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States of Unrest III

Resistance to IMF and World Bank policies in poor countries

WORLD
DEVELOPMENT
MOVEMENT

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By Mark Ellis-Jones
April 2003

This report documents protests in developing countries in 2002.

The first *States of Unrest* report was released in September 2000. It charted protests between the WTO Ministerial in Seattle, in November 1999, and the International Monetary Fund and World Bank Annual Meetings in Prague, in September 2000. *States of Unrest II* was published in April 2002, charting protests during 2001. These reports are also available from WDM.

Edited by Peter Hardstaff
Additional research and sub-edited by Tim Jones

WDM campaigns to tackle the root causes of poverty. With our partners around the world, we win positive change for the world's poorest people. We believe that charity is not enough. We lobby governments and companies to change polices that keep people poor.

World Development Movement
25 Beehive Place, London SW9 7QR, UK
Tel. 020 7737 6215 www.wdm.org.uk wdm@wdm.org.uk

Contents

Foreword 4
Introduction 5
Resistance 6
Rhetoric 7
Donor pressure 8
Democracy undermined 8

Country reports
Angola 10
Argentina 10
Bangladesh 16
Benin 17
Colombia 17
Ecuador 19
Honduras 21
India 22
Indonesia 24
Kenya 26
Lebanon 27
Morocco 28
Nicaragua 28
Niger 29
Nigeria 30
Pakistan 31
Paraguay 32
Peru 34
Philippines 35
South Africa 36
South Korea 38
Thailand 40
Turkey 41
Uruguay 42
Zambia 44

References 46

Foreword

This report, like its predecessors, is about people responding to the imposition of 'economic restructuring' by national governments at the behest of the IMF and World Bank. The willingness of ordinary people to take to the streets in large numbers in direct action reflects their anger and outrage at what they see as the breaking of an unwritten 'social contract' with their governments to provide basic protection for ordinary citizens at least as much as it does the undoubtedly very real hardship and threat to livelihoods posed by price increases, unemployment and other forms of austerity.

The three reports produced so far by WDM cover the period after 'Seattle' (November 1999). But such widespread, popular protest against austerity measures, undertaken as part of a process of 'global adjustment', is not new. Through the second half of the 1970s and throughout the 1980s, ordinary people took to the streets in their thousands – sometimes in their tens of thousands – to protest against economic liberalisation and the hardships it created, especially for the poor. What is significant is that, today, there is a greater awareness, not only of the globalisation project itself, but also of the possibility of protest and resistance. It is not too utopian to speak of an 'anti-globalisation movement' – a global movement for social justice – which has found expression across the 'developing' as well as the 'developed' world.

These reports are an invaluable contribution as they chart and publicise the fact that resistance is possible, that it is world-wide, and that it may eventually prove able to create real opportunities, for people not just to express their anger and hurt but also to open up new 'spaces' for alternative processes – political, social and economic – giving rise eventually to alternative, more socially beneficial forms of global development.

David Seddon
Professor of Development Studies
University of East Anglia
(co-author of *Free Markets and Food Riots*, Backwells, 1994)

Introduction

"The rising tide of the global economy will create many economic winners, but it will not lift all boats. [It will] spawn conflicts at home and abroad, ensuring an ever wider gap between regional winners and losers than exists today. [Globalisation's] evolution will be rocky, marked by chronic financial volatility and a widening economic divide. Regions, countries, and groups feeling left behind will face deepening economic stagnation, political instability, and cultural alienation. They will foster political, ethnic, ideological, and religious extremism, along with the violence that often accompanies it." Central Intelligence Agency, 2000[1]

In September 2000, on the eve of massive protests at the Annual Meetings of the International Monetary Fund (IMF) and World Bank in Prague, the World Development Movement (WDM) released its first *States of Unrest* report. It revealed a previously undocumented pattern of protest and civil unrest in developing countries directed against the policies championed by the IMF and World Bank. It demonstrated that protests against these institutions and their policies were not limited to 'students and anarchists' from rich countries, as some politicians would have liked us to believe. The report set the European and North American demonstrations into a wider context, showing that they were only one element of a much larger movement rooted in developing countries – where the the fiercest critics of IMF and World Bank policies were the people most affected by them.

States of Unrest II (published in April 2002) continued to chart this trend throughout 2001, and alongside this year's report, illustrates that such protests were by no means 'one-off' events to be dismissed as an aberration. Developing countries continue to have a broad based protest movement that is challenging the harmful economic policies promoted by the IMF and World Bank.

This year's report once again uses official documents published by these institutions and developing country governments to trace the link between civil unrest and the impacts of IMF and World Bank economic policies.[2] *States of Unrest III* documents protests in 25 countries, charting 111 separate incidents of civil unrest involving millions of people. Many of these incidents ended with the deployment of riot police or the army, with 10 documented fatalities, and arrests and injuries running into thousands. Over half of these countries experienced protests directed specifically at the IMF and World Bank.

Although the coverage is far from comprehensive, the report demonstrates the widespread opposition to IMF and World Bank policies – policies that continue to damage people's livelihoods, keep the poor in poverty and, in the long term, undermine the democratic foundations of governments.[3]

Resistance

States of Unrest demonstrates that the protesters in developing countries come from across the social spectrum. They are not always the poorest of the poor, such as peasant farmers, indigenous peoples and the unemployed. They are also the newly emerging middle-classes: teachers, civil servants, priests, doctors, public-sector workers, trade-union activists and owners of small businesses.

Significantly, this broad based movement clearly indicates how policies promoted by the IMF and World Bank are not only keeping the poor in poverty, but are also impoverishing sectors of society generally relied upon for wealth creation, economic development and civil society leadership. Policies intended to promote economic development and poverty reduction in the emerging and fragile economies of developing countries are not only failing, but are actually leading to economic stagnation, which is felt across the social spectrum.[4]

Since the 1980s the IMF and World Bank have promoted policies firmly rooted in free market economics. Policies promoted by these institutions, once known as Structural Adjustment Programmes (SAPs), tend to have common elements and often include:

- Reduced government expenditure, leading to public-sector redundancies, freezing of salaries, and cutbacks in health, education and social welfare services;
- Privatisation of state-run industries, often leading to massive lay-offs with no social security provision and the loss of services to remote or poor areas;
- Currency devaluation and export promotion, leading to the soaring cost of imports, land use changed for cash crops, and reliance on international commodity markets;
- Raising interest rates to tackle inflation, putting small companies out of business;
- Removal of price controls, leading to rapid price rises for basic goods and services.

Of the 25 countries documented, nearly all have IMF-sponsored privatisation programmes, and over two-thirds of these have experienced anti-privatisation demonstrations.[5] Over three-quarters of the countries have had protests by civil service and public sector workers, including teachers, doctors and the police, aimed at policies that either cut or freeze wages or lead to redundancies.[6] Nearly half of the countries have had demonstrations against the rising prices of basic goods and services, mainly because public subsidies have been removed.[7]

Rhetoric

Throughout the 1990s the IMF and World Bank came under increasing pressure to ensure that the economic policies they promoted worked towards poverty reduction and sustainability. The notorious Structural Adjustment Programmes (SAPs) were credited as the cause of increased poverty and the reversal of positive development trends in many countries. In an attempt to counter these criticisms the IMF and World Bank replaced them with Poverty Reduction Strategy Papers (PRSPs) in 1999.[8]

Over three years on, the evidence suggests that PRSPs include the same policy prescriptions as SAPs, but couched in the rhetoric of development and participation. PRSPs are meant to focus on poverty reduction policies, drawn up by national governments, in consultation with civil society. However, the IMF gives ‘advice’ on policies and ‘endorses’ a country’s final PRSP and research has shown that the PRSPs have failed to deviate from the IMFs free market orthodoxy.[9]

What is perhaps most striking about *States of Unrest III* is that, despite massive popular protest against these policies over the past few years, despite the demonstrable failure of many IMF and World Bank programmes to deliver social and economic benefits[10] and despite the rhetorical shift, these organisations stubbornly persist in pushing these policies onto the poorest countries no matter what the political, social and economic circumstances. Just a cursory glance over IMF and World Bank official documentation relating to each country is enough to convince anyone that these institutions – and their political masters in the industrialised world – pay little heed to practical reality and truly believe in the perfect symmetrical world of economic text-books where ‘one-size-fits-all’.

This seemingly belligerent adherence to economic orthodoxy, rather than examining real-world evidence and circumstances, and the control that these institutions still wield over poverty reduction strategies and economic policies, means that 'polite discourse' and 'civil society consultation' can have limited impact. For people at the sharp end of these policies, protest has remained the most effective opposition.

Donor pressure

Many developing country governments implement free market policies promoted by the IMF and World Bank because they remain locked into a dependant relationship with the international financial institutions and donor governments. For each country mentioned in this report, an estimate has been made (using official figures) of the amount owed to the IMF and World Bank. The 25 countries in this report are in debt to the tune of some US$135.4 billion.

