when it officially recommends the inclusion of disaggregated health data (Bartlett 2011).

Health and its link with inequality do not appear to be of meaningful interest to the World Bank in the practical application of PRSPs. The harshest critics of PRSPs have called for "stripping adjustment policies of their poverty reduction clothing [the PRSPs]"

and a relabeling of SAPs and neoliberal policies (Craig 2003 p. 55). The fact that the World Bank and the IMF review them before making loans gives countries an incentive to make these reports acceptable to these organizations. PRSPs still hold countries hostage to the World Bank's standard of development, which is heavily influenced by Western capitalism and neoliberalism, through conditionality for loans (Hammonds and Ooms 2004). They push for the formalization that promotes globalization and a Western dominated world system, just as SAPs did (Craig 2003). The Bank continues to be pro-private and market oriented, limiting the choices that developing countries in need of loans have in deciding their own policies (McCoy 2007, Craig 2003, Hammonds and Ooms 2004). The World Health Organization has found that the teams compiling PRSP did not include officials from social and health ministries, and World Bank and IMF officials were often overly involved in the drafting of PRSPs (McCoy 2007).

Like SAPs, PRSPs are concerned with cutting public expenditure wherever possible and as such are detrimental to health spending. Virtually every PRSP involves setting medium term expenditure ceilings that have been seen to prevent countries from utilizing grants or altering their healthcare budgets to deal with unforeseen needs. In 2002, for example, the finance ministry in Uganda received a grant from The Global Fund to Fight AIDS, Tuberculosis, and Malaria, but cut its overall health budget to adjust for the addition of the grant (Hammonds and Ooms 2004). The grant therefore did not increase health spending because the government opted to stay within its PRSP-prescribed cap on healthcare spending. Other countries, such as Mozambique and Rwanda, set very low per capita medium term expenditure ceilings on healthcare

spending in their PRSPs, something that was not corrected by the World Bank or IMF (Hammonds and Ooms 2004). In this aspect PRSPs present an SAP-inspired way to control health spending and state expenditures (Hammonds and Ooms 2004). These caps are intended to promote macroeconomic stability but set the bar for healthcare spending too low and put countries in the position where they shift funding away from healthcare to adjust for international aid (Hammonds and Ooms 2004). This a continuation of the World Bank's putting macroeconomic policies before health, narrowly believing that their idea of proper macroeconomic policies must precede any other societal improvements.

The World Bank has not abandoned conditionality and its health policies have in many ways remained unchanged since the 1980s. A neoliberal, Western-capitalist approach to healthcare and health spending still seems to dominate the discourse of the World Bank. The Bank's embracing of a holistic idea of development also undermines the agency of the developing world because it can now govern the policy decisions of sovereign nations in a multitude of areas. In expanding its role in supervising the developing world the Bank also continues to miss the structural issues that continue to undermine developing countries, while continuing in a long tradition of Western paternalism and a historicism (Pender 2001).

The Bank's direct engagement with health has in many instances been destructive because of the pervasive neoliberal ethos that still guides it. The Bank's success in its



indirect engagement with health, via noneconomic and economic interventions, has also proved to be mixed.

### **Indirect Effects**

The Bank's macroeconomic policies of course reflect its neoliberal sensibility and have unforeseen consequences for health. Currency devaluation and exchange rate liberalization lead to price increases, which affect goods such as food and fuel. The removal of subsidies for food leads to increased hunger and malnutrition. The elimination of subsidies for other goods, such as those for agricultural inputs, also hurts health. The privatization of other formerly public goods, most notably water, is very detrimental to health and it is again the poor who bear the brunt of this. All of these policies emphasize deregulation and an altered role of the government in the economy, where the well being of citizens is to be secured through the private market. Whether the free market is actually the best way to safeguard the health of every person in a society is apparently not a matter of interest. The following are examples of the consequences of neoliberal economic adjustments, during and after the official structural adjustment era.

Countries devaluing their currency as part of structural adjustment experienced price increases that often had negative health consequences. A devalued currency, for example, can increase the cost of drugs and medical supplies. It can also increase the costs of essentials like food. In 1991 Jamaica began implementing structural reforms and liberalized their exchange rate, leading to high inflation (Handa and King 2003). High inflation led to higher food prices. The devaluing of the currency also caused the price of

imports to rise. Figure 8 shows the relationship between the changes in the exchange rate in Jamaica and the subsequent increases in the Consumer Price Index, or the price of common household staples. Between 1991 and 1992 there was an almost 40% change, an increase in this case, in the prices of basic goods and services as a result of World Bank policies. Price increases from currency devaluation can cause families to have to choose between basic goods and health services like prenatal care (Shandra et al. 2011a).

