Chapter Five

Battles over the GEOs’
Character, Control, and Reach

In Chapter Four we began the effort to evaluate the criticisms that have been leveled at the global economic organizations (GEOs)—as those criticisms were identified in a “bare-bones” manner in Chapter Two—against the backdrop of reality. By “reality” I mean the way the GEOs actually operate, as explained in Chapter Three. Recall that one of the reasons I offered at the beginning of this book for saying that we are “losing the Global Development War” is that valid criticisms of the GEOs are obscured by invalid criticisms and that policy decisions about how to address economic problems of a global character are therefore being influenced inappropriately. In order to prevent that from happening, and therefore to stop losing the Global Development War simply through ineptitude and mistake, we need to separate the wheat from the chaff.

In this chapter, I wish to continue that process by examining the last four of the eight “clusters” of criticisms directed at the GEOs. The first four “clusters”, discussed in Chapter Four, focused mainly on issues of “policies and operations”. By contrast, the four “clusters” of criticisms covered in this chapter are the “character, control, and reach” criticisms that raise institutional and governance issues. They include (1) the transparency (or opaqueness) of the GEOs, (2) the degree of accountability (if any) that the GEOs have in respect of “outsiders” (and whether such “outsiders” can adequately influence decision making within the GEOs), (3) the faithfulness of the GEOs to their governing charters, and (4) the fairness of their governance structures in general.

I. Secrecy and Opaqueness

This criticism, as I capsulized it in Chapter Two, claims that “all of the GEOs are closed, non-transparent organizations that (despite the insistence by some of them on transparency in the governance of their member states) practice both documentary secretiveness and operational secretiveness—thereby remaining inappropriately hidden from scrutiny and insulated from external criticism”. Recall that examples of this criticism in the literature can be found in the Appendix to Chapter Two (see in particular the items summarized there under Criticisms I-4, II-7, and III-5, con-
centrating on the IMF, the multilateral development banks (MDBs), and the WTO, respectively).

Does this complaint hold water? The answer, in my view, is “it depends”. When we are looking at the IMF, the “secrecy and opaqueness” complaint does not pack much punch; but when we are looking at the MDBs and the WTO, the complaint does in fact make sense. Let us start with the IMF.

A. The Illumination of the IMF

As applied to the IMF, the “secrecy and opaqueness” complaint claims that the IMF is a secretive organization in several respects. For one thing, it is said to practice “documentary secretiveness”: the institution typically does not disclose documents that describe its governing policies, its decisions, and its plans—that is, how it does things, what it has done, and what it plans to do. Moreover, the documents that the IMF does disclose under its selective disclosure policies are usually (according to this criticism) self-serving and biased, simply whitewashing over any negative aspects of its operations; and those disclosure policies often result only in the release of documents that are distracting or deceptive in character, intended to keep the public occupied with largely irrelevant information. Furthermore (the criticism continues), in some cases, the IMF allows the member countries themselves to determine whether certain documents relating to those countries will be made public, and this represents an abdication of responsibility by the IMF.

In addition to these forms of “documentary secretiveness”, the IMF also practices (according to many of its critics) “operational secretiveness”. That is, it conducts business in closed meetings that exclude the public from observing the IMF in action. Indeed, many key decisions are made through informal “insider” meetings that are off limits both to public scrutiny and to the formalities to which public meetings are usually subject in order to ensure procedural fairness.

Taken together, these two types of secretiveness are said to make the IMF opaque to the rest of the world, except perhaps to the few government officials in finance ministries or central banks with whom the IMF has its formal contacts. In maintaining this opaqueness, the IMF is (according to the critics) profoundly hypocritical, given the fact that the IMF demands openness and transparency from its borrowing member countries in terms of economic information and policies.

The IMF has already responded to this criticism. Over about the past decade, the IMF has undertaken an impressive campaign to provide more information on its operations. Recall from the “nutshell” account of the