But it is not just the money directly owed to the IMF and World Bank that defines their influence. The IMF, for instance, acts as a 'gatekeeper', determining whether or not to open or shut the 'gate' between a borrowing government and potential lines of credit from international institutions and bilateral donors. Countries need the IMF's seal of approval, signifying to the international financing community that the country's policies support the free market economic model and are therefore 'good-for-business'. The World Bank on the other hand is now positioning itself as the 'knowledge bank' – *the* place to go for development policy information. According to one group of seasoned World Bank watchers, "The Bank most of the time no longer has to rely on its financial clout alone, as it is winning arguments upstream."[11]

Developing countries are left with precious few places to go for alternative policy advice and have few real options – either implement policies ill-suited to their country's welfare or risk economic isolation. Most governments perceive that they have little choice but to follow the IMF, even when this runs counter to their democratic mandate.[12]

Last year saw a new and perhaps even more offensive use of 'donor pressure'. In April 2002 it was reported that at least seven of the highly indebted poor countries were being denied debt relief by the World Bank and IMF for being 'off track' with their IMF programme.[13] It is a cruel irony that, in order to qualify for debt relief, countries must implement policies that could drive them further into debt.

Democracy undermined

Without the ability to set their own priorities and policy objectives, and under the scrutiny of the IMF and World Bank, governments are effectively being undermined.

Many IMF policies cut back the role of the state and disregard the ‘democratic contract’ made between citizens and their governments. If governments cannot perform basic functions – like providing social services – because of budget cuts or debt servicing, they slowly lose their legitimacy in the eyes of their citizens. While governments are held responsible for the social and economic upheaval that may result, the IMF and World Bank escape largely unscathed.

But, as *States of Unrest III* once again demonstrates, citizens in developing countries are increasingly linking domestic economic policies to the IMF and World Bank agenda, at the same time as increased pressure is being put on these institutions in Europe and North America. Yet, despite this trend, people remain detached from these unaccountable international institutions and protest is still predominantly directed at national institutions, which are responsible for implementing the policies domestically.

International institutions have no accountability to citizens of developing countries. They remain forever at arm’s length. At best, the IMF says it offers ‘advice’ to governments to continue building the necessary political support for reforms, and at worst they distance themselves completely from failed programmes, blaming inadequate political will, corruption or ‘external’ economic factors like commodity price collapse (conveniently ignoring the role IMF and World Bank policies played in encouraging increased production and exports leading to oversupply and depressed prices).

By undermining democracy and rolling back the state, developing country governments have limited power to act in the interests of their citizens. Civil unrest, in the form of demonstrations, protests and strikes, is a legitimate way for many people to let both their governments and the international community know that polices are not working – in some cases it is the only option left. This broad based movement against IMF and World Bank polices makes it clear that the free market policy model is failing in many developing countries and that it is high time for a fundamental rethink.

Angola

IMF policy context: In February 2002, the IMF noted, “Despite a massive increase in oil and diamond-related income over the past three years, Angola continues to face pressing economic and social problems.” The IMF warned of “insufficient controls on public spending” and the “need to curtail non-priority expenditures at all levels of government.”[14] In its previous review the IMF had “stressed the importance of adhering to a prudent wage policy, keeping overall public spending in check.”[15] Angola owes the IMF and World Bank US$226 million.[16]

October 2002
On 6 October, students of Agostinho Neto University, the only public university in the country, demonstrated against an ongoing strike by lecturers and staff, which had started on 2 October. The lecturers were demanding an increase in wages and payment of salary arrears. The students urged the Ministry of Education and the trade union to reach an agreement so they could continue with lessons.[17]

December 2002
On 13 December, nurses from the Angolan Nurses Trade Union (Sindea), staged a nationwide strike in response to the Government’s failure to satisfy claims submitted to the Health Ministry a year-and-a-half previously. The Health Ministry (Minsa) refused to negotiate. The nurses were demanding a salary increase, normalisation of nurses employed under public tenders and contracts and the payment of special subsidies and allowances.[18]

Argentina

IMF policy context: At the end of December 2001, Argentina defaulted on its public and private foreign debts, totalling some US$132 billion – the largest default in history – plunging the country into economic and social crisis. Many commentators believe that the IMF had a part to play in the crisis even though senior IMF staff, as early as September 2001, began to distance themselves from the deepening economic crisis.[19] Although the IMF admitted it was working with the Argentine Government to find “a sustainable program”[20], it remained resolute that the problems were essentially fiscal and not deeper than that. However, in early December, the IMF refused a request for an emergency loan agreement to cover the country's increasingly unsustainable debt burden, quickly leading the country to default. Many observers, including the IMF, now believe that a mix of the country's fiscal policy, high levels of external debt and an exchange rate regime that pegged the peso to the US dollar was the cause of the default.[21] Argentina was forced to impose emergency, short-term polices to deal with the economic fall-out from the debt default crisis, including changing the exchange rate regime and freezing banking accounts. Despite promises from the IMF to "work rapidly with the Argentine authorities"[22], successive negotiations failed to reach an agreement. This failure was in part because the IMF set a number of strict conditions including repealing a law on economic subversion (corruption), the passage of new laws on bankruptcy and commitments to reduce public spending by 60 per cent, especially by the provincial governments.[23] By the end of 2002 the IMF had still not resumed lending to Argentina. A new programme was eventually signed in January 2003.[24] Argentina owes the IMF and World Bank US$13.8 billion.[25]

January 2002
After massive riots and the subsequent collapse of President Fernando de la Rue's Government in December 2001 (see *States of Unrest II*), Eduardo Duhalde assumed Argentina's Presidency on the 1 January 2002. Duhalde was designated to remain President until December 2003, in order to complete De la Rue's four-year term.[26] His first act was to announce a currency devaluation plan and the dismantling of the "convertibility" regime that for 11 years had pegged the Argentine peso to the dollar.[27] Hours after the announcement, more than 4,000 Argentineans, fed up with Argentina's politicians and the economic crisis, streamed onto the streets of Buenos Aires in a peaceful but raucous protest that continued throughout the night.[28]

On 10 January, thousands of protesters, in at least 60 Buenos Aires neighbourhoods, took to the streets in reaction to new restrictions (known as the 'corralito') imposed on bank accounts. The restrictions were first introduced on 3 December 2001 to maintain the integrity of the banking system, which faced a massive run on cash withdrawals as the public and foreign investors lost faith in the banking system (see *States of Unrest II*). The demonstration ended violently, with riot police firing rubber bullets and several properties being set on fire or vandalised including shops, supermarkets, McDonald's and the pay phone booths of Spanish company Telfeonica de Argentina.[29]

On 15 January, in an attempt to calm people's fears, President Duhalde publicly stated that he would not follow the prescriptions of the IMF but would instead present "our own development model", based on the success of Chile's economy. This would involve "characteristics of an open economy in some areas and of a protectionist economy in others, particularly domestic production."[30] However, the President's words did not avert more civil unrest. In Casilda (Sante Fe), 7,000 people mobilised, throwing eggs at the local offices of the Credicoop and Galicia banks, while a more violent contingent threw rocks at the Bisel Bank and nearby shops. The riot police, who used tear gas and rubber bullets, brought the protesters under control. Similar scenes occurred in the Jujuy province, where a demonstration staged by government employees, who had not been paid their December wages, escalated into attacks against at least five banking institutions and against a company that provides public services. The protesters threw computers, bookshelves, and office furniture into the streets and set them on fire. Also in Jujuy, rioters destroyed the facade of the provincial energy company, which had repeatedly raised its rates despite complaints from local residents.[31]

On 22 January, workers from 76 public hospitals in Buenos Aires held a strike in defence of the public health system, demanding the materials and drugs needed to treat patients, and calling for the payment of back-wages.[32]

On 30 January, over 7,000 middle-class mortgage-holders staged an "el llaverazo", or 'key-banging' protest in Buenos Aires. This was a variation on the frequent "cacerolazos" or 'pot-and-pan-banging' protests of the poor. Many people's mortgages had remained in US dollars while their savings had been turned into pesos. The Head of Argentina's Association for the Defence of Consumers and Users, Sandra Gonzalez, said a lawsuit had been filed demanding the conversion to pesos of all mortgages, whether they are owed to banks or other financial institutions: "We are demanding equality before the law. More than three million people have debts in dollars to construction firms and private finance companies and run the risk of losing their homes if the government does not take a hand in the matter."[33]

February 2002

On 19 February, the Central Bank slightly eased the restrictions on bank withdrawals, as Duhalde battled with Congress to approve measures that would secure a new IMF package. The IMF was reported to be demanding the passage of budget cuts and a reduction in funds allotted to the provinces, but Congress governors refused the measures, telling Duhalde to take a firmer stance in negotiations with the IMF.[34]

On 20 February, public employees, the unemployed, teachers, doctors, pensioners, account-holders and students held massive street protests in Buenos Aires and in at least 10 provinces, while the Government continued to work hard to minimise the impact of the falling peso and rising fuel prices. Workers from the 'Congreso de Trabajadores Argentinos', the central trade union, wrapped Congress in a 400-metre-long Argentine flag, while other protesters gathered outside the central offices of Repsol-YPF (a multinational oil company), demanding "50,000 real jobs," and "urgent food aid". The Secretary-General of the teachers' union, Marta Maffei, commented: "Every day, another 1,700 workers are left without a job, and enter the circuit of poverty. And those of us who do not lose our jobs have to put up with salary cuts, unpaid wages, and restructuring in the midst of an inflationary process."[35]

March 2002

On 6 March, a new IMF mission began a two-week evaluation of the Government's economic reforms. Argentina's Economy Minister, Jorge Remes Lenicov, told reporters that without foreign financial support not only would the economic programme collapse, but so could the Government itself, and urged that aid must not be delayed too long. However, observers were not hopeful, attributing the IMF's reticence to the stance of the US Government, which, upon realising that the Argentine crisis was not having a "domino effect" in the region, withdrew support for a bailout. When asked if the Government had alternative plans if the IMF did not provide aid, Lenicov said, "Plan B? Yes, we have a Plan B – we'll [all] go home."[36]

