

The World Bank's Tribal Economic Policy

A Change in International Economic Development Strategies?

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Fourth World leaders throughout the world express the opinion that the World Bank, and other international financial institutions, should become more directly involved in providing loans and grants to indigenous peoples for their economic development. The World Bank's policy concerning tribal populations tests the wisdom of the indigenous leaders' demands. In May 1982, the World Bank published its first major "tribal policy" as a guide for making loans to its member state governments entitled: Tribal Peoples and Economic Development: Human Ecologic Considerations. The 111 page World Bank policy document was written by Robert Goodland of the World Bank Office of Environmental Affairs, OEA/PAS. David Maybury-Lewis of the anthropological group *Cultural Survival*, Raymond Noronha, Rebecca Latimer, and Francis Lethem made contributions to the final document. In this article I review the major points of the policy and comment on its implications for indigenous peoples.

Release of the World Bank tribal policy was timely in the light of the world-wide recession and the emerging political activism among indigenous peoples within the international arena. That many countries like Mexico, Brazil, Australia, Peru, Bolivia, Chile, India, Indonesia and China are among many states indebted to the World Bank, the International Monetary Fund, various regional banks and private banks, means their loans are directly affected by this new World Bank policy. That many of these countries are bordering on default to lending institutions, but eager to borrow still more money, makes this new policy even more important

for indigenous peoples.

As we shall explain below, the World Bank's tribal policy has already had some effects on state/nation relations and it may become the most important tool for political and economic leverage available to indigenous peoples as they work to achieve greater economic and political freedom from external exploitation. Until now, indigenous peoples have been able to apply only moral and limited political leverage on states governments to gain domestic concessions. Where indigenous peoples like the Naga in India, Papuans in West Papua, Quiche in Guatemala, Yanomamö in Brazil and Venezuela, Maasai, Shoa and other nations inside African states and the Basque in Spain have been forced to use confrontation and violence to win their freedom or defend against state intrusions, the Bank's tribal policy may become a potent new weapon. It may provide indigenous peoples an opportunity to apply real economic and political pressure from outside states, within the framework of the international financial system.

We shall further show how this new international policy may conversely become a major new weapon for states' governments to accelerate economic and political assimilation of indigenous peoples into dominant or controlling state societies. Indigenous leaders who will ignore the World Bank's new loan policy will do so at their own peril, and the peril of their peoples. The internal economic development policies of industrial states and developing states are already being affected by the World Bank's new tribal policy. We urge in this article that indigenous leaders become familiar with the World Bank and the international monetary system so as to better understand the motivations of state governments as they selectively deal with indigenous peoples. Sudden changes in states' policies toward indigenous peoples may be a direct result of the World Bank's new tribal policy.

World Bank Organization

The World Bank is theoretically controlled by a board of governors; each of the 142 member countries is individually represented on the board. In reality, 20 Executive Directors and the WB President (the Bank President is selected and appointed by the President of the United States) actually control the World Bank and manage its day-to-day operations. (Lappe, Collins, Kinley 1980:171)

Voting power in the WB is defined according to each country's Bank stock ownership. The United States has the greatest voting power because it owns 18.61% of the total stock. Several U.S. allies: United Kingdom, 6.45%; West Germany, 7.01%; Japan, 8.35%; France, 3.75%; Canada,

3.31% and Italy, 2.57% have sizable voting power too. (WB Report 1986) Their combined voting strength with the U.S. represents 50.05% of the total stock held by member countries. In other words, seven countries or 5% of the total WB membership hold majority control of the World Bank.

The World Bank's Tribal Policy

Following more than a year of preparation, the World Bank issued: *Tribal Peoples and Economic Development: Human Ecologic Considerations*. This policy resulted from the recognition among World Bank Directors that: Indigenous peoples experience extensive social, economic and political dislocation as a direct or indirect result of WB supported development projects (dislocations which threaten their survival); and, indigenous claims to land and other rights have become an obstacle to World Bank and state government strategies and projects - preventing successful completion of projects or causing costly delays. While the policy is based on a two-pronged analysis, it is the latter that weighed heavily on the minds of Directors. To reduce or eliminate the negative impact of WB projects on indigenous peoples, and to reduce the chances the indigenous populations will continue to obstruct or delay development efforts, the World Bank instituted a policy which seeks to resolve both problems.