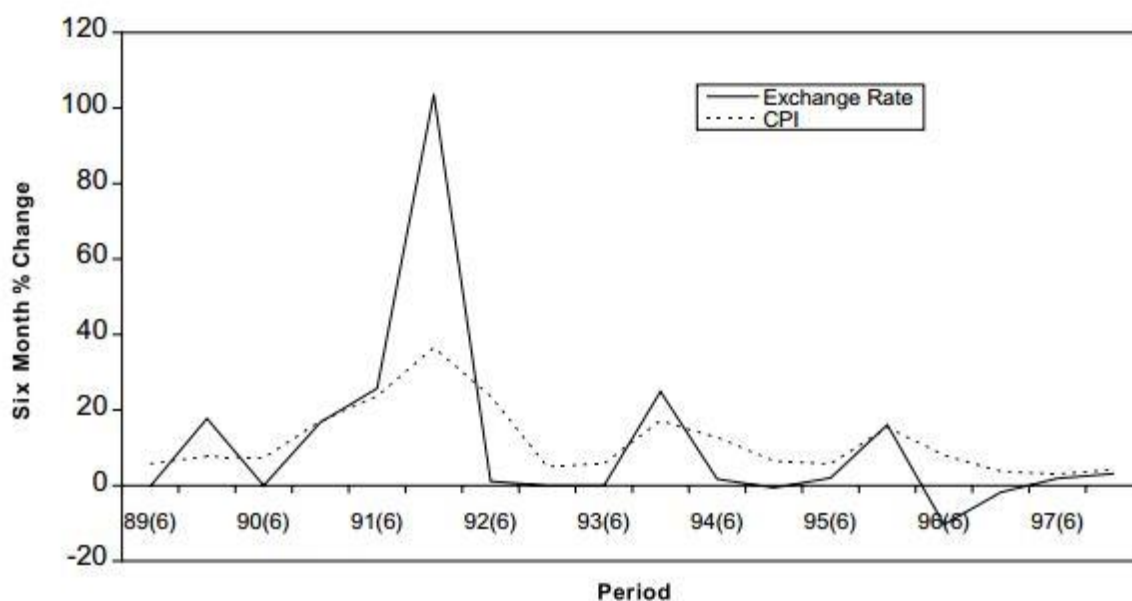


Figure 1. *Exchange rate and CPI in Jamaica.*

Figure 8 Exchange Rate and CPI in Jamaica

Because Jamaica imported most of its basic food supplies, this made food quite expensive. From 1991 to 1992, the poverty rate in Jamaica increased by 15%, as the Consumer Price Index increased every time the exchange rate was altered. The economic ‘shock’ of these neoliberal policies was short; while hours worked per week increased in

1991 to accommodate higher prices, they dropped down to pre-SAP levels the next year. But the changes in food prices had a statistically significant effect on the health of children. A study of preschool child weight in Jamaica before, during, and after the economic shock registered a drop in average weight during the structural adjustment period (Handa and King 2003). World Bank SAPs were generally bad for nutrition, according to a meta-analysis of studies of the effects of SAPs on malnutrition (Breman and Shelton 2006). SAPs were found to increase malnutrition and decrease caloric intake, largely due to accompanying increases in food prices (Breman and Shelton 2006).

The cutting of food subsidies also leads to increases in the price of food. UNICEF's "Adjustment with a Human Face" reported that more than 50% of countries that participated in SAPs between 1980 and 1987 saw the availability of food per person decrease (Canfield 1996). Other subsidies, such as those covering public transportation or water were also typically cut and had a negative impact on public health. These cuts have the most impact on the poor, whose budgets are typically already at capacity (Peabody 1996). In Ghana the removal of food subsidies meant that an industry that once provided enough rice for the country collapsed. This forced Ghana to import its rice from the United States, which was only cheaper than Ghanaian rice because it is subsidized (Ismi 2004).

Most subsidies, if not all, are supposed to be eliminated during structural adjustment. The sudden elimination of these subsidies on goods not directly related to health can still affect health. In Zambia in 2002 the government cut subsidies for fertilizer

and pesticides, causing them to become so expensive that many farmers had to let their fields lie fallow. This led to a food shortage that was detrimental to 7 million Zambians (Shandra et al. 2011a). In another unintended consequence of removing the state from agriculture, the forced privatization of the domestic cotton industry in Mali in 2005, from which 3 millions of Mali's 15 million citizens earn their livelihood, led to a steep price drop and increasing food insecurity, poverty, and debt for cotton farmers (Oxfam 2006).