April 2002

After failing to agree an aid package in March, Anoop Singh, the IMF's Mission Head, returned to Argentina in mid-April. Rodolfo Terragno, of the Radical Civic Union party said: "It is like paying homage to a viceroy," in reference to Singh. Alfredo Avelin, Governor of San Juan, said: "The only thing lacking is for us to pull down the Argentine flag and replace it with the IMF's."[37]

On 22 April, the Economy Minister, Jorge Remes Lenicov, returned from the IMF and World Bank Spring Meetings in Washington where he had met with representatives from the IMF and Group of Seven countries. He reported to Dulhade that they would not resume lending until stringent conditions were met. On the 23 April, Remes Lenicov resigned because Congress refused to back a bill that would meet some of the IMF's demands. According to reports, Congress failed to agree the bill because protestors, particularly bank account holders, whose savings were at risk from the proposals, had surrounded the Parliament building.[38] Roberto Lavagna took Lenicov's place at the beginning of May.[39]

May 2002

On 9 May, under intense pressure from the IMF, the Senate agreed to overturn a 1974 "law on economic subversion." The law had enabled the federal courts to investigate and prosecute bankers who allowed billions of dollars to be pulled out of the country the previous year, which led the Government to declare the "corralito". Senator Jorge Yoma of Duhalde's Peronist Party complained that the IMF criticised corruption while demanding the revocation of a law that allowed it to be fought, while Senator Carlos Maestro of the Radical Civic Union said "The revocation of this law is a pathetic demonstration of the weakness of the government and the rest of the country's institutions in the face of pressure from the international credit institutions." Senator Vilma Ibarra said that the Government, "legislates looking to the IMF rather than to the Argentine people, whose poor already number over 16 million".[40]

On 27 May, Argentina's savers demonstrated once again outside the main offices of several different banks. Clashes with the police resulted in the arrest of four women.[41]

June 2002

On 26 June, over 50 people were arrested, 15 injured and 2 people shot dead in violent protests against the Government and IMF. Riot police used tear gas, rubber bullets and batons to disperse protesters, who took to the streets just before Economy Minister, Roberto Lavagna was due to travel to Washington to meet IMF officials. One protester said, "we have got to end Duhalde and the IMF's reign."[42]

July 2002

On 9 July, to mark Independence Day, over 15,000 people demonstrated peacefully in Buenos Aires against the Government and IMF.[43]

August 2002
During early August, while the then US Treasury Secretary, Paul O'Neill was in the region, it was reported that the IMF was not going to resume lending to Argentina. The report noted "As the IMF's largest contributor, the US has an undeniable influence over the decisions and policies of the institution's board, which apparently intends to punish the "misconduct" of Argentina's governments." The decision only aggravated more criticism of the IMF's role in Argentina.

November 2002
On 14 November, the Government announced it was 'postponing' debt repayments to the World Bank while protests continued in Buenos Aires, Sante Fe, Chaco, Jujuy, Neuquen and San Juan.[44]

December 2002
On 9 December, the Government lifted the 'corralito', or banking restrictions that limited cash withdrawals. The restrictions had been in place for nearly a year.[45]

On 13 December, the Government announced it would continue to default on the US$1 billion of foreign debt.[46] The President played down a subsequent visit to the country by an IMF mission saying, "I don't think we should build expectations over this visit."[47]

On 20 December, thousands of protesters marched through Buenos Aires, to mark the first anniversary of the 2001 riots, which had led to the downfall of elected President Fernando de la Rua. Demonstrators burnt effigies of politicians and hurled paint bombs at the stock exchange while speakers at a rally continued the barrage of criticism against the Government and IMF.[48]

On 22 December, the President announced that talks with the IMF had been progressing better than expected. He said, "In yesterday's meeting with the IMF, we received some good news: the key countries in the world – led by Italy, the United States and Spain, among others – have made progress on an agreement which should be signed on 8 January [2003]"[49] On 31 December, Foreign Minister, Carlos Ruckauf, added that the IMF had decided to reopen dialogue due to the pressure put on the institution by the G7 countries.[50]

Bangladesh

IMF policy context: In May 2002, the IMF cautioned that, "the financial burden posed by state-owned enterprises" needed to be addressed and "urged the authorities to move ahead forcefully to strengthen and implement their plans for privatisation and closure or restructuring of nonviable enterprises." The IMF Directors "noted that further exchange and trade liberalization, including elimination of existing export impediments, will ensure that appropriate price signals are transmitted to the economy."[51] Bangladesh owes the IMF and World Bank US$6.67 billion.[52]

January 2002
On 9 January, the Awami League held a nationwide half-day general strike to protest against fuel and other utilities' price hikes. The Awami League leaders said that the Government had increased the price of fuel, gas, electricity and water to maximum levels while the prices of these commodities on the international market remained at minimum levels. They claimed that the price hikes would exacerbate the economic downturn.[53]

September 2002
In September, in response to announcements that the Power Development Board (PDB) would soon be privatised, more than 500 members of the Bangladesh Power Development Board Employees Union (BJBSKU) went to the PDB Chairman's office to protest the decision and demanded an explanation. After their protests had been heard, the Chairman tried to calm the union members by saying he had been misquoted, but BJBSKU promised to organize a nationwide campaign on the issue.[54]

On 30 September, Bangladesh Finance Minister, Saifur Rahman, addressed the IMF and World Bank Annual Meetings. He is reported as saying: "The IMF and World Bank have polices that are clearly not in our interest. But I feel it is better to try and use the system to our advantage, and hopefully change parts of it, than fight it from the outside…When we apply to them we have to obey the rules. [But] We wish they would tailor their polices to each country's needs. One size does not fit all."[55]

Benin

IMF policy context: In August 2002, the IMF "stressed the need to…control more effectively spending in non-priority areas…In particular, Directors urged restraint in wage settlements…Further action is also needed to complete a thorough review of the civil service pension fund, aimed at ensuring its viability, and implement the long-delayed reform of the civil service compensation system."[56] Benin owes the IMF and World Bank US$662 million.[57]

January 2002
On 29 January, public sector workers in Benin started a series of rolling 72-hour strikes because they were unhappy with the lack of progress made by the Government in response to their wage claims. Dialogue between the union and Government had been at a standstill since March 2001 and salaries had been blocked since 1996. The unions decided to continue the strike action until a satisfactory agreement had been reached.[58]

Colombia

IMF policy context: In January 2003, the IMF Directors "were encouraged by the authorities" commitment to wide-ranging structural reforms [and] supported the high priority assigned…to modernizing and streamlining the state and introducing greater flexibility in public spending."[59] In December 2002, the Colombian Government explained how "The government has proposed to freeze a large part of the public sector's current primary spending for the next two years at the 2002 level…the government has initiated action to streamline the central government administration through mergers of ministries, closure of unnecessary institutions and offices, eliminating employee benefits in excess of the norm…The proposal that the government submitted to congress should reduce labour costs by extending daytime working hours and reducing overtime charges and severance payments."[60] Colombia owes the IMF and World Bank US$1.93 billion.[61]

January 2002
On 29 January, the Colombian Government, the Mayor of Cali and trade union SINTRAEMCALI signed an agreement ending a 35-day office

occupation by workers of EMCALI, the state water, telecoms and electricity company (see *States of Unrest II*). The union occupied the offices after the government announced plans to sell the enterprise in December 2001, amidst allegations by the union of mismanagement and corruption. The agreement ensured that the enterprise would not be privatised, that rates would not be increased in 2002, and that a high-level investigation would be started to bring to justice those officials who had defrauded the enterprise in recent years.[62]

September 2002
On 6 September, the first of two national strikes attracted thousands of workers to protest against the economic policies of Alvaro Uribe, the new President, and the treatment of trade unions, particularly SINTRAEMCALI, which had been subjected to a violent campaign of intimidation since January. The President had announced that he intended to freeze salaries, abolish the offices of municipal inspectors general, eliminate more than 10,000 public sector jobs, and present to Congress labour and pension reforms as a means of extending the application of policies imposed by the IMF.[63] The strike caused some disruption to air traffic, hospitals and the state oil company but few disturbances were reported.[64]

October 2002
On 30 October, public sector and other workers took to the streets in the second national protest against IMF prescribed policies.[65]

December 2002
On 10 December, International Human Rights Day, thousands of workers participated in a demonstration in Bogota organised by trade unions. The unions demanded an end to impunity and protested against a law proposed by the President introducing more ‘flexibility’ in working conditions.[66]

Ecuador

IMF policy context: In May 2001, the Ecuadorian Government stressed that, "significant progress has been made in several areas: Agreement has been reached with a consortium of private oil companies to construct a second oil pipeline from the Amazon to the coast" and highlighted plans to submit to "congress legislation that includes agreed reforms of the oil stabilization fund, and elimination of all tax revenue earmarking not mandated by the constitution."[67] In January 2003, an IMF Mission concluded: "The new Ecuadorian Government has been very courageous in its first few days by quickly taking measures to address the difficult fiscal situation and has developed a comprehensive program of far-reaching structural reforms."[68] Ecuador owes the IMF and World Bank US$1.01 billion.[69]

January 2002
On 21 January, the United Workers' Front (FUT) organised demonstrations throughout the country to protest against the fuel price increase and repression against students. The protests coincided with the second anniversary of the overthrow of former President, Jamil Mahuad, in January 2000 (see *States of Unrest I*).[70]