What does it say?

The Policy document begins by making two basic statements to explain which the World Bank found it necessary to establish a policy concerning tribes and borrowers with tribal populations.:

Increased attention by the World Bank to the design of project components appropriate for the recuperation or restoration of a tribal society - including welfare survival; and preservation of tribal groups - is merited for several reasons. Failure to design components of projects to benefit these poorest of the poor in developing member nations widens the gap between nationals and the tribal people, and may even result in the destruction of the tribal peoples. . . . The problem is large in numbers of tribal groups and will worsen as the national population grows, and as ever more marginal land is tackled by development. Another major justification for the Bank's concern is the great potential value of tribal knowledge of management of marginal lands: an increasing investment opportunity contributing significantly to the dominant society. [*Italics added for emphasis*]

Other reasons for such special attention relate to the vulnerability of projects affecting tribal people, Bank policy on the social design of projects, and state's government and international legislation.

Failure to understand customary tribal rights to land will result in considerable implementation delays. . . . Tribal groups may also, at some future date, resort to legal actions to claim reinstatement of their original territories or compensation for loss of these lands, if acquired in a manner inconsistent with acceptable customary laws and practice. There is ample precedent for this in recent cases - for example, in the States of Wisconsin, New York, Main, and Washington in the United States, and in Australia and Papua New Guinea.

(Goodland: World Bank 1982:10 - 11)

The Bank's policy is clearly moral and economic at its root. It is not concerned with the political rights of indigenous peoples. Its moral foundations are similar to those that drive the Summer Institute of Linguistics (SIL) which emphasizes the assimilation of tribal peoples into state populations. The basic premise of this moral view is that: Progress is inevitable and the objective must be the eventual assimilation of indigenous peoples into the state system, and the preservation of ethnic identity. This view has been described as the conservative-humanitarian view. (Bodley 1982:192) This moralistic perspective compliments the essentially economic interests of the World Bank.

As a profit-making business, of the transnational variety, the World Bank's principal motivation is making a profit, promoting capital formation, expanding the market economy and promoting development towards these ends. In the more remote regions of the world, as well as in many of the more populated regions, capital expansion by corporations is being made less expensive for raw material development as a result of World Bank development loans to states' governments. The major obstacle to road development and other basic development efforts in these remote areas is tribal populations. International human rights legislation and wider global consciousness of indigenous peoples prevents the World Bank from simply ignoring the wholesale destruction of indigenous peoples. It is, therefore, more preferable to promote the market economy in the name of progress while aiding in the process of assimilation.

World Bank Policy Abstract

The policy document cites three alternatives which represent the range of options for dealing with indigenous peoples. These include: total enforced isolation of the tribal groups allowing no change, and rapid and

complete assimilation resulting in the loss of the tribe's identity, and, the intermediate policy alternative of cultural autonomy which allows the retention of a large measure of tribal autonomy and cultural choice. The Ignoring a fourth alternative - Political autonomy - the World Bank adopted the intermediate policy. For the intermediate policy to succeed, several conditions are noted in the document as essential:

National governments and international organizations must support rights to land used or occupied by tribal people, to their ethnic identity, and to cultural autonomy.

The tribe must be provided with interim safeguards that enable it to deal with unwelcome outside influences on its own land until the tribe adapts sufficiently. (Emphasis added)

Neither the nation nor the nontribal neighbors should compete with the tribal society on its own lands for its resources. (Goodland 1982:28)

The goal of this World Bank policy is to produce the following outcome:

A tribal population that forms a recognized and accepted ethnic minority - one component of an ethnically pluralistic national society;

as such, this ethnic minority maintains its traditional way of life more or less modified in accordance with the preferences of the tribal population itself;

the tribal economic system progressively evolves from pre-contact subsistence to a sustained-yield agro-ecosystem with the production of a surplus on occasion. (Emphasis added)

(Goodland 1982:28)

The World Bank established this policy for all of its member states. Its central focus is, of course, on those states which have identifiable tribal populations within their boundaries. To implement this policy, the WB has established several operational steps required of borrowers, which we outline as follows:

1. Country Economic Analysis and Sector Work

The World Bank prepares an introductory and basic economic report which

includes an assessment of a country's economic and social structure. Knowledge and general locations of tribal groups that may "constrain development strategies or projects, or that need special attention" is recorded to assist designers of proposed bank supported projects.