Privatization in sectors other than health has had a deleterious effect on health. World Bank adjustments in Africa shifted water from a public good controlled by the state to a private one, which led to increases in price (Goldman 2007). A cholera outbreak in South Africa in 2001 was caused by poor people being forced to drink from polluted water sources when water was privatized because of a structural adjustment loan from the World Bank (Bond 2004, Shandra et al. 2011a). An increase in the incidence of diarrheal diseases and nematode infections has also been attributed by South African health officials to the price of water (Bond 2004, Shandra et al 2011a).

World Bank policies can affect women and children especially. When user fees for health care are put into effect it is often women who feel their effects most. The unpaid work of women and girls can increase, because they are typically the ones who care for the sick (Shandra et al. 2011a). There is also concern that charging fees means families have to be selective about what diseases are serious enough to require a visit to a health facility, and that this would affect women and girls the most (Shandra et al. 2011a).

**Table 2** Structural adjustments and obstetric indices, Zaria, Nigeria 1983–1988

Index	1983	1985	1988
Obstetric admissions (n)	7,450	5,437	3,376
Deliveries	6,535	4,377	2,991
Complicated labour (%)	0	26	104
Maternal deaths (n)	2	1	62

1983 Obstetric services were free of charge

1985 Fees for some services were introduced; effect of SAP

1988 Further increase in fees for services

Source: Ekwempu CC, Maine D, Olorukoba MB, Essien ES, Kisseka MN. Structural adjustment and health in Africa. *Lancet* 1990;336:57. By permission of The Lancet Ltd.

**Figure 9** Comparison of Health Service Utilization in Women, Labor Difficulties, and Maternal Deaths in Zaria, Nigeria during Structural Adjustment and the Introduction of User Fees. Source: Harrison

When clean and affordable drinking water is reduced, it can limit girls' access to education in Sub-Saharan Africa, where they are often the ones responsible for collecting water for various household activities (Shandra et al. 2011a). Data from the UN indicates that such girls spend an average of three hours a day on water collection duties.

Education for girls in developing countries has important health consequences: education is correlated with a later age at marriage, which improves maternal and infant health (Smith et al. 2012), reducing the childhood mortality of their children (Kataria 2013), and providing better access to information about family planning, vaccination, and nutrition (Shandra et al. 2011a), to name a few. Education, particularly educating girls, is critical for development and for public health.

The effects that structural adjustments have had on childhood wellbeing are striking. Former Tanzanian President asked, "Must we starve our children to pay our debts?...hundreds of thousands of the developing world's children have given their lives

to pay their countries' debts, and many millions more are still paying the interest with their malnourished minds and bodies" (Bradshaw et al. 1993: 630). SAPs reduce public health care expenditures and can alter the cost and availability of food and water, all of which affect infant and childhood morbidity and mortality, as well as maternal mortality. An emphasis on an export economy in peripheral countries has also been shown to increase water pollution which in turns increases infant mortality (Jorgenson 2004).

Health is of course not simply biological or social. The environment plays an important role in health as well. Though the World Bank has tried to improve its environmental record since the era of the Wapenhans report, its neoliberal policies often harm the environment, and consequently health. World Bank loans sometimes contribute to deforestation when they promote industries like lumber and agriculture (Shandra et al. 2011b). In the 1980s, intensive logging and mining as a result of SAPs in Ghana led to forests in the country being reduced to 25% of their original size (Rich 1994). From 1990-1998 intense mining activities in Ghana as the results of SAPs led to increases in water and air pollution that negatively affected health (Ismi 2004). Loans made to Malaysia for land development led to rainforests being clear cut so that oil palms and rubber trees for export could be planted (Rich 1994). Structural adjustment loans increased deforestation across multiple countries (Rich 1994).

Prior to their reforms in the 1990s, the Bank saw several major dam projects fall through. For instance, a hydroelectricity project in the 1970s in Anchicaya, Columbia was undermined by sedimentation and deforestation (Le Prestre 1989). The Gezira water

management scheme in Sudan in the 1970s, for example, led to an increase in the incidence of malaria, because it created widespread bodies of water for mosquitoes to reproduce in (Fort et al. 2004).

The World Bank's impact on health, whether directly or not, has at times been seriously flawed. While seeming to listen to critiques about structural adjustment the Bank for the most part has only paid lip service to this idea. The Bank's loans are based on conditions that reinforce core and peripheral relationships and Western arrogance. Proponents of the neoliberal agenda argue that liberalization trades short-term pain for long-run gain, but this has generally been seen to not be the case. There is evidence from Africa, for instance, that SAPs did not help spur economic growth (Shandra et al. 2011a).