February 2002
Between 20-25 February, in the North Eastern provinces of Sucumbios and Orellana, indigenous people, peasant farmers and municipal authorities workers staged protests and occupied oil industry infrastructure to demand compensation for the environmental damages that would be caused by the Heavy Crude Pipeline (OCP) project. Local residents threw up roadblocks and occupied oil wells, the airport of Coca (the capital of Orellana), and the offices of the TAME airline in Nueva Loja (the capital of Sucumbios). They demanded that the President, Gustavo Noboa, insist that the international OCP Limited Consortium[71] pay US$10 million for social projects in the area affected by the pipeline. In response to the protests, the Government declared a state of emergency in Sucumbios on 22 February and in Orellana on 23 February. One person died and nine were injured in clashes with the army and the police.[72]

March 2002
On 25 March, environmental activists staged a 'direct action' protest against the OCP pipeline. Local activists had been camped in treetops for

more than two months on Guarumos Mountain, near the Mindo-Nambillo forest. The police reacted by sending in an 'Intervention Team', arresting 17 people. In response, local indigenous groups, who oppose the pipeline, set up roadblocks on the highway. A spokesperson from environmental group, Accion Ecologica, said: "The Mindo-Nambillo forest, which is on the planned route of the oil pipeline, is a unique and fragile ecosystem that is home to many endangered species." But President Noboa criticised the protesters saying the project would create 52,000 jobs, with an investment of more than $1 billion. However, economist Alberto Acosta claimed: "Of the billion-dollar investment announced, less than one-third would remain in the country, while just 20 per cent of the expected income from oil exports would benefit Ecuador."[73]

May 2002

On 22 May, in an effort to appease those who oppose the OCP pipeline, Congress amended and passed a law, stipulating that 10 per cent of revenues generated from the export of oil pumped through the OCP pipeline must be targeted towards health and education. The original legislation, submitted by the Noboa administration, stipulated that 80 per cent of the revenues would go towards paying off the IMF-debt, and 20 per cent would go into an 'oil fund', to be used to service the debt in the case of future oil price slumps.[74]

On 29 May, it was reported that the IMF withheld a new credit tranche of US$240 million because it opposed the 10 per cent amendment. The IMF demanded that the revenues attained from the OCP pipeline should go exclusively towards servicing debt. Ecuador's Minister of Economy and Finance, Carlos Julio Emanuel, who was in the US negotiating with the IMF, confirmed that the allotment of 10 per cent of the revenues to social spending was the main obstacle Ecuador was facing in securing approval of the new credit. Economic analyst, Wilma Salgado, said the Ecuadorian population would not benefit in the least from the rise in oil revenues if the government yielded to the IMF's demand, pointing out that even "Under the new law, the creditors who hold Ecuador's public debt, most of which is external, will be the beneficiaries of 90 per cent of the revenues from exports of oil transported by the OCP pipeline."[75]

Honduras

IMF policy context: In September 2001, the Honduran Government highlighted that "In April 2001, decrees were issued that established a…limit for the wage bill in 2001 and 2002 and linked wage increases to productivity or merit and scaled back a number of civil service posts." They noted, "Further progress with privatisation is essential to achieve a sustainable fiscal position and to promote faster poverty-reducing growth."[76] In October 2001, the IMF however "expressed concern about the delays in implementing the structural reform agenda…including key privatisations and the reform of the electricity sector and the civil service [and] stressed that fiscal consolidation will require the maintenance of a cautious wage policy…They urged the new government to keep wage increases in line with the overall program objectives."[77] The conditions attached to Honduras receiving debt relief under the Highly Indebted Poor Countries Initiative have included privatisation of water and sewage management and electricity distribution.[78] Honduras owes the IMF and World Bank US$1.21 billion.[79]

March 2002

On 15 March, around 2,000 members of 30 popular organisations protested against the IMF and neoliberal policies, urging the Honduran Government to learn its lesson from Argentina's mistakes. "Out with the IMF – we don't want wage cuts," were among the slogans chanted by protesters from organisations ranging from urban and rural workers unions to student associations.[80]

November 2002

SITRASANAAYS, the National Water and Sewage Workers Union, together with other social organisations formed a grassroots network against privatisation and free trade. The network held a series of popular mobilisations and demonstrations to resist the privatisation of water services and to protest free trade negotiations.[81]

In late 2002, it was reported that Honduras was stalled in its debt relief programme for not adequately complying with IMF conditions.[82]

India

IMF policy context: In August 2002, the IMF congratulated India on the "progress made in several aspects of structural reform" but noted, "there is a large unfinished agenda." IMF Directors "particularly applauded the bold and pragmatic approach taken to accelerate the pace of disinvestments" and commented that "In particular, effective divestment of control in PSBs [public sector banks] and the introduction of greater commercial orientation should be accorded priority." The IMF also commented that "On the spending side, priority should be given to reducing subsidies and the wage bill, for which further progress on downsizing the civil service will be necessary [and] together with bringing remaining subsidies on kerosene and LPG on budget and announcing a timetable for the elimination of these subsidies." They also noted that further "reform of labour laws would facilitate greater labour mobility."[83] India owes the IMF and World Bank US$27.9 billion.[84]

January 2002

On 8 January, employees of the New Government Electric Factory staged a demonstration against privatisation. The workers submitted a memorandum to the deputy commissioner, claiming that the move towards privatisation had left over 200 NGEF employees with no job security. The employees said that there was no need for the government to privatise the NGEF as the company was still profitable.[85]

February 2002

During February, Keralan government employees and teachers went on a 20-day strike protesting recently curbed benefits. Workers picketed government offices in the state capital and district headquarters – about 30 people were arrested. Hundreds of activists marched to the residence of the chief minister. Ruling and opposition organisations held a joint march to the 'Collectorate' in the state capital to protest against moves to recruit temporary hands to fill in the vacuum created by the strike. Doctors belonging to various organisations also marched to the Secretariat.[86]

On 26 February, in the Kolar district, a dawn-to-dusk strike was organised to protest the failure of the state government to supply adequate electricity to rural areas and also against the proposed hike in power tariffs. The strike call was supported by many organisations like the Democratic Federation of India (DYFI), the Student Federation of India (SFI) and various Dalit organisations, as well as the taxi-drivers association, three-wheelers operators association and many traders' associations.[87]

March 2002

On 13-14 March, 62 labour unions in Pune organised a demonstration to protest against proposed amendments to the Industrial Disputes Act. A spokesperson for the unions alleged that the Government was amending the industrial disputes act to change the definition of a worker in order to reduce the number of people covered by the act.[88]

April 2002

On 16 April, a major nationwide strike over labour reforms and the Government's privatisation plans involved over 10 million workers from state-run firms, banks, as well as the insurance and financial sectors. The day of protest followed Indian Cabinet approval, in February 2002, of reforms to a 55-year-old labour law reducing the rights of workers. Unions also protested the Government's plan to push ahead with a programme to privatise a number of state-run firms including banking, automobile, telecom, petroleum, port and metal companies. Unions feared that this aggressive privatisation drive by the Government could lead to massive lay-offs in a country already suffering from high unemployment.[89]

May 2002

On 11 May, in Karnataka, various groups opposed moves to hike the power tariff and urged the local government to reject the recommendations of Karnataka Electricity Regulatory Commission (KERC). Leader of the opposition, Jagadish Shettar, drew attention to the effects the price hike would have on the poor, consumers and small businesses.[90]

On 16 May, the Delhi Transport Corporation Employees Congress demonstrated against the privatisation of the Delhi Transport Corporation and also sought the reinstatement of 1,800 temporary daily wage conductors who had lost their jobs.[91]

August 2002

On 28 August, more than 700 workers belonging to Salem Steel Plant participated in a demonstration to protest the on-going privatisation process of the steel plant belonging to the Steel Authority of India Ltd. Similar demonstrations were held at all the major steel plants and iron mining facilities throughout the country.[92]

Indonesia

IMF policy context: In December 2001, the Indonesian Government explained how key features in the 2002 budget included, "continued wage restraint in the public sector…lowering untargeted subsidies through planned increases in fuel and electricity prices; and capping the share of general allocation funds (DAU) to the regions at 25 per cent of domestic revenue." The Government also stated that it "views the phased elimination of poorly-targeted energy subsidies as a major part of its strategy [and] is also committed to maintaining a liberal trade regime. Privatisation of state-owned enterprises (SOEs) is a key part of the… broader reform effort aimed at improving economic performance and strengthening the public finances."[93] Indonesia owes the IMF and World Bank US$23.3 billion.[94]

January 2002
On 14 January, more than 1,000 protesters flocked into central Jakarta to protest Government plans to raise fuel prices, along with telephone and electricity fees. Some demonstrators also demanded the Government raise the minimum wage, whilst calling for a reduction in prices of basic staples. It was reported that the Government planned to increase basic fees for electricity by up to 15 per cent; fuel by 20-25 per cent; and telephone fees by 15 per cent.[95]

On 16 January, hundreds of students took to the streets, in several cities, in protest at Government plans to raise prices. In South Sulawesi, hundreds of students from the Indonesian Muslim University (UMI) urged the province's legislative council to support their rejection of the increases: failure to do so, they warned, would lead to further street protests. In central Java, about 100 students from the Indonesian National Student Movement (GMNI) also staged a similar protest.[96]