2. Project Identification

"If the presence of tribal people in the general region is identified, and a decision is made not to relocate the project to avoid the tribal area, then reconnaissance by (intermediaries) appropriate anthropologists would be necessary before project preparation." Consult the "state tribal agency" (i.e. Department of Aboriginal Affairs, Australia; Department of Social Welfare, Indonesia; Instituto Nacional Indigenista, Mexico, Division de Comunidades Nativas de la Selva, Peru etc.) or non-governmental tribal organizations within the State for comprehensive and detailed information.

3. Project Preparation

State government staff or agencies (including consulting firms) concerned with project preparation must have "specialist indigenist" advisors to evaluate the information collected about the tribe. Project preparation teams should furnish a profile of the affected tribal society and an assessment "of the possible impact of the project on the tribal peoples." The Bank will aid the applicant country in its efforts to establish a Project Preparation Facility and locate international or bilateral sources of financing to establish the facility.

4. Appraisal

Determination is made by the Bank as to the adequacy of the tribal component prepared by the applicant country as a part of its project proposal. Three areas will be evaluated: [i] reviewing the measures proposed to mitigate the impact of the project on the tribal people; [ii] assessing whether there are risks that the tribal people might interfere with project implementation; [iii] assessing the ability of the tribal agency to implement the proposed tribal component.

5. Negotiations

The Bank and the applicant country must agree on the details of the tribal component of the proposed project. Consideration will be given to the possible need for new domestic state legislation and administrative rules which may be needed to ensure the success of the project. (Goodland; World Bank 1982:33 - 34)

Tribal Obstacles to State Economic Progress

The WB tribal/loan policy appears on the surface to be open and supportive of indigenous interests. The policy document spells out the intention to establish "procedures to ensure the survival of tribal peoples, and to assist with their development." Indeed, the policy is not wholly inconsistent with the proclaimed views of the World Council of Indigenous Peoples. (WCIP Third General Assembly, 1981, Canberra, Australia) (WCIP submission to Economic and Social Council: United Nations Third Development Decade) But, unlike the WCIP's view, the World bank policy steers clear of any consideration of tribal political rights and rights to territory and natural resources. It also avoids the possibility that tribal groups may not desire to integrate or become assimilated into a surrounding state society. Furthermore, the World Bank implicitly considers only state political jurisdiction, and explicitly recognizes the value of indigenous lands and technical knowledge to non-indigenous societies without considering whether indigenous peoples which to give such wealth to the state society. The World Bank policy ignores tribal political jurisdiction and tribal laws, and ignores the great importance that tribal technology has for the welfare of indigenous peoples themselves.

Tribal assertions of original rights have caused slow-downs and actually stopped the construction of dams, roads, electrical lines, communications facilities and ports. Borrowing states experience costly delays, and more importantly, these countries often fail to demonstrate their capacity to complete Bank supported projects in a profitable way. **The WB Policy is fundamentally aimed at "safeguarding tribal rights" while simultaneously easing tribes into a mainstream economic system, thereby, reducing the likelihood that they will act as obstacles to development projects.** Development in this context simply means slow dismemberment of tribal societies while advancing "market economy" goals in the name of inevitable progress.

WB Policy Implications for Indigenous Peoples

Of the estimated 1 billion indigenous people in the world, about 85% are located within the boundaries of Third World countries. Many of these countries are heavily indebted to the World bank, International Monetary Fund, Regional Banks and private banking institutions. These countries rely heavily on international loans, grants and credits to prevent collapse of their respective economies; they are most directly affected by the WB

tribal policy. Countries like Mexico (with an external debt exceeding \$90 billion (US)), Brazil (\$70 billion (US)), and Costa Rica (\$4 billion (US) with its highest per capita debt in the world) also have sizable indigenous populations.