Terms of trade growth and per capita growth in intensive adjustment lending countries		
	Per capita growth rate %	Terms of trade growth %
<i>Africa (ranked from worst to best growth rates)</i>		
Niger	-2.3	-1.1
Zambia	-2.1	-2.6
Madagascar	-1.8	0.0
Togo	-1.6	0.1
Cote d'Ivoire	-1.4	-0.8
Malawi	-0.2	-0.8
Mali	-0.1	-0.6
Mauritania	0.1	1.9
Senegal	0.1	-0.1
Kenya	0.1	0.1
Ghana	1.2	-0.6
Uganda	2.3	-2.3
<i>Other developing countries (from worst to best growth rates)</i>		
Bolivia	-0.4	-1.7
Philippines	0.0	1.1
Jamaica	0.4	0.6
Mexico	0.4	-2.6
Argentina	1.0	0.4
Morocco	1.1	1.9
Bangladesh	2.4	1.6
Pakistan	2.7	-3.3
min top 20	-2.3	-3.3
average top 20	0.1	-0.5
max top 20	2.7	1.9
AVERAGE (all developing countries)	0.3	-0.5

Figure 10 Limited or Negative Effect of SAPs on Countries with Intensive SAPs. Source: Easterly 2005

Additionally, health does not lend itself to being forgone in the short run, it is just as important in the short term as the long term. Many important health events occur short term (Peabody 1996). Maternal and child health often involve short term events, such as pregnancy, birth, and childhood growth. Deprivation and poor health increase maternal and infant mortality, and carry long term implications for future health, including epigenetic effects. In health, present pain does not at all mean future gain, and it can lead to long term disability. Inter-temporal trade-offs in health, as the result of SAPs or otherwise, are unacceptable because the losses cannot be recouped by future economic growth (Peabody 1996). Short terms losses to health can have irreversible consequences (Friedman and Schady 2013).



## Chapter VI: The Future of the World Bank

The system the World Bank currently embodies does not work for development or the developing world. With its resources it has helped millions of people in terms of health, from disease eradication programs to vaccinations. It has also had many failed policies and projects. The Bank serves a neocolonial agenda and the West's blindness to much of its colonial history. The legacy of colonialism and imperialism is far reaching and is still lived today. The debt burden and subordinate economic position of so many developing countries, being former colonies or spheres of influence demonstrates that. The World Bank's loans, as stated, allow countries to pay back their debt. These countries can then follow extractive neoliberal dictates to spend less and earn more to pay back money that Western states and banks so aggressively loaned to them. But would these countries have needed so many loans in the first place if it were not for the legacy of colonialism and Western hegemony? Why are the developing countries of the world still being forced to pay debts to the West and then take on more debt from the World Bank and IMF to service these debts? Developing countries lack power at every level, even at a "World" Bank that is purportedly for their development.

A better way to help countries develop would be first to democratize the World Bank. Voting should not be tied to monetary donations; ideally every country would have one vote. This would be the best way to elect Bank presidents who aren't exclusively American citizens and introduce competing ideas about development to the upper levels

of the Bank. The World Bank would also benefit from understanding an emic perspective, rather than only coming from an etic, Western perspective.

Debt forgiveness would also be an important way to help the developing world out of the mess that Western powers largely orchestrated and begin to readjust the imperial core-periphery nature of the world system. Too much of the wealth of developing countries has gone and continues to go to the West, undermining their development and reaffirming the supremacy of the core. Imperialist and Cold War policies have left many countries underdeveloped. When Benin, Senegal, and Mozambique each wrote off their debts, they were able to increase their health spending (Ruger 2005). Debt relief might actually give countries a chance to function more on their own, by freeing up money to spend on development. Debt service payments exceed health sector investments in many poor countries (Ruger 2005b, Abassi 1999).

If the World Bank's motive were truly development, it should not be participating in a cycle of debt that greatly burdens the developing world and benefits the developed world. Debt forgiveness and the restructuring of the Bank so that it could be an aid agency rather than an enforcer of debt collection would make the Bank's work more meaningful and equitable.

The World Bank has a tendency to not appreciate that a one size fits all approach to development can never be very successful. What works in Moldova is not necessarily what works in Mexico or Ghana. The Bank often fails to see this nuance and approaches development as an overarching concept to hand down to developing countries. In one

example at an environmental training workshop that took place in Washington DC in 1995 for various African countries, World Bank employees presented case studies that were overwhelmingly from America, Europe, and Asia. Participants left rather confused that the workshop hadn't been specifically about Africa, and that the Bank did not seem to understand what Africa needed; Bank officials recommended replacing 'inefficient' cattle grazing with eco-tourism, for instance, ignoring the cultural and economic value of the cattle to individual herders (Goldman 2007).