On 18 January, protests continued with two separate marches converging on the House of Representatives (DPR) in central Jakarta causing traffic congestion. The protest drew over 2,000 people opposing the hike in fuel prices and demanding the government fight corruption. Also on 18 January, about 400 women staged a rally at the Hotel Indonesia protesting the price hike. They later marched to the office of the Coordinating Minister for People's Welfare.[97]

On 20 January, over 100 protesters staged a protest against the fuel price hike in front of Merdeka Palace in central Jakarta.[98]

March 2002

On 8 March, around 500 protesters, from three different organisations, staged a simultaneous rally to commemorate International Women's Day. The protesters marched from the Hotel Indonesia to the State Palace in central Jakarta. A spokesperson demanded an increase in the regional minimum wage, reinstatement of public health subsidies and greater employment opportunities for women.[99]

On 13 March, the Government sold its 51 per cent stake in Bank Central Asia (BCA) to a consortium led by US investment firm Farillon Capital. However, the sale nearly collapsed when thousands of the bank's employees held a strike in protest.[100] The sale was reported by the BBC as "the country's most significant privatisation since the Asian financial crisis in the late 1990s and a key requirement for International Monetary Fund (IMF) assistance."[101]

April 2002

In April more than 400 employees from state-owned water company, Banding City (West Java) went on strike rejecting the privatisation of the company to South Australian Water. Employees claimed that privatisation was not needed since the company had been profitable throughout 2000/01.[102]

May 2002

On 21 May, several hundred students and activists clashed with police. The protest marked the fourth anniversary of Suharto's resignation, which heralded the start of Indonesia's transition to democracy. But the protesters claimed that reforms had gone astray. The groups argued that politicians had sunk into inter-party bickering and blindly followed IMF-led economic reforms that ignore the poor.[103]

September 2002

On 19 September, thousands of workers in Jakarta staged demonstrations to oppose the labour protection and industrial settlement bill. The workers demanded more protection of their rights to strike, to appeal against dismissal and for job security. Protests took place in Bandung, Medan, Surabaya and other large cities.[104]

Kenya

IMF policy context: In April 2002, the IMF advised that "To help obtain tangible results" Kenya must depart "from the 'stop-go' policies of the 1990s." They continued: "that to maintain the credibility of the PRSP process and reduce poverty in Kenya, budget execution should reflect the priorities identified in the PRSP, including the need to reduce the government wage bill as a share of GDP."[105] The Government's Interim PRSP in July 2001 also stated: "The Government recognises that reforming the public service lies at the heart of tackling poverty…The operational structure of the entire public sector will be rationalized and reduced to reflect perceptions of the functions appropriate to Government. Rationalization across the civil service, defence and security forces, teachers service, local authorities, parastatals and all public institutions will result in cost savings…[and] be reshaped…to more effectively facilitate private sector activities."[106] Kenya owes the IMF and World Bank US$2.44 billion.[107]

April 2002

On 10 April, police fired teargas into a demonstration of farmers protesting the decision by Kenya's National Cereals and Produce Board (NCPB) to pay maize farmers with seed, fertilizer and fuel instead of cash. The NCPB initiated the 'in kind' payment system for small-scale maize farmers after it ran out of money. In the past, the NCPB played an important role in the Kenyan farming community by buying the crops of small farmers at a guaranteed minimum amount. Since the liberalisation of the cereals market and the commercialisation of the NCPB, the system had collapsed. But farmers insisted they needed cash to pay school fees when they reopened the following month, while others said the board's offer was useless because they had decided to stop farming or reduce the area under cultivation.[108]

Also in April, the Kenya Power Lighting Company (KPLC) announced 800 redundancies as part of a plan to make the company more efficient. The announcement came after 231 employees were laid off and the management was restructured in July 2001. It was reported that union leaders were victimized, with 5 members of the National Executive Council of Kenya Electrical Trades and Allied Workers Union (KETAWU) amongst those sent home by KPLC.[109] The company intends to lay off another 2000 more workers by June 2004.

September - October 2002
Over 240,000 teachers from the Kenya National Union of Teachers (KNUT) went on a 4-week strike for most of October because the Government refused to pay them wage increases agreed in 1997. The Education Ministry declared the strike illegal, prolonging the settlement, which eventually came on the 21 October.[110]

Lebanon

IMF policy context: In October 2001, the IMF advised that Lebanon should "restore competitiveness and spur economic growth" through "structural reforms", particularly "privatisation, tariff reductions, and improvements in the business environment more generally…[the IMF] stressed the key role that privatisation may play in this regard, and highlighted the urgency of putting promptly in place an appropriate regulatory framework for each of the activities to be privatised."[111] Lebanon owes the IMF and World Bank US$248 million.[112]

January 2002
On 23 January, workers in Lebanon started a strike to protest against the planned privatisation of public services and to remind the government of union demands, including reorganisation of some sectors, payment of transport bonuses, and the implementation of agreements that had already been made.[113]

Morocco

IMF policy context: In August 2001, the IMF warned that, "Morocco faces important remaining challenges in raising growth sufficiently to reduce unemployment and poverty on a sustained basis, that would require further trade liberalisation and structural reforms." They emphasised that, "the highest priority" must be given to "fiscal consolidation [which] will require bold actions…aimed at curbing the growth of the wage bill."[114] Morocco owes the IMF and World Bank US$2.86 billion.[115]

February 2002
On 1 February, the National Federation of Employees and Civil Servants from Collective Localities, which is affiliated to the Moroccan Workers Union, went on strike. The strike followed two general strikes in December 2001 (see *States of Unrest II*). The unions were calling for a rise in wages, which had been the same since 1997 despite an increase in the cost of living.[116]

Nicaragua

IMF policy context: In December 2002, the IMF "welcomed the high priority which the authorities are giving to structural reforms aimed at addressing economic vulnerabilities [but] urged the authorities to press ahead with their plans for reforming the judicial system, restructuring the public sector, and continuing the privatisation program. Further trade liberalization and regional integration will also be important to underpin growth and external viability."[117] In 2000, the receipt of debt relief by Nicaragua under the HIPC initiative was made conditional on, amongst other things, the privatisation of public utilities (e.g. electricity, telecommunications and water).[118] Nicaragua owes the IMF and World Bank US$828 million.[119]

March 2002
On 15 March, a coalition of social organisations and unions marched to protest the privatisation of water services and a rate increase for electricity. The protesters demonstrated in front of the offices of the multinational corporation, "Unión Fenosa," which is involved in the privatisation of utilities in Nicaragua.[120]

May 2002
It was reported that Nicaragua was being denied interim debt relief for failing to 'stay on track' with its IMF programme.[121]

Niger

IMF policy context: In March 2002, the IMF "urged the [Niger] authorities to maintain their structural reform agenda, particularly the privatisation program, and to implement without delay the reforms to strengthen the financial system, in collaboration with the World Bank [and] encouraged the authorities to focus on improving the business environment and private sector development.[122] The Government of Niger highlighted that "Policies and Measures for Implementation in 2002" included a "freeze on non-priority expenditure" on "goods and services…subsidies [and] domestically financed capital expenditure."[123] Niger owes the IMF and World Bank US$797 million.[124]

July 2002
On 22-23 July, the health workers union, Syndicat unique de la santé et de l'action sociale (SUSAS), went on a 48-hour nationwide strike. Throughout the strike only minimal health services were provided. The union was calling for the granting of a housing allowance for health workers; the unfreezing of length of service allowances for auxiliary staff; and increased training.[125]

Nigeria

IMF policy context: In January 2003, the IMF stated that, "Progress on structural reforms…has been mixed. On the positive side, the authorities on January 1, 2002, adjusted the maximum retail price of gasoline above import parity and began charging the Nigeria National Petroleum Corporation US$18 per barrel for crude oil used for domestic consumption compared with the US$9.5 charged in 2001. The hike in the retail price of petroleum is a step forward in the deregulation of the downstream petroleum sector." They continued that, "While the privatisation of enterprises in the early phases of the program is all but complete, there have been setbacks in recent privatisation efforts, especially with regard to privatising public utilities, such as the Nigeria Telecommunications Company (NITEL), and the rehabilitation and privatisation of the electricity company, NEPA…They [also] urged the authorities to renew their commitment to trade liberalization [and] urged the authorities to strengthen expenditure control, especially with regard to the wage bill."[126] Nigeria owes the IMF and World Bank US$2.27 billion.[127]

January 2002

On 16 January, the Nigerian Labour Congress (NLC) organised a nation-wide strike against the increases in the cost of petroleum products. Fuel deregulation and the ending of subsidies had proved a rallying point for the NLC, which successfully forced President Obasanjo to climb down from a 50 per cent fuel price rise in 2000 when protests turned to riots that paralysed the economy for several days (see *States of Unrest I*). Earlier threats by the Government to use the security forces to prevent the strike went unheeded as protesters blockaded streets in Lagos, and forced the closure of banks, schools and street markets. Work in other cities also halted. More than 50 union leaders were arrested as a result of the strike, including Adams Oshiomole, the leader of the NLC.[128]

February 2002

In early February, the police went on strike because of non-payment of wages and allowances. A total of 185 junior officers were arrested because of the strike. The Trade Union Congress of Nigeria asked for their immediate release and that they have access to redress for defending their rights.[129]

October 2002

On 12 October, workers from the local government employees' union, NULGE, took industrial action in order to secure back pay owed to local government workers in Adamawe State. The government finally agreed, but in Gombe State workers continued the strike over salary arrears at the same time after councils failed to respond to the unions.[130]