In many instances, indigenous nations which vigorously oppose state development projects may literally hold a whole country hostage to gain certain economic and political concessions. Indian Tribes in Costa Rica, for example, could literally prevent the development of a World Bank supported hydroelectric dam and, thus, cause Costa Rica to default on its loans. If the countries of Mexico, Brazil, Guatemala, Peru, Venezuela and Panama were caused to default on their outstanding external debts, the global economic system could simply collapse.

The effect of state financial collapse on indigenous communities would be minimal. It is mainly due to this circumstance (long considered a disadvantage) that indigenous peoples are such a formidable obstacle to economic development projects throughout the world. The paradox created by the World Bank's tribal policy is that the poorest of the poor can exercise enormous economic power through the manipulation of World Bank loan guidelines, and by obstructing World Bank supported development projects to gain economic and political concessions for their own benefit.

In many situations around the world, states' governments have become victims of the economic system which they have long advocated. The World Bank tribal policy can become a powerful economic tool for indigenous nations to force states' governments to bend to their economic and political interests. Indigenous peoples may be the key to implementing the *Declaration for a New International Economic Order*, while giving rise to a new international political order where even the smallest nations can become active participants in global economic, strategic and political affairs.

Indigenous nations only recently began to use moral and political leverage within the international arena to promote their own interests. These efforts have been aimed at modifying state government behavior toward indigenous nations. They began to experience limited successes in the 1980s. The World Bank's policy may now be used as real economic leverage to promote political change. Of course this opportunity is dependent on the extent that indigenous leaders mobilize their own limited resources. And it is partly dependent on the extent that other indigenous nations will help their brother nations. The Bank policy can certainly be turned against indigenous nations if they lack the capacity to assert their will in the international community and with the World Bank itself.

WB Tribal Policy Implications for States' Governments

States' governments enjoy the real opportunity to turn the WB policy into an economic and political bonanza by pressing tribal peoples to support state economic and strategic goals. They can use political interference, financial buy-offs and military suppression as domestic tools to force indigenous nations to support State development interests. Such actions can erode indigenous nations' capabilities to oppose development projects. States' governments and their multi-national corporate associates can create an economic and political climate which convinces indigenous nations that it is in their own best interest to support World Bank supported projects. Promises of money, health facilities, educational facilities, and state government grants of limited political jurisdiction over lands and natural resources have historically been used to sway indigenous nations. Through such maneuvers, states have caused indigenous nations to accept encroachments by states' governments and corporate economic interests.

WB Policy is a Double Edged Sword

The World Bank tribal policy can serve as a double edged sword with possible benefits and disadvantages to indigenous peoples and states' governments. If indigenous nations have not seen the necessity to leverage concessions from states' governments through the use of international tools in the past, they are now forced by the World Bank's action in May 1982 to recognize that their homelands and peoples are now directly threatened by an international action which will be used against them. The WB policy can either be used by indigenous leaders to protect and preserve the rights and interests of their people, or they can permit states' governments to take advantage of the new policy and use it against indigenous peoples.

The irony is that the WB policy creates a situation where indigenous peoples and Third World countries (both economically desperate and suppressed) are forced into confrontations which can spell the economic and political destruction of one or the other. The major beneficiaries of such confrontations will be industrial states and multi-national corporations. This will be particularly true if Third World states win the confrontations.

In actuality, neither indigenous nations nor Third World states can win unless they both agree to respect one another's right to politically and

economically exist as distinct political entities. Mutual coexistence in pursuit of a new international political order is what both must require. While an international monetary collapse may ultimately benefit indigenous nations, they cannot win military confrontations against state governments - though they may be able to hold the state in a protracted conflict of attrition. An international monetary collapse may seriously disrupt states' governments, but these same states can use military force to destroy an indigenous nation.

Indigenous nations have a new tool that may supply strong leverage on states' government. Through indigenous nations intervening in the WB loan process and pressing the policy requirement for "consenting tribal societies," it is a real possibility that indigenous nations can become equal partners in the debate about development. And at the same time, indigenous nations can exercise a kind of "pocket book" diplomacy that will win them an equal place at the table of development decision making.

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