Adjusting development projects to fit local needs means taking the time to understand what successful development would look like to the people the Bank loans are going to affect. It isn't farfetched to think that local peoples know what their communities need, and that anthropologists can help address the cultural differences across countries that will make development projects more or less effective. Anthropologists have already contributed to development work the idea that local traditions, institutions, and technologies are actually worth building upon and don't need to be swept aside in favor of the Western way of doing things (Hoben 1982).

A recent ethnographic study of the effect of structural adjustment on education in Tanzania showed the importance of gaining the emic perspective and understanding the local roots of problems (Vavrus 2005). The study clarified how SAPs are seen by those they are intended to help, and how cultural practices can influence how development is seen and implemented. Culture is not a barrier to development necessarily, but it is

diverse and dynamic, and any means of development that does not take this into account will either be unsuccessful or fail to reach its potential.

A better understanding of the effects of inequality on health would greatly benefit the Bank and the countries where it does its work. Economic growth can lift people out of poverty, but it can also foster inequalities in health. Unbridled neoliberal economic growth where regulations are rolled back and public spending is cut only seem to disproportionately burden the poor and worsen their health.

## Conclusion

In many ways the World Bank and neocolonialism are a manifestation of historic amnesia. Erasure of history is an important part of structural violence because it enforces the sense that the oppression is ‘no one’s fault’ and absolves the powerful from blame. To quote Paul Farmer, “erasing history is perhaps the most common explanatory sleight-of-hand relied upon by the architects of structural violence. Erasure or distortion of history is part of the process of desocialization necessary for the emergence of hegemonic accounts of what happened and why” (Farmer 2004 p.38). The erasure of history is often embodied in poor health outcomes (Farmer 2004). This paves the way for a hegemonic retelling of the past. It is a privilege to ignore and rewrite history, because the power to do so implies that one is not living at the oppressive end of that history.

The recent history of the West’s interactions with the rest of the world have been fraught with violence and exploitation. Western colonial endeavors were by and large focused on creating export economies to serve the objectives of the colonial, core states. This damaged health then and these forces damage health now. The core-periphery arrangement of the international economy has its roots directly in Western expansion and imperialism. This dynamic is continued in uncritical faith that the World Bank and others have in neoliberalism, and its supposed ability to reduce poverty despite the fact that it does not acknowledge the structural origins of global poverty and inequality. The World Bank and the developed world have seemingly forgotten about the legacy of colonialism and ignore their role in the debt, underdevelopment, and dysfunction that plague many

poor, non-Western countries. This is an important part of, and precursor to, the structural violence that the poor of the world's poorest countries have experienced at the hands of the World Bank, and by extension the hegemony of the West.

The World Bank ultimately promotes this kind of inequality because it embodies a neocolonial agenda that is based on unequal relationships between core and peripheral countries. Neoliberal globalization presupposes that there is a level playing field and that once obstacles to the market are removed all will benefit. As discussed over the course of this paper, the world is deeply unequal, both politically and economically. These inequalities are rooted in the history of Western imperialism and their economic exploitation of what is now the developing world. These inequalities, along with imperialism and economic exploitation, are very much extant.

At the core are "former" imperial powers who in reality are still imperialists in the guise of global capitalism. At the World Bank they exert cultural imperialism by exporting Western models of development and the economy. The World Bank cannot say that it truly involved in development; development is a partnership, development incorporates the voices of those who will be affected. The Bank has also proved itself to be an agent of economic imperialism. Its structural adjustments, whether they are called structural adjustments or otherwise, reinforce a neocolonialism world system on behalf of the West. Developing economies are subordinated to the developed world and supply raw materials and commodities at cheap prices, while buying the manufactured goods of the West. Developing countries have to compete with each other when they are compelled to

sell cheap capital on the global market, lowering the prices of their goods (Toussaint 1997). The free market as the Bank practices it will likely never where, as the United States and other powerful Bank donors do not even follow many of the neoliberal prescriptions forced onto developing countries.

The World Bank has harmed the health of millions of people because it is able to ignore this and pursue neoliberal policies that are extractive in nature. The Bank, while certainly not alone in its imperialistic or neoliberal proclivities, has often justified its SAPs by saying that the long-term gain will make any short-term effects worth it. Health does not lend itself to this philosophy and it shouldn't have to. The Bank enforces structural violence by taking agency away from developing countries and reorienting their economic policy to serve developed nations who finance the Bank. Its policies promote inequality between and within countries, which hurts the health of the poor and oppressed the most.

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