Pakistan

IMF policy context: In November 2002, the IMF noted how "The authorities' comprehensive structural reform agenda, focusing on improved governance, was steadfastly implemented in the past two years. Progress has been made in particular in tax policy and tax administration reform, fiscal accountability and transparency, trade reform, energy pricing, privatisation, and financial sector restructuring… While welcoming steps to make major public enterprises more accountable to the public, Directors underscored the importance of accelerating privatisation, especially in the power and telecoms sectors."[131] Pakistan owes the IMF and World Bank US$8.45 billion.[132]

January 2002

On 19 January, the Karachi Transport Federation (KTF) protested rising oil prices and initiated a 'wheel-jam' strike. In a statement, the KTF chairman reacted strongly to the increase in the prices of petrol and diesel, the second such rise in 6 months, claiming the rise was unjustified since oil prices had decreased by 5 per cent in the world market.[133]

July 2002

On 11 July, the Pakistan Workers Confederation organised a demonstration and a meeting in Lahore on the socio-economic problems of the poor. The meeting called for an increase of workers' wages in proportion with recent price hikes and cancellation of the retrenchment policy. It criticized the Government for undermining the concept of trade unionism and taking away the trade union rights of workers in certain organisations. The participants spoke in protest of mounting inflation, unemployment and the government's privatisation policy, particularly "The policies formulated under the dictates of the IMF and the World Bank, [which] have done colossal damage to the country."[134]

Paraguay

IMF policy context: In June 2001, the IMF "welcomed the progress made in the privatisation of the telecommunications and water and sewage companies [but] encouraged the authorities to complete these operations this year [2001/02], to privatise additional enterprises, and to improve the efficiency of the remaining state enterprises."[135] The Government of Paraguay outlined that "Fuel prices were recently increased to reflect increases in oil prices. The Government has pressed ahead with the privatisation of the telecommunications and water and sanitation companies, ANTELCO and CORPOSANA…As to CORPOSANA, the process is underway to choose an investment bank to handle the incorporation of private investors to the company, which is expected to be finalized before the end of the year."[136] In August 2002, the IMF announced it would provide Paraguay with a US$200 million loan.[137] Paraguay owes the IMF and World Bank another US$229 million.[138]

June 2002

On 4 June, in Coronel Oviedo City, police harshly cracked down on around 5,000 peasants marching on the Paraguayan capital to demand that a law on privatisation be overturned. Calixto Cabral, a 34-year-old farmer, was killed by a bullet to the head and another farmer, Teresio Velazquez, was critically wounded when he was shot in the stomach. At least five other marchers were injured. The march was organised by the Democratic Congress of the People, made up of farmers, trade unionists and activists from a number of non-governmental organisations.[139]

On 6 June, the Central Nacional de Trabajadores (CNT), the country's main trade union, announced a strike to demand changes in the government's economic policy and the revocation of the law on privatisation, including the sale of the public telephone company, the Compania Paraguaya de Comunicaciones (Copaco): "We are calling on all citizens to support this measure, in order to rectify the direction our country is taking, reject the prescriptions of the International Monetary Fund (IMF) and World Bank, and defend our sovereignty," said CNT President Eduardo Ojeda. But the President of Paraguay's Central Bank, Raul Vera Bogado, stressed that the sale of Copaco was indispensable for reaching a US$60 million agreement with the IMF.[140] However, in reaction to the strike's intensity, President Ojeda called an emergency cabinet meeting and a few hours later announced on television that he had decided to indefinitely postpone the sale of Copaco, scheduled for 14 June, in order to “calm things down.”[141] The following week Paraguayan Government representatives visited Washington to present a “Plan B” for Copaco to the World Bank, which had conditioned its multilateral aid to Paraguay on the company’s privatisation, along with water treatment company, Corposana. Under the alternative plan, Copaco would remain in government hands, but would become competitive by operating in a liberalised market.[142]

On 18 June, eight people were injured and six were detained on the first day of a strike by the Union of Municipal Workers, SITRAMA. The Union called the strike in reaction to the authorities’ lack of compliance with their contract, and in protest against dismissals, unjustified transfers, and unpaid benefits. The Union charged the Mayor’s Director of Human Resources with responsibility for the conflict. Enrique Riera, the Mayor, sought to have the strike declared illegal and threatened to fire all strikers, offering overtime rates to anyone who wanted to work in their place.[143]

July 2002

On 15 July, Paraguay’s President decreed a state of emergency, suspending civil rights, after escalating nationwide protests against his Government’s economic policies. In the capital, baton-wielding police battled with 600 protesters who had blockaded roads and taken to the streets. Police officers used rubber bullets and water cannons while the army took up positions outside Congress. At least four people were shot, two people died and several were seriously injured and over 33 demonstrators were arrested. The protests also spread to Ciudad del Este, some 200 miles east of Asuncion. Four people, including an 11-year-old, were treated for bullet wounds after 800 protesters clashed with police, who used tear gas and water cannons to disperse them. The protest had blocked the Puente de la Amistad bridge, which links Paraguay to Brazil.[144]

November 2002

On 22 November, Paraguay’s Economic Minister, James Spalding, resigned following a dispute with Congress over its refusal to pass laws demanded by the IMF in return for new loans. Reports noted that the IMF wanted the country to impose a series of tax reforms in return for the financial help, but these were met with substantial opposition. Congress postponed a debate on the proposed reforms until the end of December 2002.[145]

Peru

IMF policy context: In January 2002, the Peruvian Government outlined plans "to generate investor confidence and to help finance the fiscal deficits in 2002 and 2003 [by implementing a] sizable program of privatisation and granting of operating concessions to the private sector. Privatisations will focus in the energy sector, particularly in the generation, transmission and distribution of electricity. In infrastructure, the government will accelerate the transfer to the private sector of the operation of several state-owned assets, including regional seaports and airports and highway projects."[146] Peru owes the IMF and World Bank US$3.15 billion.[147]

May 2002

On 15 May, plans by President Toledo's Government to sell two state-owned electricity companies, Egasa and Egesur, in southern Peru, sparked trade union protests. Hundreds of protesters, consisting of local residents, who feared privatisation would force up prices, and workers, who feared jobs would be lost, took to the streets. The unions also claimed that the Government was selling the companies at "bargain basement" prices. In response, the Government delayed the sale until mid-June.[148] The two companies were being sold to Tractebel SA, the Belgian energy unit of France's Suez Lyonnaise des Eaux. Tractebel had offered to pay US$167 million for the two companies, instead of the US$300 million at which they were originally valued. Residents wanted to see them managed by the regional authorities.[149]

Also in May, the Federation of Water Workers, FENTAP, launched a national campaign to defeat the Government's plan to privatise Peru's largest water utilities, including Sedapal, Lima's water and sewage company.[150]

June 2002

Between 15-17 June, thousands of protesters took to the streets to oppose the sale of Egasa and Egesur. Protesters put up roadblocks and vandalised the airport, as well as phone boxes and shop fronts. At least one man died in the protests and the police made over 30 arrests, with at least two officers injured. On 17 June, after 3 days of rioting in Arequipa, the Government declared a state of emergency. President Toledo ordered 1,700 heavily armed police and soldiers into Arequipa to repress the demonstrations.[151] Rioting also spread to other provinces. In Cuzco, over 3,000 students marched in solidarity with the protesters in Arequipa. In

Tacna, over 2,000 people took to the streets, blocking the Pan-American Highway by burning tyres. Protests were also reported in Iquitas, the North-Eastern province.[152] On 19 June, an official government mission sent to Arequipa under armed guard announced a temporary suspension of the privatisations.[153]

December 2002

On 23 December, after several anti-privatisation protests during the year and the change in the Government's plans, the IMF stated that, "While noting the change in the privatisation strategy in view of strong public opposition to outright privatisation, Directors encouraged the authorities to continue to seek ways for private sector participation in state enterprise operations."[154]

Philippines

IMF policy context: In November 2002, the IMF noted, "During its first year, the new administration made significant progress in implementing its agenda…especially reviving the energy sector deregulation bill… Directors agreed that further structural reforms are needed to bolster growth. In this respect, they welcomed plans to privatise and deregulate the power sector, which hold out the promise of solving long-standing problems, while spurring large amounts of foreign direct investment. They noted, however, that "the reform would only succeed if the authorities are able to find a way to balance the needs of investors to recoup their investment with the desire of the public for lower prices, without placing additional burdens on the budget." Accordingly, they "urged the authorities to depoliticise the regulation of electricity prices, by allowing the new Energy Regulatory Commission to base regulatory and pricing decisions strictly on economic considerations."[155] The Philippines owes the IMF and World Bank US$5.87 billion.[156]

May 2002

On 15 May, various groups launched nationwide protests for the abolition of the Power Purchased Adjustment (PPA) charge. Hundreds of families living in Caloocan City participated in a 'noise barrage' and 'power off' protest. One representative from the poor residents, Jess Panis, said residents of poor areas were mobilizing against the PPA. He cited the power-off protest of 2,000 residents of Sawata against the controversial billing of Manila Electric Co. (Meralco). Residents began to mark billing statements with "Under Protest."[157] The PPA was largely blamed by Filipino consumers for the high cost of electricity in the country.[158]

June 2002
On 5 June, thousands of consumers in Metro Manila and surrounding provinces took part in a planned 'noise protest' against power rates and the PPA charge. Riot police were ordered to set up barricades as demonstrators marched to the Presidential Palace in the Philippine capital.[159]

September 2002
On 21 September, spearheaded by the Catholic Church, local government units and non-government organizations, around 9,000 people joined an ecumenical prayer-rally across the country in the largest show of protest against the PPA. In Iloilo City, around 7,000 protesters – composed of students, workers, farmers, nuns, priests and urban poor – rallied to denounce the continued imposition of the PPA. In Roxas City, Capiz, some 2,000 protesters joined an ecumenical prayer-rally at the city's grandstand. In San Jose, Antique, the Diocese of Antique launched a diocese-wide signature campaign against the PPA. In Aklan, around 150 leaders of religious organizations, militant groups and civic clubs joined a symposium in the capital town of Kalibo.[160]

South Africa

IMF policy context: In July 2002, the IMF highlighted that "Structural reforms aimed at promoting private sector activity and attracting foreign investment will remain critical, and should focus on further progress with privatisation and trade liberalization…Directors encouraged the authorities to persevere with structural reform efforts [and] welcomed the authorities' efforts to pick up the pace of privatisation…Directors also welcomed the steps taken to communicate the privatisation strategy more clearly to the public." They urged "the authorities to continue reviewing labour laws at frequent intervals."[161] South Africa owes the IMF and World Bank US$3 million.[162]

March 2002
On 21 March, the Soweto Electricity Crisis Committee and the Anti-Privatisation Forum, organised a protest march to demand the electricity

company stop cutting off electricity to those who are too poor to pay and who have illegal power connections. The state power company, Eskom, was clamping down on the illegal connections practice because they claimed it to be dangerous and costing too much money. But the protesters claimed that the poor deserve free electricity and that the Government was preparing Eskom for privatisation. The protest came shortly after a report was released by the Municipal Services Project, and the Government's Human Sciences Research Council (HSRC), which concluded most South Africans are simply too poor to pay for basic essential services. The report stated that nearly ten million South Africans have had their water and electricity cut because they could not pay their bills, and two million people have been evicted from their homes for failing to pay their water and electricity bills.[163]

July 2002

For the first three weeks of July, municipal workers from the South African Municipal Workers Union (SAMWU), were on a national strike at rising inflation and low wages. Workers occupied Mayors' offices in several towns, including the economic heartland of Johannesburg. A worker was shot and killed in the town of Louis Trichaardt, the first casualty of a strike that saw other workers injured in clashes with security guards and police officers. SAMWU's strike was supported by the biggest trade union in the country, the Congress of South African Trade Unions (COSATU), as part of the 'Living Wage' campaign.[164]

October 2002

On 1-2 October, workers in South Africa held a general strike to protest against the Government's privatisation plans and for a living wage for workers. The strike was organised by the trade union, COSATU, which demanded that the Government stop privatising basic services (such as water, sewage, and rubbish disposal, and electricity) and national infrastructure. They claimed that any restructuring of the state must improve services for communities and especially for the poor, while also creating quality jobs. They also insisted that restructuring must be negotiated with communities and labour, and be approved by parliament or local councils.[165]

South Korea

IMF policy context: In February 2002, the IMF Directors noted that, "despite progress, the corporate sector remains beleaguered by the continued operation of loss-making [state] companies. They stressed that the orderly exit of nonviable companies should be accelerated…Furthermore, many companies need to undertake deeper operational restructuring, close loss-making operations, and sell non-core assets to improve profitability and resolve debt levels. While noting that these are complex transactions, Directors expressed concern that asset sales in the case of some large troubled companies and financial institutions have slowed."[166] Previously, the IMF had "emphasised the critical importance of developing a sufficient social consensus in favour of the needed shift from preserving old jobs in sunset industries to creating new jobs in vibrant growing industries."[167] South Korea owes the IMF and World Bank US$13.9 billion.[168]

February 2002
On 26 February, the Korean Confederation of Trade Unions led massive nation-wide strikes by workers in the state railway, power and gas sectors in protest against Government moves toward privatisation. The strike caused widespread disruption, especially to transport infrastructure. The President of the railway union was arrested and arrest warrants issued on 12 others. The strikes involved more than 50,000 workers in 94 workplaces. The Government planned to hand over the railway to a private company and also sell most of its power generation operation, despite its significant profits under public sector management.[169] "Public services are the property of the nation. It is not acceptable to sell people's property without their permission or agreement," said Lee Sang-youn, Director of the Federation of Korean Trade Unions (FKTU).[170]

March 2002
At the beginning of March, the Electric Power Industry Union (EPIU) began a five-week stoppage to protest Government privatisation plans. Also, on 20 March, leaders of the EPIU began a hunger strike at Myeong Dong Cathedral demanding the Government scrap plans to privatise power plants. Union officials said in a press conference the hunger strike would continue indefinitely and that they would step up their protest against the Government.[171]

April 2002

On 2 April, tens of thousands of union members went on strike in support of the EPIU. Both public and private sectors were affected by the nationwide walkout, intensifying pressure on the Government to reconsider plans to sell the state-owned electricity, gas and railway networks.[172]

On 17 April, members of the Korean Confederation of Trade Unions (KCTU) clashed with police as they tried to storm a conference room to protest against the proposed conditions being attached to a five-day working week agreement. Demanding the unconditional adoption of the shorter working week for small businesses and part-time workers, KCTU members tried to force their way into the room where the labour commission was meeting.[173]

May 2002

On 23 May, the Korean Health and Medical Workers' Union (KHMWU) launched strikes in 16 hospitals. Two hospitals staged full-scale walkouts, while workers at 13 hospitals took part in partial strikes. Union members called for more staff, demanding that the distinction between full-time and part-time workers be abolished. KCTU conducted a sit-in at Jongmyo Park in Seoul and more than 5,000 union members paraded after the sit-in. The KCTU called for the withdrawal of privatisation plans for state-run enterprises and protested the introduction of a five-day working week.[174]

November 2002

On 4-5 November, The Korean Government Employees Union (KGEU) held a public rally, with around 30,000 members taking to the streets. However, as soon as the rally started, riot police broke it up violently, leaving many unionists injured. Thousands of KGEU members were arrested. The KGEU was against a draft Government bill on labour rights in the public service, which was aimed at denying civil service workers the right to organise, as well as denying the name and status of a 'trade union.' The protest came after 27 leaders and members of the KGEU were arrested on 1 and 2 November. Arrest warrants were issued against 8 other leaders and riot police surrounded the KGEU offices, blocked the entrance and confiscated documents.[175]

Thailand

IMF policy context: In March 2002, the IMF Executive Directors, "welcomed the progress that Thailand has made in fostering recovery and pressing ahead with important structural reforms…Directors commended the authorities' commitment to privatisation, as demonstrated by the recent listing of two state-owned companies. In their view, an ambitious privatisation program could play an important role in delivering a sustainable fiscal position and increasing access to direct foreign investment."[176] Thailand owes the IMF and World Bank US$6.09 billion.[177]

April 2002
On 10 April, up to 2,000 Bangkok Port employees rallied to protest against the privatisation of the Port Authority of Thailand (PAT). According to PAT Union President, Somkiart Rodcharoen, the rally was to oppose the PAT board's submission of its privatisation proposal to the Finance Ministry, signalling a green light for full privatisation. The 37-page privatisation plan did not contain any guarantee to protect existing welfare benefits enjoyed by PAT employees.[178]

November 2002
On 11 November, the planned privatisation of the Port Authority of Thailand was suspended indefinitely amid deadlock between the Government and the labour union. The decision followed a protest by about 50 union members who held an anti-privatisation rally. Union president Somkiart Rodcharoen said the plan was "to sell national assets". The unions claimed that as ports operated by the PAT were gateways for 94 per cent of the country's trade, neither the private sector nor foreigners should be allowed shares in the agency.[179]

Turkey

IMF policy context: In April 2002, the IMF Directors, “welcomed the Turkish authorities’ progress in addressing…weaknesses and reducing the vulnerability of the economy.” They congratulated Turkey, saying how “Macroeconomic policies have remained prudent; and the government has continued to press ahead with structural reform, notably with respect to the identification of public sector staffing redundancies [but] they noted the importance of moving expeditiously with the much-needed downsizing of the state economic enterprises and civil service reform.”[180]
In July 2002, the Turkish Government was keen to stress that planned “price hikes in state economic enterprises (SEEs) in June-July, particularly for telecommunications services, tobacco, alcohol, and natural gas, have helped to recover the bulk of the SEE revenue losses…Our retrenchment program will continue as programmed, and for this attrition there will be no replacement hiring…We are making progress in the sale of companies that are ready for privatisation…We are also pressing ahead with the preparation for the sale of other key SEEs…We are complementing privatisation by other steps to improve the private business environment.”[181]
Turkey owes the IMF and World Bank US$7.91 billion.[182]

January 2002

On 16 January, civil servants in Istanbul gathered in front of the headquarters of the Confederation of Public Sector Trade Unions (KESK) to protest the Government’s decision to impose retirement on civil servants. The civil servants carried banners that said: “We don’t want retirement in grave”, and “IMF go home, this country belongs to us”. KESK Secretary-General, Sevil Erol, said that the Government was misleading the public by saying that the state would go bankrupt unless they introduced IMF inspired measures: “This is a game they are playing. The game is called privatisation. IMF wants to privatise social security. The government thinks we don’t even deserve retirement. Here, we’re asking the government to take our demands into consideration and revise its decision.”[183]

February 2002

On 2 February, public sector workers protested new transport regulations, which would mean losing their subsidies. In Ankara, a representative of the United Transport Workers Union stated that the new regulations were not consistent with the social state and commented that the railway workers wanted their rights and privileges restored. In Istanbul, members of two other unions, as well as postmen, protested the removal of their right of subsidised transportation.[184]

March 2002

On 8 March, a group of students held a protest over an increase in food prices at the Middle East Technical University (ODTU). They claimed that food prices nearly doubled and that the price increase should be withdrawn. They collected 3,500 signatures on a petition in a bid to have affordable and good quality food.[185]

August 2002

On 9 August, the Government decided to liquidate state-owned Turkbank. The decision was taken at an extraordinary general assembly meeting in Istanbul. Some 500 Turkbank employees and pensioners, who gathered in the garden of the building, chanted slogans against the closure of the bank.[186]

Uruguay

IMF policy context: In August 2002, the IMF agreed to bail out Uruguay's escalating financial and banking crisis. In doing so they "welcomed the Uruguayan authorities' decisive response to the continued deposit outflows and the resulting liquidity problems of the domestic banking system [but noted that] Significant challenges continue to lie ahead for the authorities, to restore financial stability, regain access to markets, and to return to economic growth. This ambitious [loan] program provides the authorities with the opportunity to achieve these objectives, but its full implementation, including sustained structural reform to reinvigorate the economy through privatisation and deregulation, will be key in the months ahead and over the medium term."[187] That same month, Uruguay's Government explained how "A bank holiday was declared on July 30, to allow for the finalization of a revised strategy aimed at addressing the problems…the government has already taken steps to strengthen the public finances…including the introduction in recent months of additional fiscal measures, some of which, such as taxes on pensions and public sector wages, will result in net reductions in government spending…The government remains committed to a high degree of exchange rate flexibility, with only limited intervention aimed at ensuring orderly market conditions."[188] Uruguay owes the IMF and World Bank US$694 million.[189]

April 2002

On 16 April, thousands of farmers held protests in the capital, Montevideo, and other cities, against the Government's economic policies. The organisers called for extra spending to tackle the high levels of unemployment and the prolonged recession in the agricultural sector.[190]

May 2002

At the beginning of May, workers held a general strike protesting against the Government's economic polices and a bill which aimed to raise taxes on salaries and pensions. On 29 May, congress passed the bill that would raise taxes and which the IMF demanded as a condition of fresh loans. Congressional approval for the bill came a day after the IMF signalled its willingness to loan Uruguay an extra US$1.5 billion.[191]

June 2002

On 20 June, Uruguay scrapped its currency-trading band, and announced the free flotation of the Uruguayan peso against the dollar. Immediately the peso plunged in value. According to Economy Minister, Alberto Bension, the decision was aimed at "perfecting and consolidating the currency exchange policy mechanisms, to bring them into line with conditions" in the region. IMF Deputy Managing Director, Eduardo Aninat, praised Uruguay's decision.[192]

July 2002

On 30 July, the Government ordered a halt to all financial activity for one day by creating a 'bank holiday'. The freeze aimed to stop the free fall of the Central Bank's reserves, which plummeted from US$3.1 billion at the end of 2001 to US$725 million by July 2002. In the month of July capital flight totalled US$746 million, with at least $50 million withdrawn on 29 July alone. The President, Jorge Batlle, gave his word that the bank holiday would last only 24 hours. It was reported that Government delegates were in Washington asking the IMF for an early disbursement of a loan approved at the end of May.[193]

August 2002

On 4 August, after 4 days of bank closures, public frustration and panic erupted into rioting on the streets of the capital, Montevideo. The protests were the largest the country had seen in a decade, as thousands joined a general strike called by 42 unions to protest at the closed banks and the country's three years of recession. Shops were looted and up to 20 people arrested.[194]

On 6 August, US Treasury Secretary, Paul O'Neill, visited Uruguay as part of a 4-day regional tour (including Brazil and Argentina). On his 3-hour stay in Uruguay he praised the country's economic polices. When asked why Uruguay received a loan and not Argentina, Mr O'Neill said: "Why Uruguay? Because Uruguay is a country that has followed sound economic policies." He added: "Even countries that are close by each other are very different and therefore we think the circumstances of each country have to be evaluated separately."[195]

Zambia

IMF policy context: In May 2002 the IMF approved new loans to Zambia, stressing the importance of "the government's resolve to meet this [economic] challenge by strengthening macroeconomic policy and accelerating the structural reform agenda under the 2002 program…In this context, timely disbursement by donors of pledged assistance will be important, and Zambia, for its part, must help make this possible, including by meeting all conditionality…On structural reform, the Fund commends the recent re-advertisement inviting bids for an increase in the sale of the Zambia National Commercial Bank shares to 51 per cent, which is indicative of the commitment to move forward with major structural reform policies."[196] In November 2002, the Government stressed that the "current structural reform program focuses on: speedy privatisation of the Zambia National Commercial Bank (ZNCB); preparation of a plan to address the weaknesses in the financial sector, including certain state-owned non-bank financial institutions; completion of the oil sector reform; and continued improvement of the transparency and accountability in government operations."[197] In 2000, the receipt of debt relief by Zambia under the HIPC initiative was made conditional on the privatisation of the state run telephone, electricity, bank and oil companies.[198] Zambia owes the IMF and World Bank US$2.99 billion.[199]

May 2002

On 23 May, the Government announced that it was privatising 51 per cent of the Zambia National Commercial Bank (ZNCB), after an offer for 35 per cent attracted little interest from foreign investors. ZNCB has 43 branches and 1,440 employees, making it Zambia's biggest retail bank.[200]

On 30 May, Zambian President, Levy Mwanawasa, declared the country's food shortage a national disaster, saying four million people faced starvation. The food shortage was part of a wider pattern facing many other countries in the Southern Cone of Africa, including Malawi, Botswana and Namibia.[201]

August 2002
On 29 August, major unions in Zambia reacted angrily to the Government's decision to suspend expense payments, including food and travel, to civil servants and public sector workers. The Primary School Teachers Association of Zambia and the Civil Servants Union of Zambia suggested cuts should be made to benefits paid to senior civil servants and politicians instead of the lowest paid workers and threatened strike action against the decision.[202]

December 2002
On 9 December, after strong opposition by unions, the President announced that the privatisation of ZNCB would be halted. In immediate retaliation, the IMF told the Zambian Government it would not receive debt relief worth US$1 billion (UK£633m) unless it went ahead with the privatisation.[203] "If they [the government] don't sell, they will not get the money. Over one billion US dollars could be delayed," said the IMF resident representative to Zambia, Mark Ellyne.[204]

On 14 December, thousands of people joined in a demonstration in the capital, Lusaka, to support the President's decision, to oppose the IMF and to call a halt to other privatisations, including telecom operator Zamtel and electricity operator Zesco Limited. The President of Zambia's Federation of Free Trade Unions (FFTUZ), Joyce Nonde, told the rally that the economic mistakes of the past 10 years had left people in abject poverty and deprivation and led to the destruction of all sectors of the economy: "We do not see any need to privatise our vital institutions when we have not taken stock of what happened in the past privatisation programme." Nonde added that the privatisation policies advocated by the IMF and the World Bank had failed in many countries to produce the anticipated value for money and efficiency and the two institutions should shoulder the blame. She said implementation of privatisation policies had left many unemployed and that people were wallowing in poverty: "Now let somebody out there tell us, having privatised 80 per cent of our economy, why is it that we have become one of the poorest countries in Africa and the whole world?" Also speaking at the rally was Nedson Nzowa MP, who said privatisation was "unacceptable, we fought for independence so that we run our own affairs."[205]

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2 For each country within the report there is an introductory section titled 'IMF policy context'. This section draws exclusively from documents posted on the IMF website, giving a brief outline of the policy arrangements agreed between the IMF and the country's government. Such documents include: Letters of Intent, which are submitted to the IMF by a government and which outline the policies and reforms they will implement in return for receiving an IMF loan; and Article IV Consultations, which are based on bilateral discussions between the IMF and a government regarding their country's economic developments and policies, with an 'appraisal' from the IMF Executive Directors.

3 This report does not purport to have charted every demonstration, protest or strike that has occurred beyond Europe and North America over the last year. Rather, this report is, at best, a conservative representation of the movement against the IMF's economic policy. Protests aimed at the World Trade Organisation and Regional Development Banks have not been included. Nor have protests against 'globalisation' in general or protests where no IMF/World Bank link can be traced.

4 Research by the Centre for Economic and Policy Research (CEPR) shows that 89 countries saw their per capita rate of growth fall by at least five percentage points from the period (1960-1980) to the period (1980-2000). In Latin America, GDP per capita grew by 75 per cent from 1960-1980, whereas from 1980-1998 it has risen only 6 per cent. For sub-Saharan Africa, GDP per capita grew by 36 per cent in the first period, while it has since fallen by 15 per cent. See: 'The Emperor has no growth', CEPR, September 2000.

5 21 countries have privatisation programmes; 14 of these have had anti-privatisation protests.

6 20 countries have had demonstrations by public and/or civil service workers.

7 10 countries have had demonstrations due to rising prices/subsidies removal.

8 Not all the countries documented in this report have PRSPs, which are only a condition for the world's poorest countries. However, all countries in this report implement IMF prescribed SAP-style policies in one form or another